

**FLAGSTONE MANOR
HOMEOWNERS' ASSOCIATION
RULES**

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RULES

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FLAGSTONE MANOR HOMEOWNERS' ASSOCIATION

ASSOCIATION RULES (Adopted August 24, 2007)

ARTICLE 1 PURPOSE, ORGANIZATION AND FINANCE

1.1 Governing Documents. The Flagstone Manor Homeowners' Association (the "Association") was established on July 16, 2007, as a Nevada nonprofit corporation for the purpose of providing management, maintenance and care of the Common Elements and any other Areas of Common Responsibility placed under its jurisdiction. The duties and powers of the Association are defined in the Governing Documents, which are as follows:

- (i) Declaration of Covenants, Conditions, Restrictions and Easements for Flagstone Manor, as may be amended from time to time (the "Declaration");
- (ii) Articles of Incorporation of Flagstone Manor Homeowners' Association;
- (iii) Flagstone Manor Homeowners' Association Bylaws;
- (iv) Flagstone Manor Design Guidelines; and
- (v) Flagstone Manor Homeowners' Association Rules (the "Rules").

Each Unit Owner in Flagstone Manor is provided with a copy of all Governing Documents. By taking title to a Unit within Flagstone Manor, a Unit Owner agrees to comply with the provisions of the Governing Documents as they pertain to the Unit Owners and Members. Capitalized words used in these Rules will have the same meanings as described in Article 1 of the Declaration unless they are defined otherwise in this document. These Rules are only a part of the Governing Documents; Unit Owners should read all Governing Documents to gain an understanding of how the Association operates and the restrictions that are placed upon their property and the Common Elements.

1.2 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 a majority of the members of the Board and officers of the Association. Upon the termination of the Period of Declarant Control, 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 ("Community Manager") to oversee the daily operation of the Association. The Community Manager will work closely with the Board to assure that the Association is being operated in a manner that will enhance and preserve the Community. The Community Manager's name, telephone number and address will be provided to you at the time you purchase your Unit.

1.3 Finance. The funds necessary to operate the Association and its facilities are provided by the Assessments levied by the Association against each Unit within Flagstone Manor. The Board, subject to the provisions of the Declaration and Nevada law, 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 and other Areas of Common Responsibility. The financial stability of the Association is dependent upon the timely payment of all Assessments. The following rules shall apply to the payment of Common Expense Assessments:

1st day of month in which payment is due:

Assessment is due and payable to the Flagstone Manor Homeowners' Association at the address provided to you by the Community Manager.

15th day of month in which payment is due:

If payment is not received by the Community Manager by the 15th day of the month in which it became due, 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.

60th day after due date:

If payment has not been received within sixty days after its due date, the Board may authorize the Community Manager to record a lien on the 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 cashier's check, certified check or money order. The lien will remain on the Unit until the account is current.

When judgment is received from Justice Court:

The delinquency and judgment will be referred to an attorney or collection agency for collection. Any additional fees incurred in the collection of the delinquency 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. Subsection 7.1.2 of the Declaration sets forth the details of the budget approval process.

ARTICLE 2 COMMON ELEMENTS

2.1 General Rules. General rules applicable to all Association Common Elements are as follows:

- (i) 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.
- (ii) Loud, profane, indecent or abusive language is prohibited.
- (iii) Harassment or physical abuse of any person by another is prohibited.
- (iv) No person's actions shall compromise the safety of another.

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

2.3 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.

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

ARTICLE 3 RULES GOVERNING THE USE OF UNITS

3.1 Trash Containers and Collection. 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 p.m. on the day the scheduled pickup is to occur.

3.2 Management of Stormwater Runoff. To prevent stormwater runoff pollution in the Community, the following rules shall apply:

- (i) Use fertilizers sparingly;
- (ii) Sweep up driveways, sidewalks and roads; hosing down debris will not be permitted;
- (iii) Dumping anything down storm drains is not permitted;

- (iv) Downspouts must be directed away from paved surfaces;
- (v) Household hazardous waste, paint, used auto fluids and batteries must be disposed of at designated collection or recycling locations; and
- (vi) Paint brushes must be cleaned in a sink, not outdoors.

In addition, the Board of Directors recommends the following actions by Unit Owners as often and whenever possible:

- (i) Avoid pesticides; learn about Integrated Pest Management (“IPM”). Information on IPM can be obtained from the University of Nevada Cooperative Extension, <http://www.unce.unr.edu/impacts/ag.h.nr.IPM.pdf>;
- (ii) Wash cars at the car wash instead of washing them in the driveway; and
- (iii) Check motor vehicles for leaks and recycle oil.

**ARTICLE 4
GENERAL RULES GOVERNING THE USE OF
LIMITED ACCESS GATE**

4.1 Methods of Access. The gated entrance to the Community will have three methods of access:

4.1.1 Vehicular automatic access is provided for Residents by the use of an electronic transponder placed in the windshield of the vehicle. Upon approaching the gate, the transponder will transmit an electronic signal to open the gate. Two transponders will be issued per Unit; additional transponders may be purchased for a fee equal to the cost of the transponder plus any administrative fee the Board determines to be appropriate. Lost or damaged transponders may be replaced for the same fee. The Association recommends that transponders not be given to friends, guests or service providers such as landscapers or housekeepers. Lost transponders should be reported to the Community Manager immediately so that unauthorized persons cannot gain access to the Community.

4.1.2 A Resident may gain access by entering a personal code on the keypad in front of the gate. Residents are encouraged not to allow guests and visitors to have the personal code. The code may be changed for a fee that covers the administration cost charged by the company that provides gate maintenance.

4.1.3 Guests may use the keypad in front of the gate to contact a Resident by dialing the Resident’s personal code number, which is electronically displayed on the keypad. The code number automatically dials the Resident’s telephone number, and if the Resident answers, the Resident may remotely open the gate by dialing a specific number on the telephone. If the Resident cannot be contacted by telephone, the visitor will not be granted access.

4.2 Obligation of Unit Owners to Pass Transponders and Codes Upon Resale of Unit. The transponders and gate codes are a part of the gate system and are owned by the Association. Upon the sale of a Unit to a new purchaser, each Unit Owner shall pass on the electronic transponder and all codes and operating instructions to the new Unit Owner. Failure to do so will result in the new Unit Owner having to purchase new transponders at a cost determined by the Board from time to time. If new transponders are issued, the old transponder codes will be eliminated from the system. New transponders and codes will not be issued unless a Unit Owner can show proof of ownership of a Unit in the Community.

**ARTICLE 5
POLICY OF CORRECTIVE ACTIONS
AND
SCHEDULE OF FINES**

5.1 General. 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 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.

5.2 Violations of Section 4.1 of the Declaration, Architectural Control. The Board shall levy a fine of one hundred dollars (\$100) against a Unit Owner for the failure by the Unit Owner, or by a Resident of the Unit, to obtain written approval from the Architectural Review Committee prior to constructing or installing an Improvement that would require approval pursuant to Section 4.1 of the Declaration, or for the failure to comply with any other provision of Section 4.1 of the Declaration or any provision of the Design Guidelines. A Unit Owner may submit a request for approval to the Architectural Review Committee after the Board serves the Notice of Violation and levies the fine, but the request will not be considered until the earlier of (i) payment of the fine by the Unit Owner, or (ii) determination by the Board that the fine should not be assessed.

The failure by a Unit Owner or Resident to remove or satisfactorily correct an Improvement for which the Architectural Review Committee has disapproved may result in the Association taking legal action to correct the violation. In any such legal action, the Association will seek to recover all attorneys' fees, costs and expenses resulting from the action pursuant to Section 11.1 of the Declaration and pursuant to Nevada law. In addition, if the Unit Owner fails to cure the violation within fourteen (14) days of receiving notice thereof, then the violation shall be deemed to be a continuing violation pursuant to N.R.S. 116.31031(5) and the Board shall impose an additional fine of \$100 against a Unit Owner for each seven (7) day period or portion thereof that the violation is not cured.

5.3 Violations of Section 4.10 of the Declaration and Section 3.1 of these Rules, 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 4.10 of the Declaration and the additional rules contained **Section 3.1** of these Rules. Failure to comply with Section 4.10 of the Declaration and **Section 3.1** of these Rules may 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 fifty dollars (\$50). A Unit Owner 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.

5.4 Violations of Section 4.14 of Declaration, Animals. A Unit Owner shall be subject to a fine of (i) \$25 for the first violation, (ii) \$50 for the second violation and (iii) \$100 for the third violation and each violation thereafter for the following violations of Section 4.14 of the Declaration. The Unit Owner of a Unit shall be entitled to 1 warning letter before the first fine is levied.

- (i) Failure by a Unit Owner or Resident to observe the leash rule;
- (ii) Failure by a Unit Owner or Resident to control an animal so that it does not create an unreasonable annoyance; and
- (iii) Failure by a Unit Owner or Resident to immediately clean up after an animal on any portion of a Unit or the Common Elements.

No warning letter will be issued on second or subsequent violations occurring less than one year after the first violation. If a violation occurs more than 1 year after a previous violation for which a warning letter was issued, then the warning letter is again applicable and any fine assessed shall be in an amount equal to a first violation.

5.5 Violations of Sections 4.18 and 4.19 of the Declaration, Trucks, Trailers, Campers and Boats; Motor Vehicles. A Unit Owner 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, upon compliance with applicable law, the Board also may exercise its rights pursuant to Section 4.20 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 4.20 of the Declaration.

5.6 Other Violations of Governing Documents. Violations by a Unit Owner of any provision of the Declaration, Bylaws or these Rules not specifically provided for in this Section may result in the Board levying a fine against the Unit Owner in the amount of (i) twenty-five dollars (\$25) for the first violation, (ii) fifty dollars (\$50) for the second violation and (iii) one

hundred dollars (\$100) for the third violation and each violation thereafter if the violation is one that is not continuing in nature, or in the amount of ten dollars (\$10) multiplied by the number of days the violation exists if the violation is one that is continuing in nature, not to exceed a maximum fine of one hundred dollars (\$100). Any Unit Owner committing a continuing violation shall be entitled to one (1) warning letter before a fine is levied.

ARTICLE 6 MISCELLANEOUS

6.1 Complaints Concerning Violations. A Unit Owner or Resident may report an alleged violation to the Association by a telephone call, mail or facsimile to the Community Manager.

6.2 Modification of Rules. These Rules may be modified from time to time as may be deemed necessary in the sole discretion of the Board of the Association.

6.3 Conflict. 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.