WHEN RECORDED MAIL TO
Celene Sams
AMERICAN WEST HOMES, INC.
2700 E. Sunset Road #5
Las Vegas, Nevada 89120

(1)

FIRST AMENDMENT
TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND GRANT AND RESERVATION OF EASEMENTS FOR THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION

THIS FIRST AMENDMENT TO THE Declaration of Covenants, Conditions and Restrictions and Grant and Reservation of Easement for the Grand Island at Legacy Homeowners Association (the "First Amendment") is made by American West Homes, Inc., a Nevada corporation (the "Declarant"), pursuant to Article XIII, Section 13.02(f) of the Declaration of Covenants, Conditions and Restrictions and Grant and Reservation of Easement for the Grand Island at Legacy Homeowners Association (the "Declaration") as follows:

WITNESSETH

WHEREAS, the Declarant caused that certain Declaration to be recorded in the Office of the Clark County Recorder's Office on November 30, 1995 as Instrument No. 01207 in Book 951130, Official Records;

WHEREAS, the Declarant desires to amend the Declaration as set forth below;

WHEREAS, the Declarant owns all of the lots within the Association, Declarant may unilaterally amend the Declaration as provided in Article XIII, Section 13.02(f) therein;

NOW, THEREFORE, the Declarant hereby declares that the Declaration is hereby amended as follows:

1. The second paragraph of Article V, subsection 5.1 is hereby amended to read as follows:

> Annual Assessments shall commence on January 1, 1997. Any Owner acquiring title to a lot prior to January 1, 1997 shall commence paying Annual Assessments on said date. Any Owner acquiring title to a Lot after January 1, 1997 shall commence paying Annual Assessments on the first day of the first month following the Close of Escrow.

Except as expressly amended hereby, the Declaration shall remain in full force and effect as by its terms set forth.

6 7th IN WITNESS WHEREOF the undersigned has executed this First Amendment as of this 6 day of December 1995.

DECLARANT:

Lawrence D. Canarelli, President
American West Homes, Inc.

STATE OF NEVADA)
COUNTY OF CLARK)

This instrument was acknowledged before me on this 6th day of December, 1995, by LAWRENCE D. CANARELLI as President of American West Homes, Inc.

Notary Public

NOTARY PUBLIC
STATE OF NEVADA
County of Clark
CELENE SAMS
My Appointment Expires August 9, 1998

CERTIFICATION

The undersigned certifies that the foregoing First Amendment was duly approved by a majority of the voting power of the Grand Island at Legacy Homeowners Association.

Mark Dunford, Secretary
Grand Island at Legacy Homeowners Association

STATE OF NEVADA)
COUNTY OF CLARK)

This instrument was acknowledged before me on this 11th day of December, 1995, by MARK DUNFORD as Secretary of the Grand Island at Legacy Homeowners Association.

Notary Public
m:\ccr\grand\1stamend 12/95

NOTARY PUBLIC
STATE OF NEVADA
County of Clark
CELENE SAMS
My Appointment Expires August 9, 1998

CLARK COUNTY, NEVADA
JUDITH A. VANDEVER, RECORDER
RECORDED AT REQUEST OF:
AMERICAN WEST HOMES INC
12-12-95 15:52 TML
OFFICIAL RECORDS
BOOK: 951212 INST: 01585

RECORDING REQUESTED BY, AND
WHEN RECORDED, MAIL TO:

WOODBURN AND WEDGE (JEL)
300 So. Fourth St.
Suite 620
Las Vegas, Nevada 89101

CONFORMED COPY

(Space Above for Recorder's Use)

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND GRANT AND RESERVATION OF EASEMENTS
FOR
THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND GRANT AND RESERVATION OF EASEMENTS FOR THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND GRANT AND RESERVATION OF EASEMENTS is dated for purposes of reference only as of this _____ day of July, 1995, and is made by AMERICAN WEST HOMES, INC., a Nevada corporation ("Declarant").

PREAMBLE:

WHEREAS, Declarant owns the real property all of which is located in Henderson, Clark County, Nevada (the "Property"), as is more fully described in Exhibit "A" attached hereto and incorporated herein by this reference; and

WHEREAS, the Property is located within and comprises a subassociation within the master-planned community of Green Valley Village in the City of Henderson, County of Clark, Nevada;

WHEREAS, it is the desire and intention of Declarant to create a "common-interest community" as defined in Section 116.10323 of the Nevada Revised Statutes, consisting of 29 lots in a "planned community" as defined in Section 116.110368 of the Nevada Revised Statutes, and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all the lots in the planned community created pursuant to the provisions of the Uniform Common-Interest Ownership Act set forth in Sections 116.1101 et seq. of the Nevada Revised Statutes.

NOW, THEREFORE, Declarant hereby declares that all of the Property is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the limitations, restrictions, reservations, rights, easements, conditions and covenants contained in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the protection, maintenance, improvement and sale of the Property for the purpose of enhancing the value, desirability and attractiveness of the Property. All provisions of this Declaration, including without limitation the easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes upon the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants herein shall run with and burden the Property and shall be binding on and for the benefit of all of the Property and all Persons having or acquiring any right, title or interest in the Property, or any part thereof, and their successive owners and assigns. <u>The development plan of the Property shall be consistent with the overall development plan, if any, submitted to the VA and FHA</u>.

DECLARANT FURTHER DECLARES that Declarant, its successors, assigns and grantees, covenant and agree that the interest in the Common Elements, the membership in the Association, any easements conveyed therewith and the fee title to each respective Lot conveyed therewith shall not be separated or separately conveyed, and each such interest, Membership and easement shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot. Any conveyance by an Owner of a Lot, or any portion thereof, shall be presumed to convey the entire Lot, together with a Membership in the Association.

ARTICLE I

1. Definitions. Unless otherwise expressly provided, the following words and phrases when used herein shall have the following specified meanings.

1.1 ARC. "ARC" shall mean the Architectural Review Committee created pursuant to Article IV hereof.

1.2 Articles. "Articles" shall mean the Articles of Incorporation of the Association, as such Articles may be amended from time to time.

1.3 Assessment, Annual. "Annual Assessment" shall mean a charge against a particular Owner and his Lot, representing a portion of the Common Expenses which are to be levied among all Owners and their Lots, in the manner and proportions provided herein.

1.4 Assessment, Special. "Special Assessment" shall mean a charge: (a) against a particular Owner, levied by the Board after Notice and Hearing, which is directly attributable to, or reimbursable by, that Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, or a reasonable fine or penalty assessed by the Board, plus interest and other charges on such Special Assessments to obtain compliance with the provisions of the Restrictions, as provided for herein; or (b) which the Board may from time to time levy against a particular Owner and his Lot, representing a portion of the cost to the Association for reconstruction, maintenance or repair of any Improvements on any of the Common Elements. The assessment levied pursuant to this Section 1.4(b) shall be levied among all the Owners and their Lots in the Property in the same proportions as Annual Assessments.

1.5 Association. "Association" shall mean THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION, a Nevada nonprofit corporation, its successors and assigns. The Association is an "association" as defined in Section 116.110315 of the Nevada

Revised Statutes. In addition, the Association is a sub-association within the Green Valley Village Community Association.

1.6 <u>Association Maintenance Funds</u>. "Association Maintenance Funds" shall mean the accounts created for receipts and disbursements of the Association, pursuant to Article V hereof.

1.7 <u>Beneficiary</u>. "Beneficiary" shall mean a Mortgagee under a Mortgage or a Beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee or Beneficiary.

1.8 <u>Board</u>. "Board" shall mean the Board of Directors of the Association. The Board is an "executive board" as defined in Section 116.110345 of the Nevada Revised Statutes.

1.9 <u>Budget</u>. "Budget" shall mean a written, itemized estimate of the income and Common Expenses of the Association in performing its functions under this Declaration.

1.10 <u>Bylaws</u>. "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

1.11 <u>City</u>. "City" shall mean the City of Henderson, State of Nevada, and its various departments, divisions, employees and representatives.

1.12 <u>Close of Escrow</u>. "Close of Escrow" shall mean the date on which a deed is Recorded conveying a Lot from Declarant to a member of the home-buying public.

1.13 <u>Common Elements</u>. "Common Elements" shall mean the entire Property, except Lots, and shall include, but not be limited to, the electronic entry gate, private streets, landscape areas, (denoted as Common Elements A through F, inclusive on the Map) clustered mailboxes, as indicated on the Map, a portion of which is attached hereto as Exhibit "B" and incorporated by this reference. Common Elements shall include any portion of the Property which is (a) owned by the Owners as tenants in common; (b) dedicated to the City, or any other governmental agency or municipality, over which the Association retains a duty to repair and maintain; or (c) owned in fee by the Association. The Common Elements shall include the Landscape and Irrigation Easements set forth in Exhibit "C" attached to this Declaration.

1.14 <u>Common Expenses</u>. "Common Expenses" shall mean those expenses for which the Association is responsible under this Declaration, including the actual and estimated costs of: maintenance, management, operation, repair and replacement of the Common Elements or unpaid Special Assessments; the costs of any commonly metered charges for the Property; the cost of maintenance of clustered mailboxes, if any; the costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all gardening, electronic entry gates and other services benefiting the Common Elements; the costs of fire, casualty and liability insurance, workers' compensation insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Property and the directors, officers and agents of the Association; the costs of bonding of the members of the Board; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Property, or portion thereof; and the costs of any other item or items incurred by the Association, for any reason whatsoever in connection with the Property, for the common benefit of the Owners.

1.15 Declarant. "Declarant" shall mean American West Homes, Inc., a Nevada corporation, its successor in any merger, consolidation or liquidation and (to the extent but only to the extent provided in any written assignment of rights by Declarant and assumption of obligations by the assignee, pursuant to Section 116.3104 of the Nevada Revised Statutes) its assigns. A successor Declarant shall be subject to the provisions of Sections 116.3104, 116.31043 and 116.31046 of the Nevada Revised Statutes, as amended from time to time.

1.16 Declaration. "Declaration" shall mean this instrument as it may be amended from time to time.

1.17 Deed of Trust. "Deed of Trust" shall mean a Mortgage as further defined herein.

1.18 Family. "Family" shall mean one or more natural persons related to each other by blood, marriage or adoption, or one or more natural persons not all so related, but who maintain a common household in a Residence.

1.19 FHA. "FHA" shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government which succeeds to the FHA's function of insuring notes secured by Mortgages on residential real estate.

1.20 FHLMC. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation (also known as The Mortgage Corporation) created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporation.

1.21 Fiscal Year. "Fiscal Year" shall mean the fiscal accounting and reporting period of the Association selected by the Board from time to time.

1.22 FNMA. "FNMA" shall mean the Federal National Mortgage Association, a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such corporation.

1.23 GNMA. "GNMA" shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and any successor to such association.

1.24 Guest. "Guest" shall mean any employee, tenant, guest (whether or not for hire), licensee, agent or invitee of such Owner or Resident, including any transient guest, or any family member of the Owner or Resident.

1.25 Improvements. "Improvements" shall mean all structures and appurtenances thereto of every type and kind, including but not limited to, buildings, walkways, sprinkler pipes, roads, driveways, fences, screening walls, block walls, retaining walls, patio slabs, patio covers, balconies, awnings, stairs, decks, landscaping, antennae, satellite dish, solar equipment, hedges, windbreaks, the exterior surfaces of any visible structure and the paint on such surfaces, planted trees and shrubs, poles, signs, and water softener fixtures or equipment.

1.26 Landscape and Irrigation Easements. "Landscape and Irrigation Easements" shall mean all portions of the Property designated as Landscape and Irrigation Easements on the Map, which includes the portion of the Property so designated on Exhibit "C" attached hereto. The Landscape and Irrigation Easements include the eight foot easement on each Lot adjacent to each of the private streets for irrigation and landscape appurtenances.

1.27 Lot. "Lot" shall mean each and every individual, physical portion of the Property designated for separate Ownership and which is an intended or proposed site for one Residence and may include portions of the Property designated as Landscape and Irrigation Easements, as set forth in Exhibit "C" attached to this Declaration.

1.28 Manager. "Manager" shall mean the Person employed by the Association pursuant to and limited by the provisions of this Declaration, and delegated the duties, power or functions of the Association as limited by this Declaration, the Bylaws and the terms of the agreement between the Association and said Person.

1.29 Map. "Map" shall mean the plat recorded in Book 48, Page 69 of Plats, and the amended plat recorded on January 23, 1995 in Book 66, Page 5 of Plats and recorded with the Clark County Recorder in Book No. 950123, as Instrument No. 00402, a portion of which is attached hereto as Exhibit "B", covering all or any portion of the Association, as may be amended from time to time.

1.30 Master Association. "Master Association" shall mean the Green Valley Village Community Association, a Nevada non-profit corporation, and its successors-in-interest.

1.31 Master Declaration. "Master Declaration" shall mean that certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for Green Valley Village Community Association recorded as Instrument No. 00073, in Book No. 881230, in the Official Records of the Clark County Recorder's Office, Clark County, Nevada, as may be amended from time to time.

1.32 Member, Membership. "Member" shall mean any Person holding a membership in the Association, as provided in this Declaration. "Membership" shall mean the property, voting and other rights and privileges of Members as provided herein, together with the correlative duties and obligations contained in the Restrictions.

1.33 Mortgage. "Mortgage" shall mean any Recorded mortgage or Deed of Trust relating to one or more Lots or other portion of the Property to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance.

1.34 Mortgagee, Mortgagor. "Mortgagee" shall mean a Person to whom a Mortgage is made and shall include the Beneficiary of a Deed of Trust. "Mortgagor" shall mean a Person who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the Trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor" and the term "Beneficiary" shall be synonymous with the term "Mortgagee."

1.35 Notice and Hearing. "Notice and Hearing" shall mean written notice and a hearing before the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner further provided in the Bylaws, Rules and Regulations or this Declaration, and consistent with Section 116.3102(1)(k) of the Nevada Revised Statutes.

1.36 Owner. "Owner" shall mean the Person or Persons, including Declarant, holding fee simple interest to a Lot, excluding those having such interest merely as security for the performance of an obligation. The term "Owner" shall include a seller under an executory contract of sale but shall exclude Mortgagees.

1.37 <u>Person</u>. "Person" shall mean a natural individual or any other entity with the legal right to hold title to real property.

1.38 <u>Property</u>. "Property" shall mean the real property described in Exhibit "A" hereto, subject to this Declaration and includes real property with respect to which a person by virtue of ownership of a Lot is obligated to pay for real property other than the Lot.

1.39 <u>Record, File, Recordation</u>. "Record," "File," or "Recordation" shall mean, with respect to any document, the recordation or filing of such document in the Office of the Clark County Recorder.

1.40 <u>Residence</u>. "Residence" shall mean the structure or physical portion of the Lot used for living quarters and held as a separate freehold estate, as separately shown, numbered and designated on the Map, and intended for use by a single Family. There may only be one Residence per Lot. In interpreting deeds, Declarations, and Maps, the existing physical boundaries of the Residence constructed or reconstructed in substantial accordance with the applicable Map and the original plans thereof, if such plans are available, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, Map or Declaration, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries, as shown on the Map or defined in the deed and Declaration, and the boundaries of a building as constructed or reconstructed.

1.41 <u>Resident</u>. "Resident" shall mean any person who is physically residing in a Residence on a Lot, for so long as said person is so residing, including, but not limited to, an Owner or a tenant.

1.42 <u>Restrictions</u>. "Restrictions" shall mean this Declaration, the Articles, Bylaws and the Rules and Regulations of the Association, as each may be amended, from time to time.

1.43 <u>Rules and Regulations</u>. "Rules and Regulations" shall mean the rules and regulations that may be adopted by the Board pursuant to this Declaration or the Bylaws, as such Rules and Regulations may be amended from time to time.

1.44 <u>VA</u>. "VA" shall mean the Department of Veterans Affairs of the United States of America and any department or agency of the United States government which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

ARTICLE II

2. The Grand Island at Legacy Homeowners Association.

2.1 Organization of Association. The Association is or shall be incorporated under the name of THE GRAND ISLAND AT LEGACY HOMEOWNERS ASSOCIATION, as a nonprofit corporation organized under the provisions of Sections 82.006 through 82.690 of the Nevada Revised Statutes.

2.2 Duties and Powers. The duties and powers of the Association are those set forth in this Declaration, the Articles and Bylaws, together with the general and implied powers of an "association" (as defined in Section 116.110315 of the Nevada Revised Statutes) and a nonprofit corporation, generally to do any and all things that such a corporation may lawfully do which are necessary or proper, in operating for the peace, health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws and in this Declaration. The Association shall further have the right to install or construct Improvements on the Common Elements. The Association may at any time, and from time to time, reconstruct, repair, replace, maintain, or refinish any Improvement or portion thereof upon the Common Elements in accordance with the original design, finish or standard of construction of such Improvement; replace destroyed or damaged trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Elements. The Association shall additionally have the power but not the duty to enter into contracts with Owners or other persons to provide services or to maintain and repair Improvements within the Property and elsewhere which the Association is not otherwise required to provide or maintain pursuant to this Declaration; provided, however, that any such contract shall provide for the payment to the Association for the costs of providing such services or maintenance.

2.3 Membership. Every Owner, upon becoming the Owner of a Lot, shall automatically become a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases, at which time his Membership in the Association shall automatically cease. Ownership of a Lot shall be the sole qualification for Membership in the Association. Membership in the Association shall not be assignable except to the Person to which title to the Lot has been transferred, and every Membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. The rights, duties, privileges and obligations of all Members of the Association shall be as provided in the Restrictions.

<u>In addition to Membership in the Association, every Owner within the Association shall also become a member of the Master Association and, thereby, is subject to the Master Declaration, including any obligation to pay assessments to the Master Association and obtain architectural approval, as set forth therein</u>.

2.4 <u>Transfer</u>. The Membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Owner's Lot, and then only to the purchaser or Mortgagee of such Lot. A prohibited transfer is void and will not be reflected upon the books and records of the Association. A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to the contract purchaser his Membership rights in the Association. The delegation shall be in writing and shall be delivered to the Board before the contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Lot until fee title to the Lot sold is transferred. If the Owner of any Lot fails or refuses to transfer his Membership to the purchaser of the Lot upon transfer of fee title thereto, the Board shall have the right to record the transfer upon the books of the Association. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser shall not be entitled to vote at meetings of the Association. The Association may levy a reasonable transfer fee against a new Owner and his Lot (which fee shall be added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the membership to the new Owner on the records of the Association.

2.5 <u>Board of Directors</u>. The affairs of the Association shall be managed by and (unless otherwise provided herein) undertaken through actions of the Board. The number and qualifications of directors and their terms of office shall be as provided in the Articles and Bylaws of the Association.

2.6 <u>Voting Rights</u>. Members shall have the following voting rights in the Association:

2.6.1 <u>Class A Voting Rights</u>. Each Owner, with the exception of Declarant, shall have Class A voting rights and as a result shall have one vote for each Lot owned. Each Lot shall be allocated a fractional share of the voting interest in the Property determined by the number of Lots in the Association. Each Lot is equal to 1/29 interest in the voting interest unless otherwise amended.

In the event that title to a Lot is held by more than one (1) person, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more then one (1) vote be cast with respect to any one Lot. The multiple Members shall, prior to each meeting of the Association, provide the Board with a written statement, signed by Members who own a majority in interest (51%) of the Lot, which statement shall designate one person who shall have the right to cast the vote assigned to the Lot owned by such multiple Members; further provided, that if no such written statement is provided to the Board, in the absence of (i) any prior written notice to the Board of any disagreement or conflict between Members owning the same Lot relative to a matter which is to be made subject to a vote of Members or (ii) the voicing of any conflict or disagreement between Members owning the same Lot at the time the applicable vote is taken, any individual Member who casts the applicable vote for that Lot shall be deemed to have full right and authority to cast the vote on behalf of all members owning the Lot.

Declarant shall not have Class A voting rights until the Class B voting rights shall be converted to Class A voting rights pursuant to Subsection 2.6.2 of this Declaration.

2.6.2 <u>Class B Voting Rights</u>. Declarant shall have Class B voting rights and shall have three (3) votes for each Lot in which it has fee title. The Class B voting shall cease and be converted to Class A voting rights when the total Class A votes then existing equal the total Class B votes then existing. After such date, but in any event, no later than the date which is five (5) years after the first Lot is conveyed to an Owner other than the Declarant, Declarant shall have Class A, and only Class A, voting rights.

2.6.3 <u>Declarant's Control; Termination of Declarant's Control</u>. There shall be a period of Declarant control of the Association, during which a Declarant, or persons designated by the Declarant, may appoint and remove the officers and members of the Board. The period of Declarant control shall terminate no later than:

(a) Sixty (60) days after conveyance of seventy-five 75 percent (75%) of the Lots that may be created to Owners other than the Declarant; or

(b) Two (2) years after the Declarant has ceased to offer Lots for sale in the ordinary course of business; or

(c) Five (5) years after the first Lot is conveyed to an Owner other than the Declarant.

The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of that period. In that event, the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Lots that shall be created to Owners other than the Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board shall be Owners other than the Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Lots that may be created to 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 Owners other than the Declarant.

Not later than ninety (90) days after the termination of any period of Declarant control, the Owners shall elect members of the Board, to fill the vacancies, if any, created by the termination of Declarant's control. Thereafter, the Owners shall elect, at each annual meeting, a Board consisting of at least three (3) members, at least a majority of whom shall be Owners other than Declarant. The Board shall elect the officers of the Association. The Board members and officers shall take office upon election. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, the Owners, by a two-thirds vote of all persons present and entitled to vote at a meeting of the Owners at which a quorum is present, may remove a member of the Board with or without cause, other than a member appointed by the Declarant.

The termination of Declarant's control under this Section shall not affect the Declarant's rights as an Owner to exercise the vote allocated to Lots which Declarant owns.

2.6.4 Transfer of Voting Rights. A Member's right to vote may not be severed or separated from any Lot, and any sale, transfer or conveyance of the fee interest in any Lot to a new Owner or Owners shall operate to transfer the appurtenant Membership and voting rights without the requirement of any express reference thereto.

2.6.5 Proxies. Every Member entitled to vote or execute statements of consent shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such Person or his duly authorized agent; provided, however, that no such proxy shall be valid after the expiration of one (1) year from the date of its execution unless the Member executing the proxy specifies therein a shorter term for which such proxy is to continue in force. A Member's proxy shall automatically terminate upon conveyance by that Member of his fee title interest in all Lots owned by the Member.

2.6.6 Actions. If a quorum is present, the affirmative vote on any matter of the majority of the votes represented at the meeting (or, in the case of elections in which there are more than two candidates, a plurality of the votes cast) shall be the act of the Members, unless the vote of a greater number is required by law, by the Articles, Bylaws, or this Declaration.

2.7 Repair and Maintenance by the Association.

2.7.1 Maintenance Standards. Subject to Article X pertaining to destruction of Improvements and Article XI pertaining to eminent domain, the Association shall paint, maintain, repair and replace the Common Elements and Improvements thereon or shall contract for such maintenance, repair and replacement to assure maintenance of the Common Elements and Improvements thereon in a clean, sanitary and attractive condition reasonably consistent with prudent property management practices and the Budget. The Association's duty and obligation to maintain the Common Elements shall include a duty to repair and maintain the electronic entry gate system that Declarant intends to install for the benefit of the Association and each individual Owner. The Board shall determine, in its sole discretion, the level and frequency of maintenance of the Common Elements.

2.7.2 Charges to Owners. All such costs of maintenance, repairs and replacements for the Common Elements shall be paid for as Common Expenses out of the Association Maintenance Funds as provided in this Declaration. It shall be the affirmative duty of the Board to require strict compliance with all provisions of this Declaration and to cause the Property to be inspected by the ARC for any violation thereof. The cost of any maintenance, repairs or replacements by the Association which is not the responsibility of the Association or which arises out of, or is caused by, the act of an Owner or Resident, or such Owner's or Resident's Family or Guest shall, after Notice and Hearing, be levied by the Board as a Special Assessment against such Owner.

2.8 Repair and Maintenance by Owners. Each Owner or Resident shall maintain, repair, replace, paint, paper, plaster, tile, finish and restore or cause to be so maintained, repaired, replaced and restored, at his sole expense, all portions of his Lot except any Common Elements located thereon, which are to be maintained by the Association pursuant to Section 2.7.1. If any Owner fails to maintain or repair his Lot as required by this Section 2.8, the Association shall have the right to enter upon said Lot, perform such maintenance and repair and levy a Special Assessment against such Owner as described in Section 2.7.2.

2.9 Use of Agent. The Board, on behalf of the Association, may contract with a Manager for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board. The maximum term of any such contract ("Management Contract") shall be one (1) year, unless a longer term is approved either by vote or written assent of a majority of the voting power of the Association or by VA or FHA, in which case the maximum term-of the Management Contract shall be three (3) years. The maximum term of any contract providing for Declarant's services to the Association or the Property shall also be three (3) years. Each such contract for Declarant's services and each Management Contract shall provide for its termination by either party thereto with cause upon no more than thirty (30) days' written notice to the other party, and without cause and without payment of a termination fee upon no more than ninety (90) days' written notice to the other party.

ARTICLE III

3. Owners' Property Rights.

3.1 Legal Description of Lot. The components of each Lot shall be substantially as follows:

PARCEL NO. 1: Fee title to the applicable Lot as shown on the Map covering such Lot. The Lots are numbered 1 through 29 on the Map.

PARCEL NO. 2: Nonexclusive easements for access, ingress, egress, use, enjoyment, and other purposes, with respect to the Common Elements, including the Landscape and Irrigation Easements, as are more fully set forth on Exhibits "B" and "C" attached hereto.

3.2 Association Easement. The Association shall have an easement over the Common Elements for performing its duties and exercising its powers described in this Declaration. The Association's obligations to maintain the Common Elements shall commence on the date Annual Assessments commence on the Lots. Until commencement of Annual Assessments on the Lots, the Common

Elements in the Association shall be maintained by Declarant.

3.3 Partition. As provided in Section 116.2107(6) of the Nevada Revised Statutes, there shall be no judicial partition of the Common Elements, or any part thereof, for the term of the Property, nor shall Declarant, any Owner or any other Person acquiring any interest in any Lot in the Property seek any such judicial partition.

3.4 Members' Easements in Common Elements. Subject to the provisions of this Declaration, every Member of the Association shall have, for himself, his Family and Guests, a nonexclusive easement of access, ingress, egress, use and enjoyment of, in and to the Common Elements, and such easements shall be appurtenant to and shall pass with title to every Lot in the Property.

3.5 Extent of Members' Easements. The rights and easements of use and enjoyment of the Common Elements created by this Declaration shall be subject to the Restrictions, which include, without limitation, the following:

(a) The right of the Association, acting through the Board, to consent to or otherwise cause the construction of additional Improvements on the Common Elements and to consent to or otherwise cause the alteration or removal of any existing Improvements on the Common Elements for the benefit of the Members of the Association;

(b) The right of the Association acting through the Board and pursuant to an agreement executed by Owners to whom a majority of the Association's voting power is allocated, including a majority of the voting power not allocated to Declarant, which agreement must be Recorded and which must specify a date after which the agreement will be void unless Recorded, to convey the Common Elements or to subject the Common Elements to a Mortgage;

(c) The right of the Association, acting through the Board, to grant easements, leases, licenses and concessions through or over the Common Elements;

(d) Subject to the provisions of this Declaration, the right of each Owner to the exclusive use and occupancy, for the purpose designated in this Declaration, of his respective Lot;

(e) The right of the Association, acting through the Board, to reasonably restrict access to maintenance and landscaped areas and similar areas of the Property;

(f) The rights and reservations of Declarant as set forth in this Declaration;

(g) The right of the Association to reasonably limit the number of Guests of the Owners using the Common Elements; and

(h) The right of the Association, acting through the Board, to establish uniform Rules and Regulations for the use of the Common Elements.

3.6 Delegation of Use. Any Owner entitled to the right and easement of use and enjoyment of the Common Elements may delegate his right and easement to a Resident, including but not limited to his tenant, contract purchaser or subtenant who reside in his Residence, subject to reasonable regulation by the Board.

3.7 Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, or effect the release of his Lot from the liens and charges thereof, by waiving use and enjoyment of the Common Elements or by abandoning his Lot.

3.8 Damage by Member. To the extent permitted by Nevada law, each Member shall be liable to the Association for any damage to the Common Elements not fully reimbursed to the Association by insurance if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by the Member, Resident or Guest, or any other Persons deriving their right and easement of use and enjoyment of the Common Elements from the Member, or his or their respective Family and Guests, both minor and adult. However, the Association, acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right, after Notice and Hearing as provided in the Bylaws, to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the Person for whom the Member may be liable as described above. In the case of joint Ownership of a Lot, the liability of the Owners shall be joint and several, except to the extent that the Association shall have previously contracted in writing with the joint Owners to the contrary. After Notice and Hearing as provided in the Bylaws, the cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against such Member's Lot, and may be enforced as provided herein.

ARTICLE IV

4. Architectural Review Committee.

4.1 Members of ARC. The ARC shall be comprised of three (3) members. The initial members of the ARC shall be representatives of Declarant until two (2) years after the first Close of Escrow in the Property ("Second Anniversary"). After the Second Anniversary the Board may appoint and remove one (1) member of the ARC, and Declarant shall have the right and power at all times to appoint and remove a majority of the members of the ARC or to fill any vacancy of such majority, until Close of Escrow has occurred for the sale of all of the Lots in the Property, after which the Board shall have the power to appoint and remove all of the members of the ARC. Notwithstanding anything contained herein to the contrary, the Declarant may voluntarily surrender the right to appoint and remove members of the ARC before termination of that time period.

ARC members appointed by the Board shall be from the Membership of the Association, but ARC members appointed by Declarant need not be Members of the Association. The ARC shall have the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Article, in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials of the buildings in the Property. Board members may also serve as ARC members.

4.2 Review of Plans and Specifications. The ARC shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties 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 approved by the ARC. No construction, alteration, removal, relocation, repainting, demolishing, addition, installation, modification, decoration, redecoration or reconstruction of an Improvement, including landscaping, in the Property shall be commenced or maintained, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to and approved in writing by the ARC, the Master Association and, if necessary, American Nevada Corporation, pursuant to the declaration recorded October 4, 1978 with the Clark County Recorder in Book No. 952, as Instrument No. 911900; provided, however, that any Improvement may be repainted without ARC approval so long as the Improvement is repainted the identical color which it was last painted.

It shall be the responsibility of the Owner to submit the written plans and specifications (the "Applicant") to an authorized agent of the ARC, the Master Association and, if necessary, American Nevada Corporation. Until changed by the Board, the address for the submission of such plans and specifications shall be the principal office of the Association, the Master Association and American Nevada Corporation. The ARC shall approve plans and specifications submitted for its approval only if it deems that the installation, construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Elements or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association. Declarant, and any Person to which Declarant may assign all or a portion of its exemption hereunder, need not seek or obtain ARC approval of any Improvements constructed on the Property by Declarant or such Person, as the case may be.

The ARC may condition its approval of proposals or plans and specifications for any Improvement (1) upon the Applicant's furnishing the Association, the Master Association and American Nevada Corporation with security acceptable to them against any mechanic's lien or other encumbrance which may be Recorded against the Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the Applicant's agreement to complete the proposed work within a stated period of time, (4) upon the approval of said plan and specifications by the Master Association and, if necessary, American Nevada Corporation, or (5) all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The ARC, the Master Association and American Nevada Corporation may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or stating additional factors which it will take into consideration in reviewing submissions. The ARC, the Master Association and American Nevada Corporation may provide that the amount of the fee shall be uniform, or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. All plans and specifications for any new building structure or other Improvement (other than walls, fences, curbs, asphalt or cement areas, landscaping and non-structural alterations, modifications or additions) shall be prepared by a designer or licensed architect and shall include a site development plan showing existing and proposed topographic elevations, the pattern of surface water drainage on and over the Lot, proposed construction staging areas, the location of the Improvements on the Lot (including proposed front, rear and side setback lines, relationship to other Improvements, the location thereof with reference to structures on adjoining Lots, the number and location of all driveways on the Lot and all exterior trash container areas to be utilized by the Owners or Residents on the Lot); a building floor plan; a building elevation and roof plan showing dimensions, exterior color scheme and specification of the principal exterior materials for all outside walls and the roof of the structure; a detailed landscape and exterior lighting plan, which shall include designation of the number, location, type, size and maturity level of all landscaping to be placed on the Lot; and a detailed description of the location of all utility lines and connections, as may be applicable to the proposed construction or Improvement.

Notwithstanding the foregoing provisions of this Section, Improvements which are damaged or destroyed may be repaired, restored, replaced and/or reconstructed in conformance with previously approved plans, specifications and materials without the necessity of submitting additional plans and specifications to or obtaining approval from the ARC, the Master Association and, American Nevada Corporation.

The ARC shall not approve any plans or specifications submitted until the Applicant has obtained written approval from the Master Association and, if necessary, American Nevada Corporation. However, written approval from the Master Association and/or American Nevada Corporation does not waive the Applicant's duty to obtain approval from the ARC or prevent the ARC from denying the application. Notwithstanding, until receipt by the ARC of any required plans and specifications, which have been approved by the Master Association and, if necessary, American Nevada Corporation, the ARC may postpone review of any plans submitted for approval. Decisions of the ARC and the reasons therefor shall be transmitted to the Applicant at the address set forth in the application for approval within forty-five (45) days after receipt by the ARC of all materials required by the ARC. Any application submitted pursuant to this Section 4.2 shall be deemed approved unless written disapproval or a request for additional information or materials by the ARC shall have been transmitted to the Applicant within forty-five (45) days after the date of receipt by the ARC of all required materials. The Applicant shall meet any review or permit requirements of the ARC and the City, or other governmental agency or municipality, prior to making any alterations or Improvements permitted hereunder.

4.3 ARC Meetings. The ARC shall meet from time to time as necessary to perform its duties hereunder. The ARC may from time to time, by resolution unanimously adopted in writing, designate a representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the ARC, except the granting of variances pursuant to Section 4.8. In the absence of such designation, the vote or written consent of a majority of the ARC shall constitute an act of the ARC.

4.4 No Waiver of Future Approvals. The approval of the ARC of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the ARC, shall not be deemed to constitute a waiver of any right to withhold approval or consent to any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval or consent.

4.5 Compensation of Members. The members of the ARC shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

4.6 Inspection of Work. The ARC or its duly authorized representative may at any time inspect any work for which approval of plans is required under this Article IV ("Work"), which right to inspect shall include the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the ARC-approved plans for the work or with the requirements of this Declaration ("Noncompliance").

(a) Time Limit. The ARC's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the latest to occur of the following events: (i) submittal of the plans for the Work to the ARC for its approval as provided in this Article IV; (ii) completion of the Work as provided in the ARC-approved plans; and (iii) written notice from the Owner to the ARC that the Work has been completed. This time limit for inspection and notification by the ARC shall be extended indefinitely if any of these conditions has not occurred. If the ARC fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the approved plans.

(b) Remedy. If an Owner fails to remedy any Noncompliance within thirty (30) days from the date of notification from the ARC, the ARC shall notify the Board in writing of such failure. Upon Notice and Hearing, as provided in the Bylaws, the Board shall determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than thirty (30) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the Board, at its option, may Record a Notice of Noncompliance and commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the Noncompliance.

4.7 Scope of Review. The ARC shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of aesthetic considerations, consistency with this Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Property generally. The ARC shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The ARC's approval or disapproval shall be based solely on the considerations set forth in this Article IV, and the ARC shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. The ARC may consider the impact of views from other Lots and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvement. However, Declarant does not warrant any protected views within the Property and no Lot is guaranteed the existence or unobstructed continuation of any particular view.

4.8 Variances. The ARC may recommend and the Board may authorize variances from compliance with any of the architectural provisions of this Declaration, including without limitation restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by a majority of the ARC and a majority of the Board. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this 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 for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of his Lot.

4.9 Appeals. For so long as Declarant has the right to appoint and remove a majority of the members of the ARC, decisions of the ARC shall be final, and there shall be no appeal to the Board. When Declarant is no longer entitled to appoint and remove a majority of the members of the ARC the Board may, at its discretion, adopt policies and procedures for the appeal of

ARC decisions for reconsideration by the Board. The Board shall have no obligation to adopt or implement any such appeal procedures, and in the absence of Board adoption of appeal procedures, all decisions of the ARC shall be final.

4.10 Approval By Master Association. Approval of any plans or specifications by the Association's ARC or Board is not to be deemed as approval from the Master Association's Board or architectural review committee. Furthermore, approval of plans and specifications from the Association's ARC or Board does not mean that approval for said construction, alteration or Improvement is not required by the Master Association. It is the Owner's responsibility to obtain approval from the Master Association, if said approval is required.

ARTICLE V

5. Association Maintenance Funds and Assessments.

5.1 Personal Obligation of Assessments. Declarant, on behalf of itself and all future Owners, hereby covenants and agrees to pay, and each Owner by accepting title to a Lot or any interest therein, whether or not it shall be expressed in the deed or other instrument conveying title, shall be deemed to covenant and agree to pay to the Association, Annual Assessments and other amounts as required or provided for in this Declaration. Amounts payable for Annual Assessments and Special Assessments (as generally defined in Sections 5.5 and 5.7, respectively) are generally referred to herein as "Assessments." Other amounts payable by an Owner to the Association, (or payable with respect to an Owner's Lot), including charges, fines, penalties, interest, attorneys fees and other costs expenses incurred by the Association in collecting unpaid amounts shall be added to the Annual or Special Assessments charged to his Lot and shall be enforceable and collectible as Annual or Special Assessments.

Annual Assessments shall commence on January 1, 1996. Any Owner acquiring title to a Lot after January 1, 1996 shall commence paying Annual Assessments on the first day of the first month following the Close of Escrow.

Subject to the provisions hereof, the Board shall have the power and authority to determine all matters in connection with Annual or Special Assessments, including, without limitation, power and authority to determine where, when and how Assessments shall be paid to the Association, and each Owner shall comply with all such determinations.

5.2 Maintenance Funds of Association. The Board shall establish no fewer than two (2) separate Association Maintenance Funds, into which shall be deposited all monies paid to the

Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The Association Maintenance Funds may be established as trust accounts at a banking or savings institution and shall include: (1) an operating fund for current Common Expenses of the Association, (2) an adequate reserve fund for capital Improvements, replacements, painting and repairs of the Common Elements (which cannot normally be expected to occur on an annual or more frequent basis); and for payment of deductible amounts for policies of insurance which the Association obtains as provided in Section 9.1 hereof, and (3) any other funds which the Board may establish as necessary under the provisions of this Declaration. Nothing contained herein shall limit, preclude or impair the establishment of additional Association Maintenance Funds, so long as the amounts assessed to, deposited into, and disbursed from any such fund are earmarked for specified purposes authorized by this Declaration.

5.3 <u>Purpose of Assessments</u>. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners, for the operation, replacement, improvement and maintenance of the Common Elements, and to discharge any other obligations of the Association under this Declaration. All amounts deposited into the Association Maintenance Funds must be used solely for the common benefit of all of the Owners for purposes authorized by this Declaration. Disbursements from the operating fund shall be made by the Board for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the reserve fund are to be used. Disbursements from the reserve fund shall be made by the Board only for the purposes specified in this Article V. Nothing in this Declaration shall be construed in such a way as to permit the use of Association Assessments or funds to abate any annoyance or nuisance emanating from outside the boundaries of the Property. Annual Assessments shall be used to satisfy Common Expenses of the Association, as provided herein and in the Bylaws.

5.4 <u>Fiscal Year and Determination of Budget</u>. The fiscal year of the Association shall be the calendar year. Prior to the commencement of each fiscal year, the Board shall determine the Budget for the Association for such fiscal year in the following manner:

5.4.1 <u>Operating Budget</u>. The Board shall prepare or cause to be prepared and approve the Budget for the Fiscal Year showing, in reasonable detail, the financial plan for the day-to-day operation of the Association, plus the contribution of funds to the reserve fund.

5.4.2 Capital Replacement. The Board shall also determine the amount to be set aside, if any, in a special fund allocated for any maintenance and replacement of Improvements not required to be performed annually.

Upon determination of the Budget for a fiscal year, the Board shall, within 30 days, furnish a copy of the Budget to each Owner (which Budget shall separately identify amounts attributable to the operating fund and to the reserve fund together with a written statement of the amount of the Annual Assessment to be assessed against the Owner's Lot for the applicable Fiscal Year. The Board shall set a date for a meeting of the Owners to consider ratification of the Budget not less than 14 nor more than 30 days after the mailing of the Budget. Unless at that meeting a majority of all Owners reject the Budget, the Budget is ratified, whether or not a quorum is present. If the proposed Budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent Budget proposed by the Board.

5.5 Annual Assessments. The amount to be raised by Annual Assessments during a Fiscal Year shall be equal to (i) the fund for such period, plus (ii) the reserve fund to be set aside for said period, less the amount attributable to the operating fund collected but not disbursed in the immediately preceding Fiscal Year or partial Fiscal Year; provided, however, that in lieu of such subtraction the Board may elect to refund said surplus to the Owners. In addition, the Master Association may delegate to the Association, the obligation to collect any assessments due from the Owner to the Master Association. If the Master Association delegates this responsibility to the Association, then the Annual Assessment shall include assessments due to the Master Association.

If the Board f [illegible] r cause to be determined
the total amount tc [illegible] l Assessments in any Fiscal
Year and/or fails t [illegible] of the amount of such
Annual Assessments [illegible], then the amounts of
Annual Assessments [illegible] be the amounts assessed in
the previous Fiscal

Except as emergencies may require, the Association shall make no commitments or expenditures in excess of the funds reasonably expected to be available to the Association.

5.6 First Annual Assessment and Maximum Annual Increases.

5.6.1 First Annual Assessment. The initial Annual Assessment for the Fiscal Year in which Annual Assessments first commence shall be as set forth in the initial Budget adopted by the Board. All costs and expenses incurred (i) in fulfilling the financial obligations of the Association prior to the date when the first Assessment installments are to be paid or (ii) ordinarily and necessarily by the Association in excess of Assessment installments to be paid during that first partial Fiscal Year shall be the responsibility of Declarant, and Declarant hereby covenants to bear and to pay or otherwise satisfy such financial obligations.

5.6.2 Maximum Annual Increase. The Annual Assessments for the Association following the first year may be increased as provided herein. However, the Annual Assessment for a particular Fiscal Year shall not, without approval of the Members, be increased by an amount which is more than 115% of the last installment of Annual Assessments levied in the last quarter (or other installment period) of the immediately preceding Fiscal Year, annualized over an entire year, without approval of the Members. An Annual Assessment may be increased above such maximum if, but only if, such increase is approved at a meeting of Members by the vote of Members holding two-thirds (2/3) of the votes cast at said meeting in each class of voting rights then in existence, with the quorum at such meeting to be as set forth in Section 2.3 of the Bylaws. An increase in Annual Assessments pursuant to this Section 5.6.2 is in addition to any increase in assessments imposed by the Master Association pursuant to the terms and conditions of the Master Declaration.

5.7 Special Assessments. In addition to Annual Assessments, the Association may levy Special Assessments, payable over the period of an Association Fiscal Year (i) for the purpose of defraying, in whole or in part, the costs of any acquisition, construction, reconstruction, maintenance, repair or replacement provided for or required pursuant to Article II; (ii) for the purpose of defraying any other expense incurred or to be incurred by the Association as provided in this Declaration; or (iii) to cover any deficiency in the event that, for whatever reasons, the amount received by the Association from Annual Assessments is less than the amount determined to be necessary and assessed by the Board. Special Assessments for these purposes may not be levied unless approved by Members holding a majority of the votes held by all Members. Otherwise, Special Assessments, as defined in Section 1.4(a), may be levied after Notice and Hearing as set forth in the Bylaws.

5.8 Time for Payments. The amount of any Assessment, charge, fine, penalty or other amount payable by an Owner with respect to such Owner's Lot shall become due and payable as specified herein and if said payment is not received, then said Owner shall also be responsible for any late charges, interest, fines, penalties or attorneys fees related thereto. Unless paid,

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when due, any such amount shall bear interest at a rate specified by the Board but in no event greater than the maximum amount permitted by law from its original due date until date of payment. Annual Assessments shall be paid and collected on a quarterly basis. Special Assessments shall be paid and collected as determined by the Board.

5.9 Delinquency. Any installment of an assessment provided for in this Declaration, including any portion of the Master Association assessment collected by the Association, shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board. Upon such delinquency, the Board may demand payment of the full amount of the Assessment (i.e., not simply the delinquent installment). Any installment of an assessment not received by the Association, on or before 15 days of the due date shall incur a late charge in an amount established by the Board. In addition, the Board shall be authorized to adopt a system pursuant to which the full amount of any Annual Assessments or Special Assessments not paid within thirty (30) days after the due date, plus all reasonable charges, penalties, fines, or other costs of collection (including attorneys' fees) and late charges as provided herein, shall bear interest commencing thirty (30) days from the due date until paid at the rate of up to eighteen percent (18%) per annum, but in no event more than the maximum rate permitted by law. The Association need not accept any tender of a partial payment of an installment of an assessment and all costs and attorneys fees attributable thereto, and any acceptance of any such tender shall not be deemed to be a waiver of the Association's right to demand and receive full payments thereafter.

5.10 Creation and Release of Lien. All sums assessed in accordance with the provisions of this Declaration and any fines and penalties imposed by the Board, after Notice and Hearing, in order to obtain compliance with the Restrictions, shall constitute a lien on the respective Lot from the time such sums become due prior and superior to all other liens and encumbrances thereon except (a) liens and encumbrances Recorded before Recordation of this Declaration; (b) a first Mortgage on the Lot Recorded before the date on which the assessment sought to be enforced became delinquent, except the Association lien shall have priority for six (6) months' Annual Assessments and related charges including late charges, interest, and attorneys fees, pursuant to Section 116.3116.2(c) of the Nevada Revised Statutes; and (c) liens for real estate taxes and other governmental assessments or charges against the Lot. The Association may enforce the lien after (aa) Recordation by the Board or its authorized agent of a Notice of Assessment ("Notice of Lien") which states (i) the amount of the assessment and other authorized charges and interest, including the cost of preparing and Recording the Notice of Lien, (ii) a sufficient description of the Lot against which the same has been assessed, and (iii) the name of the Owner thereof; (bb) the Association or other Person enforcing the lien has executed and caused to be Recorded a Notice of Default and Election to Sell ("Notice of Default") the Lot to satisfy the lien, which contains the same information as the Notice of Default plus a description of the deficiency in payment and the name and address of the person authorized to enforce the lien by sale; and (cc) the Owner or his successor-in-interest has failed to pay the amount of the lien (including costs, fees and expenses incident to its enforcement) for sixty (60) sixty days following Recordation of the Notice of Default. The Notice of Default shall be signed by any authorized officer or agent of the Association. The Association or other Person conducting the sale shall also, after the expiration of said sixty (60) day period and before selling the Lot, give notice of the time and place of the sale in the manner and for a time not less than that required by law for the sale of real property by execution, except that a copy of the notice of sale must be mailed, on or before the date of first publication or posting, by certified or registered mail, return receipt requested, to the Owner or his successor-in-interest at his address if known, otherwise to the address of the Lot. The lien shall relate only to the individual Lot against which the assessment was levied and not to the Property as a whole. Upon payment to the Association of the full amount claimed in the Notice of Lien, or other satisfaction thereof, the Board shall cause to be Recorded a Notice of Satisfaction and Release of Lien ("Notice of Release") stating the satisfaction and release of the amount claimed. The Board may demand and receive from the applicable Owner a reasonable charge, to be determined by the Board, for the preparation and Recordation of the Notice of Release before Recording it. Any purchaser or encumbrancer who has acted in good faith and extended value may rely upon the Notice of Release as conclusive evidence of the full satisfaction of the sums stated in the Notice of Lien. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the assessment becomes due.

5.11 Enforcement of Liens. It shall be the duty of the Board to enforce the collection of any amounts due under this Declaration by one (1) or more of the alternative means of relief afforded by this Declaration or in any other matter permitted by law. The lien on a Lot may be enforced by sale of the Lot by the Association, the Association's attorneys, any title insurance company authorized to do business in Nevada, or other persons authorized to conduct the sale as a trustee, or in any other manner permitted by law, after failure of the Owner to pay any Annual or Special Assessment, or installments thereof, as well as any charges, penalties, fines, late charges, interest or attorneys fees as provided herein. The sale shall be conducted in accordance with Chapter 116 of the Nevada Revised Statutes, as may be amended from time to time, or in any other manner permitted by law. The Association, through its agents, shall have the power to enter a credit bid on the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Residence, and the defaulting Owner shall be required to pay the reasonable rental value for such Residence during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. Suit to recover a money judgment for unpaid assessments, charges, penalties, fines, late charges, interest or attorneys fees, shall be maintainable without foreclosing or waiving any lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.

5.12 Capital Contributions to the Association. Upon acquisition of record title to a Lot from Declarant, each Owner of a Lot shall contribute to the capital of the Association an amount equal to Two Hundred Dollars ($200.00). This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom to the Association or to Declarant, if Declarant has previously advanced such funds to the Association, and placed in the Association's operating fund.

5.13 Master Association Assessments. The Assessments set forth herein to be paid to the Association are in addition to the assessment obligation from each Owner to the Master Association. The Master Association may collect Master Association assessments or may delegate that responsibility to the Association as set forth in Section 5.5 above.

ARTICLE VI

6. Property Easements and Rights of Entry.

6.1 Easements.

(a) Access. Declarant expressly reserves for the benefit of the Owners reciprocal, nonexclusive easements for access, ingress and egress over all of the Common Elements, including the Landscape and Irrigation Easements, on the Property. Subject to the provisions of this Declaration governing use and enjoyment thereof, the easements may be used by all Owners or Residents, and their Family or Guests residing on or temporarily visiting the Property, for walkways, vehicular access and such other purposes reasonably necessary for use and enjoyment of a Lot in the Property.

(b) Maintenance and Repair. Declarant expressly reserves for the benefit of the Board and all agents, officers and employees of the Association, nonexclusive easements over the Common Elements as necessary to maintain and repair the Common Elements, and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Elements shall be appurtenant to, binding upon, and shall pass with the title to, every Lot conveyed.

(c) Utility Easements. Declarant expressly reserves for the benefit of the Association the right of Declarant to grant additional easements and rights-of-way over the Property to utility companies and public agencies, as necessary, for the proper development and disposal of the Property. Such right of Declarant shall expire upon Close of Escrow for the sale of all Lots in the Association by Declarant.

(d) Encroachments. Declarant, the Association and Owners of contiguous Lots shall have a reciprocal easement appurtenant to each of the Lots over the Lots and the Common Elements for the purpose of (1) accommodating any existing encroachment of any wall of any Improvement, and (2) maintaining the same and accommodating authorized construction, reconstruction, repair, shifting, movement or natural settling of the Improvements or any other portion of the Property effecting their Lot. Easements and reciprocal negative easements for utility services and repairs, replacement and maintenance of the same over all of the Common Elements are specifically reserved for the benefit of the Owners. Declarant expressly reserves for the benefit of the Common Elements, and for the benefit of the Owners and the Association, reciprocal nonexclusive easements for drainage of water over, across and upon the Common Elements. The foregoing easements shall not unreasonably interfere with each Owner's use and enjoyment of adjoining Lots. No portion of the Common Elements, including any amenities contemplated as a part of the Property, are proposed to be leased by Declarant to the Owners or to the Association.

(e) Completion of Improvements. Declarant expressly reserves for its benefit the right and easement to enter the Property to complete any Improvement which Declarant deems desirable to implement Declarant's development plan.

6.2 Rights of Entry. The Association shall have a limited right of entry in and upon the Common Elements for the purpose of inspecting the Property, and taking whatever corrective action may be deemed necessary or proper by the Board, consistent with the provisions of this Declaration. Nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property or Improvements required to be maintained or repaired by the Owners. Nothing in this Article VI shall in any manner limit the right of the Owner to exclusive occupancy and control over his Lot. Any damage to a Lot caused by entry by the Association or by any person authorized by the Association shall be repaired by the Association as a Common Expense of the Association.

ARTICLE VII

7. Declarant's Rights and Reservations. Nothing in the Restrictions shall limit, and no Owner or the Association shall do anything to interfere with, the right of Declarant to complete Improvements to and on the Common Elements or any portion of the Property owned solely or partially by Declarant. Any material alteration of Declarant's construction plans shall require the prior approval of all Owners, if such alteration is inconsistent with the general plan of development for the Property. The rights of Declarant hereunder shall include, but shall not be limited to, the right to install and maintain such structures, displays, landscape improvements, hardscape improvements, signs, billboards, flags and sales offices as may be reasonably necessary for the conduct of its business of completing the work and disposing of the Lots by sale, resale, lease or otherwise.

Each Owner by accepting a deed to a Lot hereby acknowledges that the activities of Declarant may temporarily or permanently impair the view of such Owner and may constitute an inconvenience or nuisance to the Owners, and hereby consents to such impairment, inconvenience or nuisance. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title to a Lot in the Property by a purchaser from Declarant to establish on that Lot additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property. Declarant may use any Lots owned or leased by Declarant in the Property as model home complexes or real estate sales or leasing offices. Declarant need not seek or obtain ARC approval of any Improvement constructed or placed on any portion of the Property by Declarant. All or any portion of Declarant's rights hereunder and elsewhere in these Restrictions may be assigned by Declarant to any successor in interest in a written assignment. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as developer of the Property, will be required before any amendment to this Article shall be effective. Each Owner, with the exception of the Secretary, Department of Veterans Affairs, an officer of the United States of America, hereby grants, upon acceptance of his deed to his Lot, an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article. Declarant and its prospective purchasers of Lots shall be entitled to the nonexclusive use of the Common Elements without further cost for access, ingress, egress, use or enjoyment, in order to show the Property to its prospective purchasers, to dispose of the Property as provided herein, and to develop and sell the Property. Declarant, its successors and tenants, shall also be entitled to the nonexclusive use of any portions of the Property which comprise the Common Elements, including the Landscape and Irrigation Easements, and walkways for the purpose of ingress, egress and accommodating vehicular and pedestrian traffic to and from the Property. The use of the Common Elements by Declarant shall not unreasonably interfere with the use thereof by the other Members. The Association shall provide Declarant with all notices and other documents to which a Beneficiary is entitled pursuant to this Declaration, provided that Declarant shall be provided such notices and other documents without making written request therefor. The rights and reservations of Declarant set forth in this Article VII shall terminate on the fifth (5th) anniversary of the first Close of Escrow for the sale of a Lot in the Property.

ARTICLE VIII

8. Residence and Use Restrictions. All of the Property shall be held, used and enjoyed subject to the limitations and restrictions contained in the Master Declaration. In addition, all of the Property shall be held, used and enjoyed subject to the following limitations and restrictions and the exemptions of Declarant set forth in this Declaration. If there are any conflicts or inconsistencies between this Declaration and the Master Declaration, then the terms and provisions of the Master Declaration shall prevail.

8.1 Single Family Residences. Each Lot shall be used as a Residence for a single Family and for no other purpose. An Owner may rent his Residence to a single Family provided that the Residence is rented pursuant to a lease or rental agreement which is (a) in writing, (b) for a term of at least thirty (30) days, and (c) subject to all of the provisions of the Restrictions and the Covenants, Conditions and Restrictions adopted by the Master Association, as adopted by the Board and as may be amended from time to time.

8.2 Parking and Vehicular Restrictions. No Owner shall park, store or keep within the Property any inoperable or commercial type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck) unless said inoperable or commercial vehicle can be stored in the garage of the Residence. No Owner shall park, store or keep on his Lot any recreational vehicle (including, but not limited to, any camper, house/car or motor home); any bus, trailer, trailer coach, camp trailer, boat, aircraft or mobile home; or any other similar vehicle, without the approval of the Board, unless the recreational vehicle is not visible from the streets located within the Property and is stored behind the most forward point of the Residence. Notwithstanding anything contained herein to the contrary, no recreational vehicle, as set forth above, shall be permitted to park on the private streets. The above excludes camper trucks and similar vehicles up to and including three-quarter (3/4) ton when used for everyday-type transportation and subject to approval by the Board. In addition, no Owner shall park, store, or keep anywhere within the Property any vehicle or vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board. The Board shall have the power to enforce all parking and vehicle use restrictions applicable to the Property, including the power to remove violating vehicles from any of the Property to the extent permitted by applicable law. If the Board fails to enforce any of the parking or vehicle use regulations, the City may, but need not, enforce such regulations in accordance with state and local laws and ordinances.

8.3 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Property, and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, or offensive. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Lot so as to be offensive or detrimental to any other Lot in the Property or to its occupants. Without limiting the generality of any of the foregoing provisions, no speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably disturb other Owners or Residents or their Family or Guests shall be located, used or placed on any portion of the Property without the prior written approval of the Board. Alarm devices used exclusively to protect the security of a Lot and its contents shall be permitted, provided that such devices do not produce annoying sounds or conditions as a result of frequently occurring false alarms.

8.4 Signs. No sign, poster, billboard, advertising device or other display of any kind shall be displayed without the approval of the ARC, except the Owner or Resident may place one (1) customary 18" x 24" for sale or for lease sign on the Lot. Any other signage shall require Board approval. Nothing herein contained shall restrict the right of Declarant or its successors to place and the Association to maintain street signs, monument signs and other Property sale signs in the Common Elements.

8.5 <u>Antennae, Solar Panels</u>. No pole, mast, solar panel, satellite dish, receiver, or other outdoor antenna or related device shall be allowed on any Lot without the prior written consent of the Board, which consent will only be given in response to a written request for approval by the Owner.

(a) <u>Satellite Dishes</u>. In order to receive approval for the installation of a satellite dish, the satellite dish must, at a minimum:

(i) be ground mounted;
(ii) be located and installed in a fully enclosed rear yard;
(iii) be reasonably screened from view from the surrounding golf course and the private streets located within the Property; and
(iv) be no taller than the lowest point of the top of any rear yard property wall or fence enclosure.

These minimum standards are given by way of illustration only and do not remove the Owner's obligation to submit a request for approval or restrict the Board from adopting other similar or related standards as conditions to approval, including but not limited to visual impact, color, landscape buffer and harmony with existing construction.

(b) <u>Solar Panels</u>. In order to achieve approval for the installation of solar panels, the solar panels must, at a minimum:

(i) <u>not</u> be located or installed on the roof;
(ii) be located and installed in a fully enclosed rear yard;
(iii) be reasonably screened from view from the surrounding golf course and the private streets located within the Property; and
(iv) be no taller than the lowest point of the top of any rear yard property wall or fence enclosure.

These minimum standards are given by way of illustration only and do not remove the Owner's obligation to submit a request for approval or restrict the Board from adopting other similar or related standards as conditions to approval, including but not limited to visual impact, color, landscape buffer and harmony with existing construction.

8.6 <u>Unsightly Articles</u>. No unsightly articles, including clotheslines, shall be permitted to remain on any Lot so as to be visible from any other portion of the Property. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers or enclosed areas designed for such purpose. There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles designed therefor, such that they do not create a fire hazard and except as specifically authorized in writing by the Association (and subject to applicable ordinances and fire regulations).

8.7 Animals. No animals, fowls, reptiles, poultry, fish or insects of any kind ("animals") shall be raised, bred or kept within the Property, except that a reasonable number of dogs, cats or other household pets may be kept within a Residence on a Lot, provided that they are not kept, bred or maintained for any commercial purpose, nor in unreasonable quantities nor in violation of any applicable local ordinance or any other provision of the Restrictions and such limitations as may be set forth in the Rules and Regulations. As used in this Declaration "unreasonable quantities" shall ordinarily mean more than two (2) pets per household; provided, however, that the Board may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to other Owners in the Property. Animals belonging to Owners or Residents, or their Family or Guests within the Property, must be either kept within an enclosure or on a leash or other restraint being held by a person capable of controlling the animal. Furthermore, to the extent permitted by law, any Owner shall be liable to each and all remaining Owners or Residents, their Families and Guests, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Property by an Owner or Resident or by members of their Family or Guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Elements.

8.8 Business or Commercial Activity. No part of the Property shall ever be used for any business, commercial (including auctions or similar events), manufacturing, mercantile, storage, vending or other nonresidential purposes, including without limitation any activity for which the provider is compensated in any way or receives any form of consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license; except Declarant, its successors and assigns may use any portion of the Property for a model home site and display and sales offices in accordance with Article VII hereof. The provisions of this Section 8.8 shall not preclude any of the above-described activities without external evidence thereof provided that all of the following conditions are fulfilled: (a) such activities are conducted in conformance with all applicable governmental ordinances; (b) the patrons or clientele of such activities do not visit the Lot or park automobiles or other vehicles within the Property; (c) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the Lot; (d) no such activity increases the liability or casualty insurance obligation or premium of the Association; and (e) such activities are consistent with the residential character of the Property and conform with the provisions of this Declaration.

Nothing contained herein is intended to restrict the Declarant in the construction, sale or advertising of homes. The Declarant may in its sole discretion construct, sell, and conduct related businesses upon the Property for a period up to and including five (5) years after the first Lot is conveyed to an Owner other than Declarant.

8.9 No Further Subdivision. No Lot may be further subdivided. Nothing in this Section shall be deemed to prevent an Owner from, or require the approval of the Board for: (1) selling a Lot; or (2) transferring or selling any Lot to more than one (1) person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property; or (3) the leasing or renting by any Owner of all of his Lot, provided that any such lease or rental shall be subject to the Restrictions.

8.10 Drainage. There shall be no interference with the established drainage in the Property unless an adequate alternative provision, previously approved in writing by the ARC, is made for proper drainage. For the purpose hereof, "established drainage" is defined as the drainage which exists at the time a Lot is conveyed to an Owner by Declarant or later grading changes which are shown on plans approved by the ARC.

8.11 View Obstructions. No vegetation, Improvement or other obstruction shall be planted, constructed, or maintained on any Lot in such location or of such height as to unreasonably obstruct the view from any other Lot. Each Owner or Resident shall be responsible for periodic trimming, pruning and thinning of all hedges, shrubs and trees located on that portion of his Lot which is subject to his control or maintenance, so as to not unreasonably obstruct the view of other Owners or Residents. If an Owner or Resident fails to perform necessary trimming, pruning or thinning, the Association shall have the right, after Notice and Hearing, to enter upon such Lot for purposes of performing such work. Each Owner, by accepting a deed to a Lot, hereby acknowledges that any construction or installation by Declarant may impair the view of such Owner, and hereby consents to such impairment.

8.12 Residence Alterations. Subject to the provisions of Article IV of this Declaration and other provisions of law, each Owner shall have the right to modify his Residence at his sole cost and expense, so long as (a) such modifications do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Property; and (b) such modifications do not change the appearance of the Common Elements or the exterior appearance of a Residence on a Lot or any other portion of the Property without the prior written approval of the ARC. Notwithstanding the foregoing, no Owner shall alter the rear or side property wall without the prior written approval of the Board, the Master Association and the owner of the adjacent golf course.

8.13 Street Lamps and Photoelectric Cells. As part of the original construction of the Property and dwellings within the Property the Declarant may install one or more street lamps on Lots. Each Owner shall be responsible to keep any street lamps and attendant photoelectric cells located on that Owner's Lot, and not located in the Common Elements, in good and proper working condition at all times including performing all necessary repairs, maintenance, and upkeep on the street lamps, and photoelectric cell, as required by the Association's Board. No Owner shall remove the street lamps from the front yard or replace them with another type or style of street lamp or group of street lamps without the prior written approval of the Board. Should any street lamps and/or photoelectric cells installed on any Lot as part of the original construction of the Property need replacement for any reason, the Owner of the Lot upon which any street lamp and photoelectric cell are located shall be required to replace such street lamp and photoelectric cell with the same or similar street lamp and photoelectric cell, as approved by the Board. If, however, the street lamps and photoelectric cells are located on the Common Elements, then the Association is responsible for the maintenance and repair. Should the Owner of a Lot within the Property fail to perform any of the obligations under Section 8.13, the Association may, after giving the Owner ten (10) days prior written notice, enter upon the Owner's Lot and repair or replace any street lamps and photoelectric cells located thereon, and thereafter, assess the Owner thereof for the amount expended in repairing or replacing the street lamps and photoelectric cells and for any other costs reasonably related to the repair or replacement of the street lamps and photoelectric cells. Such amount shall be enforceable and collectible as an assessment in accordance with the provisions of Article V.

ARTICLE IX

9. Insurance.

9.1 Duty to obtain Insurance; Types.

(a) Public Liability. The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as may be considered acceptable to FNMA (not less than $1 million covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements.

(b) Fire and Casualty Insurance. The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Elements.

(c) Fidelity Bonds. Fidelity bond coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees, employees and agents of the Association and employees of the Manager of the Association, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the Manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the sum equal to one-fourth (1/4) of the Annual Assessments on all Lots in the Property, plus reserve funds.

(d) Insurance Required by FNMA, GNMA and FHLMC. The Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond coverage meeting the insurance and fidelity bond requirements for a common-interest community Property established by FNMA, GNMA and FHLMC, so long as any of such is a Mortgagee or Owner of a Lot within the Property, except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA and FHLMC, as applicable.

(e) Other Insurance. The Board shall purchase such other insurance, as necessary, including but not limited to, errors and omissions, directors, officers and agents liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall customarily be covered with respect to common-interest community Property similar in construction, location and use.

(f) Beneficiaries. Such insurance shall be maintained for the benefit of the Association, the

Owners, and the Mortgagees, as their interests may appear as named insured, subject, however, to loss payment requirements as set forth herein.

9.2 Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board and Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of said Persons.

9.3 Right and Duty of Owners to Insure. It is the responsibility of each Owner or Resident to provide insurance on his Residence and personal property. Nothing herein shall preclude any Owners or Resident from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to person or property occurring inside the Residence or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.4 Notice of Expiration Requirements. If available, each of the policies of insurance maintained by the Association shall contain a provision that said policy shall not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Beneficiary, insurer and guarantor of a first Mortgage who has filed a written request with the carrier for such notice and every other Person in interest who requests such notice of the insurer. In addition, fidelity bonds shall provide that they may not be canceled or substantially modified without ten (10) days prior written notice to any insurance trustee named pursuant to Section 9.6 and to each FNMA servicer who has filed a written request with the carrier for such notice.

9.5 Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Owners.

9.6 Trustee for Policies. The Association, acting through its Board, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Section 9.1 of this Article shall be paid to the Board as trustees. The Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article X of this Declaration. The Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction as provided in Section 10.4 of this Declaration. Any two (2) officers of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds. A representative chosen by the Board may be named as an insured, including a trustee with whom the Association may enter into an insurance trust agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance and to perform such other functions necessary to accomplish this purpose.

9.7 Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to Beneficiaries of seventy-five percent (75%) of the first Mortgages held by first Mortgagees who have filed requests under Section 9.4. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Owners and Mortgagees who have requested the same in writing.

9.8 Annual Insurance Review. The Board shall review the insurance carried by or on behalf of the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 9.1 above. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Property except for foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

9.9 Required Waiver. All policies of physical damage and liability insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

(a) subrogation of claims against the Owners and tenants of the Owners;

(b) any defense based upon coinsurance;

(c) any right of setoff, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;

(d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;

(e) any right of the insurer to repair, rebuild or replace, and, if the Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

(f) notice of the assignment of any Owner of his interest in the insurance by virtue of a conveyance of any Lot; and

(g) any right to require any assignment of any Mortgage to the insurer.

Each such policy shall also provide that each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or Membership in the Association.

ARTICLE X

10. Destruction of Improvements.

10.1 Restoration of the Property. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Elements, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article IX hereof for reconstruction or repair of the Common Elements shall be used for such purpose, unless (a) the Association is terminated, in which case Section 13.2(c) of this Declaration shall apply; (b) repair or restoration would be illegal under any state or local statute or ordinance governing health or safety; or (c) eighty percent (80%) of the Owners' vote not to rebuild. The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Common Elements shall be reconstructed or rebuilt substantially in accordance with the applicable Map and the original construction plans if they are available, unless changes recommended by the ARC have been approved in writing by sixty-seven percent (67%) of the Owners and by the Beneficiaries of fifty-one percent (51%) of first Mortgages upon the Lots. A Special Assessment shall be levied by the Board to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. If the entire Association and the property located therein, is not repaired or replaced, then the proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Property.

10.2 Partition. No Owner shall have the right to partition his interest in the Lot and there shall be no judicial partition of the Property, or any part thereof. Nothing herein shall be deemed to prevent partition of a cotenancy in any Lot. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Lots and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common ownership of the Property and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

10.3 Residence Damage. Restoration and repair of any damage to any individual Residence shall be made by and at the individual expense of the Owner of the Residence so damaged. In the event of a determination to rebuild the Property after partial or total destruction, as provided in this Article X, such repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the ARC as provided herein.

10.4 Notice to Owners and Listed Mortgagees. The Board, immediately upon having knowledge of any damage or destruction affecting a material portion of the Common Elements, shall promptly notify all Owners and Beneficiaries, insurers and guarantors of first Mortgages on Lots in the Property, who have filed a written request for such notice with the Board. The Board, immediately upon having knowledge of any damage or destruction affecting a Lot, shall promptly notify any Beneficiary, insurer or guarantor of any Mortgage encumbering such Lot who has filed a written request for such notice with the Board.

ARTICLE XI

11. Eminent Domain. The term "taking" as used in this Article shall mean condemnation by exercise of the power of eminent domain or by sale under threat of the exercise of the power of eminent domain. The Board shall represent the Owners, with the exception of the Secretary, Department of veterans Affairs, an officer of the United States of America, in any proceedings, negotiations, settlements, or agreements regarding takings. All takings proceeds shall be payable to the Association for the benefit of the Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article XI.

11.1 Condemnation of Common Elements. If there is a taking of all or any portion of the Common Elements, or any interest therein, then the award in condemnation shall be paid to the Association and shall be deposited in the operating fund. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation.

11.2 Notice to Owners and Mortgagees. The Board, upon learning of any taking affecting a material portion of the Common Elements, or any threat thereof, shall promptly notify all Owners and those Beneficiaries, insurers and guarantors of Mortgages on Lots in the Property who have filed a written request for such notice with the Association. The Board, upon learning of any taking affecting a Lot, or any threat thereof, shall promptly notify any Beneficiary, insurer or guarantor of a Mortgage encumbering such Lot who has filed a written request for such notice with the Association.

ARTICLE XII

12. Rights of Mortgagees. Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon one (1) or more Lots made in good faith and for value, provided that after the foreclosure of any such Deed of Trust such Lot(s) shall remain subject to this Declaration, as amended. For purposes of this Declaration, "first Mortgage" shall mean a Mortgage with first priority over other Mortgages or Deeds of Trust on a Lot, and "first Mortgagee" shall mean the Beneficiary of a first Mortgage. For purposes of any provision of this Declaration or the other Restrictions which require the vote or approval of a specified percentage of first Mortgagees, such vote or approval shall be determined based upon one (1) vote for each Lot encumbered by each such first Mortgage. In order to induce VA, FHA, FHLMC, GNMA and FNMA to participate in the financing of the sale of Lots within the Property, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Declaration or any other of the Restrictions, these added provisions shall control):

(a) Each Beneficiary, insurer and guarantor of a first Mortgage encumbering one (1) or more Lots, upon filing a written request for notification with the Board, is entitled to written notification from the Association of: (1) any condemnation or casualty loss which affects either a material portion of the Property or the Lot(s) securing the respective first Mortgage; and (2) any delinquency of sixty (60) days or more in the performance of any obligation under the Restrictions, including without limitation the payment of assessments or charges owed by the Owner(s) of the Lot(s) securing the respective first Mortgage, which notice each Owner hereby consents to and authorizes; and (3) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond maintained by the Association; and (4) any proposed action of the Association which requires consent by a specified percentage of first Mortgagees.

(b) Each Owner, including each first Mortgagee of a Mortgage encumbering any Lot who obtains title to such Lot pursuant to the remedies provided in such Mortgage, or by foreclosure of the Mortgage, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by the Restrictions.

(c) Each first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot, pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage, shall take title to such Lot free and clear of any claims for unpaid assessments or charges against such Lot which accrued prior to the time such Mortgagee acquires title to such Lot.

(d) Unless at least sixty-seven percent (67%) of the first Mortgagees or sixty-seven percent (67%) of the Owners (other than Declarant) have given their prior written approval, neither the Association nor the Owners shall:

(1) by act or omission seek to abandon or terminate the Property; or

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against any Owner; or

(3) partition or subdivide any Lot or Residence; or

(4) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the

Common Elements. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause); or

(5) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design, the exterior appearance or the maintenance of the Lots, Residence or the Common Elements; or

(6) fail to maintain or cause to be maintained Fire and Extended Coverage insurance on insurable Common Elements as provided in Article IX of this Declaration; or

(7) use hazard insurance proceeds for losses to any Property (i.e., Improvements to the Common Elements) for other than the repair, replacement or reconstruction of such Property, subject to the provisions of Article X of this Declaration; or

(8) change the pro rata interest or obligations of any Lot in order to levy assessments or charges, allocate distributions of hazard insurance proceeds or condemnation awards or determine the pro rata share of ownership of each Lot in the Common Elements.

(e) All Beneficiaries, insurers and guarantors of first Mortgages, upon written request to the Association, shall have the right to:

(1) examine current copies of the Association's books, records and financial statements and the Restrictions during normal business hours; and

(2) require the Association to submit an annual audited financial statement without expense to the entity requesting the statement; and

(3) receive written notice of all meetings of Owners; and

(4) designate in writing a representative who shall be authorized to attend all meetings of Owners.

(f) All Beneficiaries, insurers and guarantors of first Mortgages, upon written request, shall be given thirty (30) days' written notice prior to the effective date of (1) any proposed material amendment to the Restrictions or Maps; (2) any termination of an agreement for professional management of the Property following any decision of the Owners to assume self-management of the Property; and (3) any proposed termination of the Property as a common-interest community.

(g) The reserve fund described in Article V of this Declaration must be funded by regular scheduled monthly, quarterly, semiannual or annual payments rather than by large special assessments.

(h) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of the professional Manager.

(i) The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of VA, FHA, FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their residential Lots, if such agencies approve the Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

(j) When professional management has been previously required by a Beneficiary, insurer, or guarantor of a first Mortgage, any decision to establish self-management by the Association shall require the approval of sixty-seven percent (67%) of the voting power of the Association and the Beneficiaries of fifty-one percent (51%) of the first Mortgages of Lots in the Property.

ARTICLE XIII

13. <u>Duration and Amendment</u>.

13.1 <u>Duration</u>. This Declaration shall continue in full force and effect through and including the year 2020, unless amended as herein provided, after which the term shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination satisfying the requirements of an amendment to this Declaration as set forth in Section 13.2 is Recorded. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Lot from the concomitant Membership in the Association, as long as this

Declaration shall continue in full force and effect. The provisions of this Article are subject to the provisions of Articles X and XI of this Declaration.

13.2 Termination and Amendment.

(a) Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Association at which a proposed amendment is to be considered. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members representing not less than sixty-seven percent (67%) of the voting power of the Association, provided that the specified percentage of the voting power of the Association necessary to amend a specified Section or provision of this Declaration shall hot be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. In the event VA or FHA is a first Mortgagee or insurer of a first Mortgagee, a draft of the proposed amendment shall be submitted to VA and FHA for approval prior to its approval by the Membership of the Association. The Member approval described above shall not be required for amendments that may be executed by Declarant under Sections 116.2109 and 116.2110 of the Nevada Revised Statutes, by the Association under Sections 116.1107 and 116.2108(3) of the Nevada Revised Statutes, or by certain Owners under Sections 116.2108(2) and 116.2118 of the Nevada Revised Statutes.

(b) In addition to the required notice and consent of VA, FHA, Members and Declarant provided above, the Beneficiaries of fifty-one percent (51%) of the first Mortgages on all the Lots in the Property who have requested the Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve any amendment to this Declaration which is of a material nature, as follows:

(1) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers or guarantors of first Mortgages as provided in Articles V, IX, X, XI, XII and XIII hereof.

(2) Any amendment which would necessitate a Mortgagee after it has acquired a Lot through foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(3) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Lot not being separately assessed for tax purposes.

(4) Any amendment relating to the insurance provisions as set out in Article IX hereof, or to the application of insurance proceeds as set out in Article X hereof, or to the disposition of any money received in any taking under condemnation proceedings.

(5) Any amendment which would or could result in partition or subdivision of a Lot or Residence in any manner inconsistent with the provisions of this Declaration.

(6) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if such Lot is proposed to be sold, transferred, or otherwise conveyed.

(7) Any amendment concerning:

(A) Voting rights;

(B) Rights to use the Common Elements;

(C) Reserves and responsibility for maintenance, repair and replacement of the Common Elements;

(D) Boundaries of any Lot;

(E) Owners' interests in the Common Elements;

(F) Leasing of Residences;

(G) Establishment of self-management by the Association where professional management has been required by any Beneficiary, insurer or guarantor of a first Mortgage;

(H) Assessments, assessment liens, or the subordination of such liens.

(c) Termination of this Declaration shall require approval by Members representing at least sixty-seven percent (67%) of the Association's voting power. No such termination shall be effective unless it is also approved in advance either by fifty-one percent (51%) of the Beneficiaries of the first Mortgages on all of the Lots in the Property (if said termination is proposed by reason of the substantial destruction or condemnation of the Property) or by sixty-seven percent

(67%) of such Beneficiaries (if said termination is for reasons other than such substantial destruction or condemnation). If the Master Association is dissolved, for any reason, then the Association will remain in existence until such time as the Members representing the requisite voting power approves dissolution of the Association and a Declaration of Termination is Recorded.

(d) Each Beneficiary of a first Mortgage on a Lot in the Property which receives proper written notice of a proposed amendment or termination of this Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Beneficiary fails to submit a response to the notice within thirty (30) days after the Beneficiary receives the notice.

(e) A copy of each amendment shall be certified by at least two (2) officers of the Association, and the amendment shall be effective when a certificate of amendment is Recorded. The certificate, signed and sworn to by two (2) officers of the Association that the requisite number of Owners and mortgagees have either voted for or consented in writing to any amendment adopted as provided above, when Recorded, shall be conclusive evidence of that fact. The Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. The certificate reflecting any termination or amendment which requires the written consent of any of the Beneficiaries of first Mortgages shall include a certification that the requisite approval of such first Mortgagees has been obtained.

(f) Notwithstanding any other provisions of this Section 13.2, at any time prior to the first Close of Escrow for the sale of a Lot, Declarant may unilaterally amend or terminate this Declaration by Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant.

(g) Notwithstanding any other provisions of this Section 13.2, for so long as Declarant owns any portion of the Property, Declarant may unilaterally amend this Declaration by Recording a written instrument signed by Declarant in order to conform this Declaration to the requirements of the City, VA, FHA, FNMA, GNMA or FHLMC then in effect.

13.3 <u>Protection of Declarant</u>. Until the fifth (5th) anniversary of the first Close of Escrow for the sale of a Lot in the Property, the prior written approval of Declarant, as developer of the Property, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Property or sell or lease Lots therein in accordance with this Declaration shall become effective. Notwithstanding any other provisions of the Restrictions, until such time as Declarant no longer owns any Lots in the Property, the following actions, before being undertaken by the Association, shall first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of first Mortgagees pursuant to this Declaration, including without limitation all amendments and actions specified in Sections 13.2; or

(b) Any significant reduction of Association maintenance or other services.

ARTICLE XIV

14. <u>General Provisions</u>.

14.1 <u>Enforcement of Restrictions</u>.

(a) <u>Violations Identified by the Association</u>. If the Board determines that there is a violation of any provision of the Restrictions, or the ARC determines that an Improvement which is the maintenance responsibility of an Owner is in need of installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the Owner identifying (i) the condition or violation complained of, and (ii) the length of time the Owner has to remedy the violation including, if applicable, the length of time the Owner has to submit plans for approval to the ARC and the length of time the Owner has to complete the work proposed in the plans submitted to the ARC.

If an Owner does not perform such corrective action as is required by the Board and the ARC within the allotted time, then the Board, after Notice and Hearing, may undertake to remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment. Such Special Assessment shall be subject to enforcement and collection by the Board in accordance with the procedures provided for in this Declaration.

If the violation involves nonpayment of any type of Assessment, then the Board shall be entitled to collect such delinquent Assessment pursuant to the procedures set forth in Article V.

(b) <u>Violations Identified by an Owner</u>. In the event that an Owner, Resident, or his Family or Guests allege that another Owner, Resident or their Family or Guests, are violating the Restrictions (other than nonpayment of any type of Assessment), the Owner must first submit the matter to the Board pursuant to the Notice and Hearing procedure established in Article XII of the Bylaws before the complaining Owner may resort to a court of law for relief with respect to the alleged violation.

(c) Legal Proceedings. Failure to comply with any of the terms of the Restrictions by an Owner, Resident, or their Family or Guests, shall be grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; provided, however, that the procedures established in Sections 14.1(a) and (b) above must first be followed, if they are applicable.

(d) Schedule of Fines. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, Resident, or Family or Guest, to comply with any provisions of the Restrictions. Such fines or penalties may only be assessed by the Board after Notice and Hearing. Said fines and penalties are Special Assessments that may be enforced like all other Assessments as set forth in Article V hereof.

(e) No Waiver. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision, or any other provision hereof.

(f) Right to Enforce. The Board, any Owner (not at the time in default hereunder), or Declarant (so long as Declarant is an Owner) shall be entitled to enforce the Restrictions as described in this Article. Each Owner shall have a right of action against the Association for the Association's failure to comply with the Restrictions. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.

(g) Attorneys Fees. Any judgment rendered in any action or proceeding pursuant to this Declaration shall include a sum for attorneys' fees in such amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and costs of court.

14.2 Severability. The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one provision or portion hereof by a court of competent Jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

14.3 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a residential common-interest community and for the maintenance of Common Elements, and any violation of this Declaration shall be deemed to be a nuisance. The Article and Section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. As used herein, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the other, unless the context dictates otherwise.

14.4 Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one (1) plan. Any such merger or consolidation shall be accomplished pursuant to Nevada Revised Statutes Section 116.2121 and shall also require the prior written approval of VA.

14.5 No Public Right or Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public, or for any public use.

14.6 No Representations or Warranties. No representations or warranties of any kind, express or implied, other than the standard warranty required by VA and FHA, have been given or made by Declarant or its agents or employees in connection with the Property or any portion thereof, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a common-interest community, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with any governmental authority.

14.7 Nonliability and Indemnification.

(a) General Limitation. Except as specifically provided in the Restrictions or as required by law, no right, power, or responsibility conferred on the Board or the ARC by this Declaration, the Articles or the Bylaws shall be construed as a duty, obligation or disability charged upon the Board, the ARC, any member of the Board or of the ARC, or any other officer, employee or agent of the Association. Such Persons are subject to the insulation from liability provided for directors of corporations by the laws of the State of Nevada. Members of the Board are not personally liable to the victims of crimes occurring on the Property.

(b) Indemnification. When liability is sought to be imposed on a member of the Board for actions undertaken in such Person's role as a member of the Board or ARC, the Association shall indemnify him for his losses or claims, and undertake all costs of defense, unless and until it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Board or ARC who so acted. Punitive damages may not be recovered against the Association, but may be recovered from Persons whose activity gave rise to the damages. This Section 14.7(b) shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law. The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to such indemnification.

14.8 Notices. Except as otherwise provided in this Declaration, notice to be given to an Owner shall be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one (1) or more co-Owners of a Lot or to any general partner of a partnership owning a Lot shall be deemed delivery to all co-Owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address shall have been furnished, to the street address of such Owner's Residence. Such notice shall be deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board in which case the notice provisions of the Bylaws shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners.

14.9 Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Declaration and either the Articles of Incorporation or the Bylaws of the Association, the terms and provisions of this Declaration shall prevail. If there are any conflicts or inconsistencies between this Declaration and the Master Declaration, then the terms and provisions of the Master Declaration shall prevail. The inclusion of conditions, covenants, land uses and limitations in this Declaration which are more restrictive or more inclusive than the restrictions contained in the Master Declaration shall not be deemed to constitute a conflict with the provisions of the Master Declaration.

14.10 Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Property does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these restrictions is contained in the instrument by which such person acquired an interest in the Property, or any portion thereof.

This Declaration is dated for identification purposes JULY 12, 1995.

"DECLARANT"

AMERICAN WEST HOMES, INC.,
a Nevada corporation

By: ______________________
Lawrence D. Canarelli
Its: President

STATE OF NEVADA)
)
COUNTY OF CLARK)

On this 12th day of ~~June~~ July, 1995, personally appeared before me, a notary public, LAWRENCE D. CANARELLI, personally known (or proved) to me to be the person whose name is subscribed to the above instrument and acknowledged to me that he executed the above instrument.

WITNESS my hand and official seal.

NOTARY PUBLIC
STATE OF NEVADA
County of Clark
CELENE SAMS
My Appointment Expires August 9, 1998

Notary Public in and for said State

EXHIBIT "A"
GRAND ISLAND at the LEGACY

LEGAL DESCRIPTION OF ASSOCIATION PROPERTY

The land herein referred is described as Village 4 of Green Valley Parkway West as shown by map thereof on file in Book 44, Page 51 of Plats, in the Office of the County Recorder, Clark County, Nevada, and being a portion of the South Half of Section 18, Township 22 South, Range 62 East, M.D.M. Approximately 8.36 Acres., and further described as:

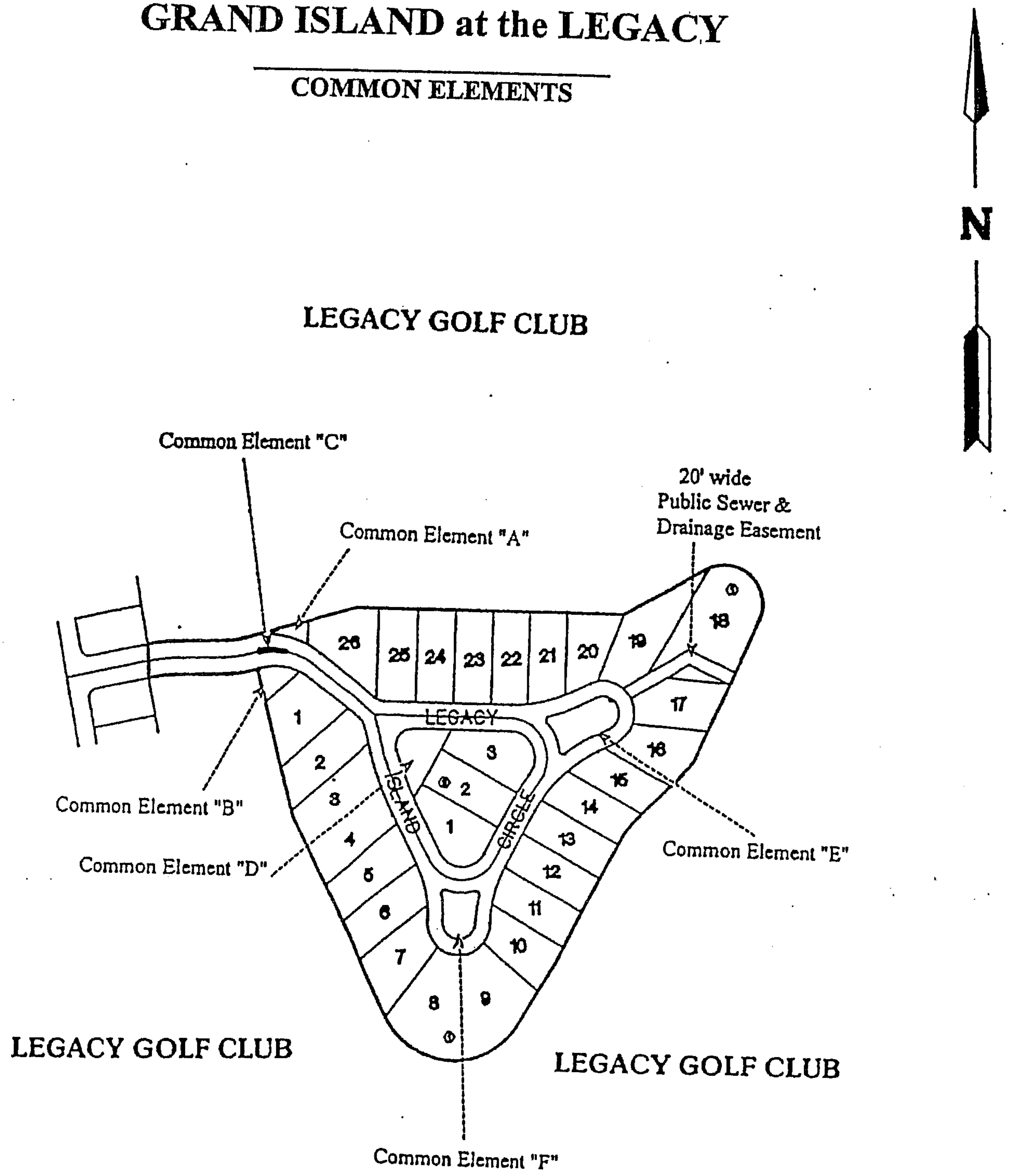
Lots 1 through 26 inclusive of Block 1, and Lots 1 through 3 inclusive of Block 2, together with Common Element "A", "B", "C:", "D", "E", and "F" as shown by map thereof on file in Book 66, Page 2 of Plats, Instrument No. 00402 as recorded in the Office of the County Recorder, Clark County, Nevada on January 23, 1995.

c:\forms\GLlegal

EXHIBIT "B"

GRAND ISLAND at the LEGACY

COMMON ELEMENTS



Book 48, Page 69 of Plats Instrument #00402, Official Records Book No. 950123

EXHIBIT "C - Page 1"

GRAND ISLAND at the LEGACY

LANDSCAPE AND IRRIGATION EASEMENT

An easement for irragation purposes over a strip of land 8.00 feet wide, abutting all private streets, being portions of Lots 1 through 26 inclusive of Block 1, Lots 1 through 3 inclusive of Block 2, Common Element "A", Common Element "B" and Common Element "D", over that portion of "The Amended Plat of The Island at the Legacy" in the City of Henderson, County of Clark, State of Nevada as shown as per map recorded in Book 66, Page 5 of Plats in the office of the County Recorder of said County, being in the South Half (S ½) of Section 18, Township 22 South, Range 62 East, M.D.M.

PROFESSIONAL LAND SURVEYOR • STATE OF NEVADA
GREGORY D. RIVERO
6902

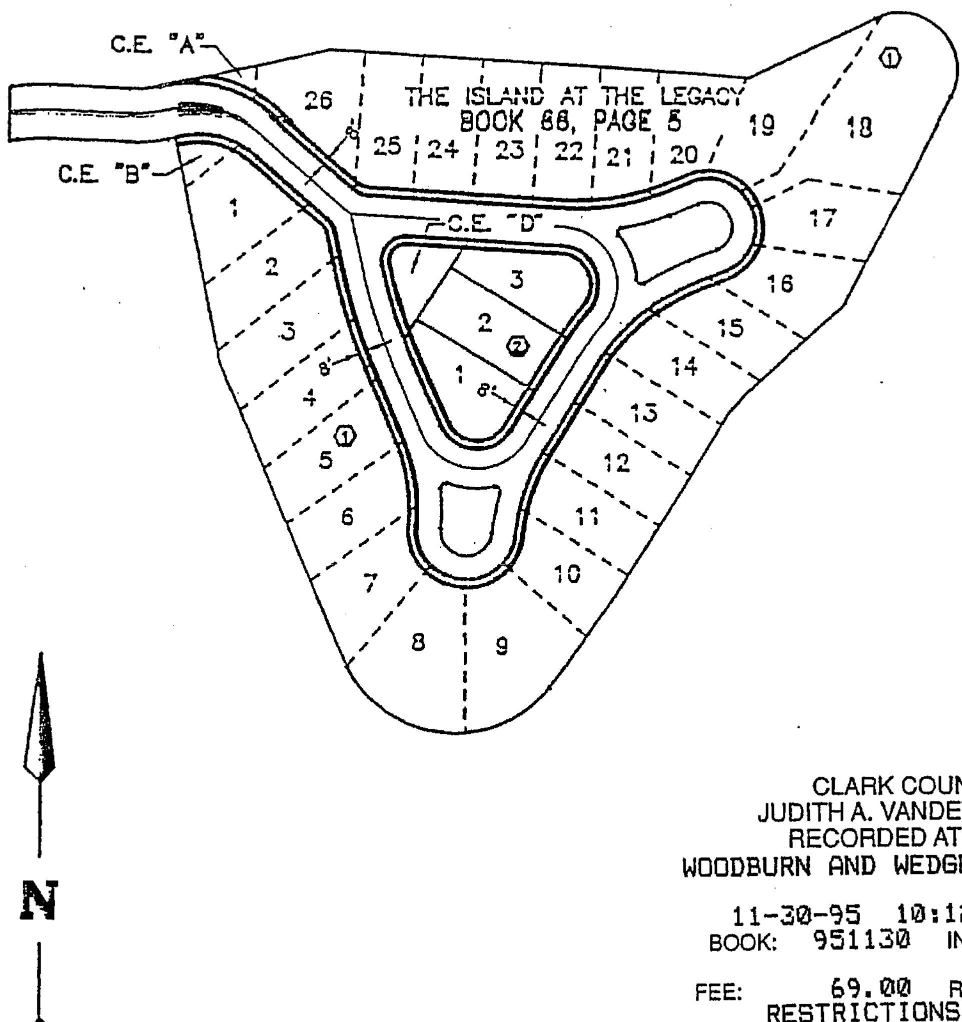
1-26-95

EXHIBIT "C - Page 2"

GRAND ISLAND at the LEGACY

LANDSCAPE AND IRRIGATION EASEMENT

(ABUTTING PRIVATE STREETS; ACROSS LOTS 1-26 OF BLOCK 1, LOTS 1-3 OF BLOCK 2 & "C.E.-A,B AND D



CLARK COUNTY, NEVADA
JUDITH A. VANDEVER, RECORDER
RECORDED AT REQUEST OF:
WOODBURN AND WEDGE

11-30-95 10:12 NLE 63
BOOK: 951130 INST: 01207

FEE: 69.00 RPTT: .00
RESTRICTIONS
CONFORMED COPY-HAS NOT BEEN COMPARED TO THE ORIGINAL

SCALE: 1" = 200'

ESI ENGINEERS AND SURVEYORS INC.
PLANNERS • CONSULTING ENGINEERS • SURVEYORS