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- EXHIBIT B - THE PROPERTY - LEGAL DESCRIPTION
- EXHIBIT C - ANNEXABLE PROPERTY - LEGAL DESCRIPTION
- EXHIBIT D - COMMON ELEMENTS

DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
STEPHANIE 130 HOMEOWNERS ASSOCIATION

CLARK COUNTY, NEVADA

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "**Declaration**") is made on this 12TH day of NOVEMBER, 1997, by ASTORIA-STEPHANIE, LLC, a Nevada limited liability company with an office at 2500 West Sahara Avenue, Suite 206, Las Vegas, Nevada 89102 ("**Declarant**") for the purpose of submitting that certain real property located in the County of Clark, State of Nevada described in Exhibit A, to the provisions of the Uniform Common Interest Ownership Act, Chapter 116 of the Nevada Revised Statutes, for the purpose of creating a common interest community and making the improvements shown in the Plats referred to herein.

RECITALS:

A. Declarant is the owner of that certain real property located in the County of Clark, State of Nevada, to be known as "Summer Fields" which is more particularly described on Exhibit A (the "**Planned Community Project**" or "**Project**") including modifications, additions, or amendments as may hereinafter be brought within the terms of this Declaration as a planned community.

B. Declarant has developed or intends to develop the Planned Community Project in two (2) or more phases under the provisions of the Nevada Common Interest Ownership Act pursuant to a general plan for the maintenance, care, use and management of the Planned Community Project, and to convey the real property within the Planned Community Project subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all running with the real property as hereinafter set forth.

C. The initial phase of the Planned Community Project which shall be subject to this Declaration of Covenant, Conditions and Restrictions is Phase 1, more particularly described in Article I below as the Property. Phase 1 shall contain a total of three (3) Units, together with Common Elements. Declarant anticipates that the Project will be developed in one or more additional phases to include all or part of the real property described on Exhibit B. There is no guarantee that all phases will be completed, or that the contemplated number of Units common facilities will be developed as described above. The project will be consistent with any overall development plan submitted to and approved by the U.S. Department of Veterans Affairs and Federal Housing Administration.

D. Each Unit shall have appurtenant to it a membership in STEPHANIE 130 HOMEOWNERS ASSOCIATION, a Nevada non-profit corporation ("**Association**"), which will be the management body for the overall Planned Community Project.

E. Before selling or conveying any interest in the Property, Declarant desires to subject the Property in accordance with a common plan to certain covenants, conditions, and restrictions for the benefit of Declarant and any and all present and future owners of the Property.

NOW THEREFORE, Declarant hereby declares that the Property shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title, or interest in the described properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1.1 Act: "Act" shall mean the Nevada Uniform Common Interest Ownership Act, NRS Chapter 116, as it may be amended from time to time.

Section 1.2 Allocated Interests: "Allocated Interests" shall mean the Liability for Common Expenses and votes in the Association, which are allocated to Units in the Common Interest Community. The Allocated Interests are described in Article VIII.

Section 1.3 Alleged Defect: "Alleged Defect" shall have the meaning given that term in Article XXVI.

Section 1.4 Architectural Review Committee: "Architectural Review Committee" or "ARC" shall mean the architectural, design and landscaping committee created pursuant to Article XII.

Section 1.5 Architectural Review Committee Rules: "Architectural Review Committee Rules" or "ARC Rules" shall mean the rules adopted by the Architectural Review Committee pursuant to Article XII.

Section 1.6 Assessment, Capital Improvement: "Assessment, Capital Improvement" shall mean a charge against each Unit Owner and his or her Unit representing a portion of the costs to the Association for installation or construction of any Improvements on any portion of the Common Elements which the Association may from time to time authorize, pursuant to the provisions of this Declaration.

Section 1.7 Assessment, Common or Common Expense: "Assessment, Common or Common Expense" shall mean the annual charge against each Unit Owner and his or her Unit representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing and operating the Common Elements or other Common Expenses, which are to be paid by each Unit Owner to the Association, as provided herein.

Section 1.8 Assessment, Reconstruction: "Assessment, Reconstruction" shall mean a charge against each Unit Owner and his or her Unit, representing a portion of the cost to the Association for reconstruction of any portion of the Improvements on the Common Elements, pursuant to the provisions of this Declaration.

Section 1.9 Assessment, Special: "Assessment, Special" shall mean a charge other than a fine or penalty against a particular Unit Owner and his Unit, directly attributable to or reimbursable by the Unit Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration (including, if applicable, the amount of any deductible payable in connection with an insured loss), plus interest and other charges on such Special Assessment as provided for in this Declaration.

Section 1.10 Association: "Association" shall mean STEPHANIE 130 HOMEOWNERS ASSOCIATION, a nonprofit corporation organized under NRS Chapter 82 organized as the Association of Unit Owners pursuant to the Act (NRS 116.3101).

Section 1.11 Bylaws: "Bylaws" shall mean the Bylaws of the Association, as they may be amended from time to time.

Section 1.12 Claimant: "Claimant" shall have the meaning given that term in Article XXVI.

Section 1.13 Common Elements: “Common Elements” shall mean all (i) real property, other than Units, owned or leased by the Association, (ii) real property over which the Association holds an easement (whether exclusive or non-exclusive) for the use and enjoyment of the Owners, (iii) any personal property owned by the Association for the use and enjoyment of the Owners, and (iv) any other property owned or held by the Association for the use and enjoyment of the Owners. The Common Elements shall initially include: (A) entry statements or monumentations for the Project, (B) private streets within the Property, (C) common area landscaping within the Property, and (D) any real property, including easements, described in Exhibit C.

Section 1.14 Common Expenses: “Common Expenses” shall mean the expenses or financial liabilities for the operation of the Common Interest Community together with any allocations to reserves and shall include:

- (a) Expenses of administration, maintenance, repair or replacement of the Common Elements;
- (b) Expenses declared to be Common Expenses under the Governing Documents or the Act;
- (c) Expenses agreed upon as Common Expenses by the Association (including without limitation the painting and maintenance of the exterior or the perimeter walls); and
- (d) Such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

Section 1.15 Common Interest Community: “Common Interest Community” shall mean the real property described in Exhibit A, subject to the Declaration and includes the real property with respect to which a person, by virtue of ownership of a Unit, is obligated to pay for real property other than the Unit. “Ownership of a Unit” does not include a leasehold interest of less than 20 years in a Unit, including options to renew.

Section 1.16 Declarant: “Declarant” shall mean Astoria-Stephanie, LLC, a Nevada limited liability company, or its successor as defined in the Act (NRS 116.110335).

Section 1.17 Declarant Control Period: “Declarant Control Period” shall have the meaning given that term in Section 7.9.

Section 1.18 Declarant Improvements: “Declarant Improvements” shall have the meaning given that term in Article XXVI.

Section 1.19 Declarant’s Agents : “Declarant’s Agents” shall have the meaning given that term in Article XXVI.

Section 1.20 Declaration: “Declaration” shall mean this document, including any amendments.

Section 1.21 Development Rights: “Development Rights” shall mean the rights reserved by the Declarant under Article VII to create Units, Common Elements and Limited Common Elements within the Common Interest Community as well as other rights provided for herein.

Section 1.22 Director: “Director” shall mean a member of the Executive Board.

Section 1.23 Eligible Insurer: “Eligible Insurer” shall mean an insurer or guarantor of a first Security Interest in a Unit. An Eligible Insurer shall notify the Association in writing of its name and address

and inform the Association that it has insured or guaranteed a first Security Interest in a Unit and must provide the Association with the Unit number and address of the Unit on which it is the insurer or guarantor of a Security Interest. Such notice shall be deemed to include a request that the eligible insurer be given the notices and other rights described in Article XVII.

Section 1.24 Eligible Mortgagee: "Eligible Mortgagee" shall mean the holder of a first Security Interest in a Unit, when the holder has notified the Association, in writing, of its name and address and that it holds a first Security Interest in a Unit. The notice must include the Unit number and address of the Unit on which it has a security interest. This notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XVII.

Section 1.25 Executive Board: "Executive Board" shall mean the board of directors of the Association.

Section 1.26 FHA: "FHA" shall mean the Federal Housing Administration.

Section 1.27 Governing Documents: "Governing Documents" shall mean the Declaration, the Plat, the Bylaws and the Rules as they be amended from time to time. Any exhibit, schedule or certification accompanying a Governing Document shall be deemed to be a part of that Governing Document.

Section 1.28 Improvements: "Improvements" shall mean any construction, structure, fixture or facilities existing or to be constructed on the real property which is included in the Common Interest Community, including, but not limited to: buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility wires, pipes, light poles, fire hydrants, street name signs and walls.

Section 1.29 Liability for Common Expenses: "Liability for Common Expenses" shall mean the liability for common expenses allocated to each Unit pursuant to Article VIII.

Section 1.30 Limited Common Elements: "Limited Common Elements" shall mean the portion of the Common Elements allocated for the exclusive use of fewer than all Unit Owners under the Declaration or the Act (NRS 116.2102(2) or NRS 116.2102(4)).

Section 1.31 Majority or Majority of Unit Owners: "Majority or Majority of Unit Owners" shall mean the Unit Owners with more than 50 percent of the votes in the Association.

Section 1.32 Manager: "Manager" shall mean a person, firm or corporation employed or engaged to perform management services for the Common Interest Community and the Association.

Section 1.33 Notice and Comment: "Notice and Comment" shall mean the right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon, the procedure for which is set forth in Section 23.1.

Section 1.34 Notice and Hearing: "Notice and Hearing" shall mean the right of a Unit Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to be heard thereon, the procedure for which is set forth in Section 23.2.

Section 1.35 Notice of Alleged Defect: "Notice of Alleged Defect" shall have the meaning given that term in Article XXVI.

Section 1.36 NRS: "NRS" shall mean the Nevada Revised Statutes. Reference to a particular statute includes any amendment thereof or a successor statute.

Section 1.37 Person: "Person" shall mean an individual, corporation, business trust, estate, trust, partnership, association, limited liability company, joint venture, government, government subdivision or agency or other legal or commercial entity.

Section 1.38 Phase 1: "Phase 1" shall mean that portion of the Project initially subject to this Declaration as described in Exhibit A and including the Common Elements described in Exhibit C and all Improvements constructed thereon.

Section 1.39 Plat: "Plat" means that certain subdivision map recorded July 30, 1997, in Book 80 of Plats, Page 80, and any additional maps or engineering survey or surveys of all or part of the Property, together with such other diagrammatic plans and information regarding the Property as may be required by the Act or other applicable law, or as may be included in the discretion of Declarant, as each such map and survey may be amended and supplemented from time to time, and all as recorded in the office of the County Recorder of Clark County, Nevada.

Section 1.40 Property: "Property" shall mean the real property described in Exhibit A and all Improvements, easements, rights and appurtenances which have been submitted to the provisions of the Act by this Declaration.

Section 1.41 Public Offering Statement: "Public Offering Statement" shall mean the current document pertaining to the Project prepared pursuant to the Act (NRS 116.4103 - 4106) as it may be amended from time to time.

Section 1.42 Residential Use: "Residential Use" shall mean use as a dwelling for personal, family or household purposes.

Section 1.43 Restrictions: "Restrictions" shall mean this Declaration, the Articles of Incorporation of the Association, the Bylaws and the Rules from time to time in effect.

Section 1.44 Rules: "Rules" shall mean the regulations for the use of Common Elements and the conduct of persons in connection therewith within the Common Interest Community as adopted by the Executive Board pursuant to this Declaration.

Section 1.45 Security Interest: "Security Interest" shall mean the interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an Association, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.46 Special Declarant Rights: "Special Declarant Rights" shall mean those rights reserved for the benefit of Declarant to (1) complete improvements indicated on the Plats; (2) exercise any Development Right; (3) maintain sales offices, management offices, signs advertising the Common Interest Community and models; (4) use easements through the Common Elements for the purpose of making improvements within the Common Interest Community or within real estate that may be added to the Common Interest Community; or (5) appoint or remove an officer of the Association or a master association or any Executive Board member during the Declarant Control Period.

Section 1.47 Trustee: "Trustee" shall mean the entity which may be designated by the Executive Board as the Trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other sources as defined in the Bylaws.

If no Trustee has been designated, the Trustee shall be the Executive Board acting by majority vote, as executed by the president and attested by the secretary.

Section 1.48 Unit: "Unit" shall mean the physical portion of the Common Interest Community designated for separate ownership or occupancy, the boundaries of which are described in Section 4.2.

Section 1.49 Unit Owner or Owner: "Unit Owner" or "Owner" shall mean the Declarant or other Person who owns a Unit, however, Unit Owner does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the initial owner of any Unit created by this Declaration.

Section 1.50 VA: "VA" shall mean and refer to the U.S. Department of Veterans Affairs.

ARTICLE II
NAME AND TYPE OF COMMON INTEREST
COMMUNITY AND ASSOCIATION

Section 2.1 Name and Type of Common Interest Community: The name of the Common Interest Community is Summer Fields. Summer Fields is a planned community under the Act.

Section 2.2 Association: The name of the Association is STEPHANIE 130 HOMEOWNERS ASSOCIATION. The Association is charged with the duties and vested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. If there should exist any ambiguity in any provision of the Articles or Bylaws, then such provision shall be consistent with the provisions of this Declaration.

ARTICLE III
DESCRIPTION OF REAL PROPERTY

The Common Interest Community is situated in Clark County, Nevada, and is more particularly described on Exhibit A attached hereto.

ARTICLE IV
UNIT AND BOUNDARY DESCRIPTIONS

Section 4.1 Maximum Number of Units: When created, the Common Interest Community shall contain three (3) Units. Declarant reserves the right to create up to a total of three hundred (300) Units pursuant to Article VII.

Section 4.2 Boundaries: The Boundaries of each Unit created by the Declaration are the lot lines shown on the Plats as numbered Units, along with their identifying number.

ARTICLE V
LIMITED COMMON ELEMENTS

There are currently no Limited Common Elements within the Common Interest Community.

ARTICLE VI
MAINTENANCE

Section 6.1 Common Elements: The Association shall maintain, repair and replace all of the Common Elements within the Planned Community Project, including without limitation planting, replacing, repairing and maintaining all landscaped areas, irrigation systems, drainage areas, traffic access gates, monument signs, private streets, and street lights, and shall keep all Improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair, including without limitation the obligation to paint and maintain the exterior of the perimeter walls. In the maintenance of the Common Elements, the Association shall at all times strictly comply with the conditions of all applicable federal, state and local laws, including any applicable city or county laws and ordinances. In addition, the Association may maintain and keep in good repair rights-of-way, whether owned as part of a Unit or by any political subdivision of the State or public utility (subject to the approval or consent of the political subdivision or utility), so long as the rights-of-way are within the Common Elements or within the Planned Community Project or immediately adjacent thereto. This maintenance may include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and improvements situated upon such areas.

Section 6.2 Units: Each Unit Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Unit other than any Common Elements thereon.

Section 6.3 Right of Access: Any person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Common Interest Community, for the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing and replacing utility meters and related pipes, valves, wires and equipment, provided that requests for entry onto fenced-in areas, backyards or dwelling units are made in advance and that any entry on such areas is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no request or notice is required and the right of entry shall be immediate, and with as much force as is reasonably necessary to gain entrance, whether or not the Unit Owner is present at the time.

Section 6.4 Repairs Resulting From Negligence: Each Unit Owner will reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Unit. The Association will be responsible for damage to Units which is caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements. If such damage is caused by misconduct, it will be assessed following Notice and Hearing.

Section 6.5 Association Easement for Removal of Graffiti: The Association shall have the right but not the obligation to remove all graffiti and similar unsightly appearance from all walls in the Planned Community Project (notwithstanding that such walls may constitute part of a Unit) which are visible from the Common Elements or from dedicated streets or rights of way and Declarant hereby reserves an easement in favor of the Association for such purpose.

ARTICLE VII
DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 7.1 Reservation of Development Rights: Declarant reserves the following Development Rights:

(a) The right, but not the obligation, by amendment to expand the Common Interest Community to include all or any part of the Annexable Property as legally described in Exhibit B attached hereto (the "Annexable Property"). Declarant shall have the unilateral right to transfer to any other person the right to expand which is herein reserved. Declarant shall pay all taxes and other governmental assessments relating to the Annexable Property owned by Declarant until expansion.

Such expansion may be accomplished by recording a supplemental declaration or annexation amendment in the records of the County Recorder of Clark County, Nevada, describing the real property to be annexed, submitting it to the covenants, conditions, and restrictions contained herein, and providing for the readjustment of voting rights and assessment allocations provided for herein on the basis of formulas provided herein. Such supplemental declaration or annexation amendment shall not require the consent of the Owners. Any such expansion shall be effective upon the filing for record of such supplemental declaration or annexation amendment except as provided therein. The expansion may be accomplished in stages by successive supplements or in one supplemental expansion. Upon the recordation of any such supplemental declaration or annexation amendment, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Property as expanded. Such supplemental declaration or annexation amendment may add, delete, or modify provisions of this Declaration as it applies to all or any portion of the Annexable Property then being subjected to the Declaration, provided, however, that this Declaration may not be modified with respect to the Property previously subject to the Declaration except as provided herein for amendment.

(b) The right, but not the obligation, by amendment to create Units and Common Elements upon all or parts of the real property described on Exhibit B as well as any real property adjacent thereto that shall be annexed into the Common Interest Community.

(c) The right, but not the obligation, by amendment to subdivide Units located on the Property or convert such Units into Common Elements.

(d) The right, but not the obligation, to construct underground utility lines, pipes, wires, ducts, conduits and other facilities upon the real property in the Planned Community Project, for the purpose of furnishing utility and other services to buildings and Improvements to be constructed in the Planned Community Project. Declarant also reserves the right to withdraw and grant easements to public utility companies and to convey Improvements within those easements anywhere in the Common Interest Community not occupied by buildings, for the purposes mentioned above. If Declarant grants any such easements, the Plats will be amended to include reference to the recorded easement.

(e) The right, but not the obligation, to withdraw any Unit from this Declaration at any time prior to the sale or conveyance of that Unit by Declarant. Such withdrawal shall be accomplished by recording a declaration of withdrawal in the records of the Recorder of Clark County, Nevada, describing the real property to be withdrawn, and providing for the readjustment of voting rights and assessment allocations provided for herein. Such declaration of withdrawal shall not require the consent of the Owners. Any such withdrawal shall be effective upon the filing for record of such declaration of withdrawal except as provided therein. The withdrawal may be accomplished in stages by successive declarations or in one declaration of withdrawal.

(f) The right, but not the obligation, to unilaterally amend this Declaration at any time prior to the close of the first sale of a Unit.

(g) The right, but not the obligation, to create subassociations and supplemental declarations for the operation thereof.

Section 7.2 Limitations on Development Rights: The Development Rights reserved in Section 7.1 are limited as follows:

(a) The Development Rights may be exercised at any time within five years after the recording of the initial Declaration;

(b) Not more than 297 additional Units may be created under the Development Rights;

(c) The construction of any buildings and improvements to be created on the Property shall be consistent with the buildings and improvements of those constructed in Phase 1 (this limitation shall not prevent Declarant from having the right to modify the shape, size, elevation, or floor plan of Units);

(d) All Units and Common Elements created pursuant to the Development Rights will be restricted to Residential Use in the same manner and to the same extent as the Units created under this Declaration as initially recorded;

(e) All taxes, assessments, mechanic's liens and other charges affecting the Property arising in connection with Declarant's ownership of, and construction of improvements upon, the real property described on Exhibit B, which may adversely affect the rights of existing Unit Owners, or the priority of any Eligible Mortgage on Units in the Property, are to be paid or otherwise satisfactorily provided for by Declarant;

(f) To the extent required by law, Declarant shall not exercise any Development Rights unless approved by the VA.

Section 7.3 Phasing of Development Rights: No assurances are made by Declarant as to the real property described on Exhibit B, as to whether Declarant will exercise its Development Rights or the order in which such portions, or all of the areas, will be developed. The exercise of Development Rights as to some portions will not obligate Declarant to exercise its Development Rights as to other portions.

Section 7.4 Special Declarant Rights: Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Common Interest Community:

(a) To complete the Improvements indicated on Plats;

(b) To exercise any Development Right reserved in this Declaration;

(c) To maintain sales offices, management offices, signs advertising the Common Interest Community and models which are reasonably necessary to market the Units;

(d) To use easements through the Common Elements for the purpose of making Improvements within the Common Interest Community or within real estate which may be added to the Common Interest Community;

(e) To merge or consolidate the Common Interest Community with another common interest community of the same form of ownership; and

(f) To appoint or remove any officer of the Association or an Executive Board member during the Declarant Control Period, subject to the provisions of Section 7.9.

Section 7.5 Models, Sales Offices and Management Offices: For so long as Declarant is a Unit Owner, Declarant, its duly authorized agents, representatives and employees may maintain any Unit owned by Declarant or any portion of the Common Elements as a model Unit, sales office or management office.

Section 7.6 Construction: Declarant's Easement: Declarant reserves the right to perform warranty work, repairs and construction work in Units and Common Elements, to store materials in secure areas, and to control and have the right of access to work and repairs until completion. All work may be performed by Declarant without the consent or approval of the Executive Board. Declarant has an easement through the Common Elements as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in this Declaration. This easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State, or others to fulfill the plan of development.

Section 7.7 Signs and Marketing: Declarant reserves the right to post signs and displays in the Common Elements in order to promote sales of Units. Declarant also reserves the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of Unit Owners.

Section 7.8 Declarant's Personal Property: Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Project that has not been represented as property of the Association. Declarant reserves the right to remove from the Project (promptly after the sale and close of escrow of the last Unit) any and all goods and improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 7.9 Declarant Control of the Association:

(a) Subject to Subsection 7.9(b), there shall be a period of Declarant control of the Association (the "Declarant Control Period"), during which Declarant, or persons designated by Declarant, may appoint and remove the officers and members of the Executive Board. The Declarant Control Period terminates no later than the earlier of:

1. 60 days after conveyance of 75 percent of the Units that may be created to Unit Owners other than Declarant; or
2. Five (5) years after Declarant has ceased to offer Units for sale in the ordinary course of business; or
3. Five (5) years after any right to add new Units was last exercised.

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

(b) Not later than 60 days after conveyance of 25 percent of the Units that may be created to Unit Owners other than Declarant, at least one member and not less than 25 percent of the members of the Executive Board shall be elected by Unit Owners other than Declarant. Not later than 60 days after conveyance

of 50 percent of the Units that may be created to Unit Owners other than Declarant, not less than 33-1/3 percent of the members of the Executive Board must be elected by Unit Owners other than Declarant.

(c) Not later than the termination of the Declarant Control Period, the Unit Owners shall elect an Executive Board of at least five (5) members, at least a majority of whom shall be Unit Owners. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.

(d) Notwithstanding any provision of this Declaration or the Bylaws to the contrary, the Unit Owners, by a two-thirds vote of all persons present and entitled to vote at a meeting of the Unit Owners at which a quorum is present, may remove a member of the Executive Board with or without cause, other than a member appointed by Declarant.

(e) Notwithstanding any provision of this Declaration to the contrary, the termination of Declarant's control under this Section 7.9 shall not affect Declarant's rights as a Unit Owner to exercise the vote allocated to Units which Declarant owns.

Section 7.10 Limitations on Special Declarant Rights: Unless terminated earlier by an amendment to this Declaration executed by Declarant, any Special Declarant Right may be exercised by Declarant until the later of the following: as long as Declarant (a) is obligated under any warranty or obligation, (b) holds a Development Right to create additional Units or Common Elements, (c) owns any Unit; (d) owns any Security Interest in any Units; or (e) fifteen years have elapsed after recording of this Declaration. Earlier termination of certain rights may occur by statute.

Section 7.11 Interference with Special Declarant Rights: Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of Declarant.

Section 7.12 Rights of Lenders to Declarant: Additional limitations on the right of Declarant to exercise Development Rights may be found in Article XVII.

Section 7.13 Declarant's Rights to Complete Development: No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development, construction, promotion, marketing, sale and leasing of properties within the boundaries of the area comprised of the Property and the Annexable Property; to construct or alter Improvements on any property owned by Declarant within such boundaries; to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within such boundaries; or to post signs incidental to the development, construction, promotion, marketing, sale and leasing of property within such boundaries. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approval to: (a) excavate, cut, fill or grade any property owned by Declarant or to construct, alter, remodel, demolish or replace any Improvements on any of the Property or any property owned by Declarant; (b) use any structure on any of the Property or any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within such boundaries; or (c) require Declarant to seek or obtain the approval of the ARC or of the Association for any such activity or Improvement to property by Declarant on any of the Property or any property owned by Declarant. Nothing in this Section shall limit or impair the reserved rights of Declarant as elsewhere provide in this Declaration.

Section 7.14 Priority of Declarant's Rights and Reservations: Declarant shall have, and hereby retains and reserves, certain rights as set forth in this Declaration with respect to the Association and the Planned Community Project. The rights and reservations of Declarant set forth in this Declaration shall be deemed excepted and reserved in each recorded supplemental declaration, in each conveyance of property by Declarant to the Association and in each deed or other instrument by which any property encumbered hereby

is conveyed by Declarant, whether or not specifically stated therein. The rights, reservations and easements of Declarant set forth in this Declaration shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration, including any amendment of this Section. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

Section 7.15 Assignment of Declarant's Rights and Duties: Any and all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person which will assume any or all of the duties of Declarant hereunder, and upon any such Person evidencing its consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations and duties hereunder.

(a) Interest of Declarant. Each Owner of land which is a part of the Property acknowledges by acceptance of a deed or other instrument of conveyance thereof, whether or not it shall be so expressed in any such deed or other instrument, that Declarant has a substantial interest to be protected with regard to the overall development of the Project, and in thus assuring compliance with and enforcement of this Declaration and any amendments thereto (and any supplemental declaration). Notwithstanding any other provisions of this Declaration, until such time as Declarant no longer owns any of the Property (including all Annexable Property annexed hereto), the following actions, before being undertaken by the Association and/or the Unit Owners, shall first be approved in writing by Declarant:

1. The construction of new facilities or Improvements not originally included in or on the Association Property; or
2. Any significant reduction of Association maintenance or other services, including any transfer of the Association's maintenance obligations to the City of Henderson or any other public agency as provided in Section 6.1.

(b) Exemption of Declarant. Declarant intends to undertake the work of constructing residences and incidental Improvements upon the Project. The completion of that work, and the sale and/or other disposal of such residences, is essential to the establishment and welfare of the Project as a residential community. In order that Declarant's work may be completed as Declarant, in its sole discretion, deems to be in the overall best interest of the Project, nothing in this Declaration, including, without limitation, the restrictions set forth in Articles IX or X of this Declaration, shall be understood or construed to limit, and no Owner or the Association shall do anything to interfere with, the right of Declarant (a) to perform and complete excavation, grading, filling, construction, development and landscaping to and on any portion of the Property, or to alter the foregoing and its construction plans and designs, or (b) to construct such residences and additional Improvements as Declarant deems advisable in the course of development of the Project until such time as Declarant shall not own any portion of the Property (including all Annexable Property annexed hereto), or (c) to modify the Plats with all requisite governmental approvals. Such right shall include, but not be limited to, grading work as may be approved by any agency having jurisdiction, the storage of construction materials and construction vehicles, and erecting, constructing and maintaining on the Property such structures, trailers, offices, signs and displays as may be reasonably necessary for the conduct of its business of developing, leasing, selling, managing and operating the Project. This Declaration shall further not limit the right of Declarant, at any time, to establish on that land additional licenses, easements, reservations and rights-of-way to itself, to utility companies, to governmental agencies or to others as may from time to time be reasonably necessary to the proper development, utilization and disposal of the Property by Declarant.

1. All or any portion of the rights of Declarant hereunder and elsewhere in this Declaration may be assigned on a non-exclusive basis by Declarant to any successor-in-interest to any portion of the Property (or any portion of the Annexable Property) by an express recorded written assignment which specifies the rights of the assignor so assigned. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as master planner and developer of the Property, will be required before any amendment to this Article shall be effective.

2. The rights and reservations set forth in this Article shall terminate on the earlier of (a) the date Declarant no longer owns any land within the Property (including all Annexable Property annexed hereto), or (b) the fifteenth (15th) anniversary after the recordation of this Declaration.

ARTICLE VIII ALLOCATED INTERESTS

Section 8.1 Allocation of Interests: The Allocated Interests shall be allocated and calculated in accordance with the formulas set forth in this Article. The same formulas are to be used in reallocating interests if Units are added to the Common Interest Community pursuant to Section 7.1.

Section 8.2 Formulas for the Allocation of Interests: The interests allocated to each Unit have been calculated by the following formulas:

(a) Liability for Common Expenses. The percentage of Liability for Common Expenses allocated to each Unit shall be one equal share for each Unit. Nothing contained in this subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article XVIII.

(b) Votes. Each Unit in the Common Interest Community shall have one equal vote. Any specified percentage, portion or fraction of Unit Owners, unless otherwise stated in the Governing Documents, means the specified percentage, portion or fraction of all of the votes.

Section 8.3 Assignment of Allocated Interests Pursuant to Exercise of Development Rights: The effective date for assigning Allocated Interests to Units created pursuant to Section 7.1 shall be the date on which the amendment creating the Units is recorded in the Recorder's Office for Clark County, Nevada.

ARTICLE IX RESTRICTION ON USE, ALIENATION AND OCCUPANCY

Section 9.1 Use Restrictions: Subject to the Special Declarant Rights reserved under Article VII, the following use restrictions apply to all Units and to the Common Elements:

(a) The use of each Unit is restricted to that of a single-family residence and accessory uses as permitted herein. Except for those activities conducted as a part of the marketing and development program of Declarant, no industry, business, trade or commercial activities shall be conducted, maintained or permitted in any part of a Unit, nor shall any Unit be used or rented for transient, hotel or motel purposes. The provisions of this Section shall not preclude a professional or administrative occupation, or an occupation of child care provided for not more than five (5) non-family children, provided that there is no external evidence of any such occupation, for so long as such occupations are conducted in conformance with all applicable governmental ordinances and are merely incidental to the use of the Unit as a residential home.

(b) No immoral, improper, offensive or unlawful use may be made of the Property; Unit Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Nevada and all applicable county or city ordinances, rules and regulations. The violating Unit Owner shall

hold harmless the Association and other Unit Owners from all fines, penalties, costs and prosecutions for any violation or noncompliance.

(c) The Common Elements shall be improved and used only for the following purposes:

1. Affording vehicular passage and pedestrian movement within the Planned Community Project, including access to the Units;
2. Recreation use by the Owners and occupants of Units in the Planned Community Project and their guests, subject to rules established by the Executive Board;
3. Beautification of the Common Elements through landscaping and such other means as the Executive Board shall deem appropriate;
4. The following uses are hereby expressly prohibited:
 - (i) No garbage or refuse may be placed or left in the Common Elements except in receptacles provided for that use.
 - (ii) No planting may be done in the Common Elements by any Owner, except at the direction of the Executive Board.
5. No part of the Common Elements shall be obstructed so as to interfere with its use for the purposes hereinabove permitted, nor shall any part of the Common Elements be used for storage purposes (except as incidental to one of such permitted uses, or for storage of maintenance equipment used exclusively to maintain the Common Elements or in storage areas designated by the Executive Board), nor in any manner which shall increase the rate at which insurance against loss by fire, or the perils of the extended coverage endorsement to the Fire Policy Form, or bodily injury or property damage liability insurance covering the Common Elements and the improvements situated thereon may be obtained, or cause such premises to be uninsurable against such risks or any policy or policies representing such insurance to be canceled or suspended or the company issuing the same to refuse renewal thereof.

Section 9.2 Oil, Water and Mineral Operations; Hazardous and Toxic Materials. No tools or equipment and no derrick or other structure designed for use in boring for oil, gas, or other kindred substances, or designed for use in boring for water, or designed for use in any mining operation or exploration shall hereafter be erected or placed upon the Property or any portion thereof; and no Owner of any Unit shall ever consent to the use of the surface of the land, or any portion of the subsurface thereof, by any lessee under any lease to be negotiated or under any lease now of record affecting any Unit, which lease pertains to the exploration, mining, or operating for oil, gas or other hydrocarbon substances and the taking, storing, removing and disposition of same. No Unit or any portion thereof shall ever be used for the storage or disposal of "hazardous waste" or other hazardous or toxic materials, as such terms are defined by federal, state or local laws now or hereafter in effect.

Section 9.3 Laws and Insurance Requirements. Nothing shall be done to or kept on any Unit or improvement thereon or in the Common Elements that might increase the rate of, or cause the cancellation of, insurance for the Property, or any portion of the Property, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his or her Unit or any improvement thereon that violates any of the restrictions contained in this Declaration or any law, ordinance, statute, rule, or regulation of any local, county, state or federal body, including, without limitation, local ordinances relating to zoning and building codes.

Section 9.4 Antennas. No exterior antennas, aerials, satellite dishes, masts or other apparatus for the transmission of television, radio, satellite or other signals of any kind shall be installed or maintained on any Unit or upon any portion of the Properties except in conformity with the rules and regulations adopted by the Association applicable to the installation and maintenance of such devices and improvements, in effect from time to time, which the Association shall make available to all Owners.

Section 9.5 Landscape Requirement. If Declarant has not provided a lawn or other ground cover for a Unit, then the Owner of that Unit shall have installed thereon, within six (6) months following the recordation of a deed conveying title to the Unit to the Owner from Declarant, and receipt of a Certificate of Occupancy, a lawn or a ground cover for the front yard and rear yard acceptable to the ARC; provided however, that nothing herein shall operate to permit the Association to prevent the use of water-efficient landscaping, as defined by the applicable water district, solely on the basis that such design makes use of water-efficient landscaping.

Section 9.6 Maintenance of Units. No rubbish, brush, weeds, undergrowth, debris of any kind or character shall ever be placed or permitted to accumulate upon any Unit, or any portion thereof, so as to render it a fire hazard, unsanitary, unsightly, offensive or detrimental to the Common Elements, any other Unit in the Property or to any occupants in the Property. The Owner of each Unit shall care for, cultivate, prune and maintain in good condition any and all trees, lawns, shrubs and other landscaping (including without limitation acceptable desert or water-efficient landscaping) growing on his or her Unit in a manner consistent with the restrictions set forth in this Declaration and the standards originally established by Declarant or the ARC for the Property; the Association may assume all or any portion of such landscaping duties but the Association shall in no event be obligated to undertake such work, except with respect to Common Elements. Should an Owner fail to perform his or her obligations under this Section or Section 9.5, or fail to keep his or her Unit free from rubbish, brush, weeds, dead or dying shrubbery, overgrown lawn, undergrowth or debris of any character, the Association may, at any time, (i) initiate legal proceedings to enforce compliance with either of such Sections or (ii) upon fifteen (15) days' written notice to such Owner of its intention to do so, enter upon that Unit and (A) remove such rubbish, brush, weeds, dead or dying shrubbery, overgrown lawn, undergrowth or debris or (B) cause any required lawn or ground cover acceptable to the Association, together with any necessary sprinklers and irrigation facilities to be completed and, in either event, assess that Owner for the cost thereof. The Association shall notify the Owner in writing of the cost thereof, and in the event that Owner fails to reimburse the Association for its costs and expenses, such charges shall constitute a lien on that Owner's Unit, which may be enforced by the Association in accordance with the provisions of Article XVIII.

Section 9.7 Perimeter Block Walls. There are perimeter block walls and/or wrought iron fences ("Fences") around the Planned Community Project which were constructed and are to be constructed by Declarant and are subject to this Declaration as well as certain easements of record in favor of Declarant. It shall be the duty of every Owner to maintain and repair those walls and/or fences and, if necessary, replace the walls and/or fences as originally constructed, all at such Owner's sole cost and expense. No changes or alterations, including, without limitation, temporary alterations (e.g., removal for construction of pool) shall be made to the perimeter walls and/or fences without the prior written approval of the Architectural Review Committee. It shall be the duty of the Owner of each Unit on which a block wall and/or fence is located to maintain that wall and/or fence and to obtain and maintain in force property and casualty insurance on a current replacement cost basis on such block walls and/or fences. If an Owner fails to repair or replace such block wall and/or fence, in accordance with this Section within forty-five (45) days after the occurrence of any damage thereto, the Association shall be entitled to repair such damaged block wall and/or fence, in which event any insurance proceeds an Owner may receive for any damage or destruction to the block wall and/or fence located on his or her lot shall be paid to the Association which shall as promptly as practicable and in a lawful and workmanlike manner restore and repair the block wall and/or fence to its former condition. If an Owner fails to reimburse the Association the cost of such repairs, then the Association shall have the right to place a lien upon the Unit of such Owner in an amount equal to the cost of such repairs, which shall be enforceable in

accordance with the procedures described in Article XVIII for unpaid assessments. The Association is hereby granted a right and easement over, under, upon and across each Unit whereon a perimeter block wall and/or fence is located for the purposes of exercising its rights under this Section.

Section 9.8 Nuisances. No odors shall be permitted to arise from any Unit so as to render any Unit unsanitary, unsightly, offensive or detrimental to the Common Elements or any other Unit; and no nuisance shall be permitted to exist or operate upon any Unit so as to be offensive or detrimental to any other Unit or to the Owner thereof. Without limiting the generality of the foregoing provision, no external speakers, horns, whistles, bells or other sound devices, except devices used exclusively for security purposes, or as a speaker, shall be located, used or placed upon any Unit; no Owner shall permit any thing or condition to exist upon any Unit which shall induce, breed or harbor infectious plant diseases or noxious insects, birds, or animals, and no noxious or offensive trade or activity shall be carried on upon any Unit, nor shall anything be done thereon which is or may become an annoyance or nuisance to the Property.

Section 9.9 Repair of Improvement. No Improvement to a Unit (including but not limited to residential dwellings, garages, carports, parking and driveway areas, walls, fences, light poles and fixtures) shall be permitted to fall into disrepair, and all improvements shall be kept at all times in good condition and repair and, if appropriate, painted or otherwise finished. Any and all repairs, redecorations, modifications or additions, interior or exterior, shall fully comply with all applicable building code and other governmental requirements, and the restrictions contained in this Declaration and the ARC Rules. No Improvements, painting, excavation, or other work that in any way alters the exterior appearance of any Unit or any Improvement shall be made without the prior written approval of the ARC, except as specifically authorized herein.

Section 9.10 Signs. Except with respect to the Special Declarant Rights reserved in Article VII, no billboards, signs or advertising of any kind, excepting one (1) standard "for sale" sign or "for rent" sign, shall be erected or maintained upon any Unit without the prior written consent of the ARC.

Section 9.11 Animals. No animals or fowl, other than commonly recognized household pets, shall be kept or maintained on a Unit or any portion thereof; no animal shall be kept, bred or maintained for any commercial purpose; and no animals or fowl, including household pets, which, after notice and a hearing are determined by the Executive Board to be dangerous, may be kept or maintained anywhere within the Property. At any one time the total number of household pets shall not exceed two (2) regardless of species. If an animal is not confined within the Unit, or yard of Unit, the animal must be leashed and under direct control of the Owner. It shall be the absolute duty and responsibility of each Owner or tenant to clean up any solid animal waste after such animals which 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 to be a nuisance. If a pet is determined to be a nuisance, the Executive Board may, after Notice and Hearing, order the removal of the pet.

Section 9.12 Drainage.

(a) No Owner shall in any way interfere with the natural or established drainage of water over his or her Unit from an adjoining or other Unit in the Property, including run off from the roof of an adjoining Owner, and an Owner shall make adequate provisions for proper drainage in the event the Association determines it is necessary to change the natural or established flow of water drainage over the Owner's Unit. For the purposes hereof "natural" drainage is defined as the drainage which would naturally occur at the time the overall approved grading plan of the Property has been completed by Declarant. For the purposes hereof, "established" drainage is defined as the drainage which occurred or which would occur at the time the overall grading of the Property, including the finish grading of each Unit in the Property, is completed by Declarant.

(b) Each Owner shall permit free access by Owners of adjacent or adjoining Units to slopes or drainage ways located on his or her Unit which affect the adjacent or adjoining Units, when such access is essential for the maintenance of permanent stabilization on drainage slopes, or for the maintenance of the drainage facilities for the protection and use of real property other than the Unit on which the slope or drainage way is located.

(c) Except as provided in subsections (a) and (b) of this Section 9.12, no Owner shall permit water from his or her Unit to drain over, under or across the Unit of any adjoining Owner.

Section 9.13 Vehicles; Boats; Equipment. No mobile home, truck over one ton, commercial van or similar vehicle, recreational vehicle, or disabled, non-registered or unlicensed vehicles, including but not limited to boats, trailers, campers, motor homes or other equipment (collectively, "Vehicles"), may be parked within the Property at any time, provided, however, that the foregoing shall not be deemed to exclude (i) parking for temporary deliveries, loading, repairs, landscaping maintenance, and similar purposes, (ii) parking of Vehicles in such a manner that the Vehicle is adequately screened (as determined by the prior written approval of the ARC), or (iii) parking of Vehicles as specifically permitted by the Executive Board in writing.

Section 9.14 Unsightly Articles. No unsightly articles shall be permitted to remain on any Unit so as to be visible from the Common Elements, any public or private street or from any other Unit. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers of a type and style approved by the Executive Board, or enclosed areas designed for such purpose. Such containers shall be exposed to the view of neighboring Units only when set out for a reasonable period of time (not to exceed 12 hours before scheduled trash collection and twenty-four (24) hours after scheduled trash collection hours by a trash disposal company). There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles commercially designed therefor, such that they do not create a fire hazard, and except as specifically authorized in writing by the Association (and subject to applicable ordinances and fire regulations).

Section 9.15 Solar Equipment. No solar equipment, including but not limited to solar collectors and solar panels, shall be installed until approval of the ARC has been obtained as to (i) the type of solar equipment to be installed and (ii) the location thereof, provided that the foregoing provision shall not be interpreted in a manner which "unreasonably restricts the use of a system for obtaining solar energy" as defined in NRS 111.239.

Section 9.16 Garage Doors. Garage doors shall be kept closed, except for those periods reasonably necessary for entry and exit of vehicles, cleaning, removing trash or other similar residential household purposes or purposes similar thereto.

Section 9.17 Restricted Access. No Owner shall at any time permit access, ingress or egress to or from his or her Unit in violation of any prohibitions or restrictions on access set forth on the Plats; nor in any other manner shall an Owner otherwise cause or permit his or her Unit to be in violation of the restrictions set forth in the Plats.

* Section 9.18 Storage of Automotive Vehicles. Each Owner shall use the garage portion of his residence or rear of side yard for the storage of automotive vehicles. No Owner shall use his or her garage for any purpose which prevents automotive storage unless his doing so would not result in additional automobiles being stored outside his or her garage.

Section 9.19 Clotheslines. No clotheslines shall be placed, or clothes hung in any manner whatsoever, on any Unit in a location, including but not limited to the garage door, visible from a public street or the Common Elements.

Section 9.20 Post-Construction Entry Rights. In addition to, and not in limitation of any Special Declarant Rights provided for in Article VII, Declarant or its designee shall have the right to enter upon each Unit in the Property for the purpose of planting and maintaining any slope or drainage control areas. The right of entry under this Section shall exist for a period not to exceed ninety (90) days after the completion of the construction of all residential structures in the Property, at which time the right of entry and maintenance under this Section shall terminate as to the Property.

Section 9.21 Restrictions on Alienation: Leasing: A Unit may not be conveyed pursuant to a time-sharing plan. A Unit may not be leased or rented for a term of less than 60 days. All leases and rental agreements shall be in writing and subject to the requirements of the Governing Documents and the Association. Units may be leased only in their entirety. No subleasing or assignment of leases are permitted except with the prior approval of the Association or in accordance with the rules adopted by the Association applicable to leases and subleases. The Owner must make available to the tenant copies of the Governing Documents. All leases shall include provisions to the effect that (i) the tenant will comply with the Restrictions applicable to use and occupancy of the Unit and the Common Elements, and that a breach of such Restrictions shall constitute a default under the lease; and (ii) the tenant will attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of such Restrictions against the tenant, provided the Association gives the landlord notice of the Association's intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action. Notice of any lease, together with such additional information as may be required by the Association shall be given to the Association within ten (10) days of the commencement of the lease term. The Executive Board may adopt further reasonable rules regulating leasing and subleasing.

Section 9.22 Declarant's Rights: As long as Declarant is a Unit Owner, Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by Declarant or any portion of the Common Elements, as model units or sales offices. Declarant may also maintain management offices and signs and displays advertising the Common Interest Community.

Section 9.23 Declarant's Approval of Conveyances or Changes in Use of Project: As long as the Declarant is a Unit Owner, the Association shall not, without first obtaining the prior written consent of Declarant, convey, change or alter the use of the Planned Community Project, mortgage all or any portion of the Planned Community Project or use all or any portion of the Planned Community Project other than solely for the benefit of Owners.

Section 9.24 Sporting or Other Equipment: Temporary Use and Proper Storage: Each Owner shall use the garage portion of his residence or storage shed located in rear or side yard to store, or otherwise adequately screen from view of the street and other Units (as determined in the sole discretion of the Executive Board) during periods of non-use, all portable sporting equipment (e.g., basketball hoops) and all other portable equipment (e.g., lawn mowers, tools, etc.). As used herein, periods of non-use shall constitute any period of time in which the equipment in question is not used for a reasonable period. In any event, all equipment must be stored overnight.

Section 9.25 Executive Board and ARC Discretion: Except as may be expressly provided in this Declaration, any consent or approval of the Executive Board, ARC, or Association that is required under the provisions hereof may be granted or withheld in the sole and absolute discretion of the Executive Board, ARC, or Association, as applicable. In that regard, the granting or withholding of such consent or approval shall not be subject to any objective standards of "reasonableness" or otherwise. Further, the approval of or consent to any matter shall not be deemed to be a waiver of the right to disapprove the same or similar matters in subsequent requests for consents or approvals from the same or other parties. —

ARTICLE X
EASEMENTS AND LICENSES

Section 10.1 Easements of Record: All easements or licenses to which the Common Interest Community is presently subject are shown on Plats or otherwise recorded against the Common Interest Community in the Clark County records against the Property or contained herein. In addition, the Common Interest Community may be subject to other easements or licenses created under this Declaration, granted by Declarant pursuant to its powers under Article VII, liens created under Article XVIII, and easements granted by the Association pursuant to its powers under Article XXIV.

Section 10.2 Encroachment Easement: The Property, and all portions thereof, shall be subject to an easement of up to one (1) foot from the Unit border lines or Common Elements boundaries for the actual extent of encroachments created by construction as designed or constructed by Declarant and for settling, shifting, and movement of any portion of the Property, except that no such easement is created for an encroachment which is the result of willful conduct on the part of Declarant, an Owner, a tenant, the Association, or any other Person. A valid easement for said encroachments and for the maintenance thereof shall exist. Such encroachments shall not be considered to be encumbrances upon any part of the Project. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of improvements constructed on any Unit, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of any improvements on the Property.

Section 10.3 Excavation.

(a) Utility Lines. Without limiting any other provision of this Declaration, neither an Owner nor any licensee, invitee, tenant or other occupant of a Unit or contractor (other than Declarant and its affiliates) shall excavate in a street, highway, public space or private easement of a utility, the Association, Declarant, or any municipality, or near the location of an underground line installed on the premises of an Owner served by a utility, or shall demolish a building without having first:

1. Complied with the provisions of NRS 455.100 et seq. (the "call before you dig" laws) with respect to utility lines subject to that law;
2. Notified the Association by telephoning its representative at least 2 but not more than 14 working days before excavation or demolition is scheduled to commence; and
3. Cooperated with the utility, Declarant, the Association, and/or the governing municipality in locating and identifying any of its underground lines by:
 - (i) Meeting with its representative as requested; and
 - (ii) Observing and being guided by its physical marking of the area containing the underground line.

(b) An Owner intending to excavate or demolish shall give the utility, Declarant, the Association and/or the governing municipality a reasonable amount of time to replace, remove or relocate its underground line if the utility, Declarant, the Association and/or the governing municipality so requests.

(c) A person responsible for emergency excavation or demolition is not required to comply with the provisions of this Section if there is a substantial likelihood that loss of life, health or property will result before the provisions of this Section can be fully complied with. The person shall notify the Association of the action he or she has been required to take as soon as practicable.

(d) As used in this Section, "line" means any system of traffic control signals or line, system or facility used for producing, storing, conveying, transmitting or distributing electricity, gas, petroleum, petroleum products, hazardous liquids, water, steam, sewage or communications, including television. For purposes of this Section, the representative of the Association shall be its professional manager or, if none, any duly appointed officer of the Association or duly elected Director.

(e) If an Owner fails to comply with this Section, the cost of any damage or repair to an underground line shall be borne by such owner, and, in addition to any other right or remedy permitted by law or this Declaration, the Association shall have the right, but not the obligation, after reasonable notice, but not less than five days, to enter upon a Unit to repair damage to an underground line (and an easement for such entry and repair in favor of the Association is hereby reserved) and to assess the Owner for the cost of such damage or repair, together with any costs or expenses incurred by the Association in connection therewith. The Association shall notify the Owner in writing of the cost thereof, and in the event that Owner fails to reimburse the Association for its costs and expenses, such charges shall constitute a lien on that Owner's Unit, which may be enforced by the Association in accordance with the provisions of Article XVIII.

Section 10.4 Utility Easement: There is hereby created a general easement upon, across, over, in, and under the Property for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including but not limited to water, sewer, gas, telephone, electrical, television and a master communications system. By virtue of this easement, it will be expressly permissible and proper for Clark County or companies providing electrical, television, telephone and other communication services to install and maintain necessary equipment on the Property and to affix and maintain electrical, television, communications, and telephone wires, circuits, and conduits under the Property. Any utility company using this general easement will use its best efforts to install and maintain the utilities provided for without disturbing the uses of the Owners, the Association and Declarant; will prosecute its installation and maintenance activities as promptly and expeditiously as reasonably possible; and will restore the surface to its original condition as soon as possible after completion of its work. Should any utility company furnishing a service covered by the general easement request a specific easement by separate recordable document, either Declarant or the Association will have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of the Property without conflicting with the terms of this Declaration. This general easement will in no way affect, avoid, extinguish, or modify any other recorded easement on the Property.

Section 10.5 Easement for Expansion: Declarant hereby reserves to itself and for Owners of Units in all future phases of the Project a perpetual easement and right-of-way and access over, upon, and across the Property for construction, utilities, drainage, ingress and egress, and for use of the Common Elements. The location of said easements and rights-of-way may be made certain by Declarant or the Association by recorded documents.

Section 10.6 Reservation of Easements, Exceptions, and Exclusions: Declarant reserves to itself and hereby grants to the Association the concurrent right to establish from time to time, by declaration or otherwise, utility and other easements, permits, or licenses over the Common Elements and those portions of any Unit lying within any private street or public utility easement, as set forth on the Plat, for purposes including but not limited to streets, paths, walkways, drainage, recreation areas, parking areas, ducts, shafts, flues, and conduit installation areas, and to create other reservations, exceptions, and exclusions consistent with the ownership of the Project for the best interest of all the Owners and the Association or to provide access and/or utility service to any property requiring access over the Common Elements to adjacent public streets, in order to serve all the Owners and any other owners of real property within the Project as initially built and expanded. Declarant further reserves the right to establish from time to time, by dedication or otherwise, utility and other easements, and to create other reservations, exceptions, rights of ingress and egress, and exclusions convenient or necessary for the use and operation of any other property of Declarant, as long as it does not materially hamper the enjoyment of the Project, as built or expanded, by the Owners. In addition, Declarant

reserves to it and its successors and assigns the right of ingress and egress through streets, paths and walkways and for the purpose of construction, maintenance and operation of commercial areas located outside the Project including, but not limited to, offices, shopping centers, resort complexes and for the purpose of installation and maintenance of utilities to serve those projects which are located on parcels of land not governed by this Declaration.

Section 10.7 Drainage Easement: An easement is hereby reserved to Declarant and granted to the Association, and their respective officers, agents, employees, successors, and assigns to enter upon, across, over, in, and under any portion of the Property for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the Property so as to improve the drainage of water on the Property. Best efforts shall be made to use this easement so as to disturb, as little as possible, the uses of the Owners, the Association and Declarant, as applicable, to prosecute such drainage work promptly and expeditiously, and to restore any areas affected by such work to a slightly and usable condition as soon as reasonably possible following such work. Declarant shall inform and obtain the approval of the Executive Board prior to undertaking such drainage work, which approval shall not be unreasonably withheld.

Section 10.8 Maintenance Easement: An easement is hereby reserved to Declarant, and granted to the Association, and any Director or property manager, and their respective officers, agents, employees, and assigns upon, across, over, in, and under the Units and a right to make such use of the Units as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Governing Documents, including the right to enter upon any Unit for the purpose of performing maintenance to the landscaping or the exterior of improvements to such Unit as required by the Governing Documents. The Association shall not unreasonably interfere with the rights of the Owners in the use of this easement.

Section 10.9 Easements Deemed Created: All conveyances of Units hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article X, even though no specific reference to such easements or to this Section appears in the instrument for such conveyance.

ARTICLE XI ALLOCATION OF LIMITED COMMON ELEMENTS

A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to the provisions of this Article. All allocations will be made by amendments to the Declaration specifying to which Unit or Units the Limited Common Element is allocated. Such amendment shall require the approval of all holders of Security Interests in the affected Units. The person executing the amendment shall provide an executed copy of the amendment to the Association, which shall record it, provided that the amendment complies with the provisions of this Declaration and the Act. The amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and the Common Interest Community. The parties executing the amendment shall be responsible for the preparation of the amendment and shall reimburse the Association for its reasonable attorneys' fees in connection with the review of the amendment and for the recording costs.

ARTICLE XII ARCHITECTURAL CONTROL

Section 12.1 Members of Architectural Review Committee. The Architectural Review Committee shall consist of three (3) members; provided, however, that such number may be increased or decreased by resolution of the Executive Board. The Architectural Review Committee shall be initially staffed by three (3)

(e) The ARC may condition its approval of proposals or plans and specifications for any improvement upon the agreement by the person (referred to in this Section as "Applicant") submitting the same to furnish to the ARC a bond or other security acceptable to the ARC, which is determined by the ARC to be reasonably sufficient to (1) assure the completion of such improvement or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such improvement, and (2) to protect the Association and the other Owners against mechanic's liens or other encumbrances which may be Recorded against their respective interests in the Property or damage to the Common Elements as a result of such work. Any such bond shall be released or security shall be fully refundable to the Applicant, upon (i) the completion of the improvement, (ii) the acceptance of the improvement by the ARC, and (iii) the Applicant's written request to the ARC, provided that there is no damage caused by the Applicant or its contractor to any public or private improvement, Common Element or Unit.

(f) The ARC may condition its approval of proposals or plans and specifications for any improvement (1) on such changes therein as it deems appropriate, (2) upon the agreement by the Applicant to grant appropriate easements to the Association for the maintenance of the improvement, (3) upon the agreement of the Applicant to reimburse the Association for the cost of maintenance, or all three, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted.

(g) The ARC may issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval (or request for a certificate stating that ARC approval is not required), or stating additional factors which it will take into consideration in reviewing submissions. The ARC may provide that the amount of such fee shall be uniform, or that it may be determined in any other reasonable manner, such as based upon the reasonable cost of the construction, alterations or additions contemplated or the cost of architectural or other professional fees incurred by the Association in reviewing plans.

(h) The ARC may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, landscaping plans, elevation drawings and description or samples of exterior material and colors, and may require that plans and specifications be submitted in one or more stages. Decisions of the ARC and the reasons therefor shall be transmitted by the ARC to the Applicant at the address furnished by the Applicant, within forty-five (45) days after the date of receipt issued by the ARC for the materials required by the ARC. Any application or request for certificate of exemption submitted pursuant to this Section shall be deemed approved, unless written disapproval or a request for additional information or materials by the ARC shall have been transmitted to the Applicant within forty-five (45) days after the date of receipt by the ARC of all required materials.

Section 12.4 Meetings of the Architectural Review Committee. The Architectural Review Committee shall meet from time to time as necessary to perform its duties hereunder. The Architectural Review Committee may from time to time, by resolution unanimously adopted in writing, designate an Architectural Review Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Architectural Review Committee, except the granting of variances pursuant to Section 12.9. In the absence of such designation, the vote of a majority of the members of the Architectural Review Committee, or the written consent of a majority of the members of the Architectural Review Committee taken without a meeting, shall constitute an act of the Architectural Review Committee.

Section 12.5 No Waiver of Future Approvals. The approval of the Architectural Review Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the ARC, shall not be deemed to

constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval or consent.

Section 12.6 Compensation of Members. The members of the ARC shall receive no compensation for services rendered, other than reimbursement by the Association for expenses incurred by them in the performance of their duties hereunder.

Section 12.7 Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(a) The ARC or its duly appointed representative may at any time inspect any improvement for which approval of plans is required under this Article. However the ARC's right of inspection of improvements for which plans have been submitted and approved shall terminate sixty (60) days after the work of improvement has been completed and the respective Owner has given written notice to the ARC of such completion. The ARC's rights of inspection shall not terminate pursuant to this paragraph if plans for the work of improvement have not previously been submitted to and approved (or determined exempt) by the ARC. If, as a result of such inspection, the ARC finds that such improvement was done without obtaining approval of the plans therefor or was not done in substantial compliance with the plans approved by the ARC, it shall notify the Owner in writing of failure to comply with this Article XII within sixty (60) days from the inspection, specifying the particulars of noncompliance. The ARC shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.

(b) If, upon the expiration of sixty (60) days from the date of such notification, the Owner has failed to remedy such noncompliance, the ARC shall notify the Executive Board in writing of such failure. Upon Notice and Hearing, the Executive Board shall determine whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Executive Board ruling is given to the Owner. If the Owner does not comply with the Executive Board ruling within that period, the Executive Board, at its option, may record a notice of noncompliance and may peacefully 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 Executive Board shall add the amount of such expenses to the assessment of such Owner as a Special Assessment. The right of the Association to remove a noncomplying improvement or otherwise remedy the noncompliance shall be in addition to all other rights and remedies which the Association may have at law, in equity, or in this Declaration.

(c) If for any reason the ARC fails to notify the Owner of any noncompliance with previously submitted and approved plans within sixty (60) days after receipt of such written notice of completion from the Owner, the improvement shall be deemed to be in accordance with such approved plans.

(d) All construction, alteration or other work shall be performed as promptly and diligently as possible and shall be completed within three (3) months after the date on which the work commenced.

Section 12.8 Scope of Review. The ARC shall review and approve or disapprove all plans submitted to it for any proposed improvement, alteration or addition, solely on the basis of the considerations set forth in Section 12.3. The ARC shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with any governmental, building, zoning, or other codes.

Section 12.9 Variances. The ARC may authorize variances from compliance with any of the architectural provisions of this Declaration or any supplemental declaration, when circumstances such as

topography, drainage, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances must be evidenced in writing and must be signed by the ARC. If such variances are granted, no violation of the covenants, conditions and 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 of the terms and provisions of this Declaration or of any supplemental declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting his or her use of the premises, including but not limited to zoning and building ordinances and Unit set-back lines or requirements imposed by the applicable governmental authorities.

Section 12.10 Certain Exceptions. The ARC may also exempt certain types or classes of improvements from the provisions of this Article XII under written guidelines or rules promulgated from time to time by the ARC if, in the exercise of the ARC's sole judgment, approval of such types or classes of improvements is not required to carry out the purposes of this Declaration.

ARTICLE XIII BOUNDARIES

Section 13.1 Application and Amendment: The boundaries between adjoining Units may be relocated by an amendment to the Declaration upon application to the Association by the owners of the Units affected by the relocation. If the owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application shall state the proposed reallocation. Unless the Executive Board determines, within 30 days after receipt of the application, that the reallocations are unreasonable, the Association shall prepare an amendment that identifies the Units involved, states the reallocations and indicates the Association's consent. The amendment must be executed by those Unit Owners affected and contain words of conveyance between them. The approval of all holders of Security Interests in the affected Units shall be endorsed on the conveyance. On recordation, the amendment shall be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the Association.

Section 13.2 Recording Amendments: The Association shall prepare and record Plats necessary to show the altered boundaries between adjoining Units, along with the Units' dimensions and identifying numbers. The applicants will pay for the costs of preparation of the amendment and its recording, as well as the reasonable consultant fees incurred by the Association if the Executive Board deems it necessary to employ a consultant, and the Association's obligation to deliver an amendment pursuant to this Article is subject to its receipt of all such costs.

ARTICLE XIV AMENDMENTS TO DECLARATION

Section 14.1 In General: Except in cases of amendments that may be executed (i) by Declarant in the exercise of its Development Rights, (ii) by the Association under Article X and NRS 116.1107 or (iii) by certain Unit Owners under Article XIII and Section 13.1 and NRS 116.2118, and except as limited by Section 14.4 and Article XVII, this Declaration, including the Plat, may be amended only by vote or agreement of Owners of Units to which at least a majority of the votes in the Association are allocated. The procedure for amendment must follow the procedures set forth in NRS 116.2117.

Section 14.2 Limitation of Challenges: An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

Section 14.3 Recordation of Amendments: Each amendment to this Declaration must be recorded in the Clark County Recorder's Office, and the amendment is effective only upon recording.

Section 14.4 Unanimous Consent: Except to the extent expressly permitted or required by other provisions of this Declaration or the Act, an amendment may not create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, change the Allocated Interests of a Unit or change the uses to which any Unit is restricted, except by unanimous consent of the Unit Owners affected and the consent of a majority of the Owners of the remaining Units.

Section 14.5 Execution of Amendments: An amendment to this Declaration required by the Act to be recorded by the Association, which has been adopted in accordance with this Declaration and the Act, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

Section 14.6 Special Declarant Rights: Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of Declarant.

Section 14.7 Consent of Holders of Security Interests and VA: Amendments are subject to the consent requirements of Article XVII.

Section 14.8 Amendments To Create Units: To exercise any Development Right reserved under Section 7.1, Declarant shall prepare, execute and record an amendment to this Declaration or a supplemental declaration or annexation amendment as provided in Section 7.1(a). Declarant shall also record new Plats as necessary to conform to the applicable requirements of NRS 116.2109 or new certifications of the Plat if the Plat otherwise conforms to the requirements of NRS 116.2109. The amendment to this Declaration to create Units shall assign an identifying number to each new Unit created and reallocate the Allocated Interests among all Units. The amendment shall describe any Common Elements and any Limited Common Elements created and designate the Unit to which each Limited Common Element is allocated to the extent required by NRS 116.2108(1).

ARTICLE XV
AMENDMENTS TO BYLAWS

The Bylaws may be amended or repealed by the vote of fifty-one percent (51%) of the Owners or by the written consent of such Owners and in accordance with Article 12 of the Bylaws. Furthermore, during the Declarant Control Period, any amendment of the Bylaws shall require prior approval of the VA.

ARTICLE XVI
TERMINATION

Termination of the Common Interest Community may be accomplished only in accordance with NRS 116.2118.

ARTICLE XVII
MORTGAGEE PROTECTION

Section 17.1 Introduction: This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Security Interests. This Article is supplemental to, not a substitution for, any other provisions of the Governing Documents, but in the case of conflict, this Article shall control.

Section 17.2 Percentage of Eligible Mortgagees: Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding Security Interests in Units which in the aggregate have allocated to them that specified percentage of votes as compared to the total votes allocated to all Units in the Association then subject to Security Interests held by all Eligible Mortgagees.

Section 17.3 Notice of Actions: The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Common Interest Community or any Unit in which there is a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

(b) Any delinquency in the payment of Common Expense Assessments owed by a Unit Owner which remains uncured for a period of sixty (60) days and whose Unit is subject to a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

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

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 17.4; and

(e) Any judgment rendered against the Association.

Section 17.4 Consent and Notice Required.

(a) **Document Changes.** Notwithstanding any requirement permitted by this Declaration or the Act, no amendment of any material provision of the Governing Documents by the Association or Unit Owners described in this Section may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 17.3, without the vote of at least a 67 percent of the Unit Owners (or any greater Unit Owner vote required in this Declaration or the Act) and without approval by at least 51 percent of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected by the exercise of any Development Right. A change to any of the following would be considered material:

1. Any provision of this Declaration pertaining to voting rights;
2. Any provision of this Declaration pertaining to assessments, assessment liens or priority of assessment liens;
3. Any provision of this Declaration pertaining to reserves for maintenance, repair and replacement of Common Elements;
4. Any provision of this Declaration pertaining to responsibility for maintenance and repairs;
5. Any provision of this Declaration pertaining to expansion or contraction of the Common Interest Community, or the addition, annexation or withdrawal of property to or from the Common Interest Community;

6. Any provision of this Declaration pertaining to insurance or fidelity bonds;
7. Any provision of this Declaration pertaining to leasing of Units;
8. Any provision of this Declaration pertaining to imposition of any restrictions on Unit Owners' right to sell or transfer their Units; or
9. Any provision of this Declaration that expressly benefits mortgage holders, insurers or guarantors.

(b) Actions. Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions, other than rights reserved to Declarant as Special Declarant Rights, without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 17.3 above, and approval of at least 51 percent (or the indicated percentage, if higher) of the Eligible Mortgagees:

1. Reallocation of interests in the Common Elements or Limited Common Elements, except that when Limited Common Elements are reallocated by agreement between Unit Owners, only those Unit Owners and only the Eligible Mortgagees holding Security Interests in those Units need approve the action;
2. Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Unit Owners and the Eligible Mortgagees holding Security Interests in the Unit or Units need approve the action;
3. Convertibility of Units into Common Elements or Common Elements into Units;
4. A decision by the Association to establish self-management when professional management had been required previously by the Governing Documents or any Eligible Mortgagee;
5. Termination of the Common Interest Community after occurrence of substantial destruction or condemnation;
6. Conveyance or encumbrance of the Common Elements or any portion of the Common Elements, for which approval of at least 67 percent of the Eligible Mortgagees is required. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Common Interest Community will not be deemed a transfer within the meaning of this clause);
7. The termination of the Common Interest Community for reasons other than substantial destruction or condemnation, for which approval of at least 67% of Eligible Mortgagees is required;
8. The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), for which only the owners of Units affected and Eligible Mortgagees of those Units need approve the action;
9. The granting of any easements, leases, licenses or concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Common Interest Community and also excluding any leases, licenses or concessions lasting for no more than one year);
10. The restoration or repair of the Property after hazard damage or a partial condemnation in a manner other than specified in the Governing Documents;

11. The merger of the Common Interest Community with any other common interest community, for which the prior written approval of the VA must also be obtained;

12. The assignment of the future income of the Association, including its right to receive Common Expense Assessments; or

13. Any action taken not to repair or replace the Property in the event of substantial destruction of any part of a Unit or the Common Elements.

(c) **Limitations.** The Association may not change the period for collection of regularly budgeted Common Expense Assessments to other than monthly collection without the consent of all Eligible Mortgagees.

(d) **VA Approval.** During the Declarant Control Period, any amendment to the Declaration shall require the prior approval of the VA.

(e) **Implied Approval.** The failure of an Eligible Mortgagee or Insurer to respond within 30 days to any written request for approval of an addition or amendment to the Document wherever Eligible Mortgagee or Insurer approval is required, when such request is delivered by certified or registered mail, return receipt requested, shall constitute an implied approval of the addition or amendment.

Section 17.5 Development Rights: No Development Rights may be exercised, voluntarily abandoned or terminated by Declarant unless all persons holding Security Interests in the affected Unit consent to the exercise, abandonment or termination.

Section 17.6 Inspection of Books: The Association must maintain current copies of the Declaration, Bylaws, Rules, the Association's articles of incorporation, books, records and financial statements of the Association. The Association shall permit any Eligible Mortgagee or Eligible Insurer, or other first mortgagee of Units, to inspect the books and records of the Association during normal business hours.

Section 17.7 Financial Statements: The Association shall provide any Eligible Mortgagee or Eligible Insurer who submits a written request with a copy of an annual financial statement. It shall be provided within 120 days following the end of each fiscal year of the Association. This financial statement shall be audited by an independent certified public accountant if:

(a) The Common Interest Community contains 50 or more Units, in which case the cost of the audit shall be a Common Expense; or

(b) Any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

Section 17.8 Enforcement: The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors and may be enforced by any of them by any available means, at law or in equity.

Section 17.9 Attendance at Meetings: Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting which a Unit Owner may attend.

Section 17.10 Appointment of Trustee: In the event of damage or destruction under Article XXI or XXII or condemnation of all or a portion of the Common Interest Community, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to Section 1.47. This Trustee may be

required to be a corporate trustee licensed by the State of Nevada. Proceeds will then be distributed pursuant to Article XXII or pursuant to a condemnation award. Unless otherwise required, the members of the Executive Board, acting by majority vote through the president, may act as Trustee.

ARTICLE XVIII
ASSESSMENT AND COLLECTION OF COMMON EXPENSES

Section 18.1 Apportionment of Common Expenses: Except as provided in Section 18.2, all Common Expenses shall be assessed at a uniform rate for all Units in accordance with the percentage of Liability for Common Expenses as set forth in Article VIII.

Section 18.2 Common Expenses Attributable to Fewer than all Units: Exempt Property:

(a) Any Common Expense or portion thereof benefiting fewer than all of the Units shall be assessed exclusively against the Units benefited.

(b) An assessment to pay a judgment against the Association may be made only against the Units in the Common Interest Community at the time the judgment was entered, in proportion to their respective Liability for Common Expense.

(c) If a Common Expense is caused by the misconduct of a Unit Owner, the Association may assess that expense exclusively against that Unit Owner's Unit.

(d) If the Liability for Common Expenses are reallocated, Common Expenses Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

(e) Fees, charges, late charges, fines, collection costs and interest charged against a Unit Owner pursuant to the Governing Documents and the Act are enforceable as Common Expense Assessments against that Unit Owner's Unit.

(f) The following portions of the Property shall be exempt from the assessments, charges, and liens created herein:

1. All properties dedicated and accepted by Clark County, or the State and devoted to public uses, whether the County's and/or State's interest is represented by a fee ownership, by an easement, or in any other form of property ownership;
2. All utility lines and easements; and
3. The Common Elements.

Section 18.3 Lien:

(a) The Association has a lien on a Unit for an assessment levied against the Unit or fines imposed against its Unit Owner from the time the assessment or fine becomes due. Fees, charges, late charges, fines and interest charged pursuant to the Governing Documents are enforceable as assessments under this Section, subject to any limitations contained in the Act. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due.

(b) Except to the extent permitted under the Act (NRS 116.3116(2)), a lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the

recordation of this Declaration; (2) a first Security Interest on the Unit recorded before the date on which the assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. A lien under this Section 18.3 is also prior to all Security Interests described in Section 18.3(b)(2) to the extent that the Common Expense assessments are based on the periodic budget adopted by the Association pursuant to Section 18.4 and 18.5 and would have become due in the absence of acceleration, during the six months immediately preceding institution of an action to enforce the Association's lien. This subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association.

(c) Recording of the Declaration constitutes record notice and perfection of the lien. Further recording of a claim of lien for assessment under this Section 18.3 is not required.

(d) A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three years after the full amount of the assessment becomes due, except that if an Owner of a Unit subject to a lien under this Section 18.3 files a petition for relief under the United States Bankruptcy Code, the time period for instituting proceedings to enforce the Association's lien shall be tolled until thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

(e) This Section does not prohibit an action to recover sums for which Section 18.3(a) creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

(f) A judgment or decree in any action brought under this Section 18.3 shall include costs and reasonable attorney's fees for the prevailing party.

(g) The Association's lien must be foreclosed in the manner set forth in NRS 116.31162 and NRS 116.31164 or in any other provision of Nevada law applicable to enforcement of assessment liens in common interest communities.

(h) In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver for the Unit Owner to collect all sums alleged to be due to that Unit Owner from third parties prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense Assessments, based on a periodic budget adopted by the Association pursuant to Section 18.4.

(i) If a holder of a first Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Unit which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection (b) of this section of this Declaration. Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Unit Owners, including the purchaser.

(j) A Request for Notice of Default and Sale recorded in accordance with NRS 107.090 shall apply to the foreclosure of an Association lien. The Request must identify the lien by stating the names of the Unit Owner and the Common Interest Community.

(k) In the case of foreclosure under NRS 116.31162 and NRS 116.31164, the Association shall give reasonable notice of its intent to foreclose to each lien holder of the affected Unit known to the Association.

(l) Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied to the oldest balance due subject to any limitations in the Act.

Section 18.4 Budget Adoption and Ratification: Within 30 days after adoption of a proposed budget for the Common Interest Community, the Executive Board shall provide a summary of the budget to each Unit Owner and shall set a date for a meeting of the Unit Owners to consider ratification of the budget. The meeting shall be not less than 14 or more than 30 days after mailing of the summary. Unless at that meeting a majority of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Unit Owners continues until the Unit Owners ratify a subsequent budget proposed by the Executive Board.

Section 18.5 Ratification of Nonbudgeted Common Expense Assessments: If the Executive Board votes to levy a Common Expense Assessment not included in the current budget, other than one enumerated in Section 18.2, in an amount greater than 15% of the current annual operating budget, the Executive Board shall submit this Common Expense to the Unit Owners for ratification in the same manner as a budget under Section 18.4.

Section 18.6 Certificate of Payment of Common Expense Assessments: The Association, upon written request, shall furnish a Unit Owner with a statement, in recordable form, setting out the amount of unpaid assessments against the Unit. The statement must be furnished within 10 business days after receipt of the request and is binding on the Association, the Executive Board and each Unit Owner.

Section 18.7 Monthly Payment of Common Expenses: All Common Expenses assessed under Sections 18.1 and 18.2 shall be due and payable monthly, at 1/12th of the annual total (in cases where an annual total is applicable).

Section 18.8 Limitations on Maximum Annual Assessment: From and after January 1st of the year immediately following the first conveyance of a Unit to an Owner other than Declarant, the maximum annual Common Expense Assessment may not be increased by more than 15% of the annual budget for the previous year unless approved by the vote or written assent of a Majority of Unit Owners.

Section 18.9 Acceleration of Common Expense Assessments: In the event of default in which any Unit Owner does not make the payment of any Common Expense Assessment levied against his or her Unit within 10 days after the date due, the Executive Board shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year immediately due and payable.

Section 18.10 Commencement of Common Expense Assessments: The Common Expense Assessments provided for herein shall begin as to all Units in each phase of the Common Interest Community on the first day of the month following the first conveyance of a Unit to a Unit Owner other than Declarant in that phase. The first assessment shall be adjusted according to the number of months remaining in the calendar year.

Section 18.11 No Waiver of Liability for Common Expenses: No Unit Owner may become exempt from liability for payment of assessments levied by the Association, nor release his or her Unit from the liens and charges thereof by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 18.12 Personal Liability of Unit Owners: The Owner of a Unit, at the time a Common Expense Assessment or portion of the assessment is due and payable, is personally liable for the assessment. Additionally, the Owner of a Unit, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in such deed or such other instrument, is deemed to covenant and agree to pay to the Association (1) annual Common Expense Assessments, (2) Capital Improvement Assessments, (3) Special Assessments, and (4) Reconstruction Assessments; such assessments to be established and collected as herein provided. All Assessments, together with interest, costs, and reasonable attorneys' fees for the collection

thereof, shall be a charge on the land and shall be a continuing lien upon the Unit against which such assessment is made. Personal liability for the assessment shall not pass to a successor in title to the Unit unless the successor agrees to assume the obligation. The successor in title shall be personally liable for any Common Expense Assessments thereafter due.

Section 18.13 Capitalization of Association: A working capital fund is to be established in the amount of two (2) months' regularly budgeted initial Common Expense Assessments, measured as of the date of the first assessment on the first phase, for all Units as they are created in proportion to their respective Allocated Interests in Common Expenses. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by Declarant at the time the sale of the Unit is closed or at the termination of the Declarant Control Period, if earlier. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment, with a lien on Declarant's unsold Units pursuant to the Act. Until termination of Declarant control of the Executive Board, the working capital shall be deposited without interest in a segregated fund. While Declarant is in control of the Executive Board, Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

Section 18.14 Developer Contributions: So long as Declarant has the right unilaterally to annex additional property pursuant to Article VII, Declarant may elect on an annual basis, but shall not be obligated, to reduce the resulting Common Assessment for any fiscal year by payment of a subsidy as hereinafter provided in this Section. Any such subsidy shall be conspicuously disclosed as a line item in the Common Expense budget and shall be made known to the Owners. The payment of such subsidy in any year shall under no circumstances obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

During the Declarant Control Period, Declarant may annually elect either to pay Common Assessments on all of the Units which it owns, or to pay to the Association the difference between the amount of Common Assessments collected on all other Units subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year. Unless Declarant otherwise notifies the Executive Board in writing at least sixty (60) days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or a combination of these, and, pursuant to the foregoing, the Association is specifically authorized to enter into subsidy contracts with Declarant or contracts for "in kind" contribution of services, materials or a combination of services and materials with Declarant as a credit toward the payment of some portion of the Common Expenses.

ARTICLE XIX RIGHT TO ASSIGN FUTURE INCOME

The Association may assign its future income, including its right to receive Common Expense Assessments, only by the affirmative vote of Owners of Units to which at least 51 percent of the votes in the Association are allocated, at a meeting called for that purpose, and with the Eligible Mortgagee consent described in Article XVII.

ARTICLE XX PERSONS AND UNITS SUBJECT TO GOVERNING DOCUMENTS

Section 20.1 Membership in the Association: Every Owner of a Unit shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Unit.

Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale of a Unit to which it is appurtenant, and then only to the purchaser of such Unit. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his or her name to the purchaser of his or her Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

Section 20.2 Compliance with Governing Documents: All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Governing Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the occupancy of a Unit constitutes agreement that the provisions of the Governing Documents are accepted and ratified by that Unit Owner, tenant, mortgagee or occupant. All provisions of the Governing Documents recorded in the Clark County Recorder's Office are covenants running with the land and shall bind any Persons having at any time any interest or estate in any Unit.

Section 20.3 Adoption of Rules: The Executive Board may adopt Rules regarding the Common Elements, the use and occupancy of Units as it affects the Common Elements, the Limited Common Elements and the activities of occupants, subject to Notice and Comment.

ARTICLE XXI INSURANCE

Section 21.1 Coverage: To the extent reasonably available, the Executive Board shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Executive Board determines that any insurance described in this Article will not be maintained, the Executive Board shall promptly cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners and Eligible Mortgagees at their respective last known addresses.

Section 21.2 Property Insurance Coverage:

- (a) Coverage. Property insurance will cover:
 - (b) All fixtures, equipment and any improvements and betterments which are affixed to or a part of the Common Elements; and
 - (c) All personal property owned by the Association.
 - (d) Amounts. The insurance will be for an amount (after application of any deductions) equal to 100 percent of the actual cash value of the covered items at the time the insurance is purchased and at each renewal date. The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the insured items, and the cost of such appraisals shall be a Common Expense.
 - (e) Risks Insured Against. The insurance shall afford protection against "all risks" of direct physical loss commonly insured.
 - (f) Other Provisions. Insurance policies required by this Section shall provide that:
 - 1. Each Unit Owner is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Association.

2. The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.

3. An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition of recovery under the policy.

4. If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner which covers the same risk covered by the policy, the Association's policy provides primary insurance.

5. Losses must be adjusted with the Association.

6. Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Unit Owner and the Unit Owner's mortgagee.

7. The insurer may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, to each Unit Owner and to each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

8. The name of the insured shall be substantially as follows:

STEPHANIE 130 HOMEOWNERS ASSOCIATION for the use
and benefit of the individual Owners.

Section 21.3 Liability Insurance: Liability insurance, including medical payments insurance, will be maintained as determined by the Executive Board. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association.

Insurance policies carried pursuant to this Section shall provide that:

(a) Each Unit Owner is an insured person under the policy with respect to liability arising out of the Unit Owner's interest in the Common Elements or membership in the Association;

(b) The insurer waives the right to subrogation under the policy against a Unit Owner or member of the household of a Unit Owner.

(c) An act or omission by a Unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.

(d) If, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.

(e) Losses must be adjusted with the Association.

(f) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Unit Owner and the Unit Owner's mortgagee.

(g) The insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 21.4 Fidelity Bonds: A blanket fidelity bond shall be provided for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the Manager at any time while the bond is in force. In no event shall the bond be for an amount less than the sum of three months' assessments plus reserve funds. The bond shall include a provision that calls for 10 days' written notice to the Association, each holder of a Security Interest in a Unit, each servicer that services a FNMA-owned or FHLMC-owned mortgage on a Unit and the insurance trustee, if any, before the bond can be canceled or substantially modified for any reason. When either: (a) separate bank accounts for working funds and reserves are maintained and monthly checks are sent directly to the Association, (b) a management company maintains separate records and bank accounts for each reserve account of the Association, or (c) two Directors must sign any check written on the reserve account, then the fidelity bond may be in an amount equal to three months Common Expense Assessments on all Units.

Section 21.5 Workers' Compensation Insurance: The Executive Board shall obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Nevada.

Section 21.6 Directors' and Officers' Liability Insurance: The Executive Board shall obtain and maintain directors' and officers' liability insurance, if available, covering all of the directors and officers (including without limitation the members of the ARC) of the Association. This insurance will have limits determined by the Executive Board.

Section 21.7 Other Insurance: The Association may carry other insurance which the Executive Board considers appropriate to protect the Association and/or the Unit Owners.

Section 21.8 Premiums: Insurance premiums for insurance carried or to be carried by the Association shall be a Common Expense.

ARTICLE XXII DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 22.1 Duty to Restore: Any portion of the Common Interest Community for which insurance is required under the Act (NRS 116.31135) that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (a) The Common Interest Community is terminated; or
- (b) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or
- (c) Eighty percent (80%) of the Unit Owners, including each owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

Section 22.2 Cost: The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Section 22.3 Plans: The Property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board, a majority of Unit Owners and 51 percent of Eligible Mortgagees.

Section 22.4 Replacement of Less Than Entire Property:

(a) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Common Interest Community.

(b) Except to the extent that other persons will be distributees:

1. The insurance proceeds attributable to a Unit and Limited Common Elements that are not rebuilt must be distributed to the owner of the Unit and the owner of the Unit to which the Limited Common Elements were allocated, or to lien holders, as their interests may appear; and

2. The remainder of the proceeds must be distributed to each Unit Owner or lien holder, as their interests may appear, in proportion to the Common Element interests of all the Units.

Section 22.5 Insurance Proceeds: The Trustee, or if there is no Trustee, then the Executive Board of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Unit Owners and lien holders as their interests may appear. Subject to the provisions of Section 22.1(a) through Section 22.1(c), the proceeds shall be disbursed first for the repair or restoration of the damaged Property. The Association, Unit Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the Property has been completely repaired or restored, or unless the Common Interest Community is terminated.

Section 22.6 Certificates By Executive Board: The Trustee, if any, may rely on the following certifications in writing made by the Executive Board:

(a) Whether or not damaged or destroyed Property is to be repaired or restored; and

(b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

Section 22.7 Certificates by Title Insurance Companies: If payments are to be made to Unit Owners or mortgagees, then the Executive Board and the Trustee, if any, shall obtain and may rely on a title insurance company's certificate or a title insurance policy based on a search of the Records in the Clark County Recorder's Office from the date of the recording of the original Declaration, stating the names of the Unit Owners and the mortgagees.

ARTICLE XXIII
NOTICE AND HEARING

Section 23.1 Right to Notice and Comment: Before the Executive Board amends the Bylaws or the Rules, whenever the Governing Documents require that an action be taken after "Notice and Comment," and at any other time the Executive Board determines, the Unit Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action either shall be given to each Unit Owner in writing, delivered personally or by mail to all Unit Owners at such address as appears in the records of the Association, or it shall be published in a newsletter or similar publication which is routinely circulated to all Unit Owners. The notice shall be given not less than ten (10) days before the proposed action is to be taken. It shall invite comment to the Executive Board orally or in writing before the

scheduled time of the meeting. The right to Notice and Comment does not entitle a Unit Owner to be heard at a formally constituted meeting.

Section 23.2 Right to Notice and Hearing: Whenever the Governing Documents require that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Executive Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing. At the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but is not binding in making the decision. The affected person shall be notified of the decision in the same manner in which notice of the meeting was given.

Section 23.3 Appeals: Any person having a right to Notice and Hearing shall have the right to appeal to the Executive Board from a decision of persons other than the Executive Board by filing a written notice of appeal with the Executive Board within 10 days after being notified of the decision. The Executive Board shall conduct a hearing within 30 days, giving the same notice and observing the same procedures as were required for the original meeting.

ARTICLE XXIV EXECUTIVE BOARD

Section 24.1 Association Records and Minutes of Executive Board Meetings: The Executive Board shall permit any Unit Owner, or holder, insurer or guarantor of a first mortgage secured by a Unit, to inspect the records of the Association and the minutes of Executive Board and committee meetings during normal business hours.

Section 24.2 Powers and Duties: The Executive Board may act in all instances on behalf of the Association, except as provided in this Declaration, the Bylaws or the Act. The Executive Board shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Common Interest Community, which shall include, but not be limited to, the power to do each of the following:

- (a) Adopt and amend Bylaws, Rules and regulations;
- (b) Adopt and amend budgets for revenues, expenditures and reserves;
- (c) Collect assessments for Common Expenses from Unit Owners;
- (d) Hire and discharge managing agents;
- (e) Hire and discharge independent contractors, employees and agents;
- (f) Institute, defend or intervene in litigation or administrative proceedings in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Common Interest Community;
- (g) Make contracts and incur liabilities so long as all contracts be for a period of time not more than two (2) years, or otherwise provide for the Association's right to terminate not less than every two (2) years;

- (h) Regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- (i) Cause additional improvements to be made as a part of the Common Elements;
- (j) Acquire, hold, encumber and convey, in the Association's name, any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to the Act (NRS 116.3112);
- (k) Grant easements for any period of time, including permanent easements, and grant leases, licenses and concessions through or over the Common Elements;
- (l) Impose and cause the Association to receive a payment, fee or charge for the use, rental or operation of the Common Elements and for services provided to Unit Owners;
- (m) Impose a reasonable charge for late payment of assessments, and after Notice and Hearing, levy reasonable fines for violations of this Declaration, the Bylaws, Rules and regulations of the Association;
- (n) Impose a reasonable charge for the preparation and recordation of amendments to this Declaration, for resale certificates required by the Act (NRS 116.4109) for a statement of unpaid assessments and for statements of unpaid Assessments;
- (o) Provide for the indemnification of the Association's officers and Executive Board and maintain Directors' and officers' liability insurance;
- (p) Assign the Association's right to future income, including the right to receive Common Expense Assessments;
- (q) Exercise any other powers conferred by this Declaration or the Bylaws;
- (r) Exercise any other power that may be exercised in this state by legal entities of the same type as the Association;
- (s) Direct the removal of vehicles, boats, or trailers improperly parked on property owned or leased by the Association pursuant to NRS 487.038;
- (t) Exercise any other power necessary and proper for the governance and operation of the Association; and
- (u) By resolution, establish permanent and standing committees of Directors to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must give notice of their actions to the Unit Owners affected by such action and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within 45 days of the notice. If an appeal is made, the committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 24.3 Executive Board Limitations: The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Common Interest Community or to elect members of the Executive Board or determine the qualifications, powers and duties or terms of office of Executive Board members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

ARTICLE XXV
OPEN MEETINGS

Section 25.1 Access: All meetings of the Executive Board, at which action is to be taken by vote, will be open to the Unit Owners, except as hereinafter provided.

Section 25.2 Executive Sessions: Meetings of the Executive Board may be held in executive session, without giving notice and without the requirement that they be open to Unit Owners, in either of the following situations, subject to any further limitations contained in the Act:

- (a) If no action is taken at the executive session requiring the affirmative vote of Directors; or
- (b) If the action taken at the executive session involves personnel, pending litigation, contract negotiations, enforcement actions, matters involving the privacy of individual Owners or matters which are to remain confidential by request of the affected parties and agreement of the Executive Board.

ARTICLE XXVI
DECLARANT'S RIGHT TO CURE ALLEGED DEFECTS

Section 26.1 Intention: It is Declarant's intent that all Improvements of every type and kind which may be installed by Declarant as part of the Project, including, but not limited to, residences, sidewalks, driveways, streets, roads, parking areas, fences, walls, landscaping, signs, utility pipes, lines or wires, sewer and drainage systems and grading on all of the Units and Common Elements within the Planned Community Project (collectively, the "Declarant Improvements") be of a quality that is consistent with construction and development practices for production housing of this type. Nevertheless, due to the complex nature of construction and the subjectivity involved in evaluating such quality, disputes may arise as to whether a defect exists and Declarant's responsibility therefor. It is Declarant's intent to resolve all disputes and claims regarding "Alleged Defects" (as defined below) amicably, and without the necessity of time consuming and costly litigation. Accordingly, all Unit Owners and the Association, Executive Board, and ARC shall be bound by the following claim resolution procedure:

(a) Declarant's Right To Cure. If the Association, Executive Board, ARC, or any Unit Owner or Unit Owners (collectively, "Claimant") claim, contend, or allege that any portion of a Unit and/or any Declarant Improvements are defective or incomplete, or that Declarant or its agents, consultants, contractors or subcontractors (collectively, "Declarant's Agents") were negligent in the planning, design, engineering, grading, construction or other development thereof (collectively, an "Alleged Defect"), Declarant hereby reserves the right to inspect, cure, repair and/or replace such Alleged Defect as set forth herein.

(b) Notice to Declarant. If a Claimant discovers an Alleged Defect, Claimant shall, within a reasonable time after discovery, notify Declarant, in writing, at 2500 West Sahara Avenue, Suite 206, Las Vegas, Nevada, Attention: Construction Manager, or such other address at which Declarant maintains its principal place of business, of the specific nature of such Alleged Defect ("Notice of Alleged Defect").

(c) Right To Enter Inspect, Cure, Repair, and/or Replace. Immediately after the receipt by Declarant of a Notice of Alleged Defect or the independent discovery of an Alleged Defect by Declarant or any governmental agency, and for a reasonable time thereafter, as part of Declarant's reservation of right, Declarant shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, any Unit or the Common Elements, and/or any Declarant Improvements for the purposes of inspecting and, if deemed necessary by Declarant, curing, repairing and/or replacing the Alleged Defect. In conducting such inspection, cure, repairs and/or replacement, Declarant shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances.

(d) Legal Actions. No Claimant shall initiate any legal action, cause of action, proceeding or arbitration against Declarant alleging damages (a) for the costs of curing, repairing, or replacing any Alleged Defect, (b) for the diminution in value of any real or personal property resulting from such Alleged Defect or (c) for any consequential damages resulting from such Alleged Defect, unless and until Claimant has (i) delivered to Declarant a Notice of Alleged Defect and (ii) Declarant has, within one hundred twenty (120) days after its receipt of the Notice of Alleged Defect, either (1) failed to cure, repair or replace the Alleged Defect or (2) if the Alleged Defect cannot reasonably be cured, repaired or replaced within such one hundred twenty (120) day period, failed to commence such cure, repair or replacement of the Alleged Defect and, thereafter, failed to pursue diligently such cure, repair or replacement to completion. During any such period while Declarant is diligently pursuing to completion the cure, repair, or replacement of the Alleged Defect, Claimant shall not stop, restrict, hinder, interrupt or otherwise interfere with any reasonable action or activity taken by Declarant, its employees, agents, or independent contractors, to inspect, cure, repair or replace the Alleged Defect, whether or not such action or activity is taken, or is proposed to be taken, on property owned by Claimant.

(e) No Additional Obligations: Irrevocability and Waiver of Right. Nothing set forth in this Article shall be construed to impose any obligation on Declarant to inspect, cure, repair or replace any item or Alleged Defect for which Declarant is not otherwise obligated to do under applicable law or any limited warranty provided by Declarant in connection with the sale of the Units and/or the Declarant Improvements constructed thereon, nor shall anything set forth in this Article constitute an express or implied representation, warranty or guarantee by Declarant concerning any Declarant Improvements, the Property, any Annexable Property or the Project. The right of Declarant to enter, inspect, cure, repair and/or replace reserved hereby shall be irrevocable and may not be waived and/or terminated except by a writing, in recordable form, executed and recorded by Declarant in the Official Records of the County.

(f) Statutory Remedies. The terms, conditions and procedures set forth in this Article XXVI are in addition to the terms, conditions and procedures set forth in NRS Chapter 40, and shall, to the maximum extent permitted by law, be exercised by any Claimant prior to instituting a claim and/or commencing an action under Chapter 40 for "constructional defects" as defined in Chapter 40; provided, however, the procedures set forth in this Article XXVI shall not abrogate any of the requirements of Claimant under Chapter 40, inclusive of the requirement that Claimant, at the end of the foregoing 120 day period, notify Declarant in writing of any alleged constructional defects which Declarant failed to cure during that 120 day period at least 60 days prior to bringing an action under Chapter 40. Further, to the extent any provisions of this Article XXVI are inconsistent with the provision of Chapter 40, the provisions of this Article XXVI shall apply to the maximum extent permitted by law and shall extend all the time periods set forth in NRS 40.645 until expiration of the 120 day period set forth in this Article XXVI. It is the express intent of Declarant to provide, by this Article XXVI, an initial 120 day period for Declarant to investigate and cure any constructional defects alleged by Claimant before the provisions of Chapter 40 are implemented and initiated by Claimant including, without limitation, the notice of claim, inspection, offer of settlement, and repair provisions of Chapter 40. Each Owner, by accepting title to any portion of the Property, as evidenced by Recordation of a deed to Owner describing that land, agrees to be bound by all of the provisions of this Article XXVI.

ARTICLE XXVII CONDEMNATION

If part or all of the Common Interest Community is taken by any person or entity having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with the Act (NRS 116.1107).

ARTICLE XXVIII
MISCELLANEOUS PROVISIONS

Section 28.1 Enforcement:

(a) The Association, the Declarant and any Unit Owner, including Declarant (so long as Declarant owns lands within the Property), shall have the right, but not the duty, to enforce by any proceedings at law or in equity, each covenant, condition, restriction and reservation now or hereafter imposed by the provisions of this Declaration against any property within the Property and the respective Unit Owner, tenant, subtenant, licensee, or the like thereof. Declarant and each Unit Owner shall have a right of action against the Association for any failure by the Association to comply with the provisions of the Governing Documents. Failure by the Association, Declarant or any Unit Owner to enforce any covenant, condition, restriction or reservation contained herein shall not be deemed a waiver or the right to do so thereafter.

(b) In the event the Association, Declarant, or any Unit Owner shall commence litigation to enforce any of the covenants, conditions, restrictions or reservations herein contained, the prevailing party in such litigation shall be entitled to costs of suit and such attorney's fees as the Court may adjudge reasonable and proper. The "prevailing party" shall be the party in whose favor a final judgment is entered.

Section 28.2 Captions and References: The captions contained in the Governing Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Governing Documents or the intent of any provision thereof. References to Articles, Sections and Exhibits refer to Articles, Sections and Exhibits of this Declaration, unless the context otherwise requires.

Section 28.3 Gender: The use of a particular gender refers to all other genders if the context so requires, and the use of the singular includes the plural, and vice versa, whenever the context of the Governing Documents so require.

Section 28.4 Waiver: No provision contained in the Governing Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 28.5 Invalidity: The invalidity of any provision of the Governing Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if a provision is invalid, all of the other provisions of the Governing Documents shall continue in full force and effect.

Section 28.6 Conflict: The Governing Documents are intended to comply with the requirements of the Act. If there is any conflict between the Governing Documents and the provisions of the statutes, the provisions of the statutes shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control. All of the provisions of this Declaration, including all Exhibits attached hereto and which are hereby incorporated herein, shall be liberally construed together in conformity with the laws of the State of Nevada to promote and effectuate the fundamental concepts of the Property, the Plats and the Common Interest Community overall as set forth in this Declaration.

Section 28.7 Notices: Any notice permitted or required to be given under the provisions of this Declaration shall be in writing and may be delivered either personally or by mail or in any other manner permitted or authorized by the Governing Documents or the Act. If delivery is made by mail, it shall be deemed to have been delivered on the third day (other than a Sunday or a legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, 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.

Section 28.8 Term: This Declaration, including all of the covenants, conditions and restrictions hereof, shall run until December 31, 2046 unless amended as herein provided. After December 31, 2046, 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 in the Property and recorded in the Clark County, Nevada Recorder's Office.

Section 28.9 Litigation: Except as otherwise specifically provided below and subject to any contrary provision in the Act, no judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by the affirmative vote of Unit Owners representing a majority of the Unit Owners represented at a meeting duly called for such purpose in accordance with the Act and the consent of Declarant, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 7.1. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Governing Documents (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in Article XVIII; (c) proceedings involving challenges to *ad valorem* taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 28.10 Violation and Nuisance: Every act or omission whereby any provision of this Declaration is violated in whole, or in part, is hereby declared to be a nuisance and every remedy allowed by law or in equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by Declarant, a Unit Owner, the Association, or their successors-in-interest.

Section 28.11 Violation of Law: Any violation of any federal, state or municipal law, ordinance, code or regulation with respect to any Unit by any Owner (other than Declarant) is hereby declared to be a breach of this Declaration and subject to all of the enforcement procedures set forth herein.

Section 28.12 Remedies Cumulative. Each remedy provided by this Declaration is cumulative and not exclusive. The Association may, at its option, without waiving the right to enforce its lien against a Unit, bring a suit at law to enforce each Assessment obligation.

Section 28.13 Security Interest. Any breach or amendment of this Declaration shall not affect or impair the lien or charge of any Security Interest made in good faith and for value on any Unit (or any Improvements respectively thereon); provided, however, that any subsequent Unit Owner of such property shall be bound hereby whether such Unit Owner's title was acquired by foreclosure, in a trustee's sale or otherwise.

Section 28.14 No Public Right of Dedication. Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Property to the public, or for any public use, except as specifically set forth herein or respectively granted or dedicated therefor now or hereafter.

Section 28.15 Constructive Notice and Acceptance. Every Person who owns, occupies or acquires any right, title, estate, or interest in or to any portion of the Property does and shall be conclusively deemed to have consented to each and every applicable limitation, restriction, easement, reservation, condition, covenant, term and provision contained herein, whether or not any reference to this Declaration is contained in the instrument by which such Person acquired an interest in the Property, or any portion thereof.

Section 28.16 No Representation of Warranties. No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Common Interest Community, the Project, the Property, the Annexable Property, or any portion thereof, or any existing Improvements or future Improvements thereon, the physical condition thereof, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, leasing, operation, maintenance, cost of maintenance, taxes, or regulation thereof, or timing of development thereof, except as specifically and expressly set forth in this Declaration.

Section 28.17 Indemnification. Except to the extent such liability, damage, or injury is covered by insurance maintained by the Association, the Association's officers, directors, attorneys, agents, and employees shall be indemnified, defended and held harmless by the committee members, Association against all claims, causes of action, suits, costs, expenses, and liabilities, including attorneys' fees, reasonably incurred by or imposed upon any of them in connection with any proceeding to which any of them may be a party, and court costs, or in which any of them may become involved, by reason of their being or having been an officer, director, committee members, attorney, employee or agent of the Association, or any settlement thereof, whether or not they are an officer, director, committee members, attorney, employee or agent at the time such expenses and liabilities are incurred, except in such cases wherein such person is adjudged to have committed fraud, willful or wanton misfeasance or gross negligence in the performance of his or her duties. Notwithstanding the foregoing, in the event of a settlement, this indemnification shall apply only when the Executive Board determines that such settlement and reimbursement is in the best interest of the Association.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed this 12th day of ~~NOVEMBER~~ 1997.

“DECLARANT”

ASTORIA-STEPHANIE, LLC, a Nevada limited liability company

By Astoria Homes LLC, its manager

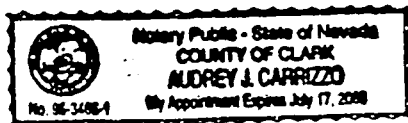
By: [Signature]
Joel Laub, Manager

STATE OF NEVADA

ss.

COUNTY OF CLARK

This instrument was acknowledged before me on Nov. 12, 1997 by Joel Laub, as the manager of Astoria Homes LLC, the manager of Astoria-Stephanie, LLC.



[Signature]
Notary Public

My commission expires: 7/17/00

EXHIBIT A

PLANNED COMMUNITY PROJECT

Lot Numbers 76, 77 and 78 in Block 3 of Astoria Heights - Unit 1, a common interest community, as set forth on the map thereof recorded July 30, 1997, in Book 80, Page 80 of Plats, Clark County, Nevada, Recorder's Office, as amended.

EXHIBIT B

ANNEXABLE PROPERTY

Parcel 1:

All of Astoria Heights - Unit 1, a common interest community, as set forth on the map thereof recorded July 30, 1997, in Book 80, Page 80 of Plats, Clark County, Nevada Recorder's Office, as amended, excluding ** 76, 77 and 78 ~~thereof~~ in Block 3 of Astoria Heights - Unit 1.

Parcel 2:

All of Astoria Heights - Unit 2, a common interest community, as set forth on the map thereof recorded July 30, 1997, in Book 80, Page 81 of Plats, Clark County, Nevada Recorder's Office, as amended.

Parcel 3:

All of Astoria Heights - Unit 3, a common interest community, as set forth on the map thereof recorded October 13, 1997, in Book 81, Page 68 of Plats, Clark County, Nevada Recorder's Office, as amended.

EXHIBIT C
COMMON ELEMENTS

Parcel 1:

C.E. Lot 1A and C.E. Lot 1B of Astoria Heights - Unit 1, as set forth on the map thereof recorded July 30, 1997 in Book 80, Page 80 of Plats, Clark County, Nevada Recorder's Office, as amended.

Parcel 2:

All of Summer Meadow Street, a private drive and public utility easement, as set forth on the map of Astoria Heights - Unit 1 recorded July 30, 1997 in Book 80, Page 80 of Plats, Clark county, Nevada Recorder's Office, as amended.

Parcel 3:

All of Red Sunset Avenue a private drive and public utility easement, as set forth on the map of Astoria Heights - Unit 1 recorded July 30, 1997 in Book 80, Page 80 of Plats, Clark county, Nevada Recorder's Office, as amended.

CLARK COUNTY, NEVADA
JUDITH A. VANDEVER, RECORDER
RECORDED AT REQUEST OF
JONES, JONES ET AL
01-20-98 15:09 TML 56
BOOK: 980120 INST: 01067
FEE: 62.00 RPTD 00
REREC. RESTRICTIONS
CONFORMED COPY HAS NOT BEEN COMPARED TO THE ORIGINAL