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NORTH AMERICAN TITLE COMPANY

Frances Deane DEZ
Clark County Recorder Pgs: 53

WHEN RECORDED RETURN TO:

GOOLD, PATTERSON, ALES & DAY
4496 South Pecos Rd.
Las Vegas, Nevada 89121
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**DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
HOLLOW DE ORO**

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**DECLARATION
OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
HOLLOW DE ORO**

THIS DECLARATION (the "Declaration") is made by Greystone Nevada LLC., a Delaware limited liability company ("Declarant Greystone") and U.S. Home Corporation, a Delaware corporation ("Declarant US Homes") (collectively, the "Declarant" and individually a "Co-Declarant").

**ARTICLE I
RECITALS**

1.01 Real Property. Each Co-Declarant is the owner of certain real property located entirely in Clark County, Nevada, more particularly described in Exhibit "A" attached hereto (the "Property"). The Property shall include any additional real property that may from time to time be annexed thereto. Declarant Greystone is the owner of the real property depicted on the site map at Exhibit C attached hereto. Declarant US Homes is the owner of the real property depicted on the site plan at Exhibit D attached hereto.

1.02 Planned Community. Declarant desires to develop the Property and, if Declarant so elects, the adjacent land described in Section 2.02 (the "Annexable Area") as a residential community and to establish covenants, conditions, and restrictions relating to the use, enjoyment, maintenance, improvement, and occupancy of the Property. The residential community shall be developed as a planned community under a general plan of development pursuant to the Act (as hereinafter defined). There will be two developments within the Property marketed separately by each Co-Declarant, but governed by one homeowners' association. Declarant Greystone's Property shall be marketed as "Rancho d'Oro," and Declarant US Homes' Property shall be marketed as "Fox Hollow" (collectively, the "Development"). If the entire Annexable Area is annexed as provided herein, the planned community will consist of up to a maximum of two hundred fifty (250) Lots (as hereinafter defined).

1.03 Owners Association. Declarant desires to establish the Hollow De Oro Homeowners' Association, a Nevada nonprofit corporation (the "Association"), for the purpose of maintaining and administering the Common Area (as hereinafter defined) of the Property, administering and enforcing these covenants, conditions, and restrictions, and collecting and disbursing funds pursuant to Assessments and charges established by these covenants, conditions, and restrictions. Each Lot shall have appurtenant to it a membership in the Association.

1.04 The Development. Declarant contemplates developing the Property, constructing the Development, and conveying the Association Property (as hereinafter defined) to the Association in a planned multi-phase development. Although Declarant contemplates completing all phases of the Development and subjecting the Annexable Area to this Declaration, there is no guarantee that any or all of the phases of the Development or that any or all of the Annexable Area will be developed by Declarant.

1.05 Covenants Running With Land. This Declaration shall run with the Property and all parts and parcels thereof and shall be binding on all parties having any right, title, or interest in the Property and their heirs, successors, successors-in-title, and assigns and on the Association and all of its successors in interest and shall inure to the benefit of each owner or member

thereof. Each of the limitations, easements, uses, obligations, covenants, conditions, and restrictions imposed hereby shall be deemed to be and construed as equitable servitudes enforceable by any of the owners of any portion of the Property subject to this Declaration against any other owner, tenant, or occupant of the Property or portion thereof similarly restricted by this Declaration.

1.06 Declaration. Declarant hereby declares that all of the Property shall be held, sold, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of the Property.

ARTICLE II **DEFINITIONS**

In addition to the terms elsewhere defined herein, the following terms shall have the following meanings whenever used in this Declaration.

2.01 "Act" shall mean the Nevada Common Interest Ownership Act, Chapter 116 of the Nevada Revised Statutes, as the same may amended from time to time.

2.02 "Annexable Area" shall mean the real property described in Exhibit "B" hereto.

2.03 "Architecture Committee" shall mean the committee created by Article VII of this Declaration.

2.04 "Articles" shall mean the articles of incorporation of the Association as may be amended from time to time.

2.05 "Assessment" shall mean those Assessments set forth in Article V of this Declaration.

2.06 "Association" shall mean the Hollow De Oro Homeowners' Association, a Nevada nonprofit corporation, and its successors and assigns.

2.07 "Association Property" shall mean all property, real and personal, owned or leased by the Association, including, without limitation, the Common Area.

2.08 "Board" shall mean the Board of Directors of the Association.

2.09 "Bylaws" shall mean the Bylaws of the Association as may be amended from time to time.

2.10 "Co-Declarant" shall refer to either Declarant Greystone or Declarant US Homes.

2.11 "Common Area" shall mean all real property (including the improvements thereto) designated as common elements on the Site Development Plan (as hereinafter defined) or any Subdivision Map of the Property, that is now or hereafter conveyed by Declarant to the Association, including (as applicable) any park, sewer and water lines, easements, landscaped areas, and other such property.

2.12 "Declarant" shall mean Greystone Nevada LLC, a Delaware limited liability company, and its successors and assigns and US Home Corporation, a Delaware corporation, and its successors and assigns.

2.13 "Declarant Greystone" shall mean Greystone Nevada LLC, a Delaware limited liability company.

2.14 “Declarant US Homes” shall mean US Home Corporation, a Delaware corporation.

2.15 “Design Guidelines” shall mean the guidelines adopted by the Architecture Committee as set forth in Article VII.

2.16 “Development” shall mean the residential community referred to as Rancho d’Oro, marketed by Declarant Greystone, and Fox Hollow, marketed by Declarant US Homes, being developed by Declarant as one planned community pursuant to the Act.

2.17 “Eligible Holder” shall mean the Persons (as hereinafter defined) described in Article VIII of this Declaration.

2.18 “Improvement” shall mean the buildings, structures, improvements, roadways, parking areas, lighting fixture, fences, walls, hedges, plantings, planted trees and shrubs, swimming pool, and all other structures or landscaping of every type and kind upon the Property.

2.19 “Lessee” shall mean any Person who rents, leases, or subleases any Lot from an Owner (as hereinafter defined) or a Person in privity with an Owner.

2.20 “Lot” shall mean each of the lots, with the exception of the Common Area, shown on the Site Development Plan or any subsequent subdivision or parcel map of the Property, and all Improvements erected, constructed, or located thereon.

2.21 “Member” shall mean each of those Owners who are members of the Association.

2.22 “Mortgage” shall mean a mortgage or deed of trust that encumbers any Lot.

2.23 “NRS” shall mean the Nevada Revised Statutes.

2.24 “Owner” shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot, including contract sellers but excluding those having such interest merely as security for the performance of an obligation.

2.25 “Party Walls” shall mean those walls, other than Perimeter Walls (as hereinafter defined), located anywhere on the Development that form Lot boundaries.

2.26 “Perimeter Walls” shall mean those walls all or a part of which are located on Association Property or separate a Lot from Association Property.

2.27 “Person” shall mean a person, partnership, corporation, trustee, or other legal entity.

2.28 “Property” shall mean that real property located entirely in Clark County, Nevada, more particularly described in Exhibit “A” attached hereto. The Property shall include any additional real property that may from time to time be annexed thereto.

2.29 “Record,” “Recording,” or “Recorded” shall mean to file, the filing, or filed of record a legal instrument in the Office of the Recorder of Clark County, Nevada, or such other place as may be designated as the official location for recording deeds, plats, and similar documents affecting title to real property in Clark County, Nevada.

2.30 “Residence” shall mean and refer to any dwelling constructed on a Lot in accordance with all local, state, and federal laws and this Declaration.

2.31 "Restrictions" shall mean this Declaration, the Articles, the Bylaws, the Rules and Regulations of the Association, the Design Guidelines, and any rules and regulations of the Architecture Committee from time to time in effect.

2.32 "Rules and Regulations" shall mean the rules and regulations adopted by the Board from time to time pursuant to Section 4.10 of this Declaration.

2.33 "Site Development Plan" shall mean the general plot plans of the Development attached hereto as Exhibit "C" and Exhibit "D."

2.34 "Subdivision Map" shall mean that certain Final Map of Lone Mountain / Losee – Unit 1 Recorded on April 26, 2005, in Book 124, Page 0008 of Plats (Official Records Book 20050426, Instrument 2849); Final Map of Lone Mountain / Losee – Unit 2 Recorded on April 26, 2005, in Book 124, Page 0009 of Plats (Official Records Book 20050426, Instrument 2853); Final Map of Lone Mountain / Losee Unit 3 Recorded on August 3, 2005, in Book 125, Page 0099 of Plats (Official Records Book 20050803, Instrument 1729), and any other maps or plats of the Development Recorded or to be Recorded in the Office of the Recorder of Clark County, Nevada.

ARTICLE III **PROPERTY AND PROPERTY RIGHTS**

3.01 Description of the Property. The Property shall consist of the Lots and the Common Area.

3.02 Lots.

(a) Reciprocal Easements. Each Lot and its Owner shall have an easement and the same is hereby granted by the Declarant over all adjoining parcels for the purpose of accommodating any encroachment due to engineering errors, errors in original construction, settlement or shifting of the land, or any other cause; provided, however, that in no event shall an easement for encroachment be created in favor of an Owner or Owners if the encroachment occurred due to construction or alteration by the Owner (except Declarant) or the negligence or willful misconduct of the Owner. In the event a structure on any Lot is partially or totally destroyed and then repaired or rebuilt, the Owners of each Lot agree that minor unintentional encroachments over adjoining Lots not to exceed one (1) foot shall be permitted and that there shall be easements for the maintenance of the encroachments so long as they shall exist.

(b) Association Easements. There are hereby reserved to the Association such easements across the Property as are necessary to perform the duties and obligations of the Association.

(c) Utilities Easement. There is hereby granted in favor of Declarant, the Association, and their respective licensees an easement across each Lot for purposes of installing, facilitating, maintaining, repairing, replacing, or inspecting sewer, drainage, underground power lines, cable television systems, or other utilities over, under, and across the Property. All utility hook-ups and fixtures and improvements relating thereto shall be the property of the Association.

(d) Emergency Repairs Easement. In addition to all other easements reserved or granted herein, there is hereby reserved to the Association an easement across each Lot as is necessary to permit a reasonable right of entry onto each Lot for the purpose of performing

emergency repairs or to do other work reasonably necessary for the proper maintenance of the Development.

(e) Maintenance Obligation of Owners. It shall be the duty of each Owner at its sole cost and expense, subject to the provisions of this Declaration requiring approval of the Architecture Committee, to maintain, repair, replace, and restore (including any maintenance, repairs, replacement, or restoration required as a result of any damage or destruction of the Property by casualty or otherwise) any Residence, Improvements, and landscaping located on its Lot and the Lot itself in a neat, sanitary, and attractive condition and in accordance with the Restrictions. If any Owner shall permit any Residence, Improvements, or the Lot to fall into disrepair or to become unsafe, unsightly, or unattractive or otherwise violate the Restrictions, the Association shall have the right to seek any remedies at law or in equity it may have. In addition, the Board shall have the right, but not the duty, if such unacceptable maintenance is not corrected within thirty (30) days of written notice from the Association (or such longer period if reasonably necessary under the circumstances, provided the owner is diligently performing such maintenance or repairs), to enter upon such Owner's Lot and make such repairs and perform such maintenance and charge the costs thereof to Owner. Such costs shall be enforced, including penalty fees and costs, as an Assessment on the Lot pursuant to Article V hereof.

(f) MAINTENANCE OBLIGATIONS OF CERTAIN OWNERS. As reflected on the Subdivision Maps, certain corner Lots are within certain landscape only areas. As required by the City of North Las Vegas, a block wall will be constructed by Declarant and certain landscaping, approximately six and one-half feet wide, will be installed on the portion of the Lot closest to the street ("Landscape Area"). The Landscape Area is part of the Lot, but separated by a block wall from the other portion of the Lot. The Landscape Area must be maintained by the Owners of those Lots and no additional improvements may be made to the Landscape Area except for the landscape improvements installed by Declarant prior to the sale to Owner. The Lots subject to the Landscape Area requirements include, but may not be limited to, Lots 1, 8, 31, 54, 55, 104, 127, 142, 147, 151, 153, 181, 185, 200, 227, and 228, as shown on the Subdivision Maps.

(g) Insurance Obligations of Owners. Each Owner shall insure the Residence and Improvements on its Lot against loss or damage by fire or by any other casualty in an amount as near as practical to the full replacement value of the Residence and pertinent Improvements, without deduction for depreciation or coinsurance.

3.03 Association Property.

(a) Conveyance of Association Property. The Declarant hereby covenants for itself, its successors, and assigns, that within thirty (30) days from the date Owners other than Declarant may elect a majority of the Board of Directors, that it will convey title to the Association Property on the Property to the Association free and clear of all encumbrances and liens, except utility easements, covenants, conditions, and reservations then of record, including, without limitation, those set forth in this Declaration. Similar conveyances shall be made to the Association at the time of the conveyance to an Owner not the Declarant of the first Lot in each subsequent phase of the Development.

(b) Common Area Ownership. The Common Area shall be owned by the Association in fee simple for the use, enjoyment, and convenience of the Owners and shall contain the private roadways, walkways, landscaped areas, recreational areas, parking areas,

storage and trash areas, utility easements, all Perimeter Walls, and all other areas of the Property not a part of the Lots. Each Lot and its Owner shall have an easement over all of the Common Area, and such easement is hereby granted, transferred, and conveyed to all Owners by the Declarant for the benefit of the Lots, the Owners, and each of them, and for their respective families, guests, and invitees for all of the foregoing purposes. In furtherance of the establishment of this easement, the individual deeds to the Lots may, but shall not be required to, set forth the foregoing easements.

(c) Use. Each Member or Lessee who resides on the Property and their respective families, guests, and invitees who reside with them shall be entitled to use the Common Area subject to the following:

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

(ii) the right of the Association to suspend the rights to the use of any Association Property by any Member or Lessee and their families, guests, and invitees for any period during which any Assessment against the Member's property remains past due and unpaid, and after notice and hearing by the Board, the right of the Association to invoke any remedy set forth in Article V of this Declaration;

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

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

(v) such rights to use the Association Property as may have been granted by the Association to others;

(vi) such covenants, conditions, and restrictions as may have been imposed by the Association or prior owners on the Association Property;

(vii) such rules and regulations for the use of the Association Property as may be imposed by the Association from time to time; and

(viii) the right of Declarant to use the Common Area for sales, development, and related activities pertaining to the Development.

(d) Maintenance of Association Property. The Association shall be responsible for all of the costs and maintenance of the Association Property. The Association may at any time and without any approval of the Owners being required:

(i) reconstruct, repair, replace or refinish any Improvement, structure, fixture, or facility located on the Common Area or any portion thereof in accordance with: (A) the last plans thereof approved by the Board; (B) the original plans for development of the Property; or (C) if neither (A) nor (B) is applicable and if such Improvement was previously in existence, then in accordance with the original designs, plans, finishing, or standards of construction of such Improvement as it was originally constructed;

(ii) construct, reconstruct, repair, replace, or refinish any road improvement or surface upon any portion of the Common Area used as a road, street, walk, or parking area;

(iii) replace injured and diseased trees or other vegetation on the Common Area and plant trees, shrubs, and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

(iv) place and maintain upon any such area such signs, markers, and lights as the Board may deem appropriate for the proper identification, use, and regulation thereof;

(v) remove all papers, debris, and refuse from the Common Area, wash or sweep paved areas as required, and clean and relamp lighting fixtures as needed;

(vi) repaint striping, markers, directional signs, and similar devices as necessary;

(vii) maintain, repair, and replace, as necessary, the Perimeter Walls; notwithstanding the foregoing, Owners of Lots bounded by Perimeter Walls shall be responsible for all aesthetic maintenance and repair of that side of the Perimeter Walls bounding the Owners' respective Lots;

(viii) pay all real estate and personal property taxes and Assessments on the Common Area;

(ix) pay all electrical, water, gas, sewer, trash collection, telephone, and other utility charges or fees for services furnished to the Common Area and all water charges or fees for services furnished to the Lots;

(x) pay for and keep in force at the Association's expense public liability, casualty, and fire insurance with companies acceptable to the Association in amounts and with limits of liability desired by the Owners or required of the Owners pursuant to any other recorded document affecting the Property, such insurance to name the Association, the Owners, or both as named insureds; and

(xi) do all such other and further acts that the Board deems necessary to preserve and protect the Common Area and the beauty thereof in accordance with the general purposes for use and enjoyment of the Property described in this Declaration;

The Board shall be the sole judge as to the appropriate maintenance of all portions of the Common Area. Nothing herein shall be construed so as to preclude the Association from delegating its powers set forth above to a manager.

(e) Improvements on Common Area. Any other provision of this Declaration to the contrary notwithstanding, until Declarant has sold ninety percent (90%) of the Lots, no land within the Common Area may be improved by any Improvement, used, or occupied except in such manner as shall have been approved by Declarant in its sole and absolute discretion. Declarant may delegate its right to grant such approvals to the Board. No approval shall be granted that would be in contravention of the zoning or other local regulation then in effect for the area in question.

(f) Damages. Each Owner or Lessee shall be liable to the Association for any damage to the Association Property that may be sustained by reason of the negligent or intentional misconduct of such Owner or Lessee or of its family, guests, or invitees. If the Lot, the ownership or leasing of which entitles the Owner or Lessee thereof to use the Association Property, is owned or leased jointly or in common, the liability of all such joint or common Owners or Lessees shall be joint and several. The amount of such damage may, in addition to any other rights or remedies, be assessed against such Person's real and personal property on or within the Property, including the leasehold estate of any Lessee, and may be collected as provided in Article V below for the collection of Assessments.

(g) Damage and Destruction. In the case of destruction of or damage to the Association Property by fire or other casualty, the Board shall have the following rights and privileges.

(i) Liberty to Reconstruct. If the cost to repair or replace the Association Property, over and above all insurance proceeds, is less than Twenty Thousand Dollars (\$20,000), the Board may, without the consent of the Members, determine to repair or replace the damaged property with property substantially the same as those that were destroyed or damaged.

(ii) Decision to Reconstruct. If the cost to repair or replace the Association Property, over and above all insurance proceeds, is equal to or greater than Twenty Thousand Dollars (\$20,000) and the Board determines to rebuild any Association Property destroyed or damaged in the form substantially the same as those that were destroyed or damaged, it shall prepare plans and obtain bids following the notice proceeding for a special Assessment as set forth in Article V hereof. The Board shall submit the plans and bids to the Members for approval, which approval shall require the affirmative vote of sixty-seven percent (67%) of the Members entitled to vote. The Board will modify the plans until the required vote is obtained or the restoration becomes subject to subsection 3.03(g)(i) or (iii) hereof. If approved, the Board shall cause the repairs or replacements to be done and assess the Members for the costs as a special Assessment.

(iii) Decision Not to Reconstruct. If the Board determines not to rebuild any Association Property so destroyed or damaged or to build facilities substantially different from those that were destroyed or damaged, it shall submit its decision to the Members for their approval or disapproval, which approval shall require the consent of eighty percent (80%) of the Members entitled to vote. If the Members elect to approve the decision, the Board shall act accordingly; but if the Members do not approve the decision, the Board shall proceed to repair or rebuild the damaged or destroyed facility pursuant to subsection 3.03(g)(i) or (ii) hereof.

(iv) Damage During Declarant Control Period. Should any Association Property become destroyed or damaged before Declarant has sold all of the Lots, the Association shall rebuild or repair such Association Property in a manner consistent with its original condition as constructed by Declarant.

(v) Damage or Destruction by Owner. In the event any portion of the Common Area is damaged or destroyed by an Owner, a Lessee, or any of their respective guests, tenants, licensees, or agents, the Board may repair said damaged area. In the event the Board determines to repair said damage, the amount necessary for such repairs shall be paid by the

Owner or Lessee, upon demand, to the Board. If said amounts are not immediately paid, they shall be deemed to be Assessments, and the Board may enforce collection of same in the same manner as provided in Article V hereof for collection and enforcement of Assessments.

3.04 Special Declarant's Rights. Declarant and its agents shall have the following rights and privileges, all of which shall terminate immediately upon the sale by Declarant of the last Lot within the Property:

(a) Easement for Repairs. A nonexclusive easement over the Association Property for the purpose of making repairs to the Association Property and the Lots if access thereto is not reasonably available;

(b) Easement for Sales. A nonexclusive easement over the Association Property (which easement shall extend to the sales agents, customers, prospective customers, guests, and representatives of Declarant) for sales, display, access, ingress, egress, exhibits, and other purposes deemed useful by Declarant and its agents in advertising and promoting the sale of Lots, or other property (including the erection of signs, flags, and banners) until all Lots are sold by Declarant. In exercising the easement, Declarant shall not unreasonably interfere with the rights and enjoyment of the Owners;

(c) Easement for Development. A nonexclusive easement over the Association Property (which easement shall be in favor of Declarant and its agents, contractors, and licensees) for access, ingress, and egress over, in, upon, under, and across the Association Property, including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonable, necessary, or incidental to Declarant's development of the Property; provided, however, that no such rights or easements shall be exercised in such a manner as to reasonably interfere with the occupancy, use, enjoyment, or access by any Owner;

(d) Right to Lease. The right to lease any unsold Lot. Furthermore, anything herein to the contrary notwithstanding, Declarant and its affiliates reserve the right to continue to use one (1) or more Lots and the Residences constructed thereon as model Lots and Residences for other communities developed by Declarant or its affiliates pursuant to sale-leaseback or other similar arrangements even after Declarant sells the last Lot in the Property to an Owner other than Declarant, in which case all of the rights and easements set forth in this Section 3.04 shall continue in full force and effect; and

(e) Other Rights. Each of the developmental rights and special declarant's rights set forth in NRS 116.039 and 116.089.

ARTICLE IV

OWNERS' ASSOCIATION; MEMBERSHIP AND VOTING RIGHTS

4.01 Association.

(a) Organization. The Association is a nonprofit Nevada corporation created for the purposes, charged with the duties, and vested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

(b) Successor Associations. In the event the Association is dissolved at any time this Declaration is in force or effect, a nonprofit unincorporated association shall

automatically and without further action or notice be formed to succeed to all the rights and duties of the Association. The successor unincorporated association shall be governed by the laws of the State of Nevada and, to the extent not inconsistent therewith, by the Articles and Bylaws of the Association as if they were created for the purpose of governing the affairs of an unincorporated association. In the event an unincorporated association is formed pursuant to this subsection 4.01(b), the appropriate officers of the Association or the successor association shall take all reasonable efforts to restore or reincorporate the Association as a nonprofit Nevada corporation.

4.02 Membership Rights. Only Owners, including Declarant, shall be Members of the Association. Each Owner shall automatically be a Member of the Association without the necessity of any further action on its part, and membership in the Association shall be appurtenant to and shall run with the property interest ownership that qualifies the Owner to membership in the Association. Membership in the Association may not be severed from or in any way transferred, pledged, mortgaged, or alienated except with the title to the property ownership interest that qualifies the Owner thereof to membership and then only to the transferee of title to the property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void. Subject to subsection 4.03(d) and Section 5.07 hereof and as set forth in the Articles, each Member shall be entitled to one (1) vote for each Lot owned by that Member.

4.03 Control of Association.

(a) Period of Declarant Control of Association. Notwithstanding any other provision of this Declaration or of the Bylaws, and subject to subsection (b) below, there shall be a period during which Declarant shall control the Association, and Declarant or a Person designated by Declarant may appoint and remove all or some of the officers and directors of the Association. The period of Declarant control of the Association terminates no later than the earlier of:

(i) sixty (60) days after the conveyance by Declarant of seventy-five percent (75%) of the Lots that may be created within the Property to Owners other than the Declarant;

(ii) five (5) years after the Declarant has ceased to offer Lots for sale in the ordinary course of its business; or

(iii) five (5) years after any right to annex new Lots was last exercised by Declarant.

Provided, however, that Declarant may, but is not obligated to, voluntarily surrender the right to appoint and remove officers and Board members as provided herein before the termination period set forth above, provided that Declarant may require that specified actions of the Association or the Board may require Declarant approval prior to becoming effective. Such surrender of rights shall only be by a recorded instrument.

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

that may be created within the Property to Owners other than Declarant, not less than thirty-three and one-third percent (33-1/3%) of the members of the Board must be elected by Owners other than Declarant. Upon expiration of the Declarant control period set forth in subsection (a) above, one hundred percent (100%) of the Board shall be elected by Owners other than Declarant.

(c) Removal of Board Members. The Bylaws shall set forth the requirements for Members to remove a member of the Board.

(d) Joint or Common Ownership. If any property interest, ownership of which entitles the Owner thereof to vote, is held jointly or in common by more than one (1) Person, the vote or votes to which such property interest is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for such property interest shall be cast, if at all, as a unit, and neither fractional votes nor split votes shall be allowed. In the event joint or common Owners are unable to agree among themselves as to how their vote or votes shall be cast as a unit, they shall lose the right to cast their vote or votes on the matter in question. In the event more than one vote is cast for a particular membership, none of the votes shall be counted, and all such votes shall be deemed void. Any joint or common Owner shall be entitled to cast the vote or votes belonging to the joint or common Owners unless another joint or common Owner shall have delivered to the Secretary of the Association prior to the time for casting such vote a written statement to the effect that the Owner wishing to cast the vote or votes has not been authorized to do so by the other joint or common Owner or Owners.

(e) Proxy Voting. Except as otherwise provided in this Section, votes allocated to a Lot may be cast pursuant to a revocable written proxy executed by the Owner thereof, authorizing the holder to cast the Owner's votes on any matter. An Owner may give a proxy only to a member of his immediate family, his Lessee who resides in the Development, another Owner who resides in the Development, or any other Person permitted by the Act. If a Lot is owned by more than one Person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a proxy. A vote may not be cast by proxy if: (i) it is not dated; (ii) it purports to be revocable without notice; (iii) it does not designate the meeting for which it is executed; (iv) it does not designate the agenda item or items for which the Owner has executed a proxy, except that this requirement shall not apply if the proxy is to be used solely for establishing whether a quorum (as determined by reference to the Bylaws) is present for the meeting; or (v) the holder of the proxy does not disclose at the beginning of the meeting for which the proxy is executed, the number of proxies pursuant to which he will be casting votes and the voting instructions received for each proxy. If a proxy is for more than one agenda item, the proxy should designate whether the vote on that matter must be cast in the affirmative or in the negative. If the proxy does not so provide for a particular agenda item, the proxy must be treated as if the Owner were present but did not vote on that item. Every proxy shall terminate immediately after the conclusion of the meeting for which it was executed. An Owner may revoke a proxy only by actual notice of revocation to the person presiding over a meeting of the Association. A vote may not be cast pursuant to a proxy for the election or removal of a member of the Board. Any proxy that fails to comply with the requirements of this Section shall be void.

4.04 Meetings of Members. The Association shall hold an annual meeting of the Members. The annual meeting of the Members shall be held on or about one (1) year after the

date of the last annual meeting. If the Members have not held a meeting for one (1) year, a meeting of the Members must be held in accordance with the Act.

4.05 Notice. Not less than fifteen (15) days (twenty-one (21) days in the event of a meeting at which an Assessment for a capital improvement or commencement of a civil action is to be considered or action is to be taken on such an Assessment) nor more than sixty (60) days in advance of each meeting of the Members, the Secretary shall cause notice of the meeting to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner. The notice of the meeting must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must also include notification of the right of an Owner (i) to have a copy of the minutes or a summary of the minutes of the meeting distributed to the Owner upon request and, if required by the Board, upon payment to the Association of the cost of making the distribution, and (ii) to speak to the Association.

(a) Agenda. The agenda for each meeting of the Owners must consist of (i) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to the Declaration or Bylaws, any fees or Assessments to be imposed or increased by the Association, any budgetary changes, and any proposal to remove an officer or member of the Board, (ii) a list describing the items on which action may be taken and clearly denoting that action may be taken on those items, and (iii) a period devoted to comments by Owners and discussion of those comments. In an Emergency (as hereinafter defined), the Owners may take action on an item which is not listed on the agenda. The notice, agenda, and Owner comment requirements of subsection 4.04(a) and this subsection 4.04(b) apply to both regular and special meetings of the Members.

(b) Emergency. As used in this Section 4.04, "Emergency" means any occurrence or combination of occurrences that (i) could not have been reasonably foreseen, (ii) affects the health, welfare, and safety of the Owners or any resident, (iii) requires the immediate attention of, and possible action by, the Board, and (iv) makes it impracticable to comply with the notice provisions of this Section.

(c) Organization. The President of the Board, or in his or her absence any other officer of the Association, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, any Member entitled to vote thereat or any proxy of any such Member may call the meeting to order, and a chairman of the meeting shall be elected. The Secretary of the Association, or in his or her absence any other officer of the Association, shall act as secretary of the meeting.

(d) Action by Members. Except as provided otherwise in this Declaration or the Bylaws, any action (including any approvals required under this Declaration) may be taken at any legally convened meeting of the Members at which a quorum (as determined by reference to the Bylaws) is present upon the affirmative vote of the Members having a majority (or such greater percentage as may be required elsewhere in this Declaration for approval of the Members of any matter) of the total votes present at such meeting in person or by proxy. Only votes cast in person, by secret ballot, or by proxy may be counted.

(e) Minutes. Not more than thirty (30) days after any meeting of the Members, the Secretary shall cause the minutes or a summary of the minutes of the meeting to be

made available to the Members. A copy of the minutes or a summary of the minutes must be provided to any Member who pays the Association the cost of providing the copy.

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

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

(b) Recreation and Open Space Areas and Common Area. The Association shall accept, own, operate, and maintain all recreation and open space and Common Area that may be conveyed, leased, licensed, or otherwise enjoyed by it, together with all Improvements of whatever kind and for whatever purpose that may be located in said areas. The Association shall accept, own, operate, and maintain all other property easements or rights of use, whether real or personal, for which the Association, the Members, or the Property receive any benefits, whether aesthetic or tangible.

(c) Title to Property Upon Dissolution. The Association shall pay over or convey, upon dissolution of the Association, the assets of the Association to one or more exempt organizations of the kind described in Section 501(c) of the Internal Revenue Code of 1986, as amended from time to time.

(d) Repair and Maintenance of Association Property. The Association shall maintain in good repair and condition the Common Area and other Association Property enjoyed by, owned by, licensed to, or leased to the Association.

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

(f) Insurance. The Association shall obtain and maintain in effect policies of insurance of such kind and in such amounts as the Board, in its opinion, deems adequate or desirable, but in no event less than that required by law, including the requirements of NRS 116.3113 and, so long as the Federal National Mortgage Association ("FNMA") or the Government National Mortgage Association ("GNMA") holds a security interest in a Lot, the requirements of FNMA or GNMA. Without limiting the generality of the preceding sentence, during any time Declarant is the owner of more than five (5) Lots such policies of insurance shall include:

(i) Fire and extended coverage insurance on all Improvements owned by or leased to the Association in an amount not less than one hundred percent (100%) of the aggregate full insurable value, meaning actual replacement cost exclusive of the costs of excavations, foundations, and footings. Such insurance shall insure the Association and any mortgagees, as their interests may appear. As to each such policy that will not be thereby voided or impaired, the Association hereby waives and releases all claims against the Board and Declarant, and the officers, agents, and employees of each thereof, with respect to any loss covered by such insurance, whether or not caused by negligence or breach of any duty or agreement by said Persons, but only to the extent that insurance proceeds are received in compensation for the loss. If the foregoing exculpatory clause is held to be invalid, then the

liability of the insurance company shall be primary, and the liability of the Board, Declarant, and the officers, agents, and employees of the Board and of Declarant shall be secondary;

(ii) Liability insurance, with limits in amounts reasonably determined by the Board, insuring against liability for bodily injury or property damage arising from activities of the Association or with respect to the Association Property, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The liability insurance policies referred to above shall name as separately protected insureds Declarant, the Association, the Board and each of its members, the Architecture Committee and each of its members, and the manager of the Property, if any, and such policies may also name some or all of the respective officers, employees, and agents of the foregoing;

(iii) Workers' compensation insurance to the extent necessary to comply with all applicable laws;

(iv) A fidelity bond in an amount determined by the Board naming the members of the Board and such other Persons as may be designated by the Board as principals and the Association as obligee; and

(v) Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or desirable to carrying out the Association's functions.

The Association shall be deemed trustee of the interests of all Members in all insurance proceeds and shall, subject to the requirements of law, including NRS 116.31133, 116.31135 and any successor statutes, have full power to receive, hold, and disburse such proceeds.

(g) Architecture Committee. The Board shall appoint and remove members of the Architecture Committee as provided in Article VII hereof and ensure that at all reasonable times there is available a duly constituted and appointed Architecture Committee.

(h) Enforcement. The Association shall enforce, in its own behalf and on behalf of all Owners, all of the covenants, conditions, and restrictions set forth in this Declaration under an irrevocable agency (which is hereby granted) coupled with an interest as beneficiary of said covenants, conditions, and restrictions and as assignee of Declarant. The Association shall perform all other acts, whether or not anywhere expressly authorized, as may be reasonably necessary to enforce any of the provisions of the Rules and Regulations or the Design Guidelines.

(i) Long-Term Financing. The Association may, subject to compliance with NRS 116.3112, execute mortgages and deeds of trust, both construction and permanent, for construction of facilities, including Improvements, on property owned by or leased to the Association. Such financing may be effected through conventional mortgages or deeds of trust, the issuance and sale of development or other bonds, or in any other form or manner as may be deemed appropriate by the borrower, whether that be Declarant or the Association. The mortgage, deed of trust, or other security interest given to secure repayment of such debt may consist of a first lien or a second or other junior lien, as shall be deemed appropriate by such borrower, whether that be Declarant or the Association, on the Improvement or other facility to be constructed, together with such underlying and surrounding lands as Declarant or the Association, as the case may be, deems appropriate. The debt secured by such mortgage, deed of trust, or other security instrument may be retired from revenues generated by dues, use fees, Assessments of the Members of the Association, or otherwise or any combination thereof as may

be deemed appropriate by Declarant or the Association, as the case may be, but subject to the limitations imposed by this Declaration and the Act.

(j) Audit. In accordance with and as frequently as required by the Act depending on the value of the Association's annual budget, the Association shall, at its own cost, conduct an audit by an independent certified public accountant of the accounts of the Association and make a copy of such audit available to each Member during normal business hours at the principal office of the Association. Upon written request, the Association shall provide to any Eligible Holder, insurer, or guarantor of any Mortgage a copy of the audit. Any Member may at any time and at its own expense cause an audit or inspection to be made of the books and records of the Association by a certified public accountant provided that such audit or inspection is made during normal business hours and without unnecessary interference with the operations of the Association. The Association shall maintain copies of the then current Declaration, Articles, Bylaws, and Rules and Regulations, as amended, at the principal office of the Association, and the same shall be available during normal business hours for inspection by Declarant, any Owner, prospective purchasers of Lots, Eligible Holders, insurers, and any guarantors of a Mortgage.

(k) Books and Records. The Board shall, upon the request of a Member, make available for review at the business office of the Association or other suitable location during the regular working hours of the Association, the books, records and other papers of the Association, including, without limitation, (i) the financial statement of the Association, (ii) the budgets of the Association, and (iii) the study of the reserves of the Association required to be conducted pursuant to subsection 5.03(b) of this Declaration. The Board shall provide a copy of any of the records to a Member within fourteen (14) days after receiving a written request therefor. The Board may charge a fee to cover the actual costs of preparing a copy, but not to exceed twenty-five cents (\$.25) per page. The provisions of this subsection 4.05(k) do not apply to the personnel records of the employees of the Association and the records of the Association relating to another Owner.

(l) Other. The Association shall carry out all duties of the Association set forth in the Rules and Regulations, the Articles, or the Bylaws.

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

(a) Right of Entry and Enforcement. Subject to any limitations or restrictions imposed by FNMA, which are incorporated herein by this reference, the Board and its agents and representatives shall have the power and right to enter upon any Lot and the Improvements thereon without liability to any Owner for the purpose of enforcing any of the provisions of this Declaration or for the purpose of maintaining and repairing the Improvements located on said

Lot as provided in this Declaration or if the Owner thereof fails to maintain and repair any portion of a Lot as required by this Declaration. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or on the behalf of any Owner or Owners who consent thereto to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration. The costs of any such action or suit, including reasonable attorneys' fees, shall be paid to the prevailing party as part of its judgment.

(b) Civil Actions. Except as otherwise provided in this subsection 4.06(b), the Association may commence a civil action only upon a vote or written agreement of the Members holding at least a majority of the voting power of the Association. The Association shall provide written notice to each Owner of a meeting at which commencement of a civil action is to be considered at least twenty-one (21) days before the meeting. The provisions of this subsection do not apply to a civil action that is commenced: (i) to enforce the payment of an Assessment; (ii) to enforce the provisions of the Declaration, Bylaws, or Rules and Regulations; (iii) to proceed with a counterclaim; (iv) to protect the health, safety and welfare of the Members; or (v) to enforce a contract with a vendor. If a civil action is commenced pursuant to this subsection without the required vote or agreement, the action must be ratified within ninety (90) days after the commencement of the action by a vote or written agreement of the Members holding at least a majority of the voting power of the Association. If the Association, after making a good faith effort, cannot obtain the required vote or agreement to commence or ratify such a civil action, the Association may thereafter seek to dismiss the action without prejudice for that reason only if a vote or written agreement of the Members holding at least a Majority of the voting power of the Association was obtained at the time the approval to commence or ratify the action was sought. At least ten (10) days before an Association commences or seeks to ratify the commencement of a civil action, the Association shall provide a written statement to all Members that includes reasonable estimate of the costs of the civil action, including reasonable attorney's fees, an explanation of the potential benefits of the civil action and the potential adverse consequences if the Association does not commence the action or if the outcome of the action is not favorable to the Association, and all disclosures that are required to be made upon the sale of property within the Development. No Person other than an Owner may request the dismissal of a civil action commenced by the Association on the ground that the Association failed to comply with any provision of this subsection. The Board shall disclose the terms and conditions of any settlement of a civil action in which the Association is a party at the next regularly scheduled meeting of the Board. The Board may not approve a settlement which contains any terms and conditions that would prevent the Board from complying with the disclosure requirement.

(c) Easements and Rights-of-Way. The Board shall have the power to grant and convey to any third party easements, licenses, and rights-of-way, in, on, over, or under any Common Area conveyed or otherwise transferred to the Association or under its jurisdiction, subject to the conditions contained in NRS § 116.3112.

(d) Employment of Manager. The Board shall have the power to employ, by written agreement, the services of a manager or management company, subject to the direction and control of the Board, to manage and carry out the affairs of the Association and, to the extent consistent with the laws of the State of Nevada and upon such conditions as are otherwise deemed advisable by the Board, to delegate to the manager any of the powers of the Board or the officers of the Association. In no event shall any management agreement be for a term greater

than one (1) year, except with the approval of a majority of the Members, and any such agreement shall provide for termination without penalty on a minimum of thirty (30) days written notice. Except as otherwise provided in the Act, any manager so appointed must hold either a permit to engage in property management pursuant to NRS Chapter 645 or a certificate issued by the Commission for Common-Interest Communities.

(e) Services. The Board shall have the power to provide for and engage the services of others for the maintenance, protection, and preservation of the Association Property, including the Common Area, such as grounds keepers, painters, plumbers, and such other maintenance personnel, as the nature and character of the Common Area may require and including any such necessary personnel as the nature and character of any recreational facilities within the Common Area may require; provided, however, that no contract for such services shall be for a duration of more than one (1) year, except with the approval of a majority of the Members, and any such agreement shall provide for termination without penalty on a minimum of ninety (90) days written notice.

(f) Utilities. The Board shall have the power to contract, use, and pay for utility services to the Association Property.

(g) Other Property. The Board shall have the power to acquire and hold, as trustee for the benefit of the Members, tangible and intangible personal property and to dispose of the same by sale or otherwise.

(h) Mergers. The Association shall have the power, to the extent permitted by NRS § 116.2121, to participate in mergers and consolidations with other nonprofit corporations organized for the same purposes as the Association.

(i) Dedication. The Board shall have the power to dedicate any of the Association Property to an appropriate public authority for public use, provided that any such dedication shall comply with NRS 116.3112, and that such dedication is subject to the existing easements and rights of use of all of the Members.

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

(k) Construction on Association Property. The Board shall have the power to construct new Improvements or additions to the Association Property or demolish existing Association Property or Improvements subject to the approval of the Architecture Committee as is required in this Declaration.

(l) Maintenance of Entry and Exit Measures. The Board shall have the power to implement measures regulating entrance and exit at all points of entry and exit to or from the Property, which may or may not be guarded.

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

- (i) parks, parkways, or other recreational facilities;
- (ii) roads, streets, ways, driveways, trails, and paths;

(iii) lines, cables, wires, conduits, pipelines, or other devices for utility purposes;

(iv) sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines; and

(v) any similar public, quasi-public, or private improvements or facilities.

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

(n) Legal and Accounting Services. The Board shall have the power to retain and pay for legal and accounting services necessary or proper in the operation of the Association, the operation and management of the Association Property, the enforcement of the Rules and Regulations, or in the performance of any other duty, right, power, or authority of the Association.

(o) Association Property Services. The Board shall have the power to pay for water, sewer, garbage removal, electricity, telephone, gas, snow removal, landscaping, gardening, and all other utilities, services, and maintenance for the Association Property.

(p) Other Areas. The Board shall have the power to maintain and repair easements, roads, roadways, rights of way, parks, parkways, median strips, sidewalks, paths, trails, ponds, lakes, entry details, entry houses, Perimeter Walls, perimeter landscaped areas, or other Common Area whether owned by or leased to the Association and to contribute toward the cost of operation and maintenance of private roads and any other Improvements or other facilities owned by or leased to the Association.

(q) Recreational Facilities. The Board shall have the power to operate and maintain any and all types of facilities owned by or leased to the Association for both active and passive recreation within the Common Area including, but not limited to: swimming pools; community clubs; picnic areas; parks and playgrounds; trails for hiking, bicycles, or other uses; lakes and ponds for swimming, fishing, and other water sports; and other similar and dissimilar recreational facilities.

(r) Other Services and Properties. The Board shall have the power to obtain and pay for any other property and services and to pay any other taxes or Assessments that the Association or the Board is required to secure or to pay for pursuant to applicable law, the Rules and Regulations, the Articles, or the Bylaws.

(s) Contracts. The Board shall have the power to enter into contracts with Declarant and other Persons, on such terms and provisions as the Board shall determine, to operate and maintain any Common Area and Improvements thereon or to provide any service to the Property (including, but not limited to, cable television and laundry facilities).

4.08 Indemnification.

(a) Indemnification. The Association shall indemnify any Person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact

that it is or was a director, officer, employee, servant, or agent of the Association against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by it in connection with such action, suit, or proceeding until and unless it is proved that it acted with willful or wanton misfeasance or with gross negligence and provided it acted in good faith and in a manner it reasonably believed to be in or not opposed to the best interests of the Association, and with respect to any criminal action or proceeding, had no reasonable cause to believe its conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the Person did not act in good faith or in a manner it reasonably believed to be in or not opposed to the best interests of the Association, or with respect to any criminal action or proceeding, had reasonable cause to believe that its conduct was unlawful.

Board members are not liable to the victims of crimes that may occur on the Property. Punitive damages may not be recovered against the Association but may be recovered only from Persons whose intentional activities are proved to have resulted in damages.

(b) Determination. Any indemnification that the Association has elected to provide under this Section 4.07 (unless ordered by a court) shall be made by the Association only as authorized in the specific case by a determination that indemnification of the officer, director, employee, servant, or agent is proper in the circumstances because it has met the applicable standard of conduct set forth in subsection 4.07(a). Such determination shall be made: (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceeding; or (ii) if such a quorum is not obtainable, or even if obtainable and a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; provided, however, that if a director, officer, employee, servant, or agent of the Association has been successful on the merits or otherwise in the defense of any action, suit, or proceeding referred to in subsection 4.07(a), or in defense of any claim, issue, or matter therein, then to the extent that the Association has elected to provide indemnification, it shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by it in connection therewith without the necessity of any such determination that it has met the applicable standard of conduct set forth in subsection 4.07(a).

(c) Payment in Advance. Expenses incurred in defending a civil or criminal action, suit, or proceeding may, upon action by the Board in accordance with subsection 4.07(b), be paid by the Association in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, servant, or agent to repay such amount unless it shall ultimately be determined that it is entitled to be indemnified by the Association as authorized in this Section 4.07.

(d) Insurance. The Board shall purchase and maintain insurance on behalf of any Person who is or was a director, officer, employee, servant, or agent of the Association against any liability asserted against it or incurred by it in any such capacity or arising out of its status as such, whether or not the Association would have the power to indemnify it against such liability hereunder or otherwise.

(e) Other Coverage. The indemnification provided by this Section 4.07 shall not be deemed exclusive of any other rights to which anyone seeking indemnification may be entitled under this Declaration, any agreement, vote of the Members, vote of disinterested

directors, Nevada law, or otherwise, both as to action in its official capacity and as to action in another capacity while holding such office, and may continue as to a Person who has ceased to be a director, officer, employec, servant, or agent and may inure to the benefit of the heirs and personal representatives of such a Person.

4.09 Diseased Trees. The Association may enter upon any part of the Property at any time to inspect for, prevent, and control diseased and insect infested trees and other plant life. If any diseased or insect infested trees or other plant life are found, the Association may spray, remove diseased trees and other plant life, or take such other remedial measures as it deems expedient. The cost thereof applicable to privately owned property may be levied by the Association as a special Assessment against such privately owned property pursuant to Section 5.04 hereof.

4.10 Perimeter Walls. The Association may enter upon any part of the Property at any time to inspect for, prevent, or control damage to any Perimeter Walls and to maintain, repair, or replace, as necessary, the Perimeter Walls. Owners of Lots bounded by a Perimeter Wall shall be responsible for the cost of maintenance to Perimeter Walls as set forth in subsection 3.03(d)(vii) hereof. Notwithstanding the foregoing, an Owner causing any damage to any Perimeter Walls by its acts shall be solely responsible and liable for any maintenance, repair, or replacement, as required, and for any cost or liability necessary to repair such damaged Perimeter Walls.

4.11 Rules.

(a) Rulemaking Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact, and amend rules and regulations to be known as the "Rules and Regulations" that relate to the management, operation, and control of the Association or the Common Area. The Rules and Regulations shall become effective and binding on all Owners only after adoption by the Board. Such Rules and Regulations may concern, but need not be limited to, matters pertaining to use of the Common Area; signs; collection and disposal of refuse; minimum standards of maintenance of property; parking and traffic restrictions; limitations on maintenance of landscaping or other Improvements on any property; standards for Residences; limitations on the type of furniture, fixtures, equipment, and other objects maintained on Lots in view of other Owners; limitations on the number and type of animals that may be allowed on the Property; limitations on the display of flags; and any other subject or matter within the jurisdiction of the Association as provided in this Declaration. The Rules and Regulations may restrict and govern the use of the Common Area by any Member or Lessee, by the family of such Member or Lessee, or by any invitee, licensee, or guest of such Member or Lessee. Declarant retains the right to establish rules relating to the use of any portion of the Common Area owned by it until annexation and conveyance to the Association, and the Association may incorporate such rules in its Rules and Regulations.

(b) Notification of Rules and Regulations. A copy of the Rules and Regulations, as they may be from time to time adopted, amended, or repealed, shall be mailed or otherwise delivered to each Member and may, but are not required to, be recorded. The adoption of the Rules and Regulations shall have the same force and effect as if they were set forth in and were a part of this Declaration. No Rules and Regulations may be adopted that materially impair the rights, preferences, or privileges of any Owner as specifically set forth herein.

4.12 Breach of Rules, Regulations, or Restrictions. In the event of a breach of any provision of the Rules and Regulations or of any of the restrictions contained in this Declaration by an Owner its family, guests, employees, invitees, licensees, or Lessees, the Board, for and on behalf of itself and all other Owners, shall have the right to enforce the obligations of each Owner to obey the Rules and Regulations or the restrictions of this Declaration in any manner provided by law or in equity, including, but not limited to, appropriate hiring of legal counsel, the pursuing of legal action, suspension of the Owner's right to use the facilities of the Common Area for a reasonable time, or suspension of the Owner's voting rights for a reasonable time. Subject to Section 4.12 and 4.13 below and in addition to the other remedies herein set forth, including, without limitation, assessing the cost of repair of any damage resulting from a violation of the Rules and Regulations, the Board, by majority vote, may levy a fine or penalty against such Owner. After compliance with the requirements of Section 4.12 and 4.13, if the Board determines that a violation has occurred and that a fine or penalty shall be imposed, the determination of the Board shall be final. In the event legal counsel is retained or legal action is instituted by the Board pursuant to this Section, any settlement prior to judgment or any judgment rendered in any such action shall include costs of collection, court costs, and reasonable attorneys' fees.

4.13 Construction Penalties. In addition to its power to assess fines as set forth in this Declaration, the Association shall have the power to assess construction penalties upon the failure of an Owner to adhere to any time line setting forth time periods relative to the construction of any Improvement on any Lot as established by the Board, by the Architecture Committee, or by any other body of the Association authorized by the Restrictions, including, without limitation, for: (a) completion of the design of an Improvement to a Lot; (b) commencement of construction of a Residence or the construction of any Improvement to a Lot; (c) the completion of construction to a Residence or the construction of an Improvement to the Lot; or (d) the issuance of any permit which is necessary for the occupancy of a Lot or for the use of any Improvement to a Lot. The Owner shall receive notice of the alleged violation which informs such Owner that he or she has a right to a hearing on the alleged violation. The maximum amount that the Association may charge in construction penalties is one hundred dollars (\$100) per day that each of the time period(s) in question is/are exceeded, up to one thousand dollars (\$1,000) for each violation, exclusive of any interest costs, or charges that may be collected by the Association. If construction penalties are imposed pursuant to this Section and the violation is not cured within fourteen (14) days or such longer period as the Board establishes, the violation shall be deemed a continuing violation and the Board may impose additional construction penalties for the violation, not to exceed one hundred dollars (\$100) for each seven (7) day period or part thereof the violation remains uncured. The Association may not separately assess any fines pursuant to Section 4.13 for failure of an Owner to adhere to any construction schedule. The Association may foreclose a lien by sale for the failure to pay construction penalties as provided in the Act.

4.14 Fines. Every fine must be commensurate with the severity of the violation. The fine must not exceed one hundred dollars (\$100) for each violation or a total amount of one thousand dollars (\$1,000), whichever is less; provided, however, that the foregoing limitations do not apply to any interest, charges or costs that may be collected if the fine becomes past due. The Rules and Regulations may be enforced by the assessment of a fine only if: (a) at least thirty (30) days before the alleged violation, the Person in violation was given written notice of the rule or regulation (or any amendment to the rule or regulation) that the Person allegedly violated; and

(b) within a reasonable time of discovery of the violation, the Person alleged to have violated the Rules and Regulations is provided with: (i) written notice specifying the details of the violation, the amount of the fine, and the date, time and location for a hearing on the violation, and (ii) a reasonable opportunity to contest the violation at the hearing. The Board must hold a hearing before it may impose the fine, unless the Person against whom the fine will be imposed: (a) pays the fine; (b) executes a written waiver of the right to a hearing; or (c) fails to appear at the hearing after being provided with notice of the hearing. If a fine is imposed pursuant to this Section and the violation is not cured within fourteen (14) days or such longer cure period as the Board establishes, the violation shall be deemed a continuing violation and the Board may thereafter impose additional fines for the violation not to exceed one hundred dollars (\$100) per each seven (7) day period or portion thereof that the violation remains uncured. Any additional fine may be imposed without notice and an opportunity to be heard. Notwithstanding the foregoing, a fine for a violation that poses a substantial adverse effect on the health, safety or welfare of the Owners or residents of the Development shall be set by the Board and may be in excess of the limits set forth herein, as long as they are commensurate with the severity of the violation.

Any past due fine: (y) shall bear interest at a rate determined by the Board, not to exceed the legal rate of interest; and (z) may include any collection fee, filing fee, recording fee, referral fee, postage or delivery fee, and any other fee or cost that the Association may reasonably incur for the collection of the past due fine, as well as costs incurred by the Association in bringing a civil action to enforce the payment of the past due fine. If the past due fine is for a violation that does not threaten the health, safety, or welfare of the residents, the past due rate established by the Association for the costs of collecting the fine: (i) may not exceed \$20, if the outstanding balance of the underlying fine is less than \$200; (ii) may not exceed \$50, if the outstanding balance of the underlying fine is \$200 or more but less than \$500; (iii) may not exceed \$100, if the outstanding balance of the underlying fine is \$500 or more, but less than \$1,000; (iv) may not exceed \$250, if the outstanding balance of the underlying fine is \$1,000 or more, but less than \$5,000; and (v) may not exceed \$500, if the outstanding balance of the underlying fine is \$5,000 or more.

Except as otherwise provided herein, the Association may not foreclose a lien for the assessment of a fine for a violation of the Declaration, Bylaws, or Rules and Regulations, unless the violation is of a type that threatens the health, safety, or welfare of the residents of the Development.

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

4.16 Amendment. Notwithstanding anything to the contrary in Section 10.03, the provisions of Sections 4.01, 4.02, 4.03, and 4.04 shall not be amended without the vote or written consent of two-thirds (2/3rds) of the Owners.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

5.01 Assessments. The Owner of any Lot, by acceptance of a deed therefor, covenants and agrees to pay to the Association annual Assessments and special Assessments for capital improvements, such Assessments to be established and collected as hereinafter provided. The annual Assessment, special Assessment, interest, costs, and reasonable attorneys' fees shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made until paid. Each Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not be extinguished upon the sale or the conveyance of a Lot, but any purchaser of a Lot shall not be liable for any unpaid Assessments or fee greater than the amounts set forth in the statement of unpaid Assessments described in Section 5.07.

5.02 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Property, for the improvement and maintenance of the Common Area, and for the daily operating expenses of the Association.

5.03 Regular Assessments.

(a) Annual Assessment. The Board shall, not less than thirty (30) days or more than sixty (60) days before the beginning of each fiscal year of the Association, prepare and distribute to each Owner a copy of the budget for the daily operation of the Association. The budget must include, without limitation, the estimated revenue and expenditures of the Association for the coming year and any contributions to be made to the reserve funds established by subsection 5.03(b) hereof. In lieu of distributing copies of the budget, the Board may distribute summaries of the budget, accompanied by a written notice that the budget is available for review at the business office of the Association or other suitable location and that copies of the budget will be provided upon request. The Board shall, within sixty (60) days after the adoption of any proposed budget, provide a summary of the budget to all Owners and shall set a date for a meeting of Owners to consider and ratify the budget not less than fourteen (14) nor more than thirty (30) days after the mailing of the summary. Unless a majority of all Owners at the meeting reject the budget (whether or not a quorum is present), the budget is ratified. If the budget is rejected, the budget last ratified shall continue to be the budget for the Association until the Owners ratify a new budget proposed by the Board.

(b) Reserve. The annual Assessment of the Association shall, in addition to being sufficient to cover anticipated expenses, include adequate reserves for the repair, replacement, and restoration of the major components of the Common Area. The reserve funds may be used only for those purposes and not for daily maintenance. Money in the reserve accounts may not be withdrawn without the signatures of at least two (2) members of the Board or the signatures of at least one (1) member of the Board and one (1) officer of the Association who is not a member of the Board.

The Board shall, not less than thirty (30) days or more than sixty (60) days before the beginning of the fiscal year of the Association prepare and distribute to each Owner a copy of the reserve budget. In lieu of distributing copies of the reserve budget, the Board may distribute summaries of the budget, accompanied by a written notice that the budget is available for review

at the business office of the Association or other suitable location and that copies of the budget will be provided upon request.

The reserve budget must include, without limitation: (i) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Common Area; (ii) as of the end of the fiscal year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace, or restore the major components of the Common Area; (iii) a general statement describing the procedures used for said estimation and accumulation of cash reserves, including, without limitation, the qualifications of the Person responsible for the preparation of the reserve studies required under this subsection; and (iv) a statement as to whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component of the Common Area or to provide adequate reserves for that purpose.

The Board shall cause to be conducted at least once every three (3) years a study of the reserves required to be maintained by this subsection, review the results of that study at least annually to determine if those reserves are sufficient, and make any adjustments it deems necessary to maintain the required reserves. The study must be conducted by a person who holds a permit to conduct a study of the reserves pursuant to the requirements of the Act. The study must include, without limitation: (i) a summary of an inspection of the major components of the Common Area that the Association is obligated to repair, replace, or restore; (ii) an identification of the major components of the Common Area that the Association is obligated to repair, replace, or restore which have a remaining useful life of less than thirty (30) years; (iii) an estimate of the remaining useful life of each major component so identified; (iv) an estimate of the cost of repair, replacement, or restoration of each major component so identified; (v) an estimate of the total annual Assessments that may be required to cover the cost of repair, replacement, or restoration of the major components so identified after subtracting the reserves of the Association as of the date of the study; and (vi) an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves. As used herein, "major component" shall mean any component of the Common Area, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of the Association.

In the event, a reserve study shows a deficiency in the reserve account for the Association, the Association may establish a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the Common Area over a period of years; provided the funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the Common Area are necessary.

(c) Increases of Annual Assessment. The annual Assessment may not be increased by more than fifteen percent (15%) of the annual Assessment for the previous year without a vote or written consent of fifty-one percent (51%) of the Members; provided, however, that following the termination of the Declarant control period described in subsection 4.03(a) hereof, any such increase shall have the vote or written consent of: (i) fifty-one percent (51%) of the Members, and (ii) fifty-one percent (51%) of the Members other than Declarant.

(d) Inadequacy of Annual Assessment. In the Board's sole and absolute discretion, should the annual Assessment be inadequate for any reason, including, without limitation, nonpayment of any Member's annual Assessment, to provide for the Association's costs and expenses, the Board may at any time and from time to time levy further Assessments in the same manner as described in this Section 5.03.

(e) Financial Statement. A financial statement for the Association, in compliance with the requirements of the Act, shall be prepared each fiscal year, which shall include a balance sheet showing the profit and loss of the Association and the funds held in reserve by the Association.

(f) Initial Contribution. In addition to the allocable portion of the installment of the regular Assessment for the month escrow closes on the sale of a Lot by Declarant to an Owner other than Declarant, each Owner shall be required to make at close of escrow an initial capital contribution to the reserve fund described in subsection (b) above in the amount of two hundred fifty dollars (\$250). This initial capital contribution is not an advance payment on the Owner's annual Assessments and is not refundable to the Owner or its successors or assigns.

(g) Accounts. The Association shall have an operating account, a reserve account and a capital improvement account. To the extent the sum collected for the operating account and the reserve account exceed the necessary sum required by the budget for the Association, such excess funds shall be placed in the capital improvement account to be used at the discretion of the Board to improve the Common Area or otherwise to improve the Community. The operating and reserve accounts shall be deemed to be adequately funded by Declarant, if the amounts set forth in the Bylaws for the Association are met upon Declarant's turnover of the Association Property to the Association.

5.04 Special Assessments. In addition to the annual Assessments authorized above, the Board may levy special Assessments for the purpose of construction, reconstruction, repair, or replacement of a capital Improvement upon the Common Area, including fixtures and personal property related thereto. Any such Assessment must be approved by a majority of the Members. The Association shall provide written notice to Owners of any meeting at which an Assessment for capital Improvements is to be considered at least twenty-one (21) calendar days before the meeting.

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

5.06 Collection of Assessments. Annual Assessments shall commence with respect to each Lot in the original Property on the first (1st) day of the month immediately following the first (1st) close of escrow for the sale by Declarant to an Owner other than Declarant of a Lot in the original Property. Annual Assessments shall so commence with respect to each Lot in any Annexable Area annexed to the Property in accordance with Article IX hereof on the first (1st) day of the month immediately following the first close of escrow for the sale by Declarant to an Owner other than Declarant of a Lot in that portion of the Annexable Area so annexed.

5.07 Unpaid Assessments. The amount of any delinquent Assessment, whether regular or special, assessed against any Lot, a late payment charge of five percent (5%) of the delinquent Assessment, plus interest on such Assessment and late payment charge at a rate not to exceed eighteen percent (18%) per annum simple interest, and the costs of collecting such Assessment, late payment charge, and interest, including reasonable attorneys' fees, shall be a lien upon the Lot assessed until paid. Such lien shall be prior to any declaration of homestead, and except as provided in Section 5.08 hereof, such lien shall survive and not be affected by the conveyance of the Lot subject to the delinquent Assessment to a third-party purchaser. Such lien shall be created in accordance with NRS 116.3116 and shall be foreclosed in the manner provided for in NRS 116.31162 through 116.31168 as is now or hereafter may be in effect. A certificate executed and acknowledged by any two (2) members of the Board stating the indebtedness secured by such lien shall be conclusive upon the Association as to the amount of such indebtedness as of the date of the certificate in favor of all Persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee not to exceed ten dollars (\$10.00). In addition to foreclosure of the Assessment lien, the Association may, but is not obligated to, bring an action to recover a judgment against the Member personally obligated to pay the delinquent regular or special Assessment after having provided to that Member thirty (30) days' written notice of the delinquency. The Board may suspend the voting rights in the Association and right to use any of the recreational facilities of the Common Area of any Owner during any period any Assessment due from such Owner is unpaid. Assessments may be payable in installments; but a lien in the full amount of the Assessment shall be a lien against the Lot from the time the first installment becomes due. In the event an Assessment is past due more than fifteen (15) days, the Board may declare immediately due and payable the total amount assessed against the Owner and the Lot for that fiscal year. The Association may foreclose a lien by sale for the failure to pay Assessments as provided in the Act.

5.08 Mortgage Protection. Notwithstanding any other provision of this Declaration, no lien created under this Article V or under any other Article of this Declaration, nor any lien arising by reason of any breach of this Declaration, nor the enforcement of any provision of this Declaration, shall defeat or render invalid the rights of the beneficiary under any Recorded Mortgage of first and senior priority now or hereafter upon a Lot, made in good faith and for value, perfected before the date on which the Assessment sought to be enforced became delinquent. However, after the foreclosure of any such first Mortgage, such Lot shall remain subject to this Declaration and shall be liable for all regular Assessments and all special Assessments levied subsequent to the date six (6) months prior to the institution of an action to foreclose on any such first Mortgage.

5.09 Effect of Amendments on Mortgages. Notwithstanding the provisions of Section 10.03 hereof, no amendment of Section 5.08 of this Declaration shall affect the rights of any beneficiary whose Mortgage has senior priority as provided in Section 5.08 and who does not join in the execution thereof, provided that its Mortgage is Recorded in the real property records of Clark County, Nevada, prior to the Recordation of such amendment; provided, however, that after foreclosure or conveyance in lieu of foreclosure, the property that was subject to such Mortgage shall be subject to such amendment.

5.10 Annual Assessments Paid By Declarant. Notwithstanding anything contained herein to the contrary, Assessments shall not commence with respect to the Lots used by

Declarant as model homes, until the first day of the first month after Declarant no longer uses such Lots as model homes. Declarant shall pay all Assessments on all Lots owned by Declarant (but not on any Lots in any Annexable Area until both of the following shall occur: (a) such Annexable Area is actually annexed to and becomes a part of the Property; and (b) the first day of the month following the close of the first sale by Developer to an Owner other than Developer of a Lot within that particular portion of the Annexable Area); including those Lots owned by Declarant that have not been sold to Owners other than Declarant; provided, however, that Declarant may receive as a credit the costs or value of any maintenance or repair performed by Declarant on the Association Property.

ARTICLE VI

PERMITTED USES AND RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Property and each Lot therein is subject to the following:

6.01 Improvements and Use. Except as expressly provided herein, the Lots shall be used exclusively for single-family residential purposes. Timesharing is prohibited. No mobile home may be placed or located on any Lot.

6.02 Animals. No animals of any kind shall be raised, bred, or kept on any Lot, except that a reasonable number of dogs, cats, or other household pets may be kept on a Lot provided that they are not kept, bred, or maintained for any commercial purpose nor in violation of any applicable local ordinance or any other provision of this Declaration. A "reasonable number" shall ordinarily mean three (3) or fewer pets per Lot. All pets within the Property shall be leashed or otherwise under the direct control of the pet owner when not within an enclosed area of a Lot. It shall be the absolute duty and responsibility of each Owner or Lessee to remove any solid animal waste after such animals have used any portion of the Property or any public property in the vicinity of the Property. No pet shall be permitted to be kept within any portion of the Property if it makes excessive noise or is otherwise determined by the Board to be a nuisance. If a pet is determined to be a nuisance, the Board may give notice to the Owner or Lessee to resolve the offending problem within seventy-two (72) hours, and if the problem is not resolved during that period of time, order the removal of the pet.

6.03 Commercial Activities. No commercial, professional, industrial, institutional, or other non-residential use (including residential day care facilities, and transient commercial uses) shall be conducted on any Lot without the written approval of the Board, except such temporary uses as shall be permitted by Declarant while the Development is being constructed and Lots are being sold by Declarant. Any owner wishing to conduct any commercial, institutional, or other non-residential uses on any Lot shall first apply to the Board for approval of such use and shall provide to the Board any information deemed necessary by the Board to evaluate the impacts of such use on the neighborhood. The Board shall determine if such use diminishes the residential character of the Lot or neighborhood or imposes a nuisance on the neighborhood. The decision of the Board shall be final and conclusive. The Board may review, and repeal, any such approval from time to time at the discretion of the Board if, in the opinion of the Board, the use has changed or increased to a level not consistent with the original approval. This provision may not be amended or deleted without the approval of all of the Members. As used herein, the term "transient commercial uses" shall mean the use of a Lot, for remuneration, as a hostel, inn, motel, resort, vacation rental, or other form of transient lodging.

6.04 Utility Service. No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed, or maintained anywhere in or on any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under, or on buildings or other structures approved in writing by the Board. All temporary utility outlets shall be installed and maintained in accordance with applicable provisions of the Rules and Regulations. No provision hereof shall be deemed to forbid the erection of the temporary power or telephone installations incident to the construction of approved buildings or structures.

6.05 Nuisances. No noxious, illegal, or offensive activity shall be carried out on or upon any Lot or any part of the Property, nor shall anything be done thereon that may be or may become an annoyance or nuisance, public or private, to the neighborhood, that shall in any way interfere with the quiet enjoyment of each of the Owners of their respective Lots, or that shall in any way increase the rate of insurance for the Association or for the Owners.

6.06 Garbage. No rubbish, trash, garbage, or other waste shall be kept except in sanitary containers. All equipment for the storage or disposal of such materials shall be kept in a clean and sanitary condition and shall be enclosed so as not to be visible from any public street or from any other Lot or the Common Area.

6.07 Outside Antennae. Subject to any regulations issued by the Federal Communications Commission and other applicable governmental authorities, there shall be no outside television or radio antennae, satellite dishes, poles, or flag poles constructed or maintained on any Lot or the Common Area for any purpose without the prior written approval of the Board.

6.08 Signs. Except as otherwise set forth in the Act, no signs other than one (1) sign of customary and reasonable dimensions advertising a Lot for sale or rent shall be displayed on any Lot so that it is visible from any other Lot, public street, or the Common Area without the prior written consent of the Board. No signs shall be displayed on the Common Area except signs approved by the Board. Notwithstanding the foregoing, any for sale or rent sign shall be displayed only in a window of the Residence on the Lot and not on any portion of the landscaping of the Lot.

6.09 Equipment and Machinery. No power equipment, hobby shops, or car maintenance (other than emergency maintenance) shall be permitted on the Property except with prior written approval of the Board. No equipment, machinery, junk, debris, building materials, or similar matter shall be placed, stored, or kept in or on any Lot, parking area, or street within or adjoining the Property.

6.10 Laundry. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed, or maintained on any Lot. No washing machine or dryer shall be kept on any Lot, except within a Residence, without the prior written approval of the Board.

6.11 Propane Tanks. Only propane tanks used in connection with barbecue grills shall be permitted on any Lot; provided, however, that such tanks are in compliance with all applicable codes and laws.

6.12 Maintenance of Lawn and Plants. All Lots, landscaping, driveways, and exteriors must be kept neat and tidy at all times. No landscape trimmings shall be placed for removal on

or near any public road within the Property or in a place upon the Lot where they are visible from any other Lot or the Common Area.

6.13 Vehicle Parking.

(a) Owner and Occupant Parking; Priorities. It is the intent of this Subsection to limit on-street parking within the Property. Accordingly, each Owner and the occupants of his Residence shall park all of their vehicles first within the garage and then on the driveway adjacent the Owner's Lot; provided, however, that the number of vehicles parked on any driveway adjacent to a Lot shall not exceed the maximum number of three (3). Garage doors must be kept closed at all times, except as reasonably required for ingress and egress to and from the garage. Only after all parking areas first within the garage and then on the driveway are full shall an Owner be allowed to park a vehicle on the streets within the Property. 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, in its sole and absolute discretion.

(b) Guest Parking. Notwithstanding the provisions of Subsection 6.13(a), Persons other than Owners and occupants of the Property, including, without limitation, their guests, invitees, and licensees, may park their vehicles on the streets of the Property between the hours of 7:00 a.m. and 10:00 p.m. Pacific Standard Time. During times other than these hours, including overnight stays, vehicles of such other persons must be parked in accordance with the provisions of Subsection 6.13(a).

(c) Campers, Boats, RVs, Trailers and Non-Passenger Vehicles. No campers, boats, trailers, trailer coaches, camp trailers, recreational vehicles, camper units, house/cars, motor homes, mobile homes, aircraft, jet skis, wave runners, four-wheelers, off-road vehicles, buses, recreational trailers, non-passenger vehicles, or any other similar vehicles, rolling stock, equipment, implements, or accessories shall be parked, stored, or kept anywhere within the Property unless located behind a side yard block wall or gate; and otherwise screened from view of the street, subject to the approval of the Board or Architecture Committee pursuant to the terms hereof.

(d) Commercial Vehicles. No commercial vehicles, including, but not limited to, any dump truck, cement mixer truck, oil or gas truck, or delivery truck, shall be kept or stored on or near any Lot unless approval of the Board is granted. For purposes of this Subsection 6.13(d), "commercial vehicle" shall mean any vehicle: (i) designed, maintained, or used primarily for the transportation of property or passengers in furtherance of any commercial enterprise; (ii) that is over eight thousand five hundred (8,500) pounds gross unloaded weight; or (iii) that bears commercial insignia, names, or other common indicia indicating that the vehicle is used for commercial purposes and that is larger than a nineteen (19) foot van or three-quarter (3/4) ton pickup truck. Commercial vehicles that are temporarily parked on or near any Lot for the sole purpose of serving such Lot are exempt from this restriction. The Board shall have the absolute authority to grant approval for storing or keeping a commercial vehicle on or near a Lot. Any Owner wishing to keep a commercial vehicle on or near any Lot shall apply for approval to the Board, and shall provide such information as the Board, in its sole authority, may require. The Board may from time to time in its sole discretion review the approval to keep a commercial vehicle on or near any Lot to determine if the vehicle complies with the intent of the original

approval. Upon an adverse determination by the Board, any vehicle shall be removed or otherwise brought into compliance with the requirements of this Section 6.13.

(e) Disabled, Inoperable and Unregistered Vehicles. No disabled, inoperable or unregistered vehicles, campers, boats, trailers, recreational vehicles, or other types of non-passenger vehicles, equipment, implements, or accessories may be kept or stored on any street within the Property for any period in excess of forty-eight (48) hours, nor placed on or near any Lot unless fully screened from view.

(f) Vehicle Maintenance. No dismantling, assembling or maintenance (other than emergency maintenance) of motor vehicles, boats, trailers, recreational vehicles, or other machinery, implements, accessories or equipment shall be permitted in the streets within the Property, or in any parking area, driveway or yard adjacent to a street, or that is not screened from view.

(g) Authority to Review. The Board shall have the absolute authority to determine from time to time whether a vehicle or accessory is operable, adequately screened from public view, and otherwise in compliance with the provisions of this Section 6.13. Upon an adverse determination by the Board, the vehicle or accessory shall be removed or otherwise brought into compliance with this Section 6.13.

(h) Parking Rules and Regulations. The Board may adopt Rules and Regulations consistent with this Section 6.13 to further regulate vehicle parking in the Property.

6.14 Lease Restrictions.

(a) Hotel and Transient Purposes. No Lot or any portion thereof shall be rented or leased for hotel or transient purposes. A lease for a period of less than six (6) months shall be deemed to be for transient purposes. A lease pursuant to which the lessor provides any services normally associated with a hotel, including, but not limited to, room service, maid service, laundry or linen services, or bellboy services, shall be deemed to be for hotel purposes.

(b) Entire Lot and Parking Space. No Owner or resident of a Lot shall rent or lease less than the entire Lot. Additionally, no Owner or resident shall rent or lease any exclusive use areas, including any garage or parking area that the Owner has the exclusive right to use, separate and apart from the Lot to which these areas are appurtenant.

(c) Percentage Limitations. No more than twenty-five percent (25%) of the total number of Lots in the Property shall be rented or leased at any given time, or used for any purpose other than as the primary residence of the Owner, as determined by the Board in its discretion.

(d) Board Approval Required. All leases shall be subject to Board approval, and prior to entering into any lease agreement, the Owner shall contact the Board to confirm that entering into the lease agreement does not violate the lease restrictions imposed by this Section 6.14.

(e) Requirements for Lease Agreements. All leases shall be in writing, have a term of at least six (6) months, be executed by all parties thereto, and expressly provide that the lease is subject in all respects to the Restrictions and that any failure of the Lessee to comply with the terms of the Restrictions shall be a default under the lease.

(f) Submission of Lease Agreements. Copies of all leases shall be submitted by the Owner to the Board within fifteen (15) days after the lease is executed. Additionally, Declarant may, in its discretion, require potential purchasers of Lots in the Property to execute a disclosure form stating whether they intend to reside in the Residence on the Lot or instead use the Lot and Residence for investment and rental purposes. Finally, all leases, and the Lessees thereunder, shall be registered with the Association, and the Association shall have the right to charge each leasing Owner an appropriate registration fee, as determined by the Board, for each new Lessee registered with the Association.

(g) Hardship Exemption. Anything herein to the contrary notwithstanding, any Owner may petition the Board for an exemption from the lease restrictions set forth in this Section 6.14 upon a showing of hardship. The Board shall determine whether a hardship sufficient to warrant an exemption exists after providing the petitioning Owner with notice and an opportunity for a hearing before the Board on the matter in accordance with the Restrictions.

(h) Enforcement. The Board is hereby empowered with the right to enforce the lease restrictions set forth in this Section 6.14 by pursuing any remedies available under the Restrictions, at law, or in equity, including, without limitation, imposing fines upon the violating Owner and his Lot in accordance with the Restrictions and/or seeking an injunction to prevent a violation or threatened violation of the lease restrictions, it being expressly agreed and understood that any violation of the lease restrictions would irreparably harm Declarant, the Association, the Owners, and their respective interests in the Property. Any Owner who leases his Lot in violation of any lease restriction set forth in this Section 6.14 shall be subject to enforcement action. Without limiting the generality of the foregoing, any Owner who fails to provide the Association with a copy of the lease agreement for any Lot within the applicable time period set forth above shall, until such time as the Association receives a copy of the lease, be deemed to be in violation of the lease restrictions set forth in this Section 6.14 and subject to enforcement action. Additionally, if a lease is entered into at a time when less than twenty-five percent (25%) of all the Lots in the Property are being rented or leased but is not disclosed to or discovered by the Association until after more than twenty-five percent (25%) of all the Lots in the Property are being rented or leased, then the Owner shall be in violation of the lease restrictions set forth in this Section 6.14 and subject to enforcement action.

(i) Responsibility for Violations. Notwithstanding the execution of a lease, the Owner shall be fully responsible and liable to the Association for all violations of the Restrictions by his Lessees and, without limitation, shall be responsible for payment of any assessments, fines, charges, or costs imposed upon his Lot or incurred by his Lessees. In the event an Owner rents or leases any Lot, the Owner shall provide the Lessee with a copy of the Restrictions and a list of the members of the Board. The Association may, after notice to the Owner of the Lot and in addition to any other rights or remedies it may have at law or equity, enforce against the Lessee any remedies set forth in the Restrictions and may evict the Lessee if within a twelve (12) month period the Lessee commits three (3) or more material violations of the Restrictions, regardless of whether such violations are cured. In the event the Association engages an attorney or takes any legal action against a Lessee for any violation of the Restrictions, the Owner as well as the Lessee shall be subject to the costs and expenses set forth in subsection 10.04(f) hereof.

(j) Model Home and Declarant Exemption. Anything herein to the contrary notwithstanding, the provisions of this Section 6.14 shall not apply to any Lot: (i) owned by

Declarant or an affiliate of Declarant; or (ii) any Lot the Residence of which is then being used as a model home for the Development or for any other community developed by Declarant or an affiliate of Declarant, whether such Lot is owned by Declarant, its affiliate, or some other Owner pursuant to a sale-leaseback or other similar arrangement.

6.15 Resubdivision. No Lot shall be resubdivided nor shall less than an entire Lot be sold.

6.16 Improvements. All Lot Improvements, including any species of plant material and placement of plants, shall be subject to the control and approval of the Architecture Committee as set forth in Article VII of this Declaration.

6.17 Taxes. Each Owner shall pay when due and before delinquency all taxes, Assessments, levies, fees, and all other public charges and utility fees and charges of every kind and nature imposed upon or assessed against its Lot.

6.18 Rules and Regulations. The Board is hereby expressly authorized to establish all rules and regulations as it shall deem necessary for the purpose of implementing, enforcing, and administering the purposes of this Declaration.

6.19 Hazardous Substances. No activity shall be permitted on any Lot or the Common Area that, in the sole opinion of the Board, will create or emit offensive, hazardous, or excessive quantities of dust, dirt, ash, smoke, noise, fumes, odors, or vibrations or create risk of fire, explosion, or other hazards or is not in harmony and consistent with the Property. Activities prohibited hereunder include, but are not limited to, activities that result in the disposal of hazardous substances in any form upon the Property. For the purposes of this Declaration, the term "Hazardous Substance" shall mean any product, substance, chemical, material, or waste whose presence, nature, quantity, or intensity of existence, use, manufacture, disposal transportation, spill, release, or effect, either by itself or in connection with other materials expected to be found upon any Lot, is either: (i) potentially injurious to the public health, safety, or welfare or the environment or the Property; (ii) regulated or monitored by any governmental authority; or (iii) a basis for liability of Declarant or any Owner to any governmental agency or third party under any applicable state or common law principle.

6.20 Party Walls. Owners of Party Walls shall share equally the responsibility and cost of all maintenance, repair, or replacement, as necessary, of their respective Party Walls. Notwithstanding the foregoing, an Owner causing any damage to any Party Walls by its acts shall be solely responsible and liable for any maintenance, repair, or replacement, as required, and for any cost or liability necessary to repair such damaged Party Walls.

6.21 Sight Visibility Zones. No walls, fences, trees, shrubs, utility appurtenances, or other landscaping or sight-restricting Improvements of any kind, other than traffic control devices or street lights, shall be constructed, installed, or encroach upon or over any area of the Property (whether on the Common Area or on any Lot) designated on the Site Development Plan or any Subdivision Map of the Property as a Sight Visibility Zone or the like, unless such landscaping or Improvement is maintained at less than twenty-four inches (24") in height measured from the top of the curb and otherwise in full compliance with any other restrictions imposed by any Subdivision Map. Compliance with the foregoing sight visibility restriction shall be determined by the Association and/or the City of North Las Vegas (the "City") in their sole and absolute discretion. Due to the safety hazard which may result to vehicular and

pedestrian traffic as a result of any violation of the foregoing sight visibility restriction, the Association and/or the City shall have the right to immediately enter upon any Lot, with or without the Lot Owner's permission, and remove any such violation.

6.22 Compliance with City Requirements. Any violation of the conditions, restrictions, or other requirements set forth on the Subdivision Map or otherwise imposed on the Property by the City, as the same may be amended or modified from time to time, by any Owner or occupant of the Property, or by any of their respective guests, licensees, or invitees, shall be deemed a violation of the Declaration enforceable in accordance with this Declaration to the fullest extent permitted by law.

6.23 Exterior Holiday Decorations. Lights or decorations may be erected on a Lot in commemoration or celebration of publicly observed holidays provided that such lights or decorations do not unreasonably disturb the peaceful enjoyment of Owners of adjacent Lots by illuminating bedrooms, creating noise or attracting sight-seers. Holiday decorations or lights for any publicly observed holiday between December 1 and December 31 of any year, may not be displayed before November 15 of any year. For other holidays, decorations or lights may not be displayed more than two (2) weeks in advance of the holiday. All lights and decorations that are not permanent fixtures of a Lot which are part of the original construction or have been properly approved as permanent improvements by the Architecture Committee shall be removed within thirty (30) days after the date the lights and decorations are put upon display, and in no event more than thirty (30) days after the holiday has ended. The Board shall have the right, upon thirty (30) days prior written notice to designate a party to enter upon any Unit and summarily remove exterior lights or decorations displayed in violation of this provision. The Board, and the individuals removing the lights and decorations, shall not be liable to the Owner for trespass, conversion, or damages of any kind except intentional misdeeds and gross negligence. Exterior holiday decorations including decorations on the inside of a window may be put up thirty (30) days prior to the holiday and must be removed twenty (20) days after the holiday.

6.24 Blinds and Windows. All Residences must have permanent window coverings installed within ninety (90) days after Close of Escrow on the initial purchase of each Residence. Window treatments other than draperies, curtains or blinds (horizontal or vertical) are subject to the prior written approval of the Board. Aluminum foil and similar material shall not be permitted in any exterior windows. Window tinting shall require the prior written approval of the Board, and shall be properly installed and maintained so as not to become damaged, scratched, discolored, or otherwise unsightly.

ARTICLE VII

ARCHITECTURE COMMITTEE

7.01 Establishment of Committee. There shall be an architectural and landscape control committee (the "Architecture Committee"), and except as to construction of Improvements by Declarant, no Improvement shall be made or placed on a Lot until plans and specifications showing the nature, kind, shape, colors, materials, and location of the Improvement have been submitted to and approved in writing by the Architecture Committee.

7.02 Members of Committee. The Architecture Committee shall consist of three (3) members, all of whom shall first be appointed by Declarant. There shall also be two (2) alternate members of the Architecture Committee, who shall be designated by the Architecture Committee, to act as substitutes on the Architecture Committee in the event of absence or

disability of any member. Each member of the Architecture Committee shall hold office until such time as he or she has resigned or has been removed or his or her successor has been appointed, as provided herein. Members of the Architecture Committee may be removed at any time without cause. Until ninety percent (90%) of all Lots have been sold, Declarant shall have the sole power to appoint and remove the members of the Architecture Committee. Thereafter, the Board shall have the power to appoint and remove all members of the Architecture Committee. Members of the Architecture Committee need not be Members of the Association.

7.03 Architectural Design Guidelines. The Architecture Committee shall from time to time and in its sole discretion adopt, amend, and repeal by unanimous vote rules and regulations to be known as "Design Guidelines," which shall interpret and implement the provisions of this Declaration, set forth fees to be charged, and promulgate procedures and design and construction criteria to be followed in submitting proposals to the Architecture Committee. A copy of the Design Guidelines as they may from time to time be adopted, amended, or repealed, certified by any member of the Architecture Committee, shall be maintained at the office of the Association and shall be available for inspection and copying by any Member at any reasonable time during the business hours of the Association. The following minimum standards and restrictions shall apply to all Improvements made on the Property:

(a) all Improvements shall be constructed in full compliance with all applicable zoning laws, building codes, and other laws, ordinances, and regulations applicable to the construction, use, and occupancy of Improvements; and

(b) all Improvements shall be constructed in accordance with the Design Guidelines.

7.04 Landscape Standards. The Architecture Committee shall, as part of the Design Guidelines, establish guidelines for plant and landscaping material that shall reflect desert landscaping to the extent practicable. Such guidelines may restrict the species and placement of any tree, plant, bush, ground cover, or other growing thing planted or placed on the Property. The Architecture Committee shall adopt a list of approved plant species that may be altered or augmented from time to time.

7.05 Review of Proposed Improvements. Whenever in this Declaration or in any supplemental declaration the approval of the Architecture Committee is required, it shall have the right to consider all of the plans and specifications for the Improvement or proposal in question and all other facts that in its sole discretion are relevant. Except as provided in Section 7.01, prior to commencement of construction of any Improvement upon the Property, the plans and specifications therefor shall be submitted to the Architecture Committee, and construction or placement thereof may not commence unless and until the Architecture Committee has approved such plans and specifications in writing. The Architecture Committee shall consider and act upon any and all plans and specifications submitted for its approval pursuant to this Declaration and perform such other duties assigned to it by this Declaration or as from time to time shall be assigned to it by the Board, including the inspection of construction or placement in progress to assure its conformance with plans and specifications approved by the Architecture Committee. The Architecture Committee shall approve plans and specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the surrounding area or to the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding

structures, and that the upkeep and maintenance therefor will not become a burden on the Association. The Architecture Committee may condition its approval of plans and specifications on such changes therein as it deems appropriate and may require submission of additional plans and specifications or other information prior to approving or disapproving the material submitted. The Architecture Committee may also issue rules or guidelines regarding anything relevant to its functions, including, but not limited to, minimum standards and procedures for the submission of plans and specifications for approval. The Architecture Committee, in its sole discretion, may require a reasonable fee to accompany each application for approval, which shall be used to cover the Architecture Committee and its members' reasonable costs. The Architecture Committee may require such detail in plans and specifications submitted for its review and such other information as it deems proper.

7.06 Meetings of the Committee. The Architecture Committee shall meet from time to time as necessary to perform its duties hereunder, but such meetings shall be held at least annually. The Architecture Committee may from time to time by resolution unanimously adopted in writing designate one of its members to take any action or perform any duties for and on behalf of the Architecture Committee, except the granting of variances pursuant to Section 7.11. In the absence of such designation, the vote of a majority of all of the members of the Architecture Committee or the written consent of a majority of all of the members of the Architecture Committee taken without a meeting shall constitute an act of the Architecture Committee.

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

7.08 Compensation of Members. The members of the Architecture Committee shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be determined by Declarant while it has the right to appoint or remove the members of the Architecture Committee pursuant to Section 7.02 hereof, and thereafter, such compensation shall be determined by the Board.

7.09 Inspection of Work.

(a) Completed Work. Inspection of completed work and correction of defects therein shall proceed as follows:

(i) Upon the completion of any Improvement for which approved plans or specifications are required under this Declaration, the Owner shall give written notice of completion to the Architecture Committee within fifteen (15) days of completion.

(ii) Within such reasonable time as the Architecture Committee may set, but not to exceed thirty (30) days thereafter, the Committee or its duly authorized representative may inspect such Improvement. If the Committee finds that such work was not done in strict compliance with all approved plans and specifications submitted or required to be submitted for its prior approval, it shall notify the Owner in writing of such noncompliance

within such period, specifying in reasonable detail the particulars of noncompliance, and shall require the Owner to remedy the same.

(iii) If, upon the expiration of thirty (30) days from the date of such notification, the Owner shall have failed to remedy such noncompliance, the Architecture Committee shall notify the Board in writing of such failure. Upon notice and hearing before the Board, the Board shall issue a ruling determining whether there is a noncompliance, and if such noncompliance is found to exist, the Board shall determine the estimated cost of correcting or removing the same. The Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date of announcement of the Board ruling. If the Owner does not comply with the Board's ruling within such period, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance, and the Owner shall reimburse the Association upon demand for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a special Assessment against such Owner and the Improvement in question and the Lot upon which the Improvement is situated for reimbursement, and the special Assessment shall constitute a lien upon such Lot and Improvement.

(iv) If for any reason after receipt of said written notice of completion from the Owner, the Architecture Committee fails to notify the Owner of any noncompliance within the period provided in subsection 7.09(a)(ii) hereof, the Improvement shall be deemed to be in accordance with said approved plans and specifications.

(b) Work in Progress. The Architecture Committee may inspect all work in progress and give notice of noncompliance as provided above in subsection 7.09(a)(ii). If the Owner denies that such noncompliance exists, the procedures set out in subsection 7.09(a)(iii) shall be followed, except that, pending resolution of the dispute, no further work shall be done that would hamper correction of the noncompliance if the Board should find that such noncompliance exists.

7.10 Nonliability of Committee Members. Neither the Architecture Committee nor any member thereof nor the Board nor any member thereof shall be liable to the Association or to any Owner or to any other Person for any loss, damage, or injury arising out of or in any way connected with the performance of the Architecture Committee's or the Board's respective duties under this Declaration, except for the willful misconduct or bad faith of the Architecture Committee or its members or the Board or its members, as the case may be. Except insofar as its duties may be extended with respect to a particular area by a supplemental declaration filed by Declarant, the Architecture Committee shall review and approve or disapprove all plans and specifications submitted to it for any proposed Improvement, including the construction, alteration, or addition thereof or thereto, solely on the basis of aesthetic considerations and the overall benefit or detriment that would result to the surrounding area and the Property generally. In granting its approval or disapproval to plans and specifications for a proposed Improvement, the Architecture Committee shall take into consideration the aesthetic aspects of the architectural designs, landscaping, color schemes, exterior finishes, and materials and similar features. The approval of the Architecture Committee shall not be construed to be, nor shall the Architecture Committee be responsible for, approval of the structural safety, engineering soundness, or conformance with zoning, building, or other codes that may be applicable.

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

7.12 Obligations with Respect to Zoning and Subdivisions. The Architecture Committee shall require all Persons to comply fully with the zoning and master plan designations and any special use permits and with all applicable federal, state, and local laws, regulations, and ordinances insofar as the same are applicable and as the same may hereafter be amended from time to time.

7.13 Indemnification of Architecture Committee. The members of the Architecture Committee shall be deemed the appointed agents of the Board, and the Architecture Committee is hereby authorized to carry out and adhere to the provisions of this Article VII. The Owners hereby collectively agree that the members of the Architecture Committee shall be indemnified and held harmless for any liability, damages, or other obligation (including reasonable attorneys' fees) resulting from the reasonable and prudent exercise of their duties as members of the Architecture Committee as specified in this Article VII.

ARTICLE VIII

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Lots. The provisions of this Article apply to both this Declaration and to the Bylaws notwithstanding any other provisions contained therein.

8.01 Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides written request to the Association (such request to state the name and address of such requestor and the street address of the Lot to which its interest relates, thereby becoming an "Eligible Holder") will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss that affects a material portion of the Property or that affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of Assessments or charges owed by an Owner of a Lot subject to the Mortgage of such Eligible Holder when such delinquency has continued for a period of sixty (60) days, or any other violation of this Declaration or the Bylaws relating to such Lot or the Owner that is not cured within sixty (60) days. Notwithstanding this provision, any holder of a first Mortgage is entitled to written notice upon request from the

Association of any default in the performance by an Owner of a Lot of any obligation under this Declaration or the Bylaws that is not cured within sixty (60) days;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) Any proposed action that would require the consent of a specified percentage of Eligible Holders.

8.02 Special Provision. Unless at least sixty-seven percent (67%) of the Eligible Holders and voting Members representing at least sixty-seven percent (67%) of the total Association consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area that the Association owns directly or indirectly. The granting of easements for public utilities or other similar purposes consistent with the intended uses of the Common Area shall not be deemed a transfer within the meaning of this subsection;

(b) Change the method of determining the obligations, Assessments, dues, or other charges that may be levied against an Owner of a Lot;

(c) By act or omission change, waive, or abandon the Subdivision Map or this Declaration or change, waive, or abandon any scheme of regulations or enforcement relating to architectural design, exterior appearance, or maintenance of the Lots and the Common Area. The issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision;

(d) Fail to maintain insurance as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges that are in default and that may or have become a charge against the Common Area and may pay overdue premiums of property insurance policies, or secure new property insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

8.03 Other Provisions for First Mortgages. To the extent possible under Nevada law:

(a) Any restoration or repair of the Property after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to Mortgages held by such Eligible Holders are allocated.

(c) Any election to terminate the Association other than for the causes described in subsection 8.03(b) shall require the approval of the Eligible Holders on Lots to which at least sixty-seven percent (67%) of the votes of the Lots subject to the mortgages held by such Eligible Holders are allocated.

8.04 No Priority. No provision of the Declaration or the Bylaws gives or should be construed as giving any Owner or another party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

8.05 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

8.06 Amendment by Board. Should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete any of its respective requirements that necessitate the provisions of this Article or make any such requirements less stringent, the Board, without the approval of the Owners, may Record an amendment to this Article to reflect such changes.

8.07 Applicability. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws, or Nevada law for any of the acts set out in this Article.

8.08 Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of such Mortgagee's receipt of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

ARTICLE IX ANNEXATION

9.01 Annexation of Additional Property by Association. Upon the approval of two-thirds (2/3) or more of the Members of the Association, the owner of any real property who desires to subject that property to the covenants, conditions, and restrictions of this Declaration and subject that property to the jurisdiction of the Association may Record a Declaration of Annexation, which shall extend the covenants, conditions, and restrictions of this Declaration to such property.

9.02 Annexation by Declarant. If within seven (7) years of the date of the recording of this Declaration in the Official Records of the Clark County Recorder Declarant desires to develop additional phases in the Annexable Area, such additional phases or any portion thereof may be added to the Property, be subjected to this Declaration, and be included within the jurisdiction of the Association by action of Declarant without the consent of the Members or Eligible Holders. All Common Area Improvements in each phase of the Annexable Area will be substantially completed prior to annexation. Improvements constructed or located in the Annexable Area shall be consistent in terms of quality of construction and architectural design with the Improvements located elsewhere on the Property.

9.03 Procedure for Annexation. Any annexation may be accomplished by the Recording of a Declaration of Annexation or by Declarant including the notice of annexation in

the deed transferring title to the Lot. At the time of Recording of the Declaration of Annexation, ~~Declarant shall also by deed or assignment, as the case may be, transfer to the Association the~~ Association Property in the area being annexed. The obligation of an Owner to pay Assessments or fees to the Association and the right of an Owner to exercise voting rights in the Association in any Annexable Area shall not commence until both of the following occur: (a) such portion of the Annexable Area containing the Lot owned by the Owner is actually annexed to and becomes a part of the Property; and (b) the first day of the month following the close of the first sale of a Lot by Declarant to an Owner other than Declarant in that particular portion of the Annexable Area.

9.04 Deannexation. Declarant may delete all or any portion of the phase of development from coverage of this Declaration and the jurisdiction of the Association so long as Declarant is the owner of all of that phase and provided that:

(a) the Notice of Deannexation is Recorded in the same manner as the applicable Declaration of Annexation was Recorded;

(b) Declarant has not exercised any rights to vote with respect to any portion of such phase;

(c) Assessments have not yet commenced with respect to any portion of such phase;

(d) no Lot has been sold in such phase to a member of the general public; and

(e) the Association has not made any expenditures or incurred any obligation respecting any portion of such phase.

ARTICLE X **GENERAL PROVISIONS**

10.01 Term. This Declaration, including all of the covenants, conditions, and restrictions hereof, shall run until the date fifty (50) years hereafter, unless amended as herein provided. After the date fifty (50) years hereafter, this Declaration, including all such covenants, conditions, and restrictions, shall be automatically extended for successive periods of ten (10) years each, unless amended or extinguished by a written instrument executed by at least two thirds (2/3) of the Owners and recorded in the Official Records of the County Recorder of Clark County, Nevada.

10.02 Resale of Lots. The seller of any Lot shall furnish to the purchaser before execution of any contract for the sale of the Lot or otherwise before conveyance:

(a) a copy of this Declaration, the Articles, Bylaws, and Rules and Regulations;

(b) a statement setting forth the amount of the annual Assessments for common expenses and any unpaid Assessment of any kind currently due from the selling Owner; and

(c) a copy of the current operating budget of the Association.

The selling Lot Owner shall also at such time notify the Association of the proposed sale and provide the Association with the name and address of the new Owner and the proposed date

of sale. Nothing in this Section 10.02 shall be construed to require any approval by the Association of the sale of any Lot.

10.03 Amendment.

(a) Majority Vote. Except as provided in subsection 10.03(c), no amendment of this Declaration shall be effective unless adopted by a majority of the Members. Notwithstanding the foregoing, the consent of sixty-seven percent (67%) of the Members entitled to vote and of Declarant, so long as the Declarant owns any land subject to this Declaration, and the approval of Eligible Holders on Lots to which at least fifty-one percent (51%) of the votes of Lots subject to a Mortgage shall be required to materially amend any provisions of this Declaration, the Bylaws, Articles, or to add any material provisions thereto that establish, provide for, govern, or regulate any of the following:

- (i) voting;
- (ii) Assessments, Assessment liens, or subordination of such liens;
- (iii) reserves for maintenance, repair, and replacement of the Common Area;
- (iv) insurance or fidelity bonds;
- (v) rights to use the Common Area;
- (vi) responsibility for maintenance and repair of the Property;
- (vii) expansion or contraction of the Property or the annexation or withdrawal of real property to or from the jurisdiction of the Association;
- (viii) boundaries of any Lot;
- (ix) leasing of Lots;
- (x) imposition of any restrictions on an Owner's right to sell or transfer its Lot;
- (xi) establishment of self-management by the Association after professional management has been required by an Eligible Holder;
- (xii) any provisions in this Declaration, the Bylaws, or Articles that are for the express benefit of Eligible Holders, guarantors, or insurers of first Mortgages on Lots;
- (xiii) reallocation of interests in the Common Area; or
- (xiv) convertibility of Lots into Common Area or vice versa.

(b) Board Amendment. Notwithstanding anything herein to the contrary, the Board may unilaterally amend this Declaration to comply with the Act, as the Act may be amended from time to time.

(c) Recording of Amendment. Every amendment of this Declaration must be recorded in the Official Records of the Clark County Recorder, and no amendment of this Declaration shall be effective until executed and so Recorded. Every amendment must be indexed in the grantee's index in the name of the Association and in the grantor's index in the name of the party executing the amendment. Every amendment of this Declaration must be prepared, executed, recorded, and certified on behalf of the Association by the officer of the

Association designated in the Bylaws for that purpose, or in the absence of such designation, by the President of the Association.

(d) Persons Entitled to Amend. This Declaration may be amended in accordance with NRS 116.2109 and 116.211 by Declarant for the purpose of exercising any developmental rights as set forth in this Declaration.

(e) Restrictions on Amendment. Except to the extent expressly permitted or required by the provisions of the Act, no amendment may change the boundaries of any particular Lot, the allocated interests of a particular Lot, or the uses to which a particular Lot is restricted in the absence of the consent of the Owner of the Lot affected and the consent of a majority of the Owners of the remaining Lots. No action to challenge the validity of an amendment adopted by the Association pursuant to NRS 116.2117 may be brought more than one (1) year after the amendment is recorded.

(f) Declarant Amendment. Notwithstanding any provision of this Declaration to the contrary, for so long as Declarant owns any portion of the Property, but no later than five (5) years from Recordation of this Declaration, Declarant may unilaterally amend this Declaration by Recording a written instrument signed by Declarant in order to correct technical errors, for clarification, and to conform this Declaration to the requirements of the City of North Las Vegas, the Veterans Administration, the Department of Housing and Urban Development, the Federal Housing Administration, the Federal Home Loan Mortgage Corporation, FNMA, or GNMA.

(g) Delivery of Amendments to Owners. If any change is made to this Declaration or any of the other governing documents of the Association, the Secretary of the Association shall, within thirty (30) days after the change is made, prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each Lot or to any other mailing address designated in writing by the Lot Owner, a copy of the change that was made.

10.04 Enforcement and Nonwaiver

(a) Right of Enforcement. Subject to NRS Chapter 38 and except as otherwise provided herein, any Owner (at its own expense), Declarant, and the Board shall have the right to enforce, by any proceeding at law or in equity and including arbitration proceedings and other forms of mediation, all of the restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration against any property within the Property and the Owners thereof. Such right of enforcement shall include both damages for and injunctive relief against the breach of any such provision. The right of any Owner to so enforce such provisions shall be equally applicable without regard to whether the property (or other interest) of the Owner seeking such enforcement or the property (or other interest) whereon or with respect to which a violation of such provision is alleged is initially set forth on Exhibit "A" or is hereafter subjected to this Declaration pursuant to Article IX hereof.

(b) Violation as a Nuisance. Every act or omission by which any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated by any Owner (at its own expense), by Declarant, or by the Board, whether or not the relief sought is for negative or affirmative action. However, only Declarant, the Board, and the duly authorized agents of either of them may enforce by self-help any of the provisions

of this Declaration and then only if such self-help is preceded by reasonable notice to the Owner in question.

(c) Violation of Law. Any violation of any federal, state, or local law, ordinance, or regulation pertaining to the ownership, occupancy, or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to all of the enforcement procedures set forth herein.

(d) Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive.

(e) Nonwaiver. The failure to enforce any provision of this Declaration at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision herein.

(f) Attorneys' Fees. In the event the Board engages legal counsel or takes any legal action, including, but not limited to, arbitration proceedings pursuant to NRS Chapter 38, to enforce the provisions of this Declaration, it shall be entitled to its costs, including reasonable attorneys' fees, incurred in connection therewith.

10.05 Notices. Any notice or communication to be given under the terms of this Declaration shall be in writing and shall be personally delivered or sent by facsimile, overnight delivery, or registered or certified mail, return receipt requested. Notice shall be effective: (a) if personally delivered, when delivered; (b) if by facsimile, on the day of transmission thereof on a proper facsimile machine with confirmed answerback; (c) if by overnight delivery, on the day after delivery thereof to a reputable overnight courier service; and (d) if mailed, at midnight on the third (3rd) business day after deposit in the mail, postage prepaid. Notices shall be addressed to the Person at the address given by such Person to the Association for the purpose of service of notices or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such Person to the Association.

10.06 Construction.

(a) Restrictions Severable. Each of the provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

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

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

(d) Liberal Construction. It is the intention of Declarant that this Declaration be liberally construed to promote the purpose of a well-planned community, reserving to Declarant the rights necessary to develop the Property and to insure the integrity of the interrelated land uses.

10.07 State Law. The provisions of this Declaration shall be governed and interpreted according to the laws of the State of Nevada.

10.08 Priorities, Inconsistencies. If there are conflicts or inconsistencies between this Declaration and either the Articles or the Bylaws, the terms and provisions of this Declaration shall prevail.

10.09 Severability. The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of any one (1) provision or portion hereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

Dated as of the date first written above.

DECLARANT

Greystone Nevada LLC,
a Delaware limited liability company

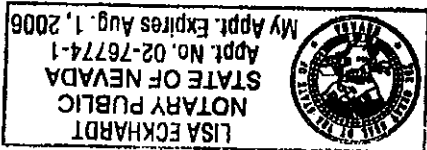
By: [Signature]
Name: Tim Kent
Title: President

US Home Corporation, a Delaware corporation

By: [Signature]
Name: Mike DeSilva
Title: President

STATE OF NEVADA)
) ss:
COUNTY OF CLARK)

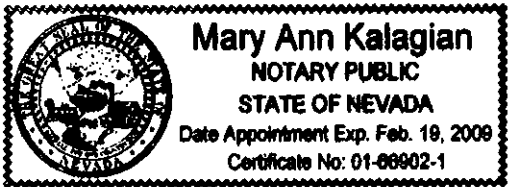
On the 12th day of June, 2006, before me, a Notary Public in and for said County and State, personally appeared Tim Kent, known to me to be the President of Greystone Nevada LLC, a Delaware limited liability company and who acknowledged to me that he/she executed the within instrument.



[Signature]
Notary

STATE OF NEVADA)
) ss:
COUNTY OF CLARK)

On the 12th day of June, 2006, before me, a Notary Public in and for said County and State, personally appeared Mike DeSilva, known to me to be the President of US Homes Corporation, a Delaware corporation and who acknowledged to me that he/she executed the within instrument.



[Signature]
Notary

Exhibit "A"
Legal Description of the Property

All of the following described real property located in the County of Clark, State of Nevada, more particularly described as follows:

RANCHO D'ORO:

LOTS ONE HUNDRED SEVENTY-TWO (172) THROUGH ONE HUNDRED SEVENTY-FOUR (174) OF LONE MOUNTAIN/LOSEE-UNIT 1 (A COMMON INTEREST COMMUNITY) AS SHOWN BY MAP THEREOF ON FILE IN BOOK 124 OF PLATS, PAGE 8 IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

FOX HOLLOW:

LOTS ONE HUNDRED (100) THROUGH ONE HUNDRED TWO (102) OF LONE MOUNTAIN/LOSEE UNIT 3 AS SHOWN BY MAP THEREOF ON FILE IN BOOK 125 OF PLATS, PAGE 99 IN THE OFFICE OF THE COUNTY RECORDER, CLARK COUNTY, NEVADA.

Exhibit "B"

Legal Description of the Annexable Area

All of the following described real property located in the County of Clark, State of Nevada, more particularly described as follows:

RANCHO D'ORO:

Area One:

ALL THAT REAL PROPERTY DESCRIBED IN THE FINAL MAP OF LONE MOUNTAIN/LOSEE-UNIT 1 (A COMMON INTEREST COMMUNITY) AS SHOWN BY MAP THEREOF ON FILE IN BOOK 124 OF PLATS, PAGE 8 IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

EXCLUDING THAT REAL PROPERTY DESCRIBED ON EXHIBIT "A" ATTACHED HERETO.

Area Two:

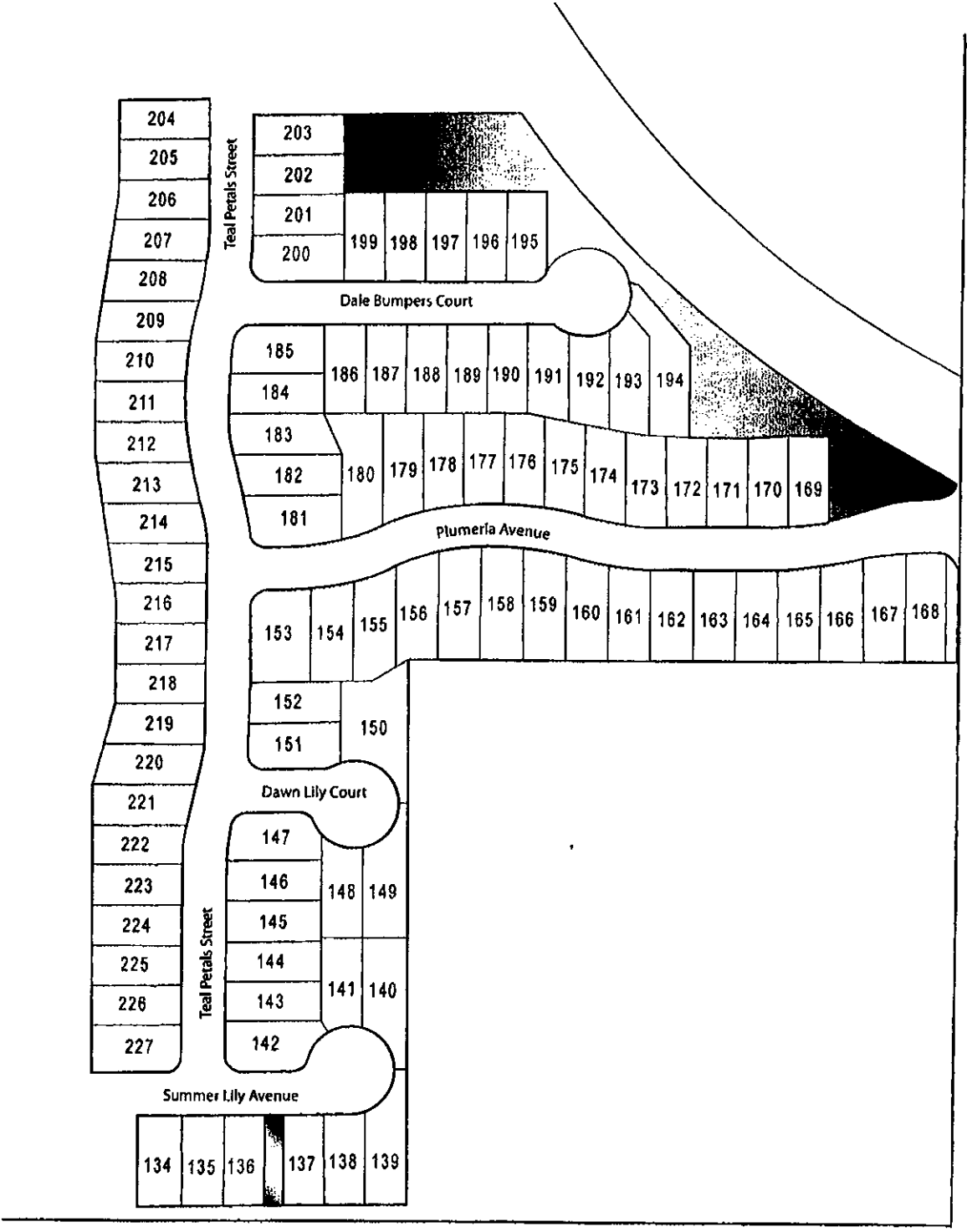
ALL THAT REAL PROPERTY DESCRIBED IN THE FINAL MAP OF LONE MOUNTAIN/LOSEE-UNIT 2 (A COMMON INTEREST COMMUNITY) AS SHOWN BY MAP THEREOF ON FILE IN BOOK 124 OF PLATS, PAGE 9 IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

FOX HOLLOW:

ALL THAT REAL PROPERTY DESCRIBED IN THE FINAL MAP OF LONE MOUNTAIN/LOSEE UNIT 3 (A COMMON INTEREST COMMUNITY) AS SHOWN BY MAP THEREOF ON FILE IN BOOK 125 OF PLATS, PAGE 99 IN THE OFFICE OF THE COUNTY RECORDER, CLARK COUNTY, NEVADA.

EXCLUDING THAT REAL PROPERTY DESCRIBED ON EXHIBIT "A" ATTACHED HERETO.

Exhibit "C"
Site Development Plan
Rancho d'Oro



Losee Road

Lone Mountain Road

Exhibit "C"
 Site Development Plan
 Rancho d'Oro

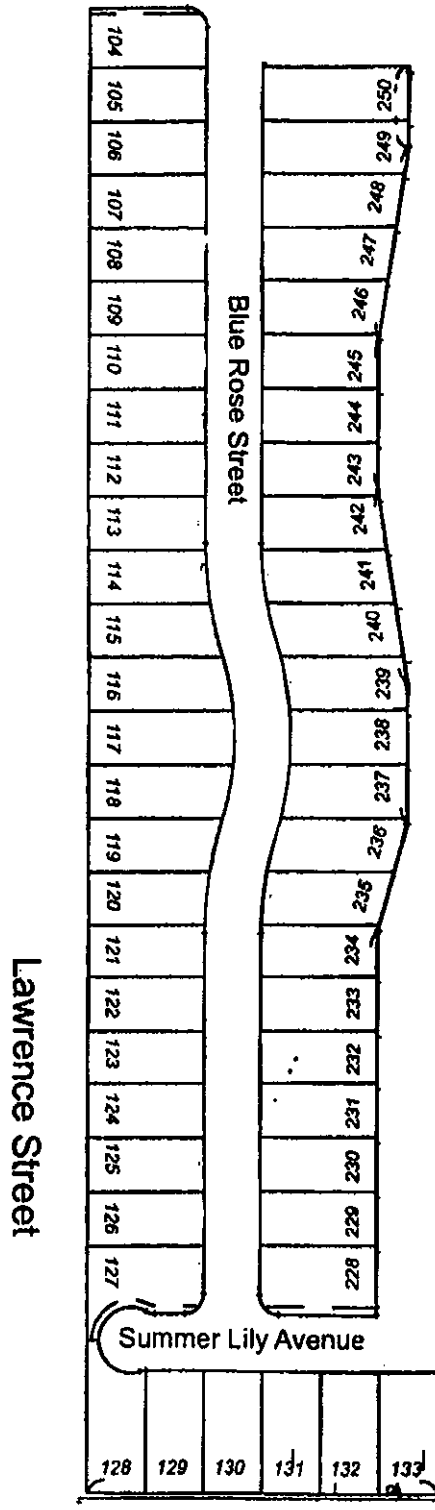
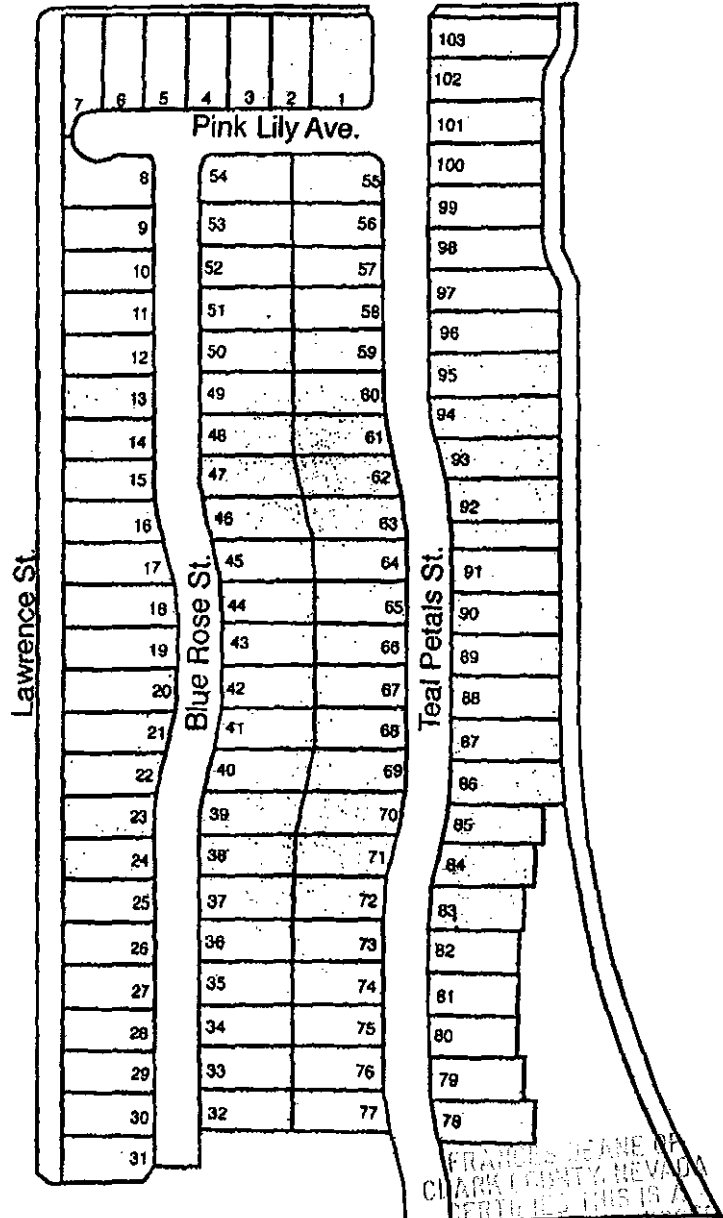


Exhibit "D"
Site Development Plan
Fox Hollow



FRANCIS DEANE OF
 CLARK COUNTY, NEVADA
 CERTIFIED THIS IS A
 TRUE AND CORRECT COPY
 WITH MY HANDS SEAL

2006 JUL 17 A 9:16

Francis Deane