

DECLARATION OF PROTECTIVE COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
QUAIL RIDGE ESTATES
HENDERSON, NEVADA

This Declaration of Protective Covenants, Conditions and Restrictions is made this 19th day of September, 1980, by ANC, Inc., a Nevada corporation.

WHEREAS, ANC, Inc. owns all that real property in Quail Ridge Estates - Unit No. 2 as shown by map thereof on file in Book 26 of Plats, Page 34 in the Office of the County Recorder of Clark County, Nevada; and

WHEREAS, such real property is an area of natural beauty containing distinctive features of the Nevada landscape; and

WHEREAS, ANC, Inc. desires to create a residential community on such real property in a manner which, to the extent practicable, is compatible with the ecology of the land while enhancing its value to its owners; and

WHEREAS, ANC, Inc. desires to create covenants, conditions and restrictions running with the land that will assure the development and maintenance of such real property in such a manner;

NOW, THEREFORE, ANC, Inc. hereby declares that all of such property shall at all times be owned, held, used and occupied subject to the provisions of this Declaration and to the covenants, conditions and restrictions contained herein, all of which are established and declared for the purpose of increasing the economic value, desirability and attractiveness of such property and for the mutual benefit of the owners thereof. The covenants, conditions and restrictions set forth in this Declaration shall run with such real property and shall be binding upon ANC, Inc. and all other persons acquiring any right, title or interest in and to said real property or any part thereof, and shall inure to the benefit of ANC, Inc., the Association (as hereafter defined) and each person who becomes an owner of any part of such property, and each successor in interest of any such person.

TABLE OF CONTENTS

	<u>Page</u>
Article 1. Definitions	1
1.1 Association	1
1.2 Association Property	1
1.3 Board	1
1.4 Committee	1
1.5 Declarant	1
1.6 Declaration	1
1.7 Guests	1
1.8 Lots	1
1.9 Member	1
1.10 Owner	2
1.11 Property	2
1.12 Resident	2
1.13 Streets	2
Article 2. The Association	2
2.1 General Purposes and Powers	2
2.2 Membership	2
2.3 Board of Directors	2
2.4 Voting Rights	2
2.4.1 Class A Voting Rights	2
2.4.2 Class B Voting Rights	3
2.4.3 Voting for Directors	3
2.4.4 Transfer of Voting Rights	3
2.4.5 Proxies	3
2.4.6 Actions	3
2.5 Meetings	4
2.5.1 Regular Meetings	4
2.5.2 Special Meetings	4
2.5.3 First Meeting	4
2.5.4 Place of Meetings	4

	<u>Page</u>
2.6 Notices	4
2.7 Record Date	4
2.8 Quorums	5
2.9 Consent of Absentees	5
2.10 Action Without Meeting	5
2.11 Adjourned Meetings and Notice Thereof	6
2.12 Articles and By-Laws	6
2.13 Notification of Transfer	7
Article 3. Rights and Obligations of the Association	7
3.1 Maintenance of Association Property	7
3.2 Labor and Services	7
3.3 Association Functions	7
3.4 Rules and Regulations	8
3.5 Dedication of Land	9
3.6 Property Taxes	9
3.7 Right of Entry on Lots	9
3.8 Implied Rights	9
3.9 Limitation on Rights	9
Article 4. Common Areas and Easements	10
4.1 Title to and Use of Streets	10
4.2 Title to and Use of Common Areas	10
4.3 Rights in Association Property	11
4.4 Loss or Damage to Association Property	11
4.5 Easements for Repair, Maintenance and Emergencies	11
4.6 Negligence or Willful Misconduct	12
4.7 Flowage Easement	12
4.8 Reservation of Construction Easement	12
4.9 Recreational Amenities	12
4.10 Landscaping Within Streets	12
4.11 Landscape Easements	13
4.12 Walls	13
Article 5. Assessments	13
5.1 Assessments	13
5.2 Fiscal Year and Determination of Budgets	13

	<u>Page</u>
5.2.1 Operating Budget	13
5.2.2 Capital Replacement Reserve	14
5.3 Regular Assessments	14
5.4 First Assessments	14
5.5 Supplementary Assessments	14
5.6 Apportionment of Assessments	15
5.7 Time for Payments	15
5.8 Lien for Assessments and Other Amounts	15
5.9 Estoppel Certificate	16
5.10 Liability of Owners and Purchasers	16
5.11 Financial Statements	16
5.12 Inspection of Books and Records	16
Article 6. Restriction On Use of Lots	17
6.1 Residential Uses	17
6.2 Animals	17
6.3 Signs	18
6.4 Service Areas	18
6.5 Outdoor Fires	18
6.6 Motor Vehicles	18
6.7 Boats, Trucks and Trailers	18
6.8 Privies	18
6.9 Miscellaneous Structures	19
6.10 Excavation	19
6.11 Fences	19
6.12 Subdivision	19
6.13 Antennas	19
6.14 Business of Declarant	19
Article 7. Design Review Committee	19
7.1 Creation	19
7.2 Term	19
7.3 Appointment	20
7.4 Removal and Resignation	20
7.5 Committee Functions	20
7.6 Rule Making Authority	20
7.7 Review of Plans	21

	<u>Page</u>
7.8 Requirements for Plans	21
7.9 Standards of Review	21A
7.10 Repair Bonds	22
7.11 Time Limitations	22
7.12 Fees	23
7.13 Liability of Committee Representatives	23
7.14 Professional Advice	23
7.15 Additional Requirements for Approval of Lot Development	23
7.16 Landscape Installation and Maintenance	24
Article 8. Miscellaneous	24
8.1 Duration of Declaration	24
8.2 Amendment	24
8.3 Effect of Provisions of Declaration	24
8.4 Enforcement and Remedies	25
8.5 Protection of Encumbrances	25
8.6 Annexation	25
8.6.1 Procedure for Annexation	26
8.6.2 Consequences of Annexation	26
8.6.3 Adjustment of Assessments	26
8.7 Construction	26
8.8 Assignment of Powers	26
8.9 Non-Avoidance	27
8.10 Limited Liability	27
8.11 Successors and Assigns	27
8.12 Severability	27
8.13 Captions	27
8.14 No Waiver	27
8.15 Further Assurances	27
8.16 Notices	27

ARTICLE 1. DEFINITIONS.

The following terms shall have the following meanings when used in this Declaration:

- 1.1 Association. "Association" shall mean the Quail Ridge Property Owners Association, a Nevada corporation, and its successors and assigns.
- 1.2 Association Property. "Association Property" shall mean all real and personal property owned by or leased to the Association, including without limitation the Streets (unless and until transferred to a public agency or authority pursuant to Section 4.1) together with "Common Area" "A" and "Common Area" "B" as shown on the map of Quail Ridge Estates - Unit No. 2 previously referenced herein, and any other Streets and areas noted as "Common Area" on any subdivision map recorded and filed by Declarant for an area of the Property.
- 1.3 Board. "Board" shall mean the Board of Directors of the Association.
- 1.4 Committee. "Committee" shall mean the Quail Ridge Estates Design Review Committee established pursuant to Article 7.
- 1.5 Declarant. "Declarant" shall mean ANC, Inc., a Nevada corporation, and its successors and assigns.
- 1.6 Declaration. "Declaration" shall mean this Declaration of Protective Covenants, Conditions and Restrictions, as the same may be amended from time to time.
- 1.7 Guests. "Guests" of an Owner or Resident shall mean: (i) any employee, tenant, guest (whether or not for hire) or invitee of such Owner or Resident, including transient guests; and (ii) any person who has acquired any title or interest less than a fee simple interest in an Owner's or Resident's real property subject to this Declaration, by, through, or under such Owner or Resident, including a lessee, licensee or mortgagee, and any employee, guest or invitee of any such person.
- 1.8 Lots. "Lots" shall mean Lot 1, Lots 42 through 53 inclusive, Lots 56 and 57, and Lots 96 through 103 inclusive in Quail Ridge Estates - Unit No. 2 as previously referenced herein, together with any and all residential subdivision lots depicted on subdivision maps filed and recorded for an area of the Property by Declarant.
- 1.9 Member. "Member" shall mean any person who is a member of the Association pursuant to Article 2.

1.10 Owner. "Owner" shall mean any person or entity which holds title in fee simple to all or any interest in a Lot.

1.11 Property. "Property" shall mean all of the real property in Quail Ridge Estates - Unit No. 2 as shown my map thereof on file in the Office of the County Recorder of Clark County, Nevada, said map having been previously referenced herein, together with any and all real property annexed to the Property pursuant to Article 8 of this Declaration.

1.12 Resident. "Resident" shall mean any person who is physically residing in a dwelling constructed on any Lot so long as said person is so residing.

1.13 Streets. "Streets" shall mean those areas of the Property which are depicted as "Private Street" on any subdivision map recorded and filed by Declarant for an area of the Property, including the subdivision map of Quail Ridge Estates - Unit No. 2 referenced herein.

ARTICLE 2. THE ASSOCIATION.

2.1 General Purposes and Powers. The Quail Ridge Property Owners Association has been or will be incorporated as the Association to which reference is made in this Declaration. Upon dissolution of the Association, the assets of the Association shall be disposed of as set forth in its Articles of Incorporation or By-Laws.

2.2 Membership. Each Owner, by virtue of being an Owner and only for so long as Owner, shall be a Member of the Association as shall the Association incorporators.

2.3 Board of Directors. The affairs of the Association shall be managed by the Board which may by resolution delegate any portion of its authority permitted by law to an Executive Committee created by the By-Laws of the Association. All members of the Board shall be elected annually. The number and qualifications of Directors shall be as provided in the Articles of Incorporation and By-Laws of the Association.

2.4 Voting Rights. Members shall have the following voting rights in the Association:

2.4.1 Class A Voting Rights. Each Member shall have Class A voting rights

and as a result shall have one vote for each Lot he or she owns; provided, however, that Declarant shall not have Class A voting rights until the date, specified in Section 2.4.2, and further provided that in the event that fee simple title to a Lot is held by multiple Owners, the multiple Owners shall, prior to each meeting of the Association, provide the Association with a written statement, signed by all such multiple Owners, designating one person who shall have the right to cast the single vote assigned to the Lot owned by such multiple Owners.

2.4.2 Class B Voting Rights. Declarant shall have Class B voting rights and shall have three votes for each Lot it owns, until the date when the total Class A votes then existing equal the total Class B votes then existing. After such date, Declarant shall have Class A voting rights and shall have only one vote for each Lot it owns. In all other respects there shall be no difference between Class A and Class B voting rights.

2.4.3 Voting for Directors. At any election of the Board of Directors, every Owner entitled to vote may cumulate his or her votes and give any one or more candidates a number of votes equal to the number of votes such Owner may have multiplied by the number of Directors to be elected; provided however that unless the entire Board is removed from office an individual Director shall not be removed from Office prior to the expiration of his or her term of office if the number of votes cast against his or her removal is greater than the quotient arrived at by dividing the total number of votes that may be cast under cumulative voting procedures by a divisor equal to one plus the authorized number of directors.

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

2.4.5 Proxies. Every Member entitled to vote or execute statements or consents shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such person or his or her duly authorized agent; provided, however that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the member executing it specifies therein the length for which such proxy is to continue in force.

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

2.5 Meetings. Meetings of the Members shall be held as follows:

2.5.1 Regular Meetings. Regular meetings of Members shall be held at least once each calendar year, at a time and place prescribed by the By-Laws of the Association.

2.5.2 Special Meetings. A special meeting of the Members shall be called by the Board upon the vote of a majority of the members of the Board, or upon receipt of written request therefor (i) by Members representing twenty-five percent (25%) or more of the voting power of the Association, or (ii) so long as Declarant has Class B voting rights, by Members representing fifteen percent (15%) or more of the Class A voting power of the Association.

2.5.3 First Meeting. The first meeting of the Members shall be held no later than the earlier of the following dates: (i) the date forty-five (45) days after the first date on which fifty-three (53) Lots have Owners other than Declarant; or (ii) the date twelve (12) months after the closing of the first such sale of a Lot by Declarant. At such first meeting, all positions on the Board shall be filled by persons elected by the Members.

2.5.4 Place of Meetings. Meetings of the Members shall be held within the Property or as close thereto as conveniently possible. Such meetings shall not be held outside of Clark County, Nevada, unless the Board determines that unusual conditions exist that make a meeting elsewhere desirable.

2.6 Notices. Each Member shall be entitled to notice of any meeting at which such Member has the right to vote. Notices of meetings shall be in writing and shall indicate each matter to be voted on at the meeting that is known to the Board at the time notice of the meeting is given; provided, however, that no business shall be conducted at a special meeting unless it is specified in such notice. Such notices shall be given not less than ten (10) nor more than thirty (30) days before the date of the meeting, except in such cases as are determined by the Board to be emergency situations. Any notice shall be deemed given and any budget or other information or material shall be deemed furnished or delivered to a party if sent in accordance with the provisions of Section 8.16.

2.7 Record Date. The Board shall have the power to fix in advance a date as a record date for the purpose of determining Members entitled to notice of or to vote at any meeting or to be furnished with any budget or other information or material, or in order to make a determination of Members for any purpose. Notwithstanding any provisions hereof to the contrary, the Members of record on any such record date shall be deemed the Members for such notice, vote, meeting,

furnishing of information or material or other purpose and for any supplementary notice, or information or material with respect to the same matter and for any adjournment of the same meeting. A record date shall not be more than sixty (60) days nor less than ten (10) days prior to the date on which the particular action requiring determination of Members is proposed or expected to be taken or to occur.

2.8 Quorums. The presence of Members who hold votes equal to twenty percent (20%) of the total voting power of the Association, in person or by proxy, at a meeting to consider a matter shall constitute a quorum for consideration of that matter. The Members present at a duly called meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken other than adjournment, is approved by at least a majority of the Members required to constitute a quorum, unless a greater vote is required by law, by the Articles of Incorporation or By-Laws of the Association, or by this Declaration.

2.9 Consent of Absentees. The proceedings and transactions of any meeting of Members, either annual or special however called and noticed and wherever held, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy and if, either before or after the meeting, each of the Members not present in person or by proxy signs a written waiver of notice, a consent to the holding of such meeting or an approval of the minutes thereof. Neither the business to be transacted at, nor the purpose of any regular or special meeting of Members need be specified in any written waiver of notice. All such waivers, consents or approvals shall be filed with the Association records or made a part of the minutes of the meeting.

Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting, except when the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law to be included in the notice but not so included, if such objection is expressly made at the meeting.

2.10 Action Without Meeting. Any action which may be taken at any annual or special meeting of the Members may be taken without a meeting and without prior notice, if authorized by a written consent setting forth the action so taken, signed by Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members were present and voted, and filed with the Secretary of the Association; provided, however, that directors may not be elected by written consent except by unanimous written consent of all Members. Any Member giving a written consent, or such Member's proxyholder, may revoke any such consent by a writing received by the Association prior to the time that written consents of the number of Members required to authorize the proposed action have been filed with the

Secretary of the Association, but may not do so thereafter. Such revocation shall be effective upon its receipt by the Secretary of the Association.

Unless the consents of all Members have been solicited in writing and have been received, prompt notice shall be given, in the same manner as for annual meetings of Members, to those members who have not consented in writing, of the taking of any Association action approved by Members without a meeting. Such notice shall be given at least ten (10) days before the consummation of the action authorized by such approval with respect to the following:

- (a) Approval of any reorganization of the Association;
- (b) A proposal to approve a contract or other transaction between the Association and one or more directors, or any corporation, firm or association in which one or more directors has a material financial interest; or
- (c) Approval required by law of the indemnification of any person.

2.11 Adjourned Meetings and Notice Thereof. Any Members meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by a vote of a majority of the Members present either in person or by proxy thereat, but in the absence of a quorum, no other business may be transacted at any such meeting except as provided in Section 2.8.

When any Members meeting, either annual or special, is adjourned for seven (7) days or less, the time and place of the adjourned meeting shall be announced at the meeting at which the adjournment is taken. When any Members' meeting, either annual or special, is adjourned for more than seven (7) days, notice of the adjourned meeting shall be given to each Member as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting, and at the adjourned meeting the Members may transact any business that might have been transacted at the original meeting.

2.12 Articles and By-Laws. The purposes and powers of the Association and the rights and obligations with respect to Owners as Members of the Association set forth in this Declaration may and shall be amplified by provisions of the Articles of Incorporation and By-Laws of the Association, including any reasonable provisions with respect to corporate matters, but in the event that any such provisions may be, at any time, inconsistent with any provision of this Declaration, the provisions of this Declaration shall govern.

2.13 Notification of Transfer. Each Owner shall within ten (10) days of any sale, transfer or conveyance of a fee interest in the Owner's Lot, notify the Association of such sale, transfer or conveyance.

ARTICLE 3. RIGHTS AND OBLIGATIONS OF THE ASSOCIATION.

3.1 Maintenance of Association Property. The Association shall be obligated to provide for the care, operation, management, maintenance, repair and replacement of Association Property. Without limiting the generality of the foregoing, such obligation shall include keeping Association Property in good, clean, attractive and sanitary condition, order and repair; repairing wind and other damage caused by the elements; removing any debris or materials to prevent obstruction of access to each Lot; keeping Association Property safe, attractive and maintained in a manner desirable for a residential community; and making necessary or desirable alterations, additions, betterments or improvements to or on Association Property.

3.2 Labor and Services. The Association may obtain and pay for the services of any person to manage its affairs, or any part thereof, to the extent it deems advisable, as well as the services of such other personnel, including independent contractors, as the Association shall determine to be necessary or desirable for the proper operation and maintenance of Association Property or the Association whether such personnel are furnished or employed directly by the Association or by any person with whom or which it contracts.

3.3 Association Functions. The Association may undertake or contract for any lawful activity, function or service for the benefit of the Owners. In addition to the Assessments described in Article 5, all costs and expenses of activities, functions or services undertaken by the Association for the benefit of fewer than all of the Owners may, at the discretion of the Board, be assessed to the Owners benefitted thereby, and such Assessments shall be enforced in accordance with the provisions of Article 5. The Association shall obtain from any governmental authority any licenses necessary or appropriate to carry out its functions hereunder.

The activities, functions or services undertaken or contracted for by the Association may, but need not necessarily include, without limitation the providing of police or similar security services; the providing of legal and accounting services necessary or desirable in connection with the operation of the Association or the enforcement of this Declaration; the providing of utility services and garbage and trash collection and disposal for each Lot and area in the Property; the providing of sewer and water service and other common services; the providing of vegetation clearing and other fire suppression services; the granting or conveying of easements or rights of way over, across, along or under any real property of the Association; and the enforcement of all rights granted to the Association in any lease, easement or other instrument, including this Declaration.

3.4 Rules and Regulations. The Association or any person contracted with by the Association to manage the Association and Association Property may make and enforce reasonable and uniformly applied rules and regulations governing the use of Lots and of Association Property. Such rules and regulations may, without limitation: (i) regulate use and enjoyment of Association Property; (ii) regulate the burning of open fires and the vegetation clearing, fuel modification and other fire protection actions to be taken by Owners with respect to their Lots; (iii) regulate the use and parking of vehicles within the Property; (iv) prohibit noxious or offensive activities, nuisances, unsafe or hazardous activities or construction, emission of loud sounds or offensive odors and unsightliness; and (v) regulate the use of Association Property by Owners, Residents and their Guests.

The Association shall furnish each Owner with a written copy of each such rule or regulation, but failure to furnish such copy shall not be deemed to invalidate such rules or regulations to any extent.

The Association shall have the right to enforce any of the rules and regulations of the Association and the obligations of any Owner or Resident under this Declaration or any provision of its Articles of Incorporation or By-Laws by assessing a reasonable fine against such Owner or Resident and/or suspending the right of such Owner or Resident to use Association Property and/or suspending the right of such Owner to vote at meetings of the Association; provided that such use and/or voting suspension may not be imposed for a period longer than thirty (30) days per violation; and provided further that if any such violation continues for a period of ten (10) days after notice of such violation has been given to such Owner or Resident, such continuing violation shall be deemed to be a new violation and shall be subject to the imposition of new penalties. If any such fine imposed on an Owner or Resident by the Association is not paid by said Owner or Resident within thirty (30) days after written notice of the imposition of such fine, then the amount of such fine shall be added to the amount of the regular Assessment charged to the Lot of said Owner or Resident and shall be enforceable as an Assessment in accordance with Article 5. No penalty may be imposed under this Section until the Owner or Resident accused of any such violation has been afforded the right to be heard in person, by submission of a written statement, or through a representative, at any such hearing. The Association may also take judicial action against any Owner or Resident to enforce compliance with such rules, regulations or other obligations or to obtain damages for noncompliance, all to the extent permitted by law.

Should any Resident violate any rule or regulation or any provision of this Declaration, or should any Resident's act, omission or neglect cause damage to Association Property, such violation, act, omission or neglect shall also be considered and treated as a violation, act, omission or neglect of the Owner of the Lot upon which the Resident resides.

Likewise, should any Guest of an Owner or Resident commit any such violation or cause such damage to Association Property, such violation, act, omission or neglect shall also be considered and treated as a violation, act, omission or neglect of the Owner or Resident (as well as the Owner of the Lot upon which the Resident resides).

No Resident or Guest of an Owner shall violate the rules and regulations adopted from time to time by the Association whether relating to the use of Lots, the use of Association Property or otherwise, and violations of the rules and regulations by any Guest of an Owner or by any Resident on a Lot of an Owner shall be a violation by such Owner.

3.5 Dedication of Land. The Association may dedicate, transfer, lease or grant easements in any part of any real property owned by it to any public agency, authority or utility.

3.6 Property Taxes. The Association shall pay all property taxes and assessments levied on any portion of Association Property. The Association may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application of any such taxes or assessments

3.7 Right of Entry on Lots. The Association shall have the right, upon not less than twenty-four (24) hours prior written notice, to enter upon any Lot for the purpose of enforcing this Declaration or any rules and regulations of Association.

3.8 Implied Rights. The Association shall have and may exercise any right or privilege given to it expressly by this Declaration, or reasonably to be implied from the provisions of this Declaration, or given or implied by law, or which may be necessary or desirable to fulfill its duties obligations, rights or privileges.

3.9 Limitation on Rights. The Association shall not take any of the following actions except with the prior vote or written consent of a majority of the voting power of the Association:

- (a) Entering into a contract with a third person wherein the third person will furnish goods or services for the Association or Association Property for a term longer than one (1) year, except (i) a contract with a public utility company if the rates charged for the materials or services are regulated by the Nevada Public Service Commission (provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate), or (ii) prepaid casualty and/or liability insurance policies of not to exceed three (3) years duration.

(b) Incurring aggregate expenditures for capital improvements to Association real property in any fiscal year in excess of five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling during any fiscal year property of the Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Paying compensation to members of the Board or to officers of the Association for services performed in the conduct of the Association's business; provided, however, that the Board may cause a member or officer to be reimbursed for expenses incurred in carrying on the business of the Association.

ARTICLE 4. COMMON AREAS AND EASEMENTS

4.1 Title to and Use of Streets. Declarant shall convey to the Association fee simple title to the Streets, free and clear of all monetary encumbrances and liens except those imposed by the County of Clark and/or the City of Henderson subject to the provisions of this Declaration and easements, conditions, restrictions and reservations of record, prior to the conveyance of a Lot to a member of the public. Every Owner and Resident shall have a non-exclusive right and easement to use the Streets for pedestrian and vehicular traffic, and may delegate such right and easement to such Owner's or Resident's Guests, subject to the rules and regulations of the Association.

The Association shall have the right to offer, dedicate and transfer any or all of the Streets to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association consistent with the provisions of this Declaration; provided, however, that same does not violate the Articles of Incorporation or the By-Laws of the Association and that no such dedication or transfer shall be effective unless such dedication has been approved by the Board and by Members representing two-thirds (2/3) or more of the voting power of the Association.

4.2 Title to and Use of Common Areas. Declarant shall convey to the Association fee simple title to Common Areas "A" and "B" as shown on the map of Quail Ridge Estates - Unit No. 2 previously referred to herein, free and clear of all monetary encumbrances and liens except those imposed by the County of Clark and/or the City of Henderson, and subject to the provisions of this Declaration and easements, conditions, restrictions and reservations then of record, prior to the conveyance of the first Lot to a member of the public.

Subject to the provisions of any easements granted to, or conditions imposed by the City of Henderson, Nevada in connection with its approval of the subdivision of the Property by Declarant, Common Areas "A" and "B" and any other areas designated as Common Areas on subdivision maps filed and recorded by Declarant for a portion of the Property shall be used only as open space maintained in accordance with the natural environment of the property and/or for recreational purposes related to the enjoyment of such area by Owners, Residents and their Guests pursuant to the rules and regulations of the Association. Subject to the provisions of any easements granted to, or conditions imposed by, the City of Henderson in connection with its approval of the subdivision of the Property by Declarant, but notwithstanding any other provision of this Section 4.2 to the contrary, Declarant shall at all times retain the right and easement to construct and use, and allow others to use all or any portion of Common Areas "A" and "B" for a display and sales office for any of Declarant's property located in Clark County.

4.3 Rights in Association Property. The rights of Owners and Residents and their Guests to use Association Property shall be subject to this Declaration and to the rules and regulations of the Association. The Association shall have the right to enforce such rules and regulations against any Guest by suspending the right of such Guest to use Association Property in accordance with the provisions of Section 3.4 as though such Guest were an Owner or Resident referred to therein.

No Owner, Resident or Guest shall do anything or cause anything to be kept in or on Association Property that might result in an increase in the insurance premiums of insurance obtained by the Association or that might cause cancellation of such insurance, without the prior written consent of the Association. No Owner, Resident or Guest shall do anything or keep anything in or on Association Property that would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirement of any governmental body.

No Owner, Resident or Guest shall obstruct, damage or commit waste to any Association Property. No Owner, Resident or Guest shall change, alter or repair, or store anything in or on, any Association Property, without the prior written consent of the Association.

4.4 Loss or Damage to Association Property. If, due to the act, omission or neglect of an Owner or Resident, or such Owner's or Resident's Guest, loss or damage shall be caused to any Association Property, the Owner, Resident or Guest shall be liable and responsible for the same except to the extent that such damage or loss is covered by insurance obtained by the Association and the insurer has waived its rights of subrogation against said party. If such loss or damage is not immediately repaired by the responsible party, the Association may effect such repairs, and the costs thereof shall be assessed against the Lot of the applicable Owner or Resident as an Assessment in accordance with Article 5 and Section 3.4.

4.5 Easements for Repair, Maintenance and Emergencies. The Association shall have an easement for access through each Lot for making emergency repairs thereon necessary to

prevent damage to Association Property or to another Lot. Nothing herein shall be deemed to obligate the Association to make any such emergency repairs.

4.6 Negligence or Willful Misconduct. Any damage to any Lot caused by the gross negligence or willful misconduct of the Association or any of its agents during any entry onto any Lot shall be repaired by and at the expense of the Association.

4.7 Flowage Easement. Lots situated on higher elevations shall have flowage easement over adjacent Lots having a lower elevation for the drainage of surface runoff of rainfall or other surface waters. The grade along or close to any side Lot line of the Lot situated on the higher elevation shall not be altered nor shall any structure or improvement be placed along or close to any Lot line of the higher elevation Lot so as to unduly concentrate the flow of surface waters or locate such flow in a manner that will be hazardous to the life or cause substantial damage to the property of the Owner of the Lot situated on the lower elevation, except with the prior approval of the Owner of the lower Lot. No structure or improvement shall be erected, made or maintained on the Lot situated on the lower elevation that will alter or change the drainage pattern of such lower Lot in a manner hazardous or detrimental to the Lot situated on higher elevation, except with the prior approval of the Owner of the higher Lot.

4.8 Reservation of Construction Easement. Declarant reserves for a period of Sixty (60) months after the date of this Declaration an easement over the Property for the completion of construction of improvements thereon.

4.9 Recreational Amenities. Declarant shall commence construction of the recreational amenities of the Association at such time as there have been issued by the City of Henderson, Nevada, Certificates of Occupancy for dwellings on Ten (10) Lots.

4.10 Landscaping Within Streets. Each Owner shall be or become responsible at its expense, for landscaping and thereafter maintaining (including replacing landscaping if necessary) all those areas of the Streets which are contiguous to the Owner's Lot or Lots and which are otherwise unimproved by Declarant or the Association with paving, sidewalk or curbing. Said landscaping shall be completed in accordance with plans first approved by the Committee within four (4) months of the issuance by the City of Henderson, Nevada of a Certificate of Occupancy for the residential dwelling on the Lot (but, in any event, within fifty-two (52) months of the date on which Declarant transfers title to the Lot to a party other than Declarant) and shall be maintained in accordance with standards and procedures established and approved by the Committee. The foregoing time limitations conform to time limitations established in Section 7.16 for landscaping of Lots. Each Owner shall integrate such landscaping with any landscaping installed by Declarant. Each Owner shall become responsible for the maintenance (and, if necessary, the replacement)

of any Declarant installed landscaping and irrigation system at the time when the Owner installs the landscaping in the Streets as provided above, but in no event to be later than the date when such landscaping is required to be completed in accordance with the foregoing. Although Declarant will install a simple irrigation system for landscaping installed by Declarant, each Owner shall be responsible for modifying and/or adding to such irrigation system in order to provide a permanent automatic irrigation system for landscaping installed by Declarant and Owner in the Street areas contiguous to the Owner's Lot. If any Owner fails to landscape or maintain landscaping in the Street area as set forth above, the Association may landscape said area and/or maintain landscaping in said area, and the cost thereof shall be assessed to the Owner as an Assessment in accordance with Article 5. The Association shall maintain and irrigate landscaping installed by Declarant prior to the time when Owner becomes responsible therefor. The Association shall maintain all landscaping installed by

Declarant which lies within the public right-of-way of any public street bordering the Property.

4.11 Landscape Easements. Certain Lots will be conveyed subject to landscape easements as noted on subdivision maps of portions of the Property filed and recorded by Declarant. The Declarant and/or the Association may establish landscaped areas within said easement areas for the benefit of Declarant, the Association and Owners and Residents. The Association shall maintain those established landscaped areas and may utilize all or any portions of the landscape easement areas for access, irrigation and maintenance purposes.

4.12 Walls. Any block or masonry walls constructed by Declarant on a Lot shall be maintained by the Owner of that Lot at the Owner's expense. No Owner shall permit removal, alteration or painting of such walls without the prior approval of the Committee. If an Owner fails to maintain such a wall in accordance with the foregoing, the Association may perform such maintenance, and the cost thereof shall be assessed to the Owner as an Assessment in accordance with Article 5.

ARTICLE 5. ASSESSMENTS.

5.1 Assessments. Each Owner (or, in the event of multiple Owners of the same Lot, such multiple Owners jointly and severally) shall be obligated to pay to the Association amounts as hereinafter provided based on each Lot owned by such Owner or Owners, which amounts are herein called "Assessments". Assessments shall be classified as either "Regular" or "Supplementary" Assessments.

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

5.2 Fiscal Year and Determination of Budgets. The fiscal year of the Association shall be the calendar year. No later than sixty (60) days prior to the commencement of each fiscal year or partial fiscal year, the Board shall determine the budget for the Association for such fiscal year or partial fiscal year, in the following manner:

5.2.1 Operating Budget. The Board shall prepare or cause to be prepared and approve an Operating Budget for the fiscal year or partial year showing, in reasonable detail, the estimated operating costs and expenses that will be payable in that fiscal year or partial fiscal year to fulfill the regular operating functions and obligations of the Association in that fiscal year or partial fiscal year, including amounts necessary to cover obligations made in connection with, or contemplated under, any previously approved budgets, plus an amount sufficient to provide a reasonable carry-over reserve for the next fiscal year.

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

Upon determination of the budget for a fiscal year or partial fiscal year, the Board shall furnish a copy of the budget to each Owner, which budget shall separately identify amounts attributable to the Operating Budget and to the Capital Replacement Reserve fund.

5.3 Regular Assessments. The amount to be raised by Regular Assessments during a fiscal year or partial fiscal year shall be equal to (i) the Operating Budget for such period, plus (ii) the Capital Replacement Reserve to be set aside for said period, less the amount attributable to the Operating Budget collected but not disbursed in the immediately preceding fiscal year or partial fiscal year, provided, however, that in lieu of such subtraction the Association may elect to refund to the Owners said surplus.

If the aggregate amount of the Regular Assessment to be levied in any fiscal year against the Owner of each Lot is more than twenty percent (20%) greater than the Regular Assessment for the prior fiscal year, such Regular Assessment shall not be levied without the prior approval of Owners holding fifty-one percent (51%) or more of the Class A voting rights of the Association.

If the Board fails to determine or cause to be determined the total amount to be raised by Regular Assessments in any fiscal year or partial fiscal year, and/or fails to notify the Owners of the amount of such Regular Assessments for any fiscal year, then the amounts of Regular Assessments shall be deemed to be the amounts assessed in the previous fiscal year.

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

5.4 First Assessments. Prior to the conveyance by Declarant of the first Lot to be sold to a member of the public, the Board shall estimate the costs and expenses to be incurred by the Association from the time of the sale by Declarant of the first Lot until the commencement of the first full fiscal year. The estimate shall be assessed to each Owner as provided in Section 5.6 hereof as a Regular Assessment as of the date of the sale by Declarant of the first Lot. All costs and expenses incurred prior to such sale shall be the sole responsibility of Declarant.

5.5 Supplementary Assessments. In addition to Regular Assessments, the Association may levy Supplementary Assessments, payable over such period as the Association may determine: (i) for the purpose of defraying, in whole or in part, to the extent the amounts in the Capital Replacement Reserve fund are insufficient therefor, the costs of

any construction or reconstruction, maintenance, repair or replacement of improvements or any part thereof; (ii) for the purpose of defraying any other expense incurred or to be incurred as provided in this Declaration; or (iii) to cover any deficiency, in the event that, for whatever reasons, the amount received by the Association from Regular Assessments is less than the amount determined to be necessary and assessed by the Board. Supplementary Assessments in excess of five percent (5%) of the budgeted gross expenses of the Association for a fiscal year may not be levied without the prior approval of Owners holding fifty-one percent (51%) or more of the Class A voting rights.

5.6 Apportionment of Assessments. The amount of the Regular or Supplementary Assessment for any fiscal period payable by an Owner for each Lot owned by such Owner shall be a percentage of such Assessment equal to that percentage of Lots in the Property represented by the Lot at the beginning of the fiscal year. By way of example, if, at the beginning of a fiscal year, there are 100 Lots in the Property, an Owner would be responsible for paying One Percent (1%) of the total Assessment for each Lot owned. If there are 50 Lots in the Property at the beginning of a fiscal year, an Owner would be responsible for paying Two Percent (2%) of the total Assessment for each Lot owned.

5.7 Time for Payments. The amount of any Assessment, charge, fine, penalty or other amount payable with respect to any Owner or such Owner's Lot, shall become due and payable as specified by the Board and, in any event, thirty (30) days after any notice of the amount due as such Assessment, charge, fine, penalty or other amount shall have been given by the Association to such Owner, and any such amount shall bear interest at a rate specified by the Board but in no event greater than the maximum amount by law from the date due and payable until paid.

5.8 Lien for Assessments and Other Amounts. If an Owner does not pay in full, within thirty (30) days after due date, any Assessment, charge, fine, penalty or other amount or any installment thereof, or any interest accrued thereon when due, upon recording in the Office of the County Recorder of Clark County, Nevada a notice of assessment describing the Lot or Lots owned by the defaulting Owner, the Association shall have a lien against such Lot(s) to secure payment of any such Assessment, charge, fine penalty or other amount due and owing to the Association with respect to the Owner or with respect to such Owner's Lot(s) plus interest from the date due and payable, plus costs and expenses of collecting the unpaid amount (including reasonable attorneys' fees). Such notice of assessment shall state the amount of the Assessment and interest, costs and penalties, the Owner's name and a description of the applicable Lot or Lots against which the Assessment has been made, and shall be signed by an authorized representative of the Association. Upon payment or other satisfaction of the Assessment, the Association shall cause to be recorded a further notice stating the satisfaction and the release of the lien. If, after recording of the notice of assessment, the Owner fails to pay or otherwise satisfy the Assessment, the Association may, at any time within two (2) years after such

recordation, (which two year period may be extended for an additional two years if the Association records a written extension thereof within the original two year period) enforce the lien by sale of the applicable Lot or Lots. In exercising its power of sale, the Association shall have such rights, shall comply with such requirements and conditions and shall follow such procedure as may be established under the laws of the State of Nevada relative to the enforcement of such liens. In the absence of any such laws, said lien may be enforced by sale conducted in accordance with laws of the State of Nevada for foreclosure of deeds of trust. The foregoing remedies shall be in addition to any other remedies provided by law or in equity for the enforcement of such obligations.

5.9 Estoppel Certificate. Upon payment of a reasonable fee and upon written request of any Owner the Association shall furnish a written statement setting forth the amount of Assessment, charges, fines or penalties, if any, due or accrued and then unpaid with respect to the Owner and/or the Lot owned by such Owner and the amount of the Assessments for the current fiscal period of the Association payable with respect to the Lot owned by such Owner, which statement shall, with respect to the party to whom it is issued, be conclusive against the Association that no greater or other amounts were then due or accrued and unpaid.

5.10 Liability of Owners and Purchasers. The amount of any Assessment, charge, fine or penalty owing to the Association by any Owner under this Declaration shall be a joint and several obligation to the Association of such Owner and such Owner's heirs, personal representatives, successors and assigns. Each such amount, together with interest thereon, may be recovered by suit for a money judgment by the Association without foreclosing or waiving any lien securing the same.

5.11 Financial Statements. Within Ninety (90) days after the end of each fiscal year, the Association shall distribute to its Members, an Association balance sheet as of the last day of such year and an operating statement for such year. Such financial statements need not be audited by an independent public accountant for any fiscal year for which the gross income to the Association is less than Seventy-Five Thousand Dollars (\$75,000).

5.12 Inspection of Books and Records. The membership register, books of account, and minutes of meetings of the Members of the Board and of committees of the Board, shall be made available for inspection and copying by any Member, or by his or her duly appointed representative, at any reasonable time and for a purpose reasonably related to his or her interest as a Member, at the office of the Association or at such other place within the Property as the Board shall prescribe. The Board may establish reasonable rules with respect to the notice to be given to the custodian of the records by the Member desiring

to make the inspection hours and days of the week when such an inspection may be made, and payment of the cost of reproducing copies of documents requested by a Member.

ARTICLE 6. RESTRICTION ON USE OF LOTS.

6.1 Residential Uses. No building shall be constructed on a Lot unless (1) said building is a single family dwelling containing not less than three thousand (3,000) square feet, exclusive of servant's quarters, pool houses, accessory buildings and attached or detached garages, or unless (2) such a single family dwelling has been or is being contemporaneously constructed on the Lot. No residence or other structure shall be constructed so that any portion thereof is within thirty (30) feet of a Street or public street, or within fifteen (15) feet of another Lot, unless otherwise approved by the Committee.

No building, wall or other improvement shall be erected or maintained nor shall any construction thereof be commenced upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Committee.

No used buildings constructed or erected upon other real property shall be moved from other locations onto any Lot. Neither trailers nor mobile homes shall be permitted on any Lot unless housed in an enclosed structure. No structures of a temporary character, trailers, tents, shacks, garages or barns shall be used on any Lot at any time as a residence either temporarily or permanently. All temporary structures on any Lot during construction of a residence must be approved by the Committee and must be removed when construction is completed.

6.2 Animals. No animals, livestock or poultry of any kind shall be raised or kept on any Lot, except for dogs, cats or other household pets. At any one time the total number of household pets other than fish shall not exceed four (4), nor shall any animals be kept, bred, manicured, or maintained for any commercial purposes. No animals may be kept which, in the sole discretion of the Association constitute a nuisance or annoyance to other Owners or Residents. Any such nuisance shall be corrected at the Owner's expense. Should the Owner not comply with the requirements imposed by the Association, such correction shall be made under the Association's direction with any costs to be billed to the Owner and to be an Assessment as to said Owner and the applicable Lot pursuant to Article 5. In no event shall an Owner permit any animal to roam from an Owner's Lot. Any animal allowed on the Property shall be registered with the Association if required pursuant to rules and regulations promulgated by the Board. Such rules and regulations may require a certificate of good health issued by any veterinarian licensed to practice by the State of Nevada and such periodic recertifications as may be reasonable with respect to the type of animal involved.

6.3 Signs. Except as may be specifically permitted in any Association rules and regulations, no advertising signs, billboards, unsightly objects or nuisances shall be erected, placed or permitted to remain on the Property, nor shall the Property be used in any way or for any purpose which may endanger the health of or unreasonably disturb any Owner. Nothing herein contained shall restrict the right of an Owner to display or have displayed on such Owner's Lot a sign of customary and reasonable dimensions advertising the Lot for sale, the right of the Association to place directional signs of customary and reasonable dimensions with respect to Streets and to easements, or the right of Declarant to place signs of reasonable dimensions on Lots or in areas designated as Common Areas on subdivision maps of record for any portion of Property for sales or office purposes of Declarant in connection with its office facilities thereon. All permitted signs shall conform to the Architectural Standards and Procedures noted in Article 7. No business activities of any kind whatsoever shall be conducted on any portion of a Lot, except for the office facilities of Declarant.

6.4 Service Areas. All clotheslines, equipment, service yards, woodpiles and storage piles shall be kept screened by adequate fencing so as to conceal them from view of neighboring areas. All rubbish and trash shall be regularly removed from all Lots and shall not be allowed to accumulate thereon. No noxious or offensive activity shall be carried on upon any Lot.

6.5 Outdoor Fires. No outdoor fires shall be permitted on any portion of the Property except as specifically authorized in writing by the Association.

6.6 Motor Vehicles. Any motor vehicle operated on the Property, including automobiles, trucks, dune buggies, motorcycles and trail bikes, shall have mufflers on its exhaust system and shall be ridden only on paved roads within the Property or other areas specifically designated for such use by the Association. No motor vehicle which is not in an operating condition shall be parked or left on any part of the Property other than within an enclosed garage. No motor vehicle shall be ridden on any Lot except for the purpose of parking, loading or garaging the same or for necessary maintenance of the Lot and the structures, persons, animals or plants thereon. In no event shall motor vehicles be operated for recreational purposes on any Lot.

6.7 Boats, Trucks and Trailers. No boat, truck, trailer, van, motor home or camper shall be stored or parked on a Street or on any Lot unless the same shall be kept in an enclosed area out of view from any Street or adjacent Lot.

6.8 Privies. No privies shall be erected, maintained or used upon any Lot, except for temporary privies which are used during the course of construction on a Lot and approved in advance by the Committee subject to such conditions as the Committee may impose.

6.9 Miscellaneous Structures. No derrick, windmill, pump or other structure designed for use in boring, mining or quarrying for water, oil or natural gas or precious minerals shall be erected, maintained or permitted upon any Lot.

6.10 Excavation. No excavation shall be made on any Lot except in connection with construction of an improvement on such Lot, and upon completion thereof any exposed opening shall be backfilled and disturbed ground shall be compacted, graded and levelled in such a manner that the drainage over the disturbed ground shall be the same as it was prior to such excavation. All excavation shall be performed in accordance with plans approved by the Committee.

6.11 Fences. No fence, hedge, wall or other dividing structure higher than six (6) feet above the surface of the ground shall be permitted on any Lot except, (i) tennis court fences constructed of woven-wire, vinyl-clad mesh no higher than ten (10) feet above the surface of the ground, or (ii) as approved by the Committee. No tennis court, tennis court fence or lighting for a tennis court shall be placed upon a Lot unless and until the Committee (i) determines in its sole discretion, that the Lot in question can accommodate the same without substantial annoyance to or detrimental effect upon Owners and Residents of adjoining Lots and (ii) approves the location of the same on the Lot.

6.12 Subdivision. No Lot may be subdivided.

6.13 Antennas. No pole, mast or outdoor antenna shall be allowed on any Lot without the express written consent of the Committee.

6.14 Business of Declarant. Notwithstanding any other provision herein to the contrary, Declarant and its agents (including sales agents) and representatives may use any areas of the Property for model home sites and for a sales and display office for any of Declarant's property in Clark County, Nevada, and said office may be a trailer or mobile office facility. No provision of this Declaration shall be applicable to prohibit any act or activity of Declarant, its agents or representatives in connection with or incidental to Declarant's improvement and/or development of the Property.

ARTICLE 7. DESIGN REVIEW COMMITTEE

7.1 Creation. The Design Review Committee is hereby created with all of the rights, powers, privileges and duties herein set forth. The Committee shall consist of five (5) Representatives.

7.2 Term. Each Representative shall hold office for terms as set forth in the By-Laws of the Committee and until his or her successor has been duly appointed as herein set forth unless he or she has sooner resigned or been removed.

7.3 Appointment. Declarant shall have the sole right to appoint and remove the Representatives of the Committee until the first anniversary date of the recordation of this Declaration. Thereafter and until the earlier of (i) the date on which ninety percent (90%) of the Lots in the Property including any additional Lots which may be annexed, are owned by Owners other than Declarant, or (ii) the 15th anniversary date of the recordation of this Declaration, Declarant shall have the right to appoint and remove four (4) representatives. Thereafter, the Board shall have the sole right to appoint and remove all Representatives. Declarant may, at any time and from time to time, assign Declarant's right to appoint a Representative of the Committee to the Board. However, such assignment shall not waive Declarant's right to appoint Representatives of the Committee in the future, including any replacement of a Representative appointed by the Board pursuant to assignment of appointment power by Declarant.

Representatives of the Committee appointed by the Board shall be Members of the Association. Representatives of the Committee appointed by Declarant need not be Members of the Association.

7.4 Removal and Resignation. Any Committee representative appointed by Declarant may be removed by Declarant with or without cause. Any Committee representative appointed by the Board may be removed by the Board with or without cause. Any Committee representative may resign by submitting a written notice to the Board stating the effective date of his or her resignation, and acceptance of the resignation shall not be necessary to make the resignation effective.

7.5 Committee Functions. The functions of the Committee, in addition to any functions set forth elsewhere in this Declaration shall be to consider and approve or disapprove any plans, specifications or other material submitted to it for the erection, construction, installation, alteration, placement, or maintenance of any buildings or other improvements on Lots, or for the alteration or remodeling of, or construction of additions to, any then existing structures on Lots; to adopt Committee By-Laws, rules and regulations as provided in this Article 7; and to perform such other duties as may, from time to time be delegated to it by the Association. The Committee shall meet from time to time as necessary to perform its duties adequately hereunder, and the Committee's actions on matters shall be by majority vote of the Committee. Any action required to be taken by the Committee may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a majority of the Committee Representatives. The Committee shall keep and maintain a record of all actions taken by it.

7.6 Rule Making Authority. The Committee shall adopt By-Laws, together with rules and regulations (i) regulating construction on the Property, including, without limitation,

dust, and noise abatement requirements, use of temporary construction camps, trailers, construction offices, supply and equipment shelters and screening, hours of construction activity and construction equipment routes, and (ii) interpreting applying, supplementing and implementing the provisions of this Declaration pertaining to the design of buildings and other improvements, including, without limitation, building height, minimum square footage requirements for improvements, types of building materials, permissible exterior colors, landscaping and aesthetic requirements. Said rules and regulations shall be called the "Quail Ridge Estates Architectural Standards and Procedures". A copy of the Quail Ridge Estates Architectural Standards and Procedures as from time to time adopted, amended or repealed, certified by a Representative of the Committee, shall be maintained in the Association office and shall be available for inspection during normal business hours by any Owner or prospective Owner and any architect or agent of any Owner or prospective Owner. Those Architectural Standards and Procedures, as they may, from time to time be amended or revised, are incorporated into this Declaration by this reference, as if set forth in full.

7.7. Review of Plans. The Committee may, by enacting appropriate rules, specify the procedures for the submission and approval of said plans, specifications and other materials; provided, however, that the Committee's approval or disapproval of any such plans, specifications and other materials shall be given in writing within a reasonable time, as specified in such rules, after submission of said plans, specifications and other materials. If the Committee shall disapprove of any such plans, specifications and other materials, it shall send notice of its disapproval to the person or persons applying for said approval at the address set forth in the application therefor within reasonable time. If notice of disapproval is not so sent within the time specified in the Architectural Standards and Procedures, the plans, specifications and other materials submitted shall be deemed to have been approved by the Committee.

7.8 Requirements for Plans. All plans and specifications for any new building or other structure shall be prepared by a licensed architect who has been approved by the Committee in accordance with the Architectural Standards and Procedures and shall include, without limitation, floor, elevation, plot and grading plans; specifications for the principal exterior materials; description of color schemes; landscaping plans, provisions to be made for automobile parking; outside lighting plans, if any; and a detailed description of the location, character and method of utilization of all utilities. The plans and specifications for any alteration, modification or addition to the exterior of any existing building or improvement including, without limitation, alterations such as exterior painting (except for repainting with the same color paint) and changes in or addition of fencing, shall contain the same information as is required for any new building or other improvement, except that plans for nonstructural alterations, modifications or additions need not be prepared by an architect. After approval of any plans, specifications and other materials, the Committee shall, upon written request from the Owner, provide said Owner with a statement of approval in a form appropriate for recordation.

7.9 Standards of Review. The Committee shall, in reviewing plans, specifications and other materials submitted to it, consider the suitability of the proposed building or other improvement for the area in which it will be located; the quality of the materials to be used in construction; and the effect of the proposed building or other improvement on the Property, and other Lots. In that regard, the Committee shall consider the impact of the proposed height of any improvement upon the view from any other Lot and shall have the right to disapprove plans and specifications by reason of any such impact.

7.10 Repair Bonds. In addition to the responsibilities for repair of Association Property set forth elsewhere in this Declaration, during the course of construction and/or landscaping installation on a Lot, the Owner thereof shall be responsible, at its expense, for the prompt repair and/or replacement of Association Property (including, without limitation, sidewalks, curbs, street paving and Declarant installed walls, landscaping and irrigation systems) damaged or destroyed by the Owner, its agents, contractors or employees. No Owner shall commence construction on a Lot until it has deposited with the Association either cash, a letter of credit, bond or other security instrument in an amount and in such form as may be required by the Committee. The amount thereof shall not, however, be less than TWO THOUSAND and 00/100 (\$2,000.00) DOLLARS. Said cash or security instrument shall be held by the Association as security for the repair by the Owner of any Association Property damaged during the course of construction and landscape installation. Should the Lot Owner fail to satisfactorily and promptly replace or repair any such damage upon request by the Committee, the Association may effect repair or replacement at the expense of Owner and utilize the cash or security in payment or partial payment therefor. If the amount of such cash or security instrument is insufficient to reimburse the Association for the full cost of such repair or replacement, any such deficiency shall be charged to the Owner and applicable Lot as an Assessment, the payment of which shall be enforceable in accordance with the provisions of Article 5. The Committee may require the deposit of additional sums or bonds in such amounts as it may, from time to time, deem desirable to ensure repair of Association Property during the course of construction and landscape installation.

7.11 Time Limitations. The then Owner of a Lot must submit plans and specifications for a residence which conforms to the requirements set forth in this Declaration and the Architectural Standards and Procedures within two and one-half (2-1/2) years following the date on which Declarant originally transfers title to said Lot to a party other than Declarant. The then Owner of a Lot must commence construction of a residence on the Lot in accordance with plans and specifications approved by the Committee within three (3) years following the date on which Declarant originally transfers title to said Lot to a party other than Declarant. The then Owner of a Lot must complete construction and obtain an unconditional Certificate of Occupancy from the City of Henderson for a residence constructed in full accordance with plans and specifications approved by the Committee within four (4) years following the date on which Declarant originally transfers title to said Lot to a party other than Declarant. Construction of any structures, alterations, additions or improvements on a Lot, shall, in any event, be completed within one (1) year of the initiation of construction. In no event shall the construction of any building, structure, addition, alteration, or improvement be commenced prior to the approval by the Committee of plans and specifications therefor. If an Owner fails to comply with any of the time limitations set forth above, Declarant states and all Owners, by acquiring title to any interest in a Lot agree, that the damage to other Owners, and the

Association shall be difficult to determine. If, after expiration of any of the foregoing time periods, a required performance has not been completed, the Association may assess an Owner up to Twenty Dollars (\$20.00) per day for each day that such performance has not been completed, each Owner by acquiring title to any interest in a Lot thereby acknowledging that said Twenty Dollar sum represents a reasonable estimation of said damages. Any sum so assessed shall be an Assessment against the applicable Owner and Lot in accordance with Article 5. Failure to complete any construction, alteration or other work within the above time limits shall further operate automatically to revoke the approval of plans and specifications by the Committee and, upon demand by the Committee, the Lot upon which

such construction, alteration or other work was undertaken shall be restored as nearly as possible to its state existing prior to any such construction, alteration or other work. If such Lot is not so restored the Association may undertake such restoration and charge the cost thereof to the Owner of said Lot, which cost shall be enforceable as an Assessment in accordance with Article 5. The Committee Representatives and the Committee's duly appointed agents may enter upon any Lot at any reasonable time or times to inspect the progress or status of any such construction, alteration or other work. The Committee may record a notice reflecting the fact that any such work has not been approved or that any approval given has been automatically revoked.

7.12 Fees. The Committee shall have the right to require payment of reasonable fees for review of proposed plans, specifications and other materials.

7.13 Liability of Committee Representatives. Provided that Committee Representatives act in good faith and with due diligence, neither the Committee nor any Representatives thereof shall be liable to the Association, any Owner or any other person for any damage, loss or prejudice suffered or claimed on account of the approval or disapproval of any plans, specifications or materials, including, but not limited to, flood control plans, whether or not defective; the construction or performance of any work, whether or not pursuant to approved plans, specifications and materials; the development or manner of development of any land within the Property; the execution or recordation of a form of approval or disapproval pursuant to this Article 7, whether or not the facts stated therein are correct; the performance of any other function pursuant to the provisions of this Declaration; or any other act or omission of the Committee or a Committee Representative.

7.14 Professional Advice. The Committee may employ the services of an architect or engineer to render professional advice, and may pay a reasonable compensation for such services, which compensation may be charged to any Owner who has submitted plans, specifications or other materials which are reviewed by such architect or engineer, provided that such compensation may only be charged to such Owner if he or she has been informed in advance that such compensation will be so charged.

7.15 Additional Requirements for Approval of Lot Development. As a condition to Committee approval of any plans, specifications or materials for construction, if the proposed improvements would appear to place unusual or extraordinary demands upon roads, utilities or other systems servicing the Property, the Committee may require the person submitting such plans, specifications or materials to construct additional roads, water systems, sewer treatment improvements or other utilities or similar facilities. The Committee may require that such person post a reasonable bond to secure completion of any such roads, utilities or similar facilities.

7.16 Landscape Installation and Maintenance. Within four (4) months of the issuance of a Certificate of Occupancy for a residential dwelling on a Lot (and, in any event, within fifty-two (52) months of the date on which Declarant transfers title to the Lot to a party other than Declarant), the then Owner of the Lot shall install landscaping on all areas of the Lot visible from adjoining Streets or Lots, said installation to be in accordance with plans and specifications first approved by the Committee. Said landscaping shall include an automatic irrigation system. The time restrictions set forth above conform to those time restrictions set forth in Section 4.10 relating to the installation of landscaping in Street areas. After installation, the Owner of the Lot shall, at its expense, maintain said landscaping in accordance with standards and procedures established and approved by the Committee. If any Owner fails to landscape or maintain landscaping in accordance with the foregoing, the Association may landscape said area and/or maintain landscaping in said area, and the cost thereof shall be assessed to the Owner as an Assessment in accordance with Article 5.

ARTICLE 8. MISCELLANEOUS

8.1 Duration of Declaration. Each of the provisions contained in this Declaration shall run with the land and continue and remain in full force and effect for a period of sixty (60) years beginning as of the date of execution of this Declaration, and shall automatically be extended thereafter for successive periods of ten (10) years each unless an instrument executed by the then Owners of not less than two-thirds (2/3) of the Lots has been recorded agreeing to terminate this Declaration.

8.2 Amendment. Any provision contained in this Declaration may be amended or changed, and additional provisions may be added hereto by the recording of a written instrument or instruments specifying the amendment or change, executed (i) by Declarant at any time during the first year following recordation of this Declaration, or (ii) at any time thereafter, by Owners who hold not less than fifty per cent (50%) of the voting power of the Association; provided, however, that the provisions of Sections 4.1, 4.2, 6.1, 6.14, 8.1, 8.2 and of Article 7 shall only be amended by a written instrument executed by Owners who hold not less than seventy-five percent (75%) of the voting power of the Association.

8.3 Effect of Provisions of Declaration. Each provision of this Declaration, and any agreement, promise, covenant and undertaking to comply with each provision of this Declaration, and any necessary exception or reservation or grant of title, estate, right or interest to effectuate any provision of this Declaration (i) shall be deemed incorporated in each deed or other instrument by which any right, title or interest in the Property or in any Lot is granted, devised or conveyed, whether or not set forth or referred to in such deed or other instrument; (ii) shall, by virtue of acceptance of any right, title or interest in the Property or in any Lot by an Owner, be deemed accepted, ratified, adopted and declared as a personal covenant of such Owner, and, as a personal covenant, shall be binding on such Owner and such Owner's heirs, personal representatives successors and assigns and shall be deemed a personal covenant to, with and for the benefit of the Association and with and for the benefit of any other Owner.

(iii) shall be deemed a real covenant by Declarant for itself, its successors and assigns and also an equitable servitude, running, in each case, as a burden with and upon the title to the Property and each Lot and, as a real covenant and also as an equitable servitude, and be deemed a covenant and servitude for the benefit of the Property and each Lot; and (iv) shall be deemed a covenant, obligation and restriction secured by a lien in favor of the Association burdening and encumbering the title to the Property and each Lot in favor of the Association.

8.4 Enforcement and Remedies. In addition to any other remedies herein provided, each provision of this Declaration with respect to an Owner or the Lot of an Owner shall be enforceable by the Association or any Owner by a proceeding for a prohibitive or mandatory injunction or by a suit or action to recover damages. If any court proceedings are instituted in connection with the rights of enforcement and remedies provided in this Declaration, the prevailing party shall be entitled to recover from the losing party any costs and expenses in connection therewith, including reasonable attorney's fees.

8.5 Protection of Encumbrances. No violation or breach of, or failure to comply with any provision of this Declaration and no action to enforce any such provision shall affect, defeat, render invalid or impair the lien of any mortgage, deed of trust or other lien on any Lot taken in good faith and for value and recorded prior to the time of recording of an instrument describing the Lot and listing the name or names of the Owner or Owners of fee simple title to the Lot and giving notice of such violation, breach or failure to comply; nor shall such violation, breach or failure to comply or action to enforce affect, defeat, render invalid or impair the title or interest of the holder of any such mortgage, deed of trust or other lien or title or interest acquired by any purchaser upon foreclosure of any such mortgage, deed of trust or other lien or result in any liability, personal or otherwise, of any such holder or purchaser. Upon foreclosure of any such mortgage, deed of trust or other lien no such holder who thereby assumes title to a Lot shall be required to correct past violations hereof with respect to said Lot so long as said Lot is neither occupied nor used for any purpose by such holder but is merely held for prompt resale. The Association, at its sole cost and expense, may correct said past violations. Any such purchaser or foreclosure shall, however, take subject to this Declaration except that violations or breaches of, or failure to comply with, any provisions of this Declaration which occurred prior to the vesting of fee simple title in such purchaser, shall not be deemed breaches or violations hereof or failures to comply herewith with respect to such purchaser his or her heirs, personal representatives, successors or assigns.

8.6 Annexation. Additional property or properties may be annexed to the Property by Declarant and become subject to the duties, powers and jurisdiction of the Association and to this Declaration.

8.6.1 Procedure for Annexation. Such annexation shall be made by, and shall be effective upon, filing of record, in the Office of the County Recorder of Clark County, Nevada, a Declaration of Annexation, or similar instrument executed by Declarant, relative to the additional property or properties to be annexed. Such Declaration of Annexation or similar instrument may contain such supplementary additions to or modifications of the covenants, condition and restrictions contained in this Declaration as may be necessary or advisable to reflect the different character, if any, of the annexed property or properties.

8.6.2 Consequences of Annexation. The recordation of any Declaration of Annexation as provided hereinabove shall constitute and effectuate the annexation of the real property described therein, making said real property subject to this Declaration, as amended, and subject to the functions, powers, duties and jurisdiction of the Association, and thereafter all Owners of Lots within the annexed property shall automatically be Members of the Association.

Any such annexation shall work a merger or consolidation of the Association and another association or similar organization, incorporated or unincorporated, if any, whose functions and purposes are, with respect to the annexed property, substantially equivalent to those of the Association. The Association shall be the surviving successor organization, and such merger or consolidation shall work a transfer of the properties, rights and obligations from the other association to the successor Association.

8.6.3 Adjustment of Assessments. Upon the occurrence of any such annexation, the Board shall have the power to make such equitable and reasonable adjustments in the regular and special assessments of Owners as may be equitable because of annexation. Such adjustments shall be made to reflect both the increased Association membership obligated herein to pay assessments and the increased size (if any) of the common areas subject to the Association's management and control.

8.7 Construction. The provisions of this Declaration shall be liberally construed to promote and effectuate the fundamental concepts of the Property as set forth in this Declaration, and no provision hereof shall be construed to excuse any person from observing any law or regulation of any governmental body having jurisdiction over the Property.

8.8 Assignment of Powers. Any and all of the rights and powers vested in Declarant pursuant to this Declaration may be delegated, transferred, assigned, conveyed or released by Declarant to the Association and the Association shall accept the same effective upon the recording by Declarant of a notice of such delegation, transfer, assignment, conveyance or release.

8.9 Non-Avoidance. No Owner through non-use or abandonment of his or her Lot may avoid the burdens or obligations imposed on him or her by this Declaration.

8.10 Limited Liability. Neither Declarant the Association, the Committee, any member of the Board, any officer of the Association, and Committee Representative, nor any agent or employee of Declarant the Association or the Committee shall be liable to any Owner or other person for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith. The Association shall indemnify every present and former officer and director of the Association and every present and former Committee Representative against all liabilities incurred as a result of holding such office, to the full extent permitted by law.

8.11 Successors and Assigns. This Declaration shall be binding upon and shall inure to the benefit of the Association each Owner and their respective heirs, personal representatives, successors and assigns.

8.12 Severability. Invalidity or unenforceability of any provision of this Declaration in whole or in part shall not affect the validity or enforceability of any other provision or any valid or enforceable part of a provision of this Declaration.

8.13 Captions. The captions and headings in this instrument are for convenience only and shall not be considered in construing any provisions of this Declaration.

8.14 No Waiver. Failure to enforce any provisions of this Declaration shall not operate as a waiver of any such provision or of any other provision of this Declaration.

8.15 Further Assurances. The Association and each Owner hereby agree to do such further acts and execute and deliver such further instruments as may reasonably be required to effectuate the intent of this Declaration.

8.16 Notices. Any notice, information or material required to be given hereunder shall be deemed furnished or delivered to a party at the time a copy thereof is deposited in the mail or at a telegraph office, postage or charges prepaid, addressed to the party, and in any event, when such party actually receives such notice, information or material. Any notice, information or material shall be deemed properly addressed to an Owner if it is addressed to the name and address shown on the most recent written notice of name and address, if any, furnished to the Association by such Owner or, if a name and address is not so furnished, if it is addressed to the Owner at the street address of a Lot owned by Owner. Notices, information and material

required to be given hereunder to Declarant the Association, the Board or the Committee shall be addressed to such entity care of the Association at the main office of the Association.

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

ANC, Inc., a Nevada Corporation, dba
AMERICAN NEVADA CORPORATION


By Mark L. Fine
MARK L. FINE, President

By Dennis F. Wisner
DENNIS F. WISNER, Secretary


STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

On this 19th day of September, 1980, before me, a Notary Public in and for the County and State above named, personally appeared MARK L. FINE known to me to be the person described in: I who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

K. Michael Leavitt
NOTARY PUBLIC
 Notary Public-State of Nevada
CLARK COUNTY
K. Michael Leavitt
My Commission Expires June 25, 1980

On this 19th day of September, 1980, before me, a Notary Public in and for the County and State above named, personally appeared DENNIS F. WISNER known to me to be the person described in and who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily and for the uses and purposes therein mentioned.

 Notary Public-State of Nevada
CLARK COUNTY
K. Michael Leavitt
My Commission Expires June 25, 1980

K. Michael Leavitt
NOTARY PUBLIC 28

CLARK COUNTY NEVADA
JOAN L. SWIFT, RECORDER
RECORDED AT REQUEST OF

SEP 19 2 18 PM '80

FEE _____ DEPUTY _____
OFFICIAL RECORDS
BOOK INSTRUMENT

1284

WHEN RECORDED, MAIL TO:

K. Michael Leavitt, Esq.
Bell, Leavitt & Green, Chartered
601 East Bridger Avenue
Las Vegas, Nevada 89101