

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
THE SILVER OAK COMMUNITY ASSOCIATION

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this _____ day of _____ 1994, by THE SILVER OAK DEVELOPMENT COMPANY, a Nevada limited partnership (hereinafter referred to as "Declarant").

RECITALS:

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

This Project is a planned golf course residential common-interest community.

The Project is located in the northwesterly quadrant of Carson City in the foothills of the Sierra Nevada mountains and contains distinctive geographic and aesthetic features which Declarant desires and intends to enhance, maintain and preserve wherever possible. The residential restrictions and provisions of this Declaration are intended to blend the natural characteristics of the site with a golf course-oriented community.

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

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

This Declaration shall run with the real property described in Exhibit "A" and all parts and parcels thereof and shall be binding on all parties having any right, title or interest in the Exhibit "A" property and their heirs, successors, successors-in-title, and assigns and the Association and its successors in interest and shall inure to the benefit of each owner or member thereof. Each, all and every one of the limitations, easements, uses, obligations, Covenants, Conditions, and Restrictions herein imposed shall be deemed to be and construed as equitable servitudes enforceable by any of the owners of any portion of the real property subject to this Declaration against any other owner, tenant or occupant of said real property or portion thereof similarly restricted by this Declaration.

A portion of the real property described in Exhibit "A" shall consist of common area, club facilities, and private roadway each of which are depicted on the tentative planned unit development map. The real property that comprises the common area will be conveyed to the Association on a phase by phase basis as the project develops.

ARTICLE I

DEFINITIONS

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

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

1.02 Architectural Review Committee. The committee created pursuant to Article VIII hereof (hereinafter sometimes referred to as "Committee" or "ARC").

1.03 Architectural Design Guidelines. Rules and regulations that may from time to time be adopted by the ARC interpreting the terms of this Declaration, setting fees and design and construction criteria in accordance with Section 8.04 of this Declaration (hereinafter sometimes referred to as Rules and Regulations or "Design Guidelines").

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

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

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

1.07 Association. SILVER OAK COMMUNITY ASSOCIATION, a Nevada non-profit corporation described in Article II, including its successors and assigns.

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

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

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

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

1.12 Club Facilities. Any land and facilities adjacent to, within or in the vicinity of the Project which are separate from the common areas of the Association, which are privately owned by Declarant, its successors, successors-in-title, or assigns, and which may be operated as a recreational facility (including without limitation or mandate, a golf course, driving range and clubhouse, the use thereof which may be limited by Section 2.03B hereof.)

1.13 Clubhouse Portion. The portion of the Club Facilities consisting of the main clubhouse structure for the golf course, and any expansion, extension or alteration thereof.

1.14 Cluster Units. Any residential dwelling unit, whether one (1) or two (2) stories, whether with attached garage or detached garage, whether designated a townhouse, patio home, zero lot line home, commonwall home or otherwise, and whether or not the Common Area surrounding the Cluster Units is held as tenants in common or by the Association or a subassociation.

1.15 Commercial Use. Any governmental, professional, office, business, tourist commercial, gaming, business park, trade or industrial use, including any activity involving the offering of goods or services which is permitted by applicable zoning laws, ordinances and regulations. Included in this definition shall be the main clubhouse structure erected within the club facilities and any expansion thereto or any transient rental facilities

ancillary thereto the development and operation of which is subject to all necessary government approval.

1.16 Common Area. All real and personal property which the Association now or hereafter owns within the SILVER OAK project that is available for the common use and enjoyment of any Member, or their lessees and invitees, including driveways, walkways, plazas, trails, open spaces, planted and landscaped areas, and utility facilities designated on the Subdivision plat therefor as Common Area whether or not the same is owned in fee by the Association or whether by easement or equitable servitude, lease, license or other contractual entitlement. The fairways, tees, and greens of the Club Facilities are not Common Area, except by virtue of the equitable servitude created hereby.

1.17 Common-Interest Community. "Common-Interest Community" means the Silver Oak Project wherein a person, by virtue of their ownership of a unit, homesite or parcel, is obligated to pay for obligations on real estate other than their own unit, homesite or parcel.

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

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

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

1.21 Silver Oak Community Association Maintenance Fund. The fund created for the receipts and disbursements of the Association, pursuant to Section 9.02 hereof.

1.22 Silver Oak Community Association Rules. The rules adopted by the Board pursuant to Section 2.10 hereof, as they may be amended from time to time.

1.23 Silver Oak Community Association Restrictions. This Declaration, together with any and all Supplemental Declarations which may be recorded pursuant to Article IV hereof, as this Declaration or said Supplemental Declarations may be amended from time to time, together with the Silver Oak Community Association Rules from time to time in effect, and the Articles and By-laws of the Association from time to time in effect.

1.24 Silver Oak Country Club. That portion of the Property that makes up the Silver Oak Golf Course. The SILVER OAK COUNTRY CLUB shall also mean such additional lands as may be annexed to THE SILVER OAK COUNTRY CLUB and subjected to this declaration by Declarant or by other Persons with Declarant's written consent pursuant to Article III.

1.25 Improvement. Any structure and all appurtenances thereto of every type and kind, including but not limited to building, outbuilding, patio, tennis court, pool, garage,

shed, doghouse, mailbox, aerial, antenna, road, driveway, parking area, walk, fence, screening wall, retaining wall, stair, deck, landscaping, court, gate, statue, marker, hedge, windbreak, planting, planted tree and shrub, pole, sign, exterior air conditioning, water softener fixture or equipment, pole, pump, well, ditch, tank, reservoir, pipe, line, meter, tower and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

1.26 Limited Common Area. Limited Common Area shall mean and refer to certain portions of the Common Area which are in the sole discretion of the Board for the exclusive use and benefit of one or more Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of Limited Common Areas may be assessed against the Owners of Units in only those Neighborhoods which are benefitted thereby as a Neighborhood Assessment, as defined herein. By way of illustration and not limitation, Limited Common Areas may include recreational facilities intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods and supported exclusively by Neighborhood Assessments. Initially, any Limited Common Areas shall be designated as such and the exclusive use thereof may be reflected in the deed conveying the Common Area to the Association. A portion of the Common Area may be assigned as Limited Common Area of a particular Neighborhood or Neighborhoods and Limited Common Area may be reallocated upon the vote of a majority of the total members.

1.27 Homesite. Any unit of land which is designated on any recorded parcel map or planned unit development plat, whether or not improved, for a single-family residence.

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

1.29 Manager. Manager shall mean the person, firm or corporation if any, employed, by the Association pursuant to Section 2.06 and delegated the duties, powers or functions of the Association pursuant to said section.

1.30 Member. Any person who is designated as a member pursuant to Section 2.02 hereof.

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

1.32 Neighborhood. Neighborhood shall mean and refer to each separately developed and denominated residential area comprised of one (1) or more housing types subject to this Declaration, whether or not governed by an additional owners association, in which owners may have common interests other than those common to all Members, such as a common theme, entry feature, development name, and/or common areas and facilities which are not available for use by all Members. For example, and by way of illustration and not limitation, patio home development, townhome development and single-family detached housing development shall each constitute a separate Neighborhood. In addition, each parcel of

land intended for development as any of the above shall constitute a Neighborhood, subject to division into more than one (1) Neighborhood upon development. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (which may be established in accordance with the By-Laws). Neighborhood and Village shall have the same meaning as used in this Declaration.

1.33 Neighborhood Assessments. "Neighborhood Assessments" shall mean assessments levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses. Any Neighborhood Assessment shall be levied equally against all Units in the Neighborhood(s) benefitting from the services supported thereby, provided that in the event of assessments for exterior maintenance of structures, or insurance on structures, or replacement reserves which pertain to particular structures, such assessments for the use and benefit of particular Units shall be levied on a pro rata basis among the benefitted Units.

1.34 Neighborhood Expenses. "Neighborhood Expenses" shall mean and include the actual and estimated expenses incurred by the Association for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein. Neighborhood Expenses may be shared by one (1) or more benefitted Neighborhoods.

1.35 Notice and Hearing. Ten (10) days' written notice given as provided in Section 10.03 and a hearing at which the person to whom the notice is directed shall have the opportunity to be heard in person or by counsel at his expense.

1.36 Owner. The record owner of any Homesite, Cluster Unit, Patio Unit, Commercial Site or Townhouse Unit subject to this Declaration, or any record owner of any Homesite, Cluster Unit, Patio Unit, Commercial Site or Townhouse that is annexed hereto pursuant to Article III. "Owner" shall include the vendee under an Installment Contract of Sale and shall exclude the vendor thereunder and those having an interest in any property that is subject to this Declaration solely for security for the performance of an obligation.

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

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

1.39 Project. All real property and improvements thereto situate in Carson City and more particularly described as the SILVER OAK PROJECT as generally depicted on the overall approved Silver Oak Planned Unit Development Tentative Map.

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

1.41 Record, Recorded and Recordation. With respect to any document, the recordation of such document in the office of the Clerk and Recorder of Carson City, Nevada.

1.42 Recreation and Open Space. All areas designated by Declarant and thereafter to be held for recreational purposes for the benefit of all Members. Except for aesthetic benefits, this does not, nor is it intended to encompass the golf course or include any portion of the golf course and Club Facility. Access to any area or facility except for neighborhood parks, may be subject to fees and other charges, or otherwise conditioned or restricted, and made available to non-members, all on such terms and conditions as the Board may determine.

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

1.44 Single Family Residential Use. The occupancy and use of a residential unit or homesite by a Single Family in conformity with the Covenants, Conditions, and Restrictions hereof, the rules and requirements imposed by applicable zoning laws and other state or local rules and regulations.

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

1.46 Subdivision. A parcel of land which has been shown on a final and recorded planned unit development map or subdivision plat pursuant to N.R.S. Chapter 278, 278A or Chapter 116, as the same may be amended from time to time.

a. Supplemental Declaration. Any declaration of Covenants, Conditions, and Restrictions which may be hereafter recorded by Declarant or by Declarant and a Major Developer.

1.48 Unit. "Unit" shall mean a portion of the Project, whether developed or undeveloped, intended for development, use, and occupancy as an attached or detached residence for a single family, and shall, unless otherwise specified, include within its meaning by way of illustration, but not limitation townhouse units, patio or zero lot line homes, and

single-family detached houses on one or more separately platted homesites, as well as vacant land intended for development as such, all as may be developed, used, and defined as herein provided or as provided in Supplemental Declarations covering all or a part of the Silver Oak Project.

In the instance of a parcel of unimproved land or where improvements are under construction, the parcel shall be deemed to contain the number of units designated for such parcel on the Silver Oak Approved Tentative Map until such time as a Certificate of Occupancy is issued for all or a portion thereof. Such Certificate of Occupancy shall be conclusive as to the actual number of separate units or density attributable to such parcel or homesite.

1.49 Village. Any separately developed and denominated residential are within the project as more specifically and synonymously defined as a neighborhood in section 1.36, above.

1.50 Visible from Neighboring Property. With respect to any given object, such object is or would be visible to a person six feet tall standing on an assumed floor elevation two feet (2') above the surface of any neighboring property in the area involved, assuming that the property had an elevation equal to the highest elevation of the ground surface of that portion of the area upon which the object is located.

ARTICLE II

SILVER OAK COMMUNITY ASSOCIATION

2.01 (a) Organization. The Association is a nonprofit Nevada membership corporation created for the purposes, charged with the duties, and invested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Nothing in this Declaration shall prevent the creation, by provision therefor in Supplemental Declarations executed and recorded by Declarant, or, as to lands owned by a Major Developer, by Declarant and such Major Developer, of Subassociations to own, assess, regulate, operate, maintain or manage the portions of the Project which may be subject to such Supplemental Declarations or to own or control portions thereof for the common use or benefit of Owners in the portion of the Project subject to such Supplemental Declarations.

2.01 (b) Successor Associations. In the event that the Association as a corporate entity is dissolved, a non-profit unincorporated association shall forthwith and without further action or notice be formed to succeed to all the rights and duties of the Association hereunder. The affairs of said unincorporated association shall be governed by the laws of the State of Nevada and, to the extent not inconsistent therewith, by the Articles and By-Laws of the Association as if they were created for the purpose of governing the affairs of an unincorporated association. The Association shall cease to exist at any time this Declaration

and any supplemental Declaration are abolished by written consent or vote of a majority of the Owners consistent with Section 2.13.

2.02 Construction Consistent with Law. This Declaration and all subsequent actions by the Association shall be construed whenever possible so as to be consistent with all applicable laws, federal, state and local as well as the approval obtained by Declarant on September 16, 1993. If a provision of this Declaration cannot be construed as being consistent with the law, the law shall control.

2.03 Membership Rights.

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

B. Club Facilities. Declarant or its designated parties may from time to time provide Club Facilities within the Project (including without limitation a golf course, fairways, driving range(s), putting green(s), clubhouse(s), oncourse bathrooms, tennis court(s), and swimming pool(s), maintenance and storage areas related to the Club Facilities and all other easements, licenses, equitable servitudes and improvements reasonably ancillary thereto ("Club Facilities")) which are separate from the Common Areas of the Association, any Village or any Neighborhood Association. The Club Facilities shall be developed and provided at the sole discretion of the Declarant for members, invitees, employees and agents so designated by Declarant. Whoever owns any of these Club Facilities at any particular time has the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom the Club Facilities shall be used, if at all, so long as such approval is consistent with the intent of the PUD approval and with the Carson City Municipal Code. By way of example, but not limitation, the Declarant has the right to approve users and determine eligibility for use, to reserve use rights for future purchasers in the Project, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the Club Facilities, to transfer any or all of the Club Facilities or the operation thereof to anyone (including without limitation a member owned or equity club) and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, initiation deposit, dues and other charges for use privileges. Ownership of any portion of or all of the Project or membership in the Association does not establish or give any vested right or easement, prescriptive or otherwise, to use the Club Facilities, and does not grant any ownership or membership interest in the Club Facilities.

Notwithstanding the exclusion of the Club Facility from the control or ownership of the Association, the Clubhouse portion of the Club Facilities shall be deemed a commercial use solely for purposes of voting and assessment. The "Clubhouse portion" shall consist of the main clubhouse structure erected thereon, and any extension, expansion or alteration thereof. Nothing herein contained shall subject the Club Facilities to authority of the Board of Directors relating to the use or operation of the Club Facilities other than as the ARC determines the design of the clubhouse or any other structure to be designed, expanded, modified or remodeled.

2.04 Voting Rights.

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

- (1) Sixty (60) days after the conveyance of seventy-five percent (75%) of the Units that may be created to Unit Owners other than the Declarant;
- (2) Two (2) years after the Declarant has ceased to offer Units for sale in the ordinary course of its business;
- (3) Two (2) years after any right to annex new Units was last exercised by Declarant.

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

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

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

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

(a) Members. The Association shall accept all Owners as Members.

(b) Recreation and Open Space Areas and Common Area. The Association shall accept, own, operate and maintain all Recreation and Open Space areas and Common Area which may be conveyed, leased, licensed or otherwise enjoyed by it from the Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said areas; and to accept, own, operate and maintain all other property easements, or rights of use whether real or personal, for which it, its members or the Project receives any benefits whether aesthetic or tangible, except this power and duty shall in no way extend to operation or maintenance of the Club Facilities or its ancillary rights.

(c) Payment of Taxes. The Association shall pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any property owned by or leased to the Association, to the extent that such taxes and assessments are not levied directly upon the Members. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.

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

(e) Architectural Review Committee. The Declarant or the Board shall appoint and remove members of the Architectural Review Committee as provided in Sections 8.01 and 8.02 hereof, and insure that at all reasonable times there is available a duly constituted and appointed Architectural Review Committee.

(f) Enforcement Hereof. The Association shall enforce, in its own behalf and in behalf of all Owners, all of the Covenants, Conditions, and Restrictions set forth in this Declaration, under an irrevocable agency (hereby granted) coupled with an interest, as beneficiary of said Covenants, Conditions, and Restrictions, and as assignee of Declarant; and to perform all other acts, whether or not anywhere expressly authorized, as maybe reasonably necessary to enforce any of the provisions of the Silver Oak Restrictions or of the ARC.

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

(a) Right of Entry and Enforcement. The Board and its agents and representatives shall have the power and right to enter upon any Homesite and the Improvements thereon without liability to any Owner, for the purpose of enforcing any of the provisions of this Declaration, or for the purpose of maintaining and repairing the improvements located on said Homesite as provided in this Declaration or, if for any reason whatsoever, the Owner thereof fails to maintain and repair any portion of a Homesite as required by this Declaration to be maintained or repaired by said Owner. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or on the behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration. The costs of any such action or suit, including reasonable attorneys' fees, shall be paid to the prevailing party as part of its judgment.

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

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

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

- (1) Parks, parkways, or other recreational facilities;
- (2) Roads, streets, walks, driveways, trails, and paths;

(3) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;

(4) Sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines; and

(5) Any similar public, quasi-public, or private improvements or facilities.

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

(e) Recreational Facilities. To own and operate any and all types of facilities for both active and passive recreation, both on and off the Project including, but not limited to: swimming pools; community clubs; picnic areas; parks and playgrounds; trails for walking and bicycles; and other similar and dissimilar recreational facilities.

It is acknowledged that the Association does not own or claim to own any right, title or interest in and to the Golf Course, Clubhouse, ponds or ancillary improvements and related uses and buildings developed by the Declarant more specifically defined as Club Facilities in 1.12 above. All proprietary rights of every nature and kind are owned and retained by the Declarant relating to the said Club Facilities, Clubhouse and related uses. All rights of access onto, across or over the Golf Course are owned by the Declarant and subject to the rules and regulations of the Declarant, its successors, successors-in-title, or assigns.

(f) Wildlife Population. The Association shall have the authority and obligation to pay for the removal of wildlife from all areas of the project in a humane manner if it is determined by the Association in conjunction with owner of Club Facilities that the population of a particular species has become so large that it is damaging property, posing a risk to the viability of another species or is significantly interfering with owners' use and enjoyment of their property or any of the property or improvements within the Project. Reasonable expenses for removal of overpopulated wildlife shall be born equally by the Association and the owner of the Club Facilities.

(g) To obtain and hold any and all types of permits and licenses, and to operate a cabaret,-bar, lounge and/or restaurants.

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

2.07 Assessment Benefitting Specific Areas. The Association shall also have authority to levy assessments against specific local areas and Improvements including Neighborhoods and Villages within the project to be expended for the benefit of the properties so assessed. The assessments levied under this Section 2.08 shall be levied in proportion to the benefits conferred or to be conferred, as determined by the Board, and therefore the amount levied against each parcel of land or Improvement need not be equal. Any such assessments shall constitute a lien on the properties so assessed and such liens shall be enforced in the same manner and to the same extent as is provided in Article X of this Declaration for regular and special Assessments.

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

2.09 Relinquishment of Architectural Control to Subassociations: So long as Declarant is entitled to select and designate a majority of the Board of Directors, Declarant may relinquish to any Subassociation established pursuant to a Supplemental Declaration the right to appoint its own Architectural Review Committee for the area which is subject to such Supplemental Declaration. No such relinquishment shall be effective, however, without the written acceptance of the Subassociation. If such relinquishment is made, then the Architectural Review Committee of such Subassociation shall have all rights, powers, functions, duties and obligations with respect to the area subject to the Supplemental Declaration as are granted to the Architectural Review Committee by Article VIII or by any other sections of this Declaration.

2.10 Rules:

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

incorporate such rules in its Rules; the right of an Owner or the Board to enforce the Silver Oak Community Association Rules is limited to those Owners that are subject to this Declaration.

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

2.11 Breach of Rules or Restrictions. In the event of a breach of any Rule or of any of the Restrictions contained in this Declaration by an Owner, their family, guests, employees, invitees, licensees or tenants, the Board, for and on behalf of itself and all other Owners, shall enforce the obligations of each owner to obey such Rules or Restrictions in any manner provided by law or in equity, including, but not limited to, appropriate hiring of legal counsel, the pursuing of legal action, or suspension of the Owner's right to use the facilities of the Common Area or suspension of the Owner's voting rights; provided, however, such suspension may not be for a period in excess of thirty (30) days, after notice and hearing as herein provided, for an infraction of such Rules. In addition to the other remedies herein set forth, including without limitation, assessing the cost of repair of any damage resulting from an infraction of the Rules, the Board, by majority vote, may levy a fine against such Owner, after appropriate notice and hearing as herein provided, in an amount not to exceed an amount equal to six (6) months of the assessments made under section 9.03 for each such violation and the payment of such fine may be enforced in the same manner as set forth in Section 9.07 hereof. Prior to imposing any penalty provided herein for breach of any rules enacted hereunder or of the Restrictions contained in this Declaration, the Board shall send written notice to the owner specifying the nature of the infraction and shall provide an opportunity to the Owner for a hearing before the Board regarding such infraction and the penalty to be imposed. In the event that the Board determines that said infraction has occurred and that a penalty shall be imposed, after a reasonable opportunity for a hearing has been provided, the determination of the Board shall be final. In the event legal counsel is retained or legal action is instituted by the Board pursuant to this paragraph, any settlement prior to judgment or any judgment rendered in any such action shall include costs of collection, court costs, and reasonable attorneys' fees.

ARTICLE III

DEVELOPMENT OF SILVER OAK: ANNEXATION

3.01 Subdivision and Development by Declarant. Declarant intends to divide the Project into several areas, to develop some of the said areas and, at Declarant's option, to dedicate some of said areas as Common Areas, Recreation and Open Space, or for other purposes for the benefit of the developed areas, in accordance with the Approved Tentative Map. It is contemplated that the Project will be developed pursuant to such Approved Tentative Map, as it may from time to time be amended or modified, as a unified planned

development community or common interest community in which the development of, and restrictions upon, each portion thereof will benefit each other portion and the whole thereof. As each area is developed or dedicated, Declarant, or if the area is owned by a Major Developer, Declarant and such Major Developer, may record one or more Supplemental Declarations with respect thereto which will refer to the Declaration and designate the use classification, and which may supplement the Declaration with such additional Covenants, Conditions, and Restrictions as Declarant or Declarant and such Major Developer may deem appropriate for that area. Such Supplemental Declaration may, but need not, provide for the establishment of a Subassociation to be comprised of Owners within the area subject thereto. Any Supplemental Declaration may provide its own procedure for the amendment of any provisions thereof, as, for example, by a specified vote of only the Owners of some of the property within the area subject thereto. All lands, Improvements and uses in each area to be developed shall be subject to both this Declaration and the Supplemental Declaration, if any, for that area. The total estimated number of Units Declarant has the right to create within the project area is eleven hundred eighty-one (1181).

3.02 Annexation. Declarant, and other Persons with Declarant's written consent, may at any time and from time to time add to the lands which are subject to this Declaration. Except as provided in paragraph (4) of this Section 3.02, upon the recording of a Notice of Addition of Land containing the provisions set forth below in this Section 3.02 (which Notice may be contained within any Supplemental Declaration affecting such land), the Covenants, Conditions, and Restrictions contained in this Declaration shall apply to the added land in the same manner as if it had been originally subject to this Declaration; and thereafter, except as provided in paragraph (4) of this Section 3.02, the rights, privileges, duties and liabilities of the Persons subject to this Declaration shall be the same with respect to the added land as with respect to the lands originally covered by this Declaration.

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

- (1) A reference to this Declaration, which reference shall state the date of recordation hereof and the book and page numbers wherein this Declaration is recorded;
- (2) A statement that the provisions of this Declaration shall apply to the added land as set forth herein;
- (3) An adequate legal description of the added land; and
- (4) Declarant's written consent if the added land is not then owned by Declarant. As part of such written consent Declarant may agree with the Person who owns such land as to the terms and conditions upon which Declarant will exercise its rights and duties, as Declarant under this Declaration, with respect to such added land. Such terms and conditions may provide for joint exercise, as to such added land, of Declarant's said rights and duties.

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

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

3.03 Deannexation. Declarant may deannex any area of land within the Project from this Declaration, without the consent of any Owner at any time prior to the conveyance of any area of Land or Unit on that portion of land to be withdrawn, to a Purchaser. Such deannexation shall be effected by recording a deannexation declaration. Upon recordation of the deannexation declaration, the land to be deannexed shall be removed and deannexed from the Project and, thereafter, shall be free from the obligations, requirements, declaration, limitations, Covenants, Conditions, and Restrictions set forth herein. Any deannexation will be consistent with any and all applicable City requirements.

3.04 Lands owned by Major Developer. If an area has been sold to a Major Developer, any Supplemental Declaration and Notice of Addition of Land with respect thereto shall be executed by both Declarant and such Major Developer.

3.05 Special Declarant Rights. There are hereby reserved unto the Declarant or its designees the following enumerated rights:

(a) To complete any of the improvements depicted on the plats, plans and maps as set forth in the Declaration.

(b) To exercise the development rights including annexation as set forth in this Declaration.

(c) To maintain, operate and relocate one (1), but not more than three (3) sales offices, management offices, signs, advertising relating to the Common Interest Community, and additional model homes, together with easements of ingress and egress throughout project roads and the Common Area for marketing purposes.

(d) To use and exercise easements through Common Areas for the purposes of making and constructing improvements within the Common-interest Community.

(e) Appointing or removing any officer or director of the Association during any period of Declarant control as set forth in Section 2.03.

(f) To annex, solely by the vote in accordance with 3.02 by the Declarant, to add as much as ten percent (10%) additional acreage and appurtenant Unit density to the Silver Oak Project.

3.06 Dust Control Mitigation. Dust mitigation methods on individual lots shall be engaged in by the individual owners and any contractor engaged in activities on behalf of any owner. Each lot owner and their contractor shall make every effort to control and reduce fugitive dust from their lot construction area. If an individual lot owner or his contractor damages the seeded area of an adjacent lot, the damaged area shall be reseeded at the expense of the owner or contractor who caused the damage.

ARTICLE IV

GENERAL RESTRICTIONS

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

4.01 Antennas. Except for any which may, at Declarant's option, be erected by Declarant or Declarant's designated representative, no exterior radio or television antenna, satellite dish antenna or aerial shall be erected or maintained in the Project without the prior written approval of the Architectural Review Committee, and in compliance with the Carson City Municipal Code.

4.02 No Further Subdividing. No Homesite or Common Area, Cluster Unit, Townhouse Unit or unit of land which is designated for residential use shall be further divided or subdivided, nor may any easement or other interest therein (less than the whole) be conveyed by the Owner thereof (including any Subassociation) without the prior written approval of the Architectural Review Committee; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Homesite, Cluster Unit, Common Area, or unit of land which is designated for residential use and convey any easement or other interest less than the whole, all without the approval of the Architectural Review Committee; and provided, further, that nothing herein shall be deemed to require the approval of the Architectural Design Committee for the transfer or sale of any Homesite, Cluster Unit, Townhome Site or Patio Unit Site, including Improvements thereon, to more than one (1) person to be held by them as tenants in common or joint tenants, or for the granting of any mortgage or deed of trust.

4.03 Signs. No sign of any kind shall be displayed to the public view without the approval of the Architectural Review Committee except such signs as may be required by legal proceedings. No flashing or moving signs shall be permitted on the residential portion of the Project. All signage shall be of an architectural style in harmony with the overall Project as prescribed by the Design Guidelines and approved in writing by the Architectural Review Committee.

4.04 Fences; Easements Over Certain Homesites. The Declarant hereby reserves an easement in favor of the Association along the rear property lines of all those Homesites wherein the rear property lines abut roadways for the construction, maintenance and repair of fences. This easement is reserved regardless of whether the owner or the Association constructs said fence, and the Association shall be responsible for the maintenance and repair of all said fences it constructs and, at its sole discretion, may maintain fences not constructed by the Association and assess Owner for reasonable maintenance expenses.

All lots upon which existing overhead power lines are located shall be subject to an easement and right of entry in favor of Sierra Pacific Power Company ("SPPC") for purposes of maintaining and repairing the overhead power line. SPPC shall restore the property to its condition prior to entry and not impair or injure the property of an Owner.

All rear yard fences which abut Golf Club Facilities inclusive of fairways, lakes, tees and greens shall be no greater than the height specified in the Design Guidelines. All fences must be approved by the Architectural Review Committee, in accordance with the Design Guidelines, and by the owner of Club Facilities. The foregoing may only be varied by a written consent approved by the Architectural Review Committee.

4.05 Easement for Landscaping Over Certain Lots. Declarant hereby reserves, in favor of the Association, its employees or its agents, an easement over, under and across all Homesites within the Project, for purposes of planting and maintaining landscaping improvements within the rear twenty feet (20') of said homesites. Said planting and landscape maintenance shall only be done at Declarant's sole discretion or at the sole discretion of the Owner of the Club Facilities. By acceptance of a deed, the Owners of said homesites agree to provide water to said improvements as necessary.

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

4.07 Repair of Building. No Improvement hereafter constructed upon any land within the Project shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner (including any Subassociation) thereof. The Association reserves the right to enter onto property in disrepair and make necessary repairs subject to Section 4.10 below.

4.08 Improvements and Alterations. There shall be no construction other than repairs, excavation, alteration which in any way alters the exterior appearance of any Improvement, or removal of any Improvement without the prior approval of the Architectural Review Committee.

4.09 Violation of Silver Oak Community Association Rules. There shall be no violation of the Silver Oak Community Association Rules once adopted by the Board and made available to the Persons affected thereby. If any Owner or their family or any guest, licensee, lessee or invitee of such Owner or their family violates the Silver Oak Community Association Rules, the Board may invoke any one or more of the following remedies: (a) impose a special charge upon such Owner of not more than Fifty Dollars for each violation; (b) suspend the right of such Owner and their family, guests, licensees, lessees and invitees to use Association Property under such conditions as the Board may specify, for a period of not to exceed thirty (30) days for each violation; (c) cause the violation to be cured and charge the cost thereof to such Owner; and (d) obtain injunctive relief against the continuance of such violation. Before invoking any such remedy, the Board shall give such Owner Notice and Hearing except that the Board may suspend the right of any Owner and their family, guests, licensees, lessees and invitees without Notice and Hearing for any period during which any Assessment owed by such Owner is past due and unpaid. Any assessment or charge imposed under this Section 4.10 which remains unpaid for a period of ten (10) days or more, shall become a lien upon the Owner's land or Townhome Unit or Patio Unit upon its inclusion in a recorded notice thereof and may be collected as provided in Article IX below for the collection of other Assessments.

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

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

4.12 No Mining and Drilling. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate or earth, except that Declarant or the Association may, by appropriate written permit, grant, license or easement, allow the drilling of wells and the installation of infiltration galleries for the extraction of water; and except that Declarant or the Association may, by appropriate written permit, grant, license or easement, allow any of the foregoing activities to the extent permitted by applicable zoning and as required for purposes of the Association or the Declarant.

4.13 Vehicles. In addition to the provisions of Section 5.06 hereof, the use of all vehicles, including but not limited to helicopters, gliders, trucks, automobiles, golf carts, graders, boats, tractors, pickups, mobile homes, trailers, buses, campers, recreational vehicles, bicycles, motorcycles, motor scooters, wagons, sleighs and snowmobiles, shall be subject to the Silver Oak Community Association Rules, which may prohibit or limit the use thereof within specified parts of the Silver Oak Country Club, and which may also provide parking regulations and adopt other rules regulating the same. In no event shall any recreational vehicle, travel trailer, camp trailer, motor home, camper or other similar recreational vehicle be parked on a Homesite or in front of any residence. Guests of a residence may park their recreational vehicle on a Homesite for not more than twenty-four (24) hours and thereafter the vehicle will be subject to being towed at the owner's expense.

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

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

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

4.17 Golf Club Irrigation Improvements; Easements Over Certain Homesites. The Declarant hereby reserves a 20 foot easement across certain homesites, more particularly described as Lots of the tentative map; said easement is retained across the extreme rear portion of said lots for the exclusive purpose of constructing and maintaining Golf Club irrigation improvements, including but not limited to the construction and maintenance of ponds or creeks to be used for irrigation purpose. The principal use of this easement shall be for purposes of

irrigating and maintaining the golf course and not as an amenity benefitting the lots in question or creating any rights or expectations in such lot Owners.

ARTICLE V

PERMITTED USES AND RESTRICTIONS - RESIDENTIAL AREAS

5.01 Residential Areas. All property within any residential area (excluding any Recreation and Open Space in such residential area) shall be improved and used solely for residential use; except that any Common Area in such residential area may be improved and used for active and passive recreational purposes for the primary benefit of the Owners and occupants of Homesites, Cluster Units, Zero Lot Line Units, Common Wall Units, Townhome Sites and Patio Unit Sites in such residential area; and except that, as to any specific area, Declarant (or the Board if delegated by Declarant) may, in its sole and absolute discretion, permit other Improvements and uses consistent with the zoning in effect as of the date of approval for such specific area by so providing in a Supplemental Declaration recorded with respect to such specific area. Any Supplemental Declaration recorded for a residential area shall designate such area to be either a single-family residential area or a patio housing area, and may further designate such residential use for that area to be attached or detached single-family residences or any combination thereof in the case of a single-family residential area, Patio Units or Townhouses or any combination thereof in the case of a multi-family residential area. The Supplemental Declaration may designate an area as a planned unit development combining both single-family and patio-type units where permitted by the applicable zoning and this Declaration.

5.02 Improvements and Use.

A. Except as provided in Section 6.01 hereof, no Homesite shall be improved or used except by a dwelling or structure designed to accommodate no more than a single family plus a garage, and such other Improvements as are necessary or customarily incident to a Single-Family residence; provided, however, that separate guest houses, and servants quarters may be erected on any Homesite in accordance with the Architectural Review Committee, Design Guidelines as well as any and all applicable law

B. On Homesites which are greater than seven thousand (7,000) square feet, but less than sixteen thousand (16,000) square feet, residence shall be at least one thousand eight hundred fifty (1,850) square feet in size excluding garages. On Homesites which are sixteen thousand (16,000) square feet or greater in size, residences constructed thereon must be at least two thousand three hundred (2,300) square feet excluding garage space. For residences larger than 3,600 square feet, the owner must obtain prior approval from the Carson City Fire Department to insure that all fire related requirements of the Uniform Building Code are met prior to commencing construction. All homes must have a

minimum of a two (2) car garage. Homes with more than four (4) bedrooms must have at least a three (3) car garage. No home may have more than a four (4) car garage exclusive of a golf cart garage. All front yard, rear yard and side yard setbacks shall be as established in the Architectural Design Guidelines as they may be modified from time to time.

Patio Units, Zero Lot Line Units, Common Wall Units, Cluster Units and Townhome Units within the Project will have at least one thousand five hundred (1,500) square feet of living space and where the Units are two-story, there shall be a minimum of 1,000 square feet on the first floor at grade level. The height of residential units are specifically restricted by the Design Guidelines for cluster areas and the other residential areas.

Specifically, Block K of the Tentative Map, Lots 10, 11, 17, 18, 19, 20, 21, 22, 23 and 24 are restricted to single story houses with a height limitation of 22 feet from the existing grade. Additionally, these lots have a twenty foot (20) rear yard setback.

Block P of the Tentative Map, Lots 74 through 83, inclusive, have a single story restriction with a height limitation of 22 feet from finished grade.

Block Z of the Tentative Map, Lots 47 through 59, 66, 67, 72 and 73 have a single story restriction with a height limitation of 22 feet from finished grade.

Block P of the Tentative Map, Lots 40, 41, 42 and 43 are restricted to single story residential structures.

5.03 Residential Use; Rentals. No residence on any Homesite shall be used for any purpose other than Single-Family Residential Use. However, nothing in this Declaration shall prevent the rental of property within a residential area by the Owner thereof for residential purposes, on either a short or long term basis subject to all the provisions of this Declaration. No commune or similar type living arrangement shall be permitted anywhere in the Project.

5.04 Animals. No kennel or other facility for raising or Boarding dogs or other animals for commercial purposes shall be kept on any Homesite. No more than two (2) normal household pets shall be raised, or kept on any Homesite and all pets shall be restrained or confined to the Homesite and not allowed to run at large or leave a Homesite except when restrained by a leash.

5.05 Unightly Articles. No unsightly article shall be permitted to remain on any Homesite so as to be Visible from Neighboring Property or public or private thoroughfares. The following items are PROHIBITED to remain so as to be visible on any Homesite: without limiting the generality of the foregoing, trailers, motor homes, recreation vehicles, graders, trucks (other than pickups), boats, tractors, campers, wagons, buses, sleighs, motorcycles, motor scooters, snowmobiles, snow removal equipment, except as permitted by the terms of Section 5.06 herein. Garden and maintenance equipment shall be kept at all times, except when in actual use, in an enclosed structure or screened so as not to be Visible from Neighboring

Property. No repair or maintenance work shall be done on any automobile or vehicle or piece of equipment, other than minor emergency repairs, except so as not to be Visible from Neighboring Property. Refuse, garbage and trash shall be kept at all times in a covered container and any such container shall be kept within an area so as not to be Visible at all. All owners must subscribe to a garbage collection service. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view; no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any property except within an enclosed structure and kept so as not to be Visible from Neighboring Property.

5.06 Parking Restrictions; Use of Garage. Unless otherwise permitted by the Board, no automobile or motorcycle shall be parked or left within the Project other than within a garage, or assigned parking stall or space. No Owner shall use any area designated as "guest parking" for any purpose other than for parking of guests' vehicles. No boat, trailer, recreational vehicle, camper, large truck or vehicle shall be parked or left anywhere within the Project for more than twenty four (24) hours in any seven (7) day period. However, parking by commercial vehicles for the purpose of making deliveries shall be permitted in accordance with the Rules and Regulations. Any garages shall be used for parking automobiles including non-commercial pickup trucks only and shall not be converted for living or recreational activities.

5.07 Restricted Use of Recreational Vehicles, Etc. No boat, truck, trailer, camper, recreational vehicle, or tent shall be used as a living area while parked or located within the Project.

5.08 Maintenance of Lawns, Plantings and Landscape. Except on those Homesites where Declarant or the Association has elected to provide for landscaping, and assessments therefore have been levied, each Owner shall complete the landscaping on their Homesite, including planting lawn, shrubs, trees or ground cover, within the period Owner agreed to complete home construction as specified on Owner's original purchase contract from the Declarant. Owner agrees to allow Declarant to plant and maintain erosion control grasses or plants on Owner's unimproved property to mitigate and eliminate dust and unsightly areas on unimproved homesites. Each Owner shall keep all shrubs, trees, grass and plantings on his or her Homesite neatly trimmed, properly cultivated and free from trash, weeds and other unsightly material. Each owner shall maintain all trees on his or her Homesite and shall replace any front yard tree that dies or becomes diseased. The Association, the Architectural Review Committee and their respective authorized agents shall have the right (without the duty) to enter upon any Homesite at any reasonable time for the purpose of planting, replacing, maintaining or cultivating front yard trees.

ARTICLE VI

PERMITTED USES AND RESTRICTIONS - OTHER AREAS

6.01 Common Areas and Open Space Areas. Any other provision of this Declaration to the contrary notwithstanding, no land within Association Common Area and Open Space area may be improved by any Improvement, used or occupied except in such manner as shall have been approved by Declarant in its sole and absolute discretion. Such required approval shall extend to the nature and type of use, occupancy, and Improvement, and may be given by recorded Supplemental Declaration. Declarant may delegate its right to grant such approvals to the Board. No approval shall be granted which would be in contravention of the zoning or other local regulation then in effect for the area in question.

6.02 Lakes, Water Bodies and Wetlands. ALL WATER AREAS ON THE PROPERTY, INCLUDING PONDS, LAKES AND STREAMS ARE FILLED WITH TREATED EFFLUENT AND HUMAN CONTACT IS EXPRESSLY PROHIBITED. All lakes, ponds and streams within the Project, if any, shall be for irrigation purposes only, and no other use thereof, including, without limitation, swimming, motorized boating, playing or use of personal flotation devices, shall be permitted. Given the arid nature of the area of the Project and the changing laws relating to use of ponds and other water amenities, there is no guarantee or warranty by the Declarant that the ponds will be maintained or remain during the life of the Project. In the event it becomes necessary for a pond to be permanently drained, then the area shall be landscaped and shall thereafter be maintained by the Association or its successor. No piers or docks shall be constructed on any portion of lakes, streams or ponds, nor attached to the shoreline or banks thereof, without the approval of the Architectural Review Committee. This Section shall not apply to prohibit use by the Club Facilities of lakes, ponds, or streams within or comprising the Club Facilities. The Declarant or other owner of the Club Facilities shall have exclusive control over the drainage and maintenance of any lake, pond, stream or other water body within the Club Facilities. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the Project. No dredging or filling shall be undertaken on any property adjacent to any water body, except by Declarant or the Association with the Declarant's approval.

6.03 Easement Around Bodies of Water. Declarant hereby reserves an easement in favor of the Association, over, under and across the twenty feet (20') abutting the perimeter edges of all bodies of water located within the Project and abutting or adjoining Club Facilities, for purposes of landscaping and maintenance. The Owner of the Club Facilities may maintain the property within this easement area, but will charge the costs to the Association. At the sole discretion of the Owner of the Club Facilities, the Owner of the Club Facilities may direct the Association to perform the maintenance obligations within the easement area, in the manner the Owner of the Club Facilities directs.

6.04 Easement of Airspace. There is hereby reserved to Declarant all right, title and interest to all airspace rights at or greater than forty-five feet (45') above the ground elevation of the Homesites and Common Area in the Project.

6.05 Golf Carts. In order to ensure uniform aesthetic qualities and safety within the project, no golf carts shall be allowed within any area of the project except golf carts

which are leased or rented from the Silver Oak Country Club, pursuant to a separate written agreement. Such agreement shall require golf cart renters or lessees to adhere to a regular maintenance schedule and to maintain the golf cart in a safe working manner at all times.

6.06 Operation of Golf Carts. All golf carts operated within the project pursuant to paragraph 6.05, above, may only be operated off designated pathways. Operation of golf carts by unlicensed drivers is strictly prohibited unless specific written authorization is issued in writing by the general manager of the Silver Oak Country Club and the legal guardian of said unlicensed driver. Operation of golf carts within the project is prohibited before sunrise or after sunset. Operators of golf carts must obey all traffic signs and posted speed limits. Golf cart operators assume all liability for injury, damage to property or claims in any way whatsoever related to their operation of the golf carts allowed by this Declaration.

6.07 Right of Way of Golf Carts; Easements Across Roadways. Drivers of vehicles within the project shall yield the right of way at all times to drivers of golf carts. The Association hereby grants an easement in favor of Declarant and the Declarant hereby grants an easement in favor of its members and their guests, and members and guests of the Club Facility within the Project pursuant to this Declaration to pass over, under and across all golf course paths within the Project for passage of golf carts and vehicles for access to the Club Facilities.

6.08 Storage of Golf Carts. When not in use, all golf carts allowed by this Declaration which are leased by Members, must be stored in each respective Member's garage, along with all other vehicles. At no time should a Member's vehicles or golf cart be left parked in the Member's driveway or street front over night.

6.09 Jogging, Walking, Bicycling, Picnicking on Golf Course Areas Prohibited. The golf course areas are restricted to golf activities only. Other walking, jogging, bicycling, picnicking or sunbathing in the Club Facilities golf course areas is strictly prohibited.

6.10 Sales of Golf Balls Prohibited. The sale of golf balls by Owners on their Homesites or in any common area of the Project is strictly prohibited. This section does not prohibit the sale of golf balls by the designated operator of the Club Facility within the Project.

6.11 Utilities Easement. There is hereby granted in favor of Declarant or its successors or assigns an easement for purposes of installing, facilitating, maintaining, repairing, replacing or inspecting sewer, drainage, and underground power lines or other utilities over, under and across the property described in Exhibit "A," attached hereto and incorporated herein by this reference. Any repair or excavation within the Exhibit "A" property shall not be undertaken until all plans and specifications and procedures have been approved by Declarant, its successors or assigns. Any maintenance or repair of any utilities improvements that requires access to or alteration of any portion of the Golf Club facilities, including any portion of the golf course itself shall be engaged only upon giving notice to and in coordination with the Golf Course superintendent. Upon the conclusion of any such maintenance or repair, the golf course and any effected portion of the Golf Club facilities shall be returned to the same condition it was in prior to the maintenance or repair activity.

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

ARTICLE VII

ASSOCIATION PROPERTY

7.01 Use. Each Member of the Association who resides in the Silver Oak Community and the members of their family who reside with them, and each lessee of a Homesite, Cluster Unit, Townhouse or dwelling Unit shall be entitled to use the Property of the Association, subject to:

(a) The right of the Association to charge reasonable dues, use fees and other fees for those facilities or amenities for which fees are normally charged or assessed.

(b) The right of the Association to suspend the rights to the use of any Property of the Association by any Member or lessee and their respective families, guests and invitee for any period during which any Assessment against the Member's property remains past due and unpaid; and, after Notice and Hearing by the Board, the right of the Association to invoke any remedy set forth in Section 4.10 and Article IX for any other infraction of the Silver Oak Community Association Restrictions;

(c) The right of the Association to require that security deposits be made and deposited with the Association to secure all sums, and to guarantee performance of all duties, due and owing or to become due and owing to the Association;

(d) The right of the Association to allow the general public, or certain segments thereof, to use any Association Property, and in the discretion of the Board, to charge use or other fees therefor subject to subparagraph (b) above provided that the Association may not charge fees for access to public-type parks and sport fields; and

(e) Such rights to use Association Property as may have been granted by the Association to others; and

(f) Such Covenants, Conditions, and Restrictions as may have been imposed by the Association or prior owners on Association Property.

7.02 Maintenance of Association Property. The cost of maintenance and general upkeep of all Association property including all common area and entry landscaping shall be borne equally by the Association and the Declarant until 60% of the total lots of the Project have been sold, at which point the Association and the Developer will bear their respective share of the costs. At the time all of the units of the Project have been sold, the Association shall be responsible for all of the costs and maintenance of Association property. If at any time the Association fails to adequately maintain Association property, the owner of the Club Facilities or the Declarant shall have the right to provide the necessary maintenance and charge the Association for such maintenance in accordance with this Section.

7.03 Easement of Enjoyment. Every Member of the Association shall have a right and easement of enjoyment in and to the Common Area, subject to this Declaration as it may be amended from time to time and to any restrictions or limitations contained in any deed conveying such property to the Association. Any Owner may delegate his or her right of enjoyment to the members of his or her family, tenants, members and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Unit shall be deemed to have delegated all such rights to the Unit's lessee.

Access to the Club Facilities by Owners within or adjacent to the Properties is strictly subject to the rules and procedures established by the respective owners of the Golf Course and/or Club Facilities. No Owner or occupant gains any right to enter or to use the Golf Course or Club Facilities solely by virtue of ownership or occupancy of a Homesite or Unit.

7.04 Easement for Golf Balls. Every Homesite, Unit, Cluster Unit, Common Area, Limited Common Area and the common property of any Village or Neighborhood is burdened with an easement permitting golf balls unintentionally to come upon the Common Area, Limited Common Area, Homesites, Homes, Units or common property immediately adjacent to the Golf Course and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, Limited Common Area, common property of a Neighborhood,

or the exterior portions of a Homesite or Unit to retrieve errant golf balls; provided, however, if any Homesite or Unit is fenced or walled, the golfer will seek the Owner's permission before entry. Homesite or Unit owners should undertake all necessary measures to protect their residence, property, guests, family members and invitees from errant golf balls. THE ACQUISITION OF A HOMESITE WITHIN THE PROPERTIES ACKNOWLEDGES THAT THE OWNERS ARE EXPRESSLY ASSUMING THE RISK FOR ANY DAMAGES OCCURRING BY VIRTUE OF AN ERRANT GOLF BALL BY VIRTUE OF SUCH OWNER'S ACQUISITION OF A HOMESITE OR UNIT IN A GOLF COURSE COMMUNITY. THE ASSOCIATION AGREES TO INDEMNIFY DECLARANT AGAINST ANY ACTION BY THE OWNERS AGAINST DECLARANT FOR THE DAMAGE CAUSED BY AN ERRANT GOLF BALL.

7.05 Easement in Favor of Club Facility. The Declarant hereby reserves a perpetual easement in favor of the Declarant and all of its successors and assigns, including the Golf Club and its owner members, guests, invitees, licensees or employees, over, under and across any Association property for purposes of use, maintenance, ingress, egress, sales and marketing, at no fee or cost whatsoever to the Declarant, its successors or assigns, including the Golf Club and its Owner Members, guests, invitees, licensees or employees. Additionally, said easement shall include, but not be limited to access for the purposes of providing utility service and the construction and maintenance of facilities and/or other improvements necessary for the operation and maintenance of the Golf Club.

7.06 Damages. Each Member and lessee described above in Section 7.01 shall be liable to the Association for any damage to Property of the Association which may be sustained by reason of the negligent or intentional misconduct of such person or of his family, guests or invitees. If the property, the ownership or leasing of which entitles the Owner or lessee thereof to use Association Property, is owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several. The amount of such damage may be assessed against such person's real and personal property on or within the Project, including the leasehold estate of any lessee, and may be collected as provided in Article IX, below, for the collection of Assessments.

7.07 Damage and Destruction. In the case of destruction of or damage to Association Property by fire or other casualty:

A. Decision to Reconstruct. If the Board determines to rebuild any Property destroyed or damaged in a manner substantially the same as those which were destroyed or damaged, it shall prepare plans and obtain bids for said plans. The Board will call a special meeting where Members may, by two-thirds (2/3) of the vote cast at such meeting, elect to accept or reject the Board's plan and bids. The Board will modify its reconstruction plans until the required Membership vote is obtained.

Reconstruction of damaged or destroyed property where the winning bid to perform necessary repairs is less than \$20,000 may be performed on behalf of the Association without a vote of the Membership, provided such a decision is reached by a unanimous decision of the Board.

B. Decision Not to Reconstruct. If the Board determines not to rebuild any Property so destroyed or damaged, or to build facilities substantially different from those which were destroyed or damaged, it shall call a special meeting of the members to consider such decision. If the Members, by a vote of eighty percent (80%) of the Unit Owners, elect to ratify such decision, the Board shall act accordingly; but if the Members do not by such percentage elect to ratify such decision, the Board shall proceed to repair or rebuild the damaged or destroyed facility pursuant to paragraph A of this Section 7.06. Should the entry landscaping and/or entry gatehouse become destroyed or damaged, the Association agrees to rebuild said entry improvements in a manner consistent with their original condition as constructed by the Declarant. This pledge to reconstruct the entry improvements is intended to preserve the Declarant's creation of an upscale image for The Silver Oak Community Association and The Silver Oak Country Club.

7.08 Relocation of Golf Facility Improvements. The Declarant and its successors and assigns, including the Golf Facility shall retain the right to relocate golf club improvements such as tee boxes, greens, cart paths and lakes, so long as such relocation does not materially interfere with a then existing use of the Association property and so long as it is in compliance with the intent of the PUD approval by Carson City.

ARTICLE VIII

ARCHITECTURAL REVIEW COMMITTEE

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

8.02 Declarant's Rights of Appointment. The Declarant shall have the right to appoint and remove all members of the ARC, including alternates. Upon sale of the final unit or homesite by the Declarant or its successor, the right to appoint and remove all members of ARC shall be automatically transferred to the Board who shall then have the authority to appoint and/or remove members of the ARC upon a majority vote.

8.03 Review of Proposed Construction. Whenever in this Declaration or in any Supplemental Declaration the approval of the Architectural Review Committee is required, it shall have the right to consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts which in its sole discretion are relevant. Except as provided in Sections 4.16 and 4.17 above, prior to commencement of any construction of any Improvement in the Project, the Plans and Specifications therefor shall be submitted to the

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

In reviewing proposed improvements for approval, the Committee may consider the following:

- (a) Does the proposed improvement conform to the purposes and provisions of the Project documents?
- (b) Is the proposed improvement of a quality of workmanship and materials comparable to other improvements that are proposed or existing on the Project?
- (c) Is the proposed improvement of a design and character which is harmonious with proposed or existing improvements and with the natural topography in the immediate vicinity?
- (d) Will the proposed improvement unreasonably interfere with or otherwise impair the view or solar access of other portions of the project?

(e) Does the proposed improvement incorporate or take advantage of existing technology, equipment and material to provide for energy efficiency and pollution control?

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

8.05 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform hereunder, but such meetings shall be held at least annually on or about the first Tuesday in April of each year, or as required by law. The Committee may from time to time by resolution unanimously adopted in writing, designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 8.10. In the absence of such designation, the vote of a majority of all of the members of the Committee, or the written consent of a majority of all of the members of the Committee taken without a meeting, shall constitute an act of the Committee.

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

8.07 Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be determined by Declarant while it has the right to approve or disapprove the members of the Committee pursuant to Section 8.02 above and thereafter such compensation shall be determined by the Board.

8.08 Nonliability of Committee Members. Neither the Committee nor any member thereof nor the Board nor any member thereof shall be liable to the Association or to any Owner or to any other Person for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's or the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Committee or its members or the Board or its members, as the case may be. Except insofar as its duties may be extended with respect to a particular area by a Supplemental Declaration filed by Declarant or by

Declarant and a Major Developer, as the case may be, the Committee shall review and approve or disapprove all Plans and Specifications submitted to it for any proposed Improvement, including the construction, alteration or addition thereof or thereto, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the surrounding area and the Silver Oak Community Association generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes which may be applicable to the planned construction.

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

8.10 Relinquishment of Architectural Control to Subassociations. So long as Declarant is entitled to appoint the Board of Directors, Declarant may, at its sole discretion, relinquish to any Subassociation established pursuant to a Supplemental Declaration under this Declaration the right to appoint its own architectural committee for the area which is subject to such Supplemental Declaration; and after Declarant is no longer entitled to such appointment power, the Board of the Association may make such relinquishment. No such relinquishment shall be effective, however, without the written acceptance of the Subassociation. If such relinquishment is made, then the architectural committee of such Subassociation shall have all rights, powers, functions, duties and obligations with respect to the area subject to the Supplemental Declaration as are granted to the Architectural Review Committee by this Article VIII or by any other sections of this Declaration and the Subassociation shall have all rights, powers, functions, duties and obligations with respect to such Subassociation architectural committee as are granted to the Association with respect to the Architectural Review Committee by this Article VIII or by any other sections of this Declaration.

ARTICLE IX

FUNDS AND ASSESSMENTS

9.01 Agreement to Pay. Each Owner, by his acceptance of a deed, for each Homesite, Patio Unit, Cluster Unit and Townhome Site owned, covenants and agrees to pay to the Association such regular and special assessments as are established, made and collected, as provided in this Declaration. Until such time as each Homesite within the Project has a residence constructed thereon and such Homesite is owned by Declarant, Declarant's assessments under this Article IX shall be limited to five dollars (\$5.00) per year, per homesite. Provided, however, that until the Association makes an assessment for common expenses, the Declarant shall pay all common expenses which may, at Declarant's sole discretion, be necessary pursuant to an Agreement of Subsidy.

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

9.03 Regular Annual Assessments. Prior to the beginning of each calendar year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under this Declaration, including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Uniform and equal Assessments sufficient to pay such estimated net charges shall then be levied and collected as provided in this Article IX. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time and from time to time levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Association during the calendar year in equal monthly installments on or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion, which shall at least be annually.

9.04 Special Assessments. In addition to the regular annual Assessments provided for above in section 9.03, the Board shall levy special Assessments, upon the property and in the manner set forth in this Article IX, whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the mandatory functions of the Association under the Silver Oak Community Association Restrictions, and the Board may levy such special Assessments whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the optional functions of the Association under the Silver Oak Community Association Restrictions.

9.05 Notice of Special Assessments; Time for Payment. The Association may, in its discretion, give written notice of special Assessments to each owner, which notice shall specify the amount of the special Assessment and the date or dates of payment of the same. No payment shall be due fewer than fifteen (15) days after such written notice has been given. Failure of the Association to give notice of the special Assessment shall not affect the liability of the Owner of any Unit or Homesite for such special Assessment, but the date when payment shall become due in such a case shall be deferred to a date fifteen (15) days after such notice shall have been given.

9.06 Late Charges and Suspension of Card Key Privileges. If any Assessment, whether regular or special, is not paid within fifteen (15) days after it is due, the Owner may be required by the Board to pay a late charge at such rate as the Board may designate from time to time not to exceed eighteen percent (18%). In addition, the Board may, in its discretion, suspend an Owner's card key privilege to activate automatic entrance mechanisms in the Project.

9.07 Unpaid Assessments as Liens. The amount of any delinquent Assessment, whether regular or special, assessed against any property and any late payment charge attributable thereto, plus interest on such Assessment and charge at a rate not to exceed eighteen percent (18%) per annum simple interest, and the costs of collecting the same, including reasonable attorneys' fees, shall be a lien upon such Homesite and the Improvements thereto. Such lien shall be prior to any declaration of homestead. Such lien shall be created in accordance with NRS 116.3116 and shall be foreclosed in the manner provided for in NRS 116.31162, 116.31164 and 116.31168. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by such lien shall be conclusive upon the Association as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars (\$10.00).

9.08 Mortgage Protection. Notwithstanding any other provision of the Silver Oak Community Association Restrictions, no lien created under this Article IX or under any other Article of this Declaration, nor any lien arising by reason of any breach of the Silver Oak Community Association Restrictions, nor the enforcement of any provision of this Declaration or of any Supplemental Declaration shall defeat or render invalid the rights of the Beneficiary under any recorded Mortgage or Deed of Trust of first and senior priority now or hereafter upon a Homesite made in good faith and for value perfected before the date on which the assessment sought to be enforced became delinquent. However, after the foreclosure of any such first Mortgage or Deed of Trust or after any conveyance in lieu of foreclosure, such Homesite shall remain subject to the Silver Oak Community Association Restrictions and shall be liable for all regular Assessments and all special Assessments levied subsequent to completion of such foreclosure or delivery of such conveyance in lieu of foreclosure, and to all installments of all regular and special Assessments levied prior to completion of such foreclosure or delivery of such conveyance but falling due after such completion or such delivery.

9.09 Effect of Amendments on Mortgages. Notwithstanding the provisions of Section 10.02, below, no amendment of Section 9.08 of this Declaration shall affect the rights of any Beneficiary whose Mortgage or Deed of Trust has the first and senior priority as provided in Section 9.08 and who does not join in the execution thereof, provided that its Mortgage or Deed of Trust is recorded in the real property records of Carson City prior to the recordation of such amendment; provided, however, that after foreclosure or conveyance in lieu of foreclosure the property which was subject to such Mortgage or Deed of Trust shall be subject to such amendment.

9.10 Subordination. By subordination agreement executed by the Association, the benefits of Section 9.08 and 9.09, above, may in the sole and absolute discretion of the Board, be extended to beneficiaries not otherwise entitled thereto.

ARTICLE X

MISCELLANEOUS

10.01 Term. This Declaration, including all of the Covenants, Conditions, and Restrictions hereof, shall run until December 31, 2040, unless amended as herein provided. After December 31, 2040, this Declaration, including all such Covenants, Conditions, and Restrictions, shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least two thirds (2/3) of the Owners in the Silver Oak Community Association Project and recorded in the Carson City real property records.

10.02 Amendment.

A. Special Provisions. No amendment of Article IX shall be effective as to any Beneficiary who does not join in the execution thereof provided that its Mortgage or Deed of Trust is recorded in the real property records of the county prior to the recordation of such amendment. Subject to the preceding sentence, and except as set forth below, no amendment of this Section 10.02 shall be effective unless adopted by a majority of the total number of votes entitled to be cast pursuant to Section 2.03A above at the time of the proposed amendment. No amendment of this Declaration shall be effective until executed and recorded in the real property records of Carson City in the manner herein provided.

B. By Declarant. Except as provided in Section 10.02A, this Declaration may be amended by only the Declarant so long as Declarant is entitled to exercise any development rights or appoint all members of the Board; provided, however, that no such amendment by Declarant shall be effective without Notice and a Meeting, and if the Owners, other than Declarant, entitled to cast eighty percent (80%) or more of the votes entitled to be cast pursuant to Section 2.03A, by written notice delivered to the Board within fifteen (15) days after such meeting, object to such amendment proposed by Declarant, such amendment shall not be effective. No amendment by Declarant shall be effective until there has been recorded in the real property records of the county, an instrument executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the

president and secretary of the Board certifying that the above-mentioned Notice and Meeting was given and held and that the Board did not within fifteen (15) days after said hearing receive written objections to the amendment from the Owners, other than Declarant, entitled to cast eighty percent (80%) or more of the votes entitled to be cast pursuant to Section 2.03A.

C. By Owners. Except as provided in Sections 10.02A and 10-02B. this Declaration may be amended by the recording in the City's real property records of an instrument executed and acknowledged by the president and secretary of the Board, setting forth the amendment and certifying that such amendment has been approved by Owners entitled to cast at least fifty-one percent (51%) of the number of votes entitled to be cast pursuant to Section 2.03A. Any Owner may indicate their approval of such proposed amendment either by consenting thereto in writing or by affirmative vote at a duly convened regular or special meeting of the Association.

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

10.04 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development and operation of The Silver Oak Community Association and of promoting and effectuating the fundamental concepts of The Silver Oak Community Association as set forth in Article I of this Declaration. This Declaration shall be construed and governed under the laws of the State of Nevada.

10.05 Enforcement and Nonwaiver.

A. Right of Enforcement. Except as otherwise provided herein, any Owner, at their own expense, Declarant and the Board shall have the right to enforce all of the provisions of The Silver Oak Community Association Restrictions against any property within The Silver Oak Community Association and the Owners thereof. Such right of enforcement shall include both damages for and injunctive relief against the breach of any such provision. The right of any Owner to so enforce such provisions shall be equally applicable without regard to whether the land (or other interest) of the Owner seeking such enforcement or the land (or other interest) whereon or with respect to which a violation of such provision is alleged is initially set forth on Exhibit A or is hereafter subjected to this Declaration pursuant to Section 3.02, above.

B. Violation a Nuisance. Every act or omission whereby any provision of the Silver Oak Community Association Restrictions is violated in whole or in part

is hereby declared to be a nuisance and may be enjoined or abated by any Owner, at their own expense, by Declarant, or by the Board, whether or not the relief sought is for negative or affirmative action. However, only Declarant, the Board and the duly authorized agents of either of them may enforce by self-help any of the provisions of the Silver Oak Community Association Restrictions, and then only if such self-help is preceded by reasonable notice to the Owner in question.

C. Violation of Law. Any violation of any federal, state or local law, ordinance or regulation pertaining to the ownership, occupancy or use of any property within the Silver Oak Community Association is hereby declared to be a violation of the Silver Oak Community Association Restrictions and subject to all of the enforcement procedures set forth in said Restrictions.

D. Remedies Cumulative. Each remedy provided by the Silver Oak Community Association Restrictions is cumulative and not exclusive.

E. Nonwaiver. The failure to enforce any provision of the Silver Oak Community Association Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said Restrictions.

10.06 Construction.

A. Restrictions Severable. Notwithstanding the provisions of the foregoing Section 11.04, each of the provisions of the Silver Oak Community Association Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

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

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

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

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

THE SILVER OAK DEVELOPMENT COMPANY,
a Nevada limited partnership

By: _____

Its _____

STATE OF NEVADA)
 : ss.
CARSON CITY)