

DIAMOND CREEK COMMUNITY ASSOCIATION

RULES

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DIAMOND CREEK COMMUNITY ASSOCIATION

RULES

(Adopted May 11, 2001)

PURPOSE, ORGANIZATION AND FINANCE

Governing Documents

The Diamond Creek Community Association (the "Association") was established on May 10, 2001, as a Nevada nonprofit corporation for the purpose of providing management, maintenance and care of the Common Elements and any other property placed under its jurisdiction. The duties and powers of the Association are defined in the Governing Documents which are as follows:

Declaration of Covenants, Conditions and Restrictions for Diamond Creek, as may be amended from time to time (the "Declaration");

Articles of Incorporation of Diamond Creek Community Association;

Diamond Creek Community Association Bylaws; and

Diamond Creek Community Association Rules.

Each Unit Owner in Diamond Creek is provided with a copy of all Governing Documents. By taking title to a Unit within Diamond Creek, a Unit Owner agrees to comply with the provisions of the Governing Documents as they pertain to the Unit Owners and Members. Throughout this booklet capitalized words will have the same meanings as described in Article 1 of the Declaration unless they are defined otherwise in these Rules. These Rules are only a part of the Governing Documents; Unit Owners are encouraged to read all Governing Documents to gain an understanding of how the Association operates and what restrictions are placed upon their property.

Management

The Board of Directors of the Association ("Board") is responsible for the administration of the Association and is authorized to hire personnel necessary for the daily operation of the Association and its Common Elements. During the Period of Declarant Control (as defined in the Declaration), the Declarant under the Declaration has the authority to appoint and remove all

or some members of the Board, depending upon the number of Units owned by Units' Owners. Upon the termination of the Period of Declarant Control, all members of the Board will be elected by the Members of the Association. Each Unit Owner is a Member of the Association.

The Board has contracted with a property management company ("Property Manager") to oversee the daily operation of the Association. The Property Manager will work closely with the Board to assure that the Association is being operated in a manner which will enhance and preserve the Community. The Property Manager's name, telephone number and address will be provided to you at the time you purchase your Unit.

Finance

The funds necessary to operate the Association and its facilities are provided by the Assessments levied by the Association against each Unit within Diamond Creek. The Board, subject to the provisions of the Declaration, has the authority to levy Common Expense Assessments to provide for the operation and management of the Association and Special Assessments for the cost of any construction, reconstruction, repair or replacement of facilities upon the Common Elements. The financial stability of the Association is dependent upon the timely payment of all Assessments. The following rules shall apply to the payment of Assessments:

1st day of each month:

Assessment is due and payable to the Diamond Creek Community Association c/o the Property Manager at the address provided at the time you purchase your Unit.

5th day of month:

If payment is not received by the Property Manager by this date, a \$10.00 charge for late payment is automatically assessed (charges for late payment will be applied on every account showing one full assessment due with no notice to Unit Owner), and interest will be charged from the due date at the rate of 18% per annum.

30th day of following month:

If payment has not been received within sixty days after its due date, the Board may authorize the Property Manager to record a lien on your Unit and file a lawsuit in Justice Court to collect the past due assessments. The amount to be collected under the lawsuit will include amounts to reimburse the Association for all interest due on the past due assessments and all costs expended by the Association to record the lien and file the lawsuit. **At this point, payment must include the collection costs and be paid by cashiers check, certified check or money order.** The lien will remain on the property until the account is current.

When judgment is received from Justice Court:

Matter referred to attorney or collection agency for collection. Any additional fees incurred in the collection of this matter will be charged to the delinquent Unit Owner.

Returned checks:

There will be a \$25 charge for checks not paid by a Unit Owner's bank.

The fiscal year for the Association is the calendar year. The amount of the Common Expense Assessment will be determined each year by the Board and all Unit Owners will be notified and asked to ratify the budget at an Association meeting called for that purpose. You should read Subsection 7.1.2 of the Declaration for further details of the budget approval process.

ASSOCIATION PROPERTY
GENERAL RULES

General Rules Applicable to All Association Common Elements

Code of Conduct.

- (1) All persons must conduct themselves in a civil and courteous manner at all times and must not jeopardize or interfere with the rights and privileges of others.
- (2) Loud, profane, indecent or abusive language is prohibited.
- (3) Harassment or physical abuse of any person by another is prohibited.
- (4) No person's actions shall compromise the safety of another.

Responsibility. Residents are responsible for their guests while using Association Common Elements.

Notices and Advertisements. Notices, advertisements or posters of any kind shall not be placed or distributed on Association Common Elements without the prior written consent of the Board.

Alcoholic Beverages. No alcoholic beverages may be brought to and/or consumed in or on any Association Common Elements.

POLICY OF CORRECTIVE ACTIONS
AND
SCHEDULE OF FINES

No fines will be assessed without notice and an opportunity to be heard. Article 8 of the Bylaws sets forth the notice and hearing procedures for fines. Any fine for which a Unit Owner has waived the right to be heard, or any fine affirmed by the Board after hearing, shall be paid in accordance with Article 8 of the Bylaws. Pursuant to Subsection 3.3.1(iv) of the Declaration, the Association is entitled to suspend the rights of a Unit Owner or Resident to use the Common Elements if fines are not paid when due. Pursuant to Subsection 7.8.2 of the Declaration, the Association has a lien on each Unit for any amounts due the Association, including fines, and the Association may use the same remedies to collect fines as it uses to collect Assessments, subject to applicable law. In addition to levying fines as penalties for infractions, the Association also may exercise any other remedy available pursuant to the Declaration or pursuant to Nevada law.

Violations of Section 4.8 of the Declaration, Trash Containers and Collection

The Board shall levy a fine against a Unit Owner for the failure by such Unit Owner, or by a Resident of such Unit Owner's Unit, to comply with Section 4.8 of the Declaration and the additional rules contained in this paragraph. Trash containers may be left at the curb for pickup no earlier than 5:00 p.m. on the day before the scheduled pickup is to occur and may remain at the curb until no later than 9:00 a.m. on the day after the scheduled pickup is to occur. Failure to comply with Section 4.8 and this paragraph will result in the Board levying against a Unit Owner a fine equal to ten dollars (\$10) multiplied by the number of days the violation exists, not to exceed a maximum fine of one hundred dollars (\$100). The Unit Owner of each Unit shall be entitled to one (1) warning letter before a fine is levied. If the next violation after a warning letter is committed more than one (1) year after the warning letter is issued, then another warning letter shall be issued before a fine is levied.

Violations of Section 4.17 and 4.18 of the Declaration, Vehicles and Parking

The Unit Owner of a Unit shall be entitled to one (1) warning letter prior to the Board taking any action. The failure to comply with the warning letter in the time provided therein, or a second or subsequent violation within one (1) year after the previous violation, will result in the Board levying a fine of fifty dollars (\$50) for each time a Unit Owner fails to comply with directions from the Board to correct the violation. No warning letter will be issued on second or subsequent violations. In addition, the Board also may exercise its rights pursuant to Section 4.19 of the Declaration by towing the vehicle. The costs and expenses of towing the vehicle shall be charged to the Unit Owner as provided in Section 4.19 of the Declaration.

COMPLAINTS CONCERNING VIOLATIONS

A Unit Owner or Resident may report an alleged violation to the Association by a telephone call to the Property Manager.

The foregoing rules may be modified from time to time as may be deemed necessary in the sole discretion of the Diamond Creek Community Association.

In the event of any conflict between these Rules and the Declaration, the Declaration shall control. In the event of any conflict between these Rules and the Bylaws, the Bylaws shall control.