

CC&Rs

Eldorado Neighborhood Second Homeowners Association

Recording Requested by and
When Recorded Mail to:

Pardee Construction Company
10880 Wilshire Blvd., Suite 1400
Los Angeles, CA 90024
ATTN: Barbara Bail

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

AND RESERVATIONS OF EASEMENTS

FOR

ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION

TABLE OF CONTENTS

Page

<u>RECITALS</u>		1
ARTICLE 1		2
DEFINITIONS		
1.1	<u>"ARC" or "Architectural Review Committee"</u>	2
1.2	<u>"Area of Common Responsibility"</u>	2
1.3	<u>"Articles"</u>	2
1.4	<u>"Association"</u>	3
1.5	<u>"Board" or "Board of Directors"</u>	3
1.6	<u>"Bylaws"</u>	3
1.7	<u>"City"</u>	3
1.8	<u>"Common Area"</u>	3
1.9	<u>"Common Expenses"</u>	3
1.10	<u>"Community-wide Standard"</u>	4
1.11	<u>"Declarant"</u>	4
1.12	<u>"Declaration"</u>	4
1.13	<u>"Eligible Insurer or Guarantor"</u>	4
1.14	<u>"Eligible Mortgage Holder" or "Eligible Holder"</u>	4
1.15	<u>"Fiscal Year"</u>	4
1.16	<u>"Governing Documents"</u>	4
1.17	<u>"Improvements"</u>	4
1.18	<u>"Member"</u>	4
1.19	<u>"Mortgage"</u>	5
1.20	<u>"Mortgagee"</u>	5
1.21	<u>"Mortgagor"</u>	5
1.22	<u>"Owner"</u>	5
1.23	<u>"Phase of Development"</u>	5
1.24	<u>"Project"</u>	5
1.25	<u>"Real Property"</u>	5
1.26	<u>"Record" and "Recordation"</u>	5
1.27	<u>"Rules"</u>	6
1.28	<u>"Special Declarant Rights"</u>	6
1.29	<u>"State"</u>	6
1.30	<u>"Sub-Association"</u>	6
1.31	<u>"Subdivision Interest"</u>	6
1.32	<u>"Subsequent Amendment"</u>	6
1.33	<u>"Subsidy Agreement"</u>	6
1.34	<u>"VA"</u>	6
1.35		6
ARTICLE 2		6
	MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION	
2.1	<u>Qualification and Voting</u>	6
2.2	<u>Declarant's Control; Termination of Declarant's Control</u>	6
2.3	<u>Cumulative Voting</u>	7
2.4	<u>Suspension of Voting Rights</u>	8
2.5	<u>Joint Owner Disputes</u>	8

ARTICLE 3	9
ASSESSMENTS	
3.1 <u>Creation of Assessments; Uniform Rate</u>	9
3.2 <u>Computation of Assessment</u>	9
3.3 <u>Limitations on Common Assessments and Increases</u>	9
3.4 <u>Special Assessments</u>	10
3.5 <u>Due Dates, Late Charges, and Interest</u>	10
3.6 <u>Enforcement by Lien; Other Remedies</u>	11
3.7 <u>Power of Sale</u>	11
3.8 <u>Exercise of Power of Sale</u>	13
3.9 <u>Subordinate to First Mortgage</u>	13
3.10 <u>Date of Commencement of Regular Assessments</u>	14
3.11 <u>Transfers of Title</u>	14
3.12 <u>No Exemptions</u>	14
3.13 <u>Membership Approval</u>	15
3.14 <u>Monetary Penalties</u>	15
3.15 <u>Assessment for Taxes</u>	15
3.16 <u>Capitalization of Association</u>	15
3.17 <u>Assessment Certificate</u>	15
3.18 <u>Subsidy Agreements</u>	16

ARTICLE 4 16

POWERS AND DUTIES OF ASSOCIATION	
4.1 <u>Elect Officers</u>	16
4.2 <u>Management and Control</u>	17
4.3 <u>Principal Office</u>	17
4.4 <u>Incur Indebtedness</u>	17
4.5 <u>Obtaining Insurance</u>	17
4.6 <u>Notice to Mortgagees</u>	17
4.7 <u>Utilities</u>	17
4.8 <u>Common Area</u>	17
4.9 <u>Enforcement</u>	17
4.10 <u>Services and Supplies</u>	17
4.11 <u>Employment of Professional Management</u>	18
4.12 <u>Personal Property and Real Property for Common Use</u>	18
4.13 <u>Taxes</u>	18
4.14 <u>Discipline</u>	19
4.15 <u>Budget</u>	19
4.16 <u>Defense</u>	19
4.17 <u>Delegation of Powers</u>	19
4.18 <u>Rules</u>	19
4.19 <u>Right to Grant Easements</u>	19
4.20 <u>Availability of Documentation</u>	20
4.21 <u>Implied Rights</u>	20

ARTICLE 5 20

COMMON AREA	
5.1 <u>Use</u>	20
5.2 <u>Limitation on Construction</u>	20
5.3 <u>Declarant's Plans and Specifications</u>	21
	22

5.4	<u>Owner's Easement of Enjoyment</u>	22
5.5	<u>Delegation of Enjoyment</u>	22
5.6	<u>Nuisances</u>	23
5.7	<u>Declarant's and City's Exemption</u>	23
5.8	<u>Owner's Liability for Damages to Common Area</u>	23
5.9	<u>Maintenance</u>	23
5.10	<u>Duties of Association</u>	24
5.11	<u>Mineral Exploration; Toxic Substances</u>	24
5.12	<u>Easement for Removal of Graffiti</u>	24
5.13	<u>Public Dedications</u>	24
5.14	<u>Automatic Irrigation Systems</u>	24
5.15	<u>Declarant's or City's Maintenance of Certain Common Area</u>	25
ARTICLE 6		25
INSURANCE AND CASUALTY LOSSES		
6.1	<u>Insurance</u>	25
6.2	<u>Individual Insurance</u>	27
6.3	<u>Disbursement of Proceeds</u>	27
6.4	<u>Damage and Destruction</u>	27
6.5	<u>Repair and Reconstruction</u>	28
ARTICLE 7		28
SPECIAL DECLARANT RIGHTS; TRANSFER		
7.1	<u>Special Declarant Rights</u>	28
7.2	<u>Transfer</u>	29
7.3	<u>Limitation of Restrictions on Declarant</u>	29
7.4	<u>Termination of Control Period</u>	30
ARTICLE 8		30
MORTGAGEES' RIGHTS		
8.1	<u>Notice of Action</u>	30
8.2	<u>Other Provisions for Eligible Mortgage Holders</u>	31
8.3	<u>Material Amendments</u>	31
8.4	<u>Special FHLMC Provision</u>	32
8.5	<u>VA Approval</u>	33
8.6	<u>Notices</u>	33
8.7	<u>Meetings, Notice and Representation</u>	34
ARTICLE 9		34
CONDEMNATION		34
ARTICLE 10		34
ENFORCEMENT		
10.1	<u>Owners' Compliance</u>	34
10.2	<u>Right of Enforcement</u>	35
10.3	<u>Enforcement Costs</u>	35

ARTICLE 11		35
COVENANTS AND USE RESTRICTIONS		
11.1	<u>Residential Use</u>	35
11.2	<u>Improvements</u>	35
11.3	<u>Laws and Insurance Requirements</u>	35
11.4	<u>Antennae; Satellite Dishes</u>	36
11.5	<u>Oil, Water and Mineral Operations; Hazardous and Toxic Materials</u>	36
11.6	<u>Ground Cover Requirement</u>	37
11.7	<u>Maintenance of Lots</u>	37
11.8	<u>Nuisances</u>	37
11.9	<u>Repair of Improvements</u>	38
11.10	<u>Easements</u>	38
11.11	<u>Signs</u>	39
11.12	<u>Sales Office</u>	40
11.13	<u>Animals</u>	40
11.14	<u>Perimeter Block Walls</u>	40
11.15	<u>Construction of Walls</u>	41
11.16	<u>Drainage</u>	41
11.17	<u>Clotheslines</u>	42
11.18	<u>Leasing</u>	42
11.19	<u>Commercial Vehicles and Recreational Vehicles</u>	42
11.20	<u>Unsightly Articles</u>	43
11.21	<u>Post-Construction Entry Rights</u>	44
11.22	<u>Slope Control Areas</u>	44
11.23	<u>Solar Equipment</u>	44
11.24	<u>Garage Doors</u>	45
11.25	<u>Restricted Access</u>	46
ARTICLE 12		46
ARCHITECTURAL REVIEW		
12.1	<u>Creation of Committee</u>	46
12.2	<u>Provision for Architectural Approvals</u>	46
12.3	<u>Architectural Review Committee</u>	46
12.4	<u>Procedure for Approval of Committee</u>	47
12.5	<u>Guidelines</u>	47
12.6	<u>Liability of Committee Members</u>	47
12.7	<u>Painting</u>	47
12.8	<u>Failure to Appoint</u>	48
12.9	<u>Limitation</u>	48
ARTICLE 13		48
ANNEXATION OF ADDITIONAL PROPERTY		
13.1	<u>Annexation Without Approval of Membership</u>	48
13.2	<u>Annexation With Approval of Membership</u>	48
13.3	<u>Acquisition of Additional Common Area</u>	49
13.4	<u>Amendment</u>	49
13.5	<u>Form of Amendment</u>	49

ARTICLE 14	50
GENERAL PROVISIONS	50
14.1 <u>Severability</u>	50
14.2 <u>Amendments</u>	50
14.3 <u>Litigation</u>	50
14.4 <u>Captions</u>	50
14.5 <u>No Liability for Acts of Others</u>	51
14.6 <u>Conflicting Provisions</u>	51
14.7 <u>No Partition</u>	51
14.8 <u>Indemnification</u>	51
14.9 <u>Easements of Encroachment</u>	51
14.10 <u>Easements for Utilities, Etc</u>	52
14.11 <u>Right of Entry</u>	52
14.12 <u>Singular Includes Plural</u>	53
14.13 <u>Successors</u>	53
14.14 <u>Duration</u>	53
14.15 <u>No Impairment of Liens</u>	53
14.16 <u>Notices</u>	54

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS

FOR

ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, is made this 1st day of September, 1994, by Pardee Construction Company of Nevada, a Nevada corporation, (the "Declarant").

This Declaration is made with reference to the following facts and purposes:

RECITALS

A. Declarant is the owner of all of the Real Property (hereinafter described) together with certain additional real property more particularly described in Exhibit "A" attached hereto and incorporated herein by reference (the "Annexable Property").

B. Declarant proposes to develop the Real Property and any Annexable Property hereafter made subject to this Declaration (collectively, the "Project") in phases over a period of time pursuant to a common plan of development. Before selling or conveying any interest in the Project, Declarant desires to subject the Real Property in accordance with such plan to certain covenants, conditions and restrictions for the benefit of Declarant and any and all present and future owners of the Project.

C. At the present time, Declarant proposes that the Project may include approximately 2000 residential dwellings, together with certain common areas as hereinafter described.

D. The following described real property (the "Real Property") located in the City of North Las Vegas, Clark County, Nevada constitutes the first phase of the Project:

Lot 1 in Block One (1); Lots 1 through 7, inclusive, in Block Two (2); Lots 1 through 6 and 22 through 27, inclusive, in Block Three (3); Lots 25 through 31, inclusive, in Block Five (5); Lots 1 through 5, inclusive, in Block Six (6); Lots 8 through 18 in Block Two (2); Lots 7 through 21, inclusive, in Block Three (3); Lots 1 through 5, inclusive, in Block Four (4); Lot 1 in Block Five (5); Lots 15 and 16 in Block Eight (8) in Eldorado No. 5 - R1 - 60 No. 2, as shown by map thereof recorded March 11, 1994 on file in Book 60 of Plats, page 87, in the Office of the County Recorder of Clark County, Nevada.

E. Declarant desires that each Subdivision Interest (as hereinafter defined) shall have appurtenant to it a membership in the Eldorado Neighborhood Second Homeowners Association, a Nevada nonprofit mutual benefit corporation (the "Association"), which will be the management body for the Project.

F. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Project and the interrelationship of any component associations or subassociations, and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Real Property which is now or may hereafter be made subject to this Declaration.

NOW, THEREFORE, Declarant hereby certifies and declares and does hereby establish the following general plan for the protection and benefit of all of the Real Property described above and has fixed and does hereby fix the following protective covenants, conditions and restrictions upon each and every ownership interest in the Real Property described above and does hereby reserve the following easements, under which covenants, conditions, restrictions and easements each ownership interest in the Real Property shall be hereafter held, used, occupied, leased, sold, encumbered, conveyed and/or transferred. Each and all of these covenants, conditions and restrictions are for the purpose of protecting the value and desirability of and shall inure to the benefit of and be a burden upon all of the Real Property described above and, together with the benefit and/or burden of such easements, shall run with and be binding upon and pass with the Real Property and each and every ownership interest therein and shall inure to the benefit of, apply to and bind the respective successors in title or interest of Declarant.

ARTICLE 1

DEFINITIONS

Unless the context otherwise specifies or requires, the terms defined in this Article 1, for purposes of this Declaration, shall have the meanings herein specified.

1.1 "ARC" or "Architectural Review Committee" means the committee of persons appointed and acting pursuant to Article 12 of this Declaration.

1.2 "Area of Common Responsibility" means the Common Area, together with those areas, if any, which by contract with any governmental authority, residential or condominium association, commercial establishment or association, or apartment building owner or cooperative become the responsibility of the Association. In addition, the office of any property manager employed by or contracting with the Association and located on the Real Property shall be part of the Area of Common Responsibility.

1.3 "Articles" means the Articles of Incorporation of the Association as they may from time to time be amended.

1.4 "Association" means the ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION, a Nevada nonprofit mutual benefit corporation, its successors and assigns.

1.5 "Board" or "Board of Directors" means the governing body of the Association.

1.6 "Bylaws" means the Bylaws of the Association as they may from time to time be amended.

1.7 "City" means the City of North Las Vegas, Nevada.

1.8 "Common Area" means all (i) real property, other than Subdivision Interests, owned or leased by the Association, (ii) real property over which the Association holds an easement 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 Areas include: (A) any entry statement or monumentation for the Project, and (B) common area landscaping within streets and along the outside of the perimeter walls of the Project. The initial Common Area shall additionally consist of a landscaping easement over, under, upon and across the following described land, together with the Improvements thereon:

(1) A 15 foot wide strip of land along the westerly side of that portion of Camino Eldorado located in Eldorado No. 5 - R1 - 60 No. 2, as shown by map thereof recorded March 11, 1994 on file in Book 60 of Plats, page 87, in the Office of the County Recorder of Clark County, Nevada; and

(2) The median island in the center of Camino Eldorado located in Eldorado No. 5 - R1 - 60 No. 2, as shown by map thereof recorded March 11, 1994 on file in Book 60 of Plats, page 87, in the Office of the County Recorder of Clark County, Nevada.

For purposes of:

(1) the installation, construction, use, operation, alteration, repair, removal, replacement and maintenance of utilities;

(2) the installation, maintenance, use, repair, removal and replacement of sales and similar sign structures, signs or promotional devices in connection with the sale of Subdivision Interests;

(3) the installation, maintenance, use, repair, removal and replacement of monument signs, sign structures, and signs

identifying the Project, or providing direction of any portion thereof; and

(4) the planting, replacement and landscaping, maintenance and repair of fences; repair, replacement and maintenance of irrigation and/or drainage facilities.

The Common Area at the time of conveyance of Subdivision Interest shall be as follows: Those lands, if any, described or referred to on the subdivision record pursuant to which the Subdivision Interests were created.

1.9 "Common Expenses" means the actual and estimated expenses of operating the Association and any reasonable reserve for such purposes as found and determined by the Board and all sums designated common expenses by or pursuant to the Governing Documents.

1.10 "Community-wide Standard" means the standard of conduct, maintenance, or other activity as established by Declarant for the Project or as specifically determined and set forth by the ARC.

1.11 "Declarant" means Pardee Construction Company of Nevada, a Nevada corporation, its successors and assigns, if such successors or assigns should acquire more than one undeveloped lot in the Real Property from the Declarant for the purposes of development, and who is designated as such in a recorded instrument executed by Declarant.

1.12 "Declaration" means this Declaration of Covenants, Conditions and Restrictions, as amended, changed or modified from time to time.

1.13 "Eligible Insurer or Guarantor" means an insurer or governmental guarantor of a first Mortgage on a Subdivision Interest who has requested notice of certain matters in accordance with Article 8 hereof.

1.14 "Eligible Mortgage Holder" or "Eligible Holder" means a holder of a first Mortgage on a Subdivision Interest who has requested notice of certain matters from the Association in accordance with Article 8 hereof.

1.15 "Fiscal Year" means the fiscal year established by the Board from time to time for the Association pursuant to the Bylaws.

1.16 "Governing Documents" means the Declaration, the Articles, the Bylaws and the Rules, including any exhibits thereto.

1.17 "Improvements" means all structures, construction and landscaping improvements of every type and kind, whether above or below the land surface, including but not limited to buildings,

outbuildings, carports, roads, driveways, fences, screening walls, retaining walls, hedges, windbreaks, planted trees, grass, shrubs and other plantings, sprinkler and irrigation systems, poles and signs.

1.18 "Member" means a person entitled to membership in the Association as provided herein.

1.19 "Mortgage" means a deed of trust as well as a mortgage encumbering a Subdivision Interest.

1.20 "Mortgagee" means a beneficiary under or holder of a deed of trust as well as a mortgagee of a Mortgage encumbering a Subdivision Interest.

1.21 "Mortgagor" means the trustor of a deed of trust as well as a mortgagor.

1.22 "North Las Vegas Landscape Maintenance Easement(s)" means an easement(s) in favor of the City with respect to a portion of the Real Property as more particularly described in Article 15 of this Declaration.

1.23 "Owner" means the record owners, whether one (1) or more persons or entities, of fee simple title to any Subdivision Interest which is a part of the Real Property, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation.

1.24 "Phase of Development" means any portion of the Project constituting a separate, legal "subdivision" which is the subject of a final map, as provided in NRS 278.320 et seq.

1.25 "Project" means the Real Property and any additional real property that may be annexed under Article 13, including all Improvements erected or to be erected thereon.

1.26 "Real Property" means that real property located in the City of North Las Vegas, Clark County, Nevada described as:

Lot 1 in Block One (1); Lots 1 through 7, inclusive, in Block Two (2); Lots 1 through 6 and 22 through 27, inclusive, in Block Three (3); Lots 25 through 31, inclusive, in Block Five (5); Lots 1 through 5, inclusive, in Block Six (6); Lots 8 through 18 in Block Two (2); Lots 7 through 21, inclusive, in Block Three (3); Lots 1 through 5, inclusive, in Block Four (4); Lot 1 in Block Five (5); Lots 15 and 16 in Block Eight (8) in Eldorado No. 5 - R1 - 60 No. 2, as shown by map thereof recorded March 11, 1994 on file in Book 60 of Plats, page 87, in the Office of the County Recorder of Clark County, Nevada,

and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

1.27 "Record" and "Recordation" means, with respect to any document, the recordation of that document in the Office of the County Recorder of the County of Clark, State of Nevada.

1.28 "Rules" means the rules and regulations adopted by the Board pursuant to Section 4.18 of this Declaration, as they may be amended from time to time.

1.29 "Special Declarant Rights" means rights reserved for the benefit of Declarant as described in Article 7.

1.30 "State" shall mean the State of Nevada.

1.31 "Sub-Association" means a Nevada non-profit corporation or unincorporated association or its successor in interest which exercises any of the powers described in Article 4 of this Declaration for the benefit of Owners within a portion of the Project.

1.32 "Subdivision Interest" means a portion of the Real Property intended for use and occupancy as a single family residence and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) patio or zero lot line homes, and single family houses on separately platted lots, as may be developed, used and defined as herein provided or as provided in Subsequent Amendments covering all or a part of the Real Property.

1.33 "Subsequent Amendment" means an amendment to this Declaration which adds additional property to that covered by this Declaration. Such Subsequent Amendment may, but is not required to, impose, expressly or by reference, additional restrictions and obligations on the land submitted by that Amendment to the provisions of this Declaration.

1.34 "Subsidy Agreement" means an agreement of the type described in Section 3.18 of this Declaration.

1.35 "VA" means the United States Department of Veterans Affairs.

ARTICLE 2

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

2.1 Qualification and Voting. Every Owner (including Declarant) of a Subdivision Interest shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Subdivision Interest. Each Owner is obligated promptly, fully and faithfully to comply with and conform to the Governing Documents. Membership in the Association

shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of the Subdivision Interest to which it is appurtenant, and then only to the purchaser, in the case of a sale, or Mortgagee, in the case of an encumbrance of a Subdivision Interest. Any attempt to make a prohibited transfer is void. In the event the Owner of any Subdivision Interest shall fail or refuse to transfer the membership registered in his name to the purchaser of his Subdivision Interest, 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.

The Association shall have one class of voting membership. Each Member shall be entitled to cast one (1) vote for each Subdivision Interest owned by the Member.

Additionally, the Association shall have an initial class of membership which shall consist of the persons designated in the Articles as the initial members of the Board of Directors ("Initial Class Members"). The Initial Class Members shall have no voting rights in the Association, except in their capacity as members of the initial Board of Directors and their membership in the Association shall automatically terminate upon the election of their respective successors as members of the Board of Directors.

2.2 Declarant's Control; Termination of Declarant's Control. There shall be a period of Declarant control of the Association, during which the Declarant, or persons designated by the Declarant, may appoint and remove the officers of the Association and members of the Board.

(a) Subject to Section 2.2(b), the period of Declarant control shall terminate no later than the earlier of:

(i) Sixty (60) days after conveyance of 75 percent of the Subdivision Interests that may be created to Owners other than the Declarant; or

(ii) Five years after the Declarant has ceased to offer Subdivision Interests for sale in the ordinary course of business;

(iii) Five years after Declarant last exercised its rights under Article 13 of this Declaration to annex additional land into the Project; or

(iv) When Declarant in its discretion so elects.

(b) Within sixty (60) days after the conveyance of twenty-five percent (25%) of the Subdivision Interests to Owners other than Declarant, at least one member, but not less than twenty-five percent (25%) of the members of the Board, shall be elected by Owners other than Declarant. Within sixty (60) days after conveyance of fifty percent (50%) of the Subdivision

Interests to Owners other than a Declarant, not less than thirty-three and one third percent (33-1/3%) of the members of the Board must be elected by Owners other than the Declarant.

(c) Upon the termination of Declarant's control pursuant to Section 2.2(a), the Owners shall elect a Board of seven (7) members, a majority of whom shall be Owners other than Declarant. The Board shall elect the officers. The Board members and officers shall take office upon election. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, the Owners, by a two-thirds vote of all persons present and entitled to vote at a meeting of the Owners at which a quorum is present, may remove a member of the Board with or without cause, other than a member appointed by the Declarant.

2.3 Cumulative Voting. Subject to the requirements hereinbelow provided, every Member entitled to vote at any election for Directors shall have the right to cumulate his or her votes and give a candidate a number of votes equal to (x) the number of Directors to be elected multiplied by (y) the number of votes to which he or she is entitled, or to distribute his or her votes on the same principle among as many candidates as he or she shall think fit. No Member shall be entitled to cumulate votes unless (i) the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting and (ii) the Member has given notice at the meeting prior to the voting of his or her intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination. The candidates receiving the highest number of votes entitled to be voted for them, up to the number of Directors to be elected, shall be elected.

2.4 Suspension of Voting Rights. The Board may suspend the voting rights of a Member who is in default in the payment of any assessment for any period during which such assessment remains unpaid, and for a period not to exceed thirty (30) days for any infraction of the Rules after notice and an opportunity for a hearing in accordance with the provisions of Section 8.4 of the Bylaws.

2.5 Joint Owner Disputes. When more than one person or entity holds an interest in a Subdivision Interest, all such persons shall be Members, and the vote for such Subdivision Interest shall be exercised as those persons or entities themselves determine and advise the Secretary of the Association prior to the meeting. In the absence of such advice, the Subdivision Interest's vote shall be suspended if more than one person or entity seeks to exercise it. If an Owner of a Subdivision Interest casts a vote representing that Subdivision Interest, it will thereafter be conclusively presumed for all purposes that such Owner was acting with the authority and consent of all other Owners of that Subdivision Interest.

ARTICLE 3

ASSESSMENTS

3.1 Creation of Assessments; Uniform Rate. There are hereby created assessments for Common Expenses as from time to time may be specifically authorized by the Board of Directors, which assessments shall commence at the time and in the manner set forth in Section 3.10. Regular assessments shall be allocated equally among all Subdivision Interests within the Association. Assessments shall be for expenses determined by the Board to be for the benefit of the Association as a whole. Each Owner, by acceptance of a deed or recorded contract of sale, is deemed to covenant and agree to pay all regular and special assessments together with interest, costs, (including reasonable attorneys' fees and late charges) levied by the Board. All such assessments, together with interest, costs (including reasonable attorneys' fees and late charges), shall be a charge on the land and shall be a continuing lien upon the Subdivision Interest against which each assessment is made.

Each such assessment, together with interest, costs (including reasonable attorneys' fees and late charges), shall also be the personal and joint and several obligation of the person who was the Owner of such Subdivision Interest at the time the assessment arose, and his or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance to the extent expressly assumed, except no first Mortgagee who obtains title to a Subdivision Interest pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration of any annual assessment payable in installments, upon nonpayment of an installment; unless the Board otherwise provides, however, regular assessments shall be paid annually in advance. If the amount of any assessment is adjusted after payment thereof, the amount of any deficiency shall be payable upon fifteen (15) days' notice by the Association, and the amount of any excess shall be credited (without interest) toward the assessments next payable hereunder.

The Association is specifically authorized to enter into Subsidy Agreements with Declarant or other entities for the payment of certain Common Expenses; provided, however, the VA shall be advised of and approve any form of Subsidy Agreement entered into between Declarant and the Association.

3.2 Computation of Assessment. It shall be the duty of the Board, at least sixty (60) days before the beginning of the Fiscal Year and thirty (30) days prior to the meeting at which the budget for that Fiscal Year is presented to the membership, to prepare a budget covering the estimated costs of operating the Association during the coming Fiscal Year. The Board shall cause a copy of the

budget, and the amount of the assessments to be levied against each Subdivision Interest for the following year to be delivered to each Owner at least thirty (30) days prior to the meeting. The budget and the assessments shall become effective unless disapproved at the meeting by a vote of at least a majority of the total Association membership.

Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason to so determine the budget for the succeeding year, then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

3.3 Limitations on Common Assessments and Increases. The Board may not, without the vote or written consent of a majority of the votes of the Association, which shall include a majority of the votes of the Association residing in Members other than Declarant, impose a regular assessment per Subdivision Interest which is greater than fifteen percent (15%) above the maximum regular assessment per Subdivision Interest for the previous year.

As of the time this Declaration is recorded, the initial annual regular assessment for the Real Property is One Hundred Twenty and No/100 Dollars (\$120.00) per Subdivision Interest; provided, however, notwithstanding any other provision contained in this Declaration, this initial assessment may be adjusted and reestablished as land is annexed in accordance with Article 13 of this Declaration and as may be set forth in the Subsequent Amendment without the necessity of further amendment of this Declaration.

Notwithstanding anything to the contrary herein, the Board may not levy, for any year, a regular annual assessment under Section 3.1 in excess of the "Maximum Authorized Assessment," as defined below, unless first approved by the vote of Members representing at least a majority of the total voting power of the Association; provided, however, that any proposed amendment to this Declaration which would increase the amount of the Maximum Authorized Assessment prior to the termination of the Declarant's control of the Association pursuant to Section 2.2 of this Declaration, shall require the consent of all Members. The Maximum Authorized Assessment shall mean Five Hundred Dollars (\$500.00), as adjusted from time to time pursuant to NRS 116.1115(2), excluding any optional user fees or insurance premiums and any Special Assessments under Section 3.4.

3.4 Special Assessments. In addition to the regular assessments authorized in Section 3.1, the Association may levy a special assessment or special assessments in any year applicable to that year; provided, however, that, except as provided in Section 3.15 and in Section 6.5, such assessment shall have the vote or written assent of fifty-one percent (51%) of the Membership. The Association may also levy a special assessment

against any Member to reimburse the Association for costs incurred in bringing a Member and his or her Subdivision Interest into compliance with the provisions of the Governing Documents, which special assessment may be levied upon the vote of the Board after notice and an opportunity for a hearing as provided in Section 8.4 of the Bylaws.

3.5 Due Dates, Late Charges, and Interest. At least ten (10) days prior to the commencement of any regular or special assessment, the Board shall give each Owner written notice of the amount of assessment, and the due date (or due dates if paid in installments, and the amount of each installment). The notice need only be given once for any assessment paid in installments. Unless the Board specifies otherwise, the installment due dates shall be the first day of each month.

Any assessment payment, including any installment payment, shall become delinquent if payment is not received by the Association within 30 days after its due date. There shall be a late charge of ten percent (10%) of the installment or Ten Dollars (\$10.00), whichever is greater for each delinquent payment. A late charge may not be imposed more than once on any delinquent payment, shall not eliminate or supersede any charges imposed on prior delinquent payments, and shall constitute full compensation to the Association for any additional bookkeeping, billing, or other internal administrative costs resulting from the delinquent payment.

Interest also shall accrue on any delinquent payment at the rate of twelve percent (12%) per annum or at such other rate as the Board may impose from time to time. Late charges and interest shall not be payable, except upon delinquency, but if payable shall accrue from the first day following the due date of the assessment through and including the date full payment is received by the Association.

3.6 Enforcement by Lien; Other Remedies.

(a) Notice of Assessment. If an assessment is not paid within thirty (30) days of the date such assessment is due, at any time thereafter the Association may mail to an Owner, by certified or registered mail, a notice of delinquent assessment, which notice shall state (1) that payment of an assessment is delinquent, (2) the amount of the assessment(s) which have become delinquent and any costs (including attorneys' fees and late charges) and interest which have accrued thereon, (3) the amount of any assessments relating to such Subdivision Interest which are due and payable although not delinquent, (4) a description of the Subdivision Interest with respect to which the delinquent assessments are owed, (5) the name of the record or reputed record owner of such Subdivision Interest, (6) the date not less than thirty (30) days from the date notice is mailed to the Owner, by which the default may be cured, and (7) that failure to cure the default on or before the date specified in the notice may result in acceleration of the

balance of the installments of the assessment for the then current Fiscal Year and sale of the Subdivision Interest. Such notice shall be signed by an authorized representative of the Association. Additionally, the authorized representative of the Association shall execute, Record and mail to the Owner by certified or registered mail, a notice of default and election to sell the Subdivision Interest, which must contain the same information as the notice of delinquent lien as well as the address of the person authorized by the Association to conduct the sale of the Subdivision Interest. Immediately upon Recording a notice of assessment pursuant to this Section, the amounts delinquent, as set forth in such notice, together with the additional costs (including attorneys' fees and late charges) and interest accruing thereon, shall constitute a perfected lien upon the Subdivision Interest described therein, which lien shall also secure all other payments and/or assessments which shall become due and payable with respect to that Subdivision Interest following such Recording, and all costs (including attorneys' fees and late charges) and interest accruing thereon.

(b) Time for Enforcement. Unless sooner satisfied or released or its enforcement initiated the lien provided in Section 3.6(a) shall continue for a period of three (3) years after the full amount of the assessment become due.

(c) Priority of Lien. A lien under this Section is prior to all other liens and encumbrances on a Subdivision Interest except: (i) all liens and encumbrances recorded before the recordation of this Declaration, (ii) a first Mortgage on a Subdivision Interest recorded before the date on which the assessment sought to be enforced became delinquent; and (iii) liens for real estate taxes and other governmental assessments or charges against the Subdivision Interest. A lien under this Section is also prior to all Mortgages described in sub-part (ii) of this subsection, to the extent that the assessment is based on the budget of the Association prepared in accordance with NRS 116.3115 which assessment would have become due in the absence of acceleration during the six (6) months preceding institution of an action to enforce the lien.

(d) Other Remedies. The assessment liens and the power of sale hereunder are in addition to and not in substitution for all other rights and remedies which the Association may have hereunder and by law. Without limiting the foregoing, suit to recover a money judgment for unpaid assessments plus interest and costs (including reasonable attorneys' fees and late charges) shall be maintainable without foreclosing or waiving the lien securing the same. In addition, the Association may foreclose the assessment lien under NRS Chapter 116, foreclose the assessment lien as a mortgage, or exercise any other remedy permitted hereunder or by law whether now or hereafter in effect.

(e) Non-Waiver. No delay or omission of the Association to exercise any right, power or remedy in the collection of

assessments shall affect the rights, powers or remedies of the Association. Payments received by the Association may be applied to the amounts due, in such order as the Association, in its sole discretion elects. In addition, the Association may accept payment of any sum after its due date and may accept partial payments without, in either case, waiving its right to exercise the rights, powers and remedies contained in this Article or any other provision of this Declaration with respect to amounts which remain unpaid or which may become due in the future.

3.7 Power of Sale. A power of sale is conferred in the Association for the enforcement of any assessment lien. Each assessment lien may be enforced by sale by the Association, its agent or attorney after failure of the Owner to pay the assessment in accordance with its terms. The sale must be conducted in accordance with the provisions of NRS 116.3116 through NRS 116.31168, or in any manner so consistent and permitted by law. The Association, acting on behalf of the Owners, shall have the power to bid for the Subdivision Interest at such sale and to acquire and hold, lease, mortgage and convey the same. During the period such a Subdivision Interest is owned by the Association, following such sale or any foreclosure: (a) no right to vote shall be exercised on behalf of such Subdivision Interest; (b) no assessment shall be assessed or levied on such Subdivision Interest; and (c) each other Subdivision Interest shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Subdivision Interest had it not been acquired by the Association as a result of such sale or foreclosure.

3.8 Exercise of Power of Sale. The power of sale described in Section 3.7 may not be exercised until:

(a) Notice of Default. The Association, its agent or attorney has first executed and caused to be Recorded a notice of default and election to sell the Subdivision Interest or cause its sale to satisfy the assessment lien; and

(b) Notice of Sale. The Owner has failed to pay the amount of the lien including costs, penalties, fees and expenses incident to its enforcement for a period of sixty (60) days. The 60-day period commences on the first day following the day upon which the notice of default and election to sell is recorded and a copy of the notice is mailed by certified mail with postage prepaid to the Owner at his or her address if the address is known, otherwise to the address of the Subdivision Interest. The notice must describe the deficiency in payment. The Association, its agent or attorney shall, after expiration of the 60-day period and before selling the Subdivision Interest, give notice of the time and place of the sale in the manner and for a time not less than that required by law for the sale of real property upon execution, except that a copy of the notice of sale must be mailed on or before the first publication or posting by certified mail with postage prepaid (i) to the Owner at his or her address if that

address is known, otherwise to the address of the Subdivision Interest, and (ii) any holder of a recorded security interest in or the purchaser of the Subdivision Interest of which the Association has received notice prior to the mailing of the notice of sale.

(c) Sale. The sale itself may be made at the office of the Association if the notice so provided, whether the property is located within the same county as the office of the Association or not. Every sale made under the provisions of Section 3.7 vests in the purchaser the title of the Owner without equity or right of redemption.

3.9 Subordinate to First Mortgage. The lien of the assessments provided for herein shall be subordinate to the lien of a first Mortgage upon a Subdivision Interest. Sale or transfer of a Subdivision Interest shall not affect the assessment lien, unless the sale or transfer of a Subdivision Interest occurs as the result of the exercise of a power of sale or a judicial foreclosure involving a default under the first Mortgage in which case the lien of such assessments as to payments which became due prior to such sale or transfer shall be extinguished. No sale or transfer pursuant to a first Mortgage shall relieve such Subdivision Interest from lien rights for any assessments thereafter becoming due after the date of such sale or transfer. Likewise, when the Mortgagee of a first Mortgage of record or other purchaser of a Subdivision Interest obtains title to the same as a result of trustee's sale or foreclosure pursuant to a first Mortgage, neither the acquirer of title or its successors and assigns, shall be liable for the share of the Common Expenses or assessments by the Association chargeable to such Subdivision Interest which became due prior to the acquisition of title to such Subdivision Interest by such acquirer. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from all of the Subdivision Interests including the Subdivision Interest of such acquirer, its successors and assigns.

3.10 Date of Commencement of Regular Assessments. Regular assessments shall commence as to all Subdivision Interests within a Phase of Development (other than unsold Subdivision Interests owned by Declarant if a Subsidy Agreement is in effect) on the first day of the month following the date of conveyance of title to an Owner of the first Subdivision Interest within that Phase of Development (the "Commencement Date"). Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide pursuant to Section 3.1. Unless otherwise provided by the Board, however, the first annual assessment shall be adjusted according to the number of months then remaining in the year ending on the anniversary of the Commencement Date. If a Subsidy Agreement is in effect, regular assessments as to all unsold Subdivision Interests owned by Declarant shall commence upon termination or expiration of the Subsidy Agreement.

3.11 Transfers of Title. Each Owner shall be responsible for (i) notifying the Association of any pending change or transfer of

title to his or her Subdivision Interest and (ii) paying any and all due and unpaid assessments, including interest, costs, penalties and attorneys' fees related thereto, if any, levied against his or her Subdivision Interest prior to and/or concurrent with any such transfer of title.

3.12 No Exemptions. No Owner of a Subdivision Interest may exempt himself or herself from liability for his or her contribution toward the common expenses by waiver of the use or enjoyment of any of the Common Area or by abandonment of his or her Subdivision Interest.

3.13 Membership Approval. Any action authorized under Sections 3.2, 3.3 or 3.4 requiring membership approval shall be taken at a special meeting called for that purpose or at an annual meeting if notice of the proposed action has been included in the notice of annual meeting.

3.14 Monetary Penalties. A monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Area for which the Member was allegedly responsible shall not be treated as an assessment which may become a lien against the Member's Subdivision Interest. This limitation shall not apply to charges imposed against an Owner pursuant to Sections 11.7, 11.10 or 11.22 or charges consisting of late charges for delinquent assessments, interest, or costs reasonably incurred (including attorneys' fees) by the Association in collecting delinquent assessments, any or all of which shall be treated as an assessment which may become a lien against the Member's Subdivision Interest enforceable by a sale of the Subdivision Interest.

Notwithstanding the foregoing, any monetary penalty imposed by the Association as a disciplinary measure for failure of a Member to comply with the Governing Documents or as a means of reimbursing the Association for costs incurred by the Association in the repair of damage to Common Areas for which the Member was allegedly responsible, and for costs reasonably incurred (including attorneys' fees) in connection therewith shall be the personal obligation of the Member against whom such penalty or charge was imposed and shall be enforceable by any other remedy permitted by law.

3.15 Assessment for Taxes. In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than against the individual Subdivision Interest, those taxes shall be added to the annual regular assessments and, if necessary, a special assessment may be levied against the Subdivision Interests in an amount equal to the taxes, to be paid in two (2) installments.

3.16 Capitalization of Association. Upon acquisition of record title to a Subdivision Interest from Declarant, each Owner

other than Declarant shall make a contribution to the capital of the Association in an amount equal to one sixth (1/6) of the amount of the maximum annual regular assessments for that Subdivision Interest as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom either to the Association or to Declarant for those Subdivision Interests for which Declarant has prepaid the capital contribution. Upon conveyance of the first Subdivision Interest, Declarant shall deposit into an escrow for each and every Subdivision Interest not yet sold an amount equal to one-sixth (1/6) of the amount of the maximum annual regular assessments for that Subdivision Interest conveyed. Escrow shall remit these Declarant funds to the Association. Upon the close of escrow of any Subdivision Interest for which the capitalization fund was prepaid by Declarant, escrow shall remit to the Declarant the capitalization fee collected from the buyer. The capital contributions described in this Section shall be limited to the first sales of Subdivision Interests by Declarant and shall not apply to any resale of a Subdivision Interest.

3.17 Assessment Certificate. A certificate executed by an authorized representative of the Association and acknowledged shall be conclusive upon the Association and the Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained, and any Owner (including Declarant) shall be entitled to such a certificate setting forth the amount of any due and unpaid assessments with respect to his or her Subdivision Interest (or the fact that all assessments due are paid if such is the case) within ten (10) days after demand and upon payment of a reasonable fee, not to exceed Ten Dollars (\$10.00), which may be fixed by the Board.

3.18 Subsidy Agreements. The Association may enter into an agreement (a "Subsidy Agreement") with the Declarant under which the Declarant provides maintenance of the Common Area and certain other services which are Common Expenses of the Association in exchange for a temporary suspension of regular assessments, but any Subsidy Agreement shall provide that it may be terminated upon the vote of sixty-seven (67%) of the Owners other than Declarant, in which event, after the date of such termination, all Owners, including Declarant shall be liable for the full amount of the regular assessments which would otherwise be payable in accordance with this Article 3.

ARTICLE 4

POWERS AND DUTIES OF ASSOCIATION

Subject to other provisions of this Declaration and to the limitations of the Articles and the Bylaws as to action to be authorized or approved by the Members, all corporate powers shall be exercised by or under the authority of, and the business and affairs of the Association shall be controlled by, the Board. Without prejudice to such general powers but subject to the same

limitations, it is hereby expressly declared that the Board of Directors shall have all of the powers set forth in NRS 116.3102, in addition to the following powers and duties:

4.1 Elect Officers. To select and remove all the officers, agents and employees of the Association, prescribe such powers and duties for them as may not be inconsistent with law, the Articles and the Bylaws, and, subject to any limitations contained in the Bylaws, to fix their compensation.

4.2 Management and Control. To conduct, manage and control the affairs and business of the Association, and to make such rules and regulations therefor not inconsistent with law, the Articles and the Bylaws.

4.3 Principal Office. To change the principal office for the transaction of the business of the Association from one location to another within the same county and to designate a place within the Project or reasonably convenient to the Owners within the County of Clark, State of Nevada, for the holding of any membership meeting or meetings.

4.4 Incur Indebtedness. To borrow money and incur indebtedness for the purposes of the Association, and to cause to be executed and delivered therefor, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations or other evidences of debt and securities therefor, with the vote or written assent of two-thirds (2/3) of the voting power of the Association.

4.5 Obtaining Insurance. To obtain and maintain in force policies of insurance required under Article 6 of this Declaration.

4.6 Notice to Mortgagees. To give any notice to an Eligible Mortgage Holder or Eligible Insurer or Guarantor as required by Section 8.1 of this Declaration.

4.7 Utilities. To pay all charges for water, electricity, gas and other utility services for the Common Area.

4.8 Common Area. To manage, operate, maintain and repair the Common Area and all Improvements located thereon, and any Area of Common Responsibility including the restoration and replacement of any or all of the Improvements which are part of the Common Area or Area of Common Responsibility at any time and from time to time as the Board may deem desirable or necessary; and to make capital expenditures for and on behalf of the Association in accordance with the budget approved by the Members or otherwise approved by the vote or written assent of a majority of the voting power of the Association.

4.9 Enforcement. To enforce the provisions of the Governing Documents and the provisions of any agreement to which the Association is a party.

4.10 Services and Supplies. To contract and pay for maintenance, gardening, utilities, materials, supplies and services relating to the Common Area and any Area of Common Responsibility, and to employ personnel necessary for the operation and maintenance of the same, including legal and accounting services; provided, however, that the terms of any contract with a third person for supplying goods or services to the Common Area or for the Association shall not exceed a term of one (1) year unless a longer term is approved by a majority of the voting power of the Association and any such contract shall be terminable by the Association for cause upon thirty (30) days' written notice, except that (i) a contract with a public utility company for materials or services the rates for which are regulated by the Nevada Public Service Commission may exceed a term of one (1) year so long as it does not exceed the shortest term for which the public utility will contract at the regulated rate, (ii) a contract for prepaid casualty and/or liability insurance policies may be for a term of not to exceed three (3) years, provided that the policy permits short rate cancellation by the Association, and (iii) a management contract pursuant to Section 4.11 may be for a term permitted by that Section. Any agreement (excluding a Subsidy Agreement approved by the VA) providing for services by the Declarant, after the termination of Declarant's control under Section 2.2, shall be terminable for cause upon thirty (30) days' written notice, and without cause or payment of a termination fee upon no more than ninety (90) days written notice and shall have a term of not more than three (3) years, renewable with the consent of the Association and any management agent. No contract with the Association negotiated by Declarant, excluding a Subsidy Agreement approved by the VA, shall exceed a term of one (1) year.

4.11 Employment of Professional Management. To employ the services of a professional manager and/or other employees, for the purposes of managing and conducting the business of the Association, and to the extent not inconsistent with the laws of the State and upon such conditions as are otherwise deemed advisable by the Association, to delegate to the manager any of its powers; provided that any employment agreement or agreement with an independent contractor for management after the termination of Declarant's control under Section 2.2, shall not exceed one year, renewable by agreement of the parties for successive one (1) year periods and must be terminable by the Association upon thirty (30) days' written notice. Nothing in this Section is intended to limit the provisions of a Subsidy Agreement approved by the VA.

4.12 Personal Property and Real Property for Common Use. To acquire, hold, and dispose of tangible and intangible personal property and real property. The Board, acting on behalf of the Association, shall accept any real or personal property, leasehold, or other property interests within the Project conveyed to it by the Declarant.

4.13 Taxes. To pay any taxes and governmental special assessments which are or could become a lien on the Common Area or any portion thereof.

4.14 Discipline. To initiate and prosecute disciplinary proceedings against Members of the Association for violations of the Declaration, the Bylaws or the Rules.

4.15 Budget. To prepare the operating budgets and financial statements for the Association as provided by the Bylaws and this Declaration. The budget shall include at least the following information:

(a) Estimated revenue and expenses on an accrual basis.

(b) The amount of the total cash reserves of the Association currently available for (i) replacement or major repair of common facilities and (ii) contingencies.

(c) An estimate of the current replacement costs of the remaining useful life of, and the methods of funding used to defray the future repair, replacement or additions to, those major components of the Common Area and facilities for which the Association is responsible.

(d) A general statement setting forth the procedures used by the Board in the calculation and establishment of reserves to defray the costs of repair, replacement or additions to major components of the Common Area and facilities for which the Association is responsible.

4.16 Defense. To prosecute or defend, in the name of the Association, any action affecting or relating to the Common Area or other property owned by the Association, and any action in which all or substantially all of the Owners have an interest.

4.17 Delegation of Powers. To delegate any of its powers hereunder to: (a) committees, officers and employees, and including without limitation the ARC; (b) a professional manager pursuant to Section 4.11; (c) a Sub-Association; (d) a master association formed for the purpose of coordinating ownership, operation or maintenance of Common Area or an Area of Common Responsibility; or (e) the City.

4.18 Rules. To adopt, amend, repeal and enforce reasonable rules and regulations (the "Rules"), governing, among other things, the Common Area, Areas of Common Responsibility and the Subdivision Interests. The Rules may restrict and govern the use of Common Areas, if any right to use the Common Areas has been granted, by an Owner or the family of an Owner, or an invitee, licensee or lessee of an Owner. In addition, the Board shall have the power to authorize the Association to seek relief in any court for violations of the Rules or to abate nuisances. Imposition of fines or other sanctions shall be as provided in the Bylaws of the

Association. In addition, the Association, through the Board, may, by contract or other agreement, enforce City ordinances or permit the City to enforce ordinances on the Real Property for the benefit of the Association and its Members.

A copy of the Rules, as they may from time to time be adopted, amended or repealed shall, if the Board deems it appropriate and an appropriate common location exists, be posted at a prominent place or places within the Common Area and in any event shall be given to each Member and, upon written request therefor, to all first Mortgagees either personally or mailed by first-class, registered or certified mail, postage prepaid to its address appearing on the books of the Association or supplied by it to the Association. If no address for a Member is supplied, a copy of the Rules shall be deemed given if mailed to the address of the Subdivision Interest owned by that Member. Copies of the Rules shall be posted and circulated to each Member in the manner set forth above not less than ten (10) days and not more than sixty (60) days before the Rules may be deemed to be in full force and effect. A copy of the Rules, as adopted, amended or repealed, may be recorded and shall have the same force and effect as if they were set forth in and were a part of this Declaration.

4.19 Right to Grant Easements. To grant permits, licenses and easements under, through and over the Common Area for utilities, roads, landscaped areas and other purposes which are reasonably necessary or useful for the proper maintenance, operation and enjoyment of the Project.

4.20 Availability of Documentation. To make available to a prospective purchaser of a Subdivision Interest, an Owner of a Subdivision Interest, a first Mortgagee and the Eligible Insurers or Guarantors, current copies of the Governing Documents and all other books, records and financial statements of the Association. "Available" as used in this paragraph shall at least mean available for inspection upon request during normal business hours at the principal business office of the Association or its professional manager or under other reasonable circumstances.

4.21 Implied Rights. To exercise any other right or privilege given to the Association or the Board by law or expressly by this Declaration or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association or the Board herein or reasonably necessary to effectuate any such right or privilege, subject to any approval Rights expressly given to the Members by the Articles, the Bylaws or this Declaration.

ARTICLE 5

COMMON AREA

5.1 Use. Except as otherwise provided herein and subject to such specific limitations as may otherwise be imposed upon any

portion of the Common Area, the Common Area shall be improved and used only for the purposes of (i) affording pedestrian movement within the Project subject to Rules established by the Board and easements provided for in the Governing Documents; and (ii) beautification of the Common Area and providing privacy to the residents of the Project through landscaping and such other means as the Board shall deem appropriate. In addition:

(a) Entrances. Any lighted entry monument structure and sign(s) and/or open space landscaping which may be installed or constructed by Declarant within the Project for the common enjoyment of the Owners.

(b) Restriction on Change. The right and easement to the Common Areas shall be held, maintained and used by the Association to enhance the Owners' enjoyment of the natural environment of the Project and for no other purposes. No Improvement, excavation or work which in any way alters any Common Area from its natural or existing state on the date such Area was transferred to or otherwise came under the jurisdiction of the Association shall be made or done except upon strict compliance with, and within the restrictions and limitations of, this Declaration.

5.2 Limitation on Construction. Subject to Section 4.17 and Articles 7 and 15, no person other than the Declarant or the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub, or other vegetation from any Common Area. The Association may, at any time, as to any Common Area:

(a) Reconstruct, replace or refinish any Improvement or portion thereof upon any such Common Area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area), in accordance with the plans filed by Declarant with the Board pursuant to Section 5.3.

(b) Construct, reconstruct, replace or refinish any road improvement or surface upon any portion of the Common Area used as a road, driveway or parking area in accordance with the plans filed by Declarant with the Board pursuant to Section 5.3.

(c) Replace injured or diseased trees, shrubs or other vegetation in any Common Area, and plant trees, shrubs and other vegetation to the extent that the Association deems necessary for the conservation of water and soil or for aesthetic purposes; and

(d) Place and maintain upon any Common Area such signs as the Association may deem appropriate for the proper identification, use and regulation thereof.

Notwithstanding the foregoing, no change, alteration or modification to the Common Area, including the removal of trees, shrubs or other vegetation thereon or any pruning or trimming thereof which would alter height or width by more than five percent (5%), shall be made which is not in accordance with the plans filed by Declarant with the Board pursuant to Section 5.3, without the affirmative vote of fifty-one percent (51%) of the Members at a special meeting thereof, duly called and held, notice of which shall specifically state the proposed change, alteration or modification to be made to the Common Area.

5.3 Declarant's Plans and Specifications. Declarant shall from time to time file with the Board such plans and specifications as it may have in its possession for the purpose of maintaining a permanent record of Improvements constructed on any Common Area. If Declarant, for any reason, has not delivered such plans and specifications to the Board, the references to such "plans and specifications" shall mean to the Improvements as originally constructed by Declarant.

5.4 Owner's Easement of Enjoyment. Every Owner is hereby granted a right and easement of enjoyment of the Common Area and such easement shall be appurtenant to and shall pass with title to every Subdivision Interest subject to the following provisions:

(a) The right of the Association to establish and enforce Rules as provided in Section 4.18.

(b) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his or her Subdivision Interest remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the Declaration, Bylaws or Rules provided that any suspension of such voting rights except for failure to pay assessments, shall be made only by the Association after notice and hearing given and held in accordance with Section 8.4 of the Bylaws.

(c) The Special Declarant Rights described in Article 7.

(d) The rights and obligations of the City described in Article 15 .

(e) No Owner shall allow his or her furniture, furnishings, or other personal property to remain within any portion of the Common Area except as may otherwise be permitted by the Association.

5.5 Delegation of Enjoyment. Any Owner may delegate, in accordance with the Governing Documents his or her rights of enjoyment to the Common Area to the members of his or her family, social invitees, tenants or contract purchasers subject to reasonable regulations and procedures established by the Board. The Board may extend permission to recognized community leagues to

use appropriate portions of the Common Area subject to such terms and conditions as the Board may impose.

5.6 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to the Common Area, and no odors shall be permitted to arise therefrom, so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No nuisance shall be permitted to exist or operate upon the Common Area so as to be offensive or detrimental to any other property in the vicinity thereof or the occupants of such other property.

5.7 Declarant's and City's Exemption. Nothing contained in this Declaration shall be construed to prevent the exercise by (i) Declarant or its duly authorized agents within the Common Area of any Special Declarant Rights, or (ii) by the City within the North Las Vegas Landscape Maintenance Easements of any of its rights or obligations.

5.8 Owner's Liability for Damages to Common Area. Each Owner shall be legally liable to the Association for all damages to the Common Area or to any Improvements thereof or thereto, including but not limited to curbs, sidewalks, paved surfaces, any buildings and landscapings, caused by such Owner, his or her licensees, guests or any occupant of such Owner's Subdivision Interest, as such liability may be determined under Nevada law.

5.9 Maintenance. The Association shall maintain, or provide for the maintenance of all Common Area within the Project, including planting, replacing, repairing and maintaining all landscaped areas, irrigation systems, drainage areas, recreational facilities and monument signs, and shall keep all Improvements of whatever kind and for whatever purpose from time to time located thereon in good order and repair. In the maintenance of the Common Area, the Association shall at all times strictly comply with the conditions of all applicable federal, state and local laws, including the laws and ordinances of the City and Clark County, Nevada. ~~In addition, the Association may maintain and keep in good repair rights-of-way, whether owned as part of a Subdivision Interest or by the City or Clark County or any political subdivision of the State (subject to the approval or consent of the City, County or political subdivision), so long as the rights-of-way are within the Real Property, the Common Area or within property described in Exhibit "A".~~ 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.

The Association may, in the discretion of the Board, assume the maintenance responsibilities set out in any Subsequent Amendment or Declaration subsequently recorded which creates any Sub-Association (including, but not limited to, condominium

associations) upon all or any portion of the Project. In such event, all costs of such maintenance shall be assessed only against those Members residing in the Sub-Association to which the services are provided. This assumption of responsibility may take place either by contract or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-wide Standard of the Project.

5.10 Duties of Association. The Association shall be obligated to adhere to the standards of maintenance for the Common Area established as provided in Section 5.3. Subject to the foregoing limitations, the Board shall have the right to establish standards of maintenance for the Common Area more stringent than those initially established by Declarant but not less stringent than those established by Declarant.

5.11 Mineral Exploration; Toxic Substances. No property within the Common Area shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, or any earth substance of any kind, or 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.

5.12 Easement for Removal of Graffiti. The Association shall have the right but not the obligation to remove all graffiti and similar unsightly appearance from the exterior of all perimeter block walls in the Project (notwithstanding that such block walls may constitute part of a Subdivision Interest) which are visible from the Common Area or from dedicated streets or rights of way and Declarant hereby reserves an easement in favor of the Association for such purpose.

5.13 Public Dedications. Nothing contained in this Declaration shall be construed to create any public dedication or public right to use the Common Area. Subject to Section 8.3, the Association shall have the right to dedicate, release, alienate or transfer all or any portion of the Common Area to the City or any other public agency, authority, utility or other person for such purposes and subject to such conditions as may be agreed to by the Association. Except for grants of easements, licenses, or rights of way in, on, or over the Common Area for purposes not inconsistent with the use of such property pursuant to this Declaration, no such dedication, release, alienation or transfer shall be effective, unless approved pursuant to Section 14.10 or approved by Members representing at least sixty-seven percent (67%) of the voting power of the Association and a certificate signifying such approval is executed by two (2) officers of the Association and Recorded.

5.14 Automatic Irrigation Systems. Any and all irrigation systems installed within the Common Areas shall be automatic.

5.15 Declarant's or City's Maintenance of Certain Common Areas. Any or all of the Common Area may be conveyed to the Association subject to easements in favor of Declarant or the City for purposes of maintenance.

ARTICLE 6

INSURANCE AND CASUALTY LOSSES

6.1 Insurance. The Board, or its duly authorized agent, shall have the authority to and shall obtain insurance for all insurable Improvements on the Common Area. This insurance shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard.

The Board shall also obtain a public liability policy covering the Common Area, the Association and its Members for all damage or injury caused by the negligence of the Association or any of its Members or agents. The public liability policy shall have at least a Five Hundred Thousand Dollar (\$500,000.00) single person limit as respects bodily injury and property damage, a One Million Dollar (\$1,000,000.00) limit per occurrence, and a Two Hundred Fifty Thousand Dollar (\$250,000.00) minimum property damage limit with a deductible of not more than Fifteen Hundred Dollars (\$1,500.00) or as reasonably determined by the Board.

Premiums for all insurance on the Common Area shall be Common Expenses. The policy may contain a reasonable deductible as determined from time to time by the Board, and the amount thereof shall be added to the face amount of the policy in determining whether the insurance at least equals the full replacement cost. The deductible shall be paid by the party who would be responsible for the repair in the absence of insurance and in the event of multiple parties shall be allocated in relation to the amount each party's loss bears to the total.

All such insurance coverage obtained by the Board shall be written in the name of the Association as trustee for the respective benefited parties, as further identified in subsection 6.1(b) below. Such insurance shall be governed by the provisions hereinafter set forth:

(a) All policies shall be written with a company licensed to do business in the State and holding a rating of XI or better in the financial category as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating.

(b) All policies on the Common Area shall be for the benefit of the Subdivision Interest Owners and their Mortgagees as their interests may appear.

(c) Exclusive authority to adjust losses under policies in force on the Common Area obtained by the Association shall be vested in the Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

(d) In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees.

(e) The Board shall be required to make every reasonable effort to secure insurance policies that will provide for the following:

(1) a waiver of subrogation by the insurer as to any claims against the Board, the professional manager of the Association, the Owners, and their respective tenants, servants, agents, and guests;

(2) a waiver by the insurer of its rights to repair and reconstruct, instead of paying cash;

(3) that no policy may be cancelled, invalidated or suspended on account of any one or more individual Owners;

(4) that no policy may be cancelled, invalidated, or suspended on account of the conduct of any director, officer, or employee of the Association or its duly authorized manager without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, its manager, any Owner or any Mortgagee;

(5) that if at the time of loss under the policy, there is other insurance in the name of an Owner covering the same risk, the Association's policy provides the primary coverage;

(6) that no policy may be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association; and

(7) that the Association be notified within ten (10) days of all claims made under such policies.

In addition to the other insurance required by this Section, the Board shall obtain, as a common expense, worker's compensation insurance, if and to the extent necessary, and a fidelity bond or bonds on directors, officers, employees, and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the directors' best business judgment, but may not be less than three (3) months' assessments, plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without

compensation and may not be cancelled or substantially modified without at least ten (10) days' prior written notice to the Association.

6.2 Individual Insurance. By virtue of taking title to a Subdivision Interest subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Subdivision Interest and Improvements constructed thereon in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard, which insurance shall include, without limitation, the perimeter walls as described in Section 11.14, unless the Association agrees in writing to carry such insurance, which it may, but is not obligated to do. Each Owner further covenants and agrees that in the event of a partial loss or damage and destruction resulting in less than total destruction, the Owner, subject to Section 11.14, shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction. In the event that the structure is totally destroyed and the Owner determines not to rebuild or to reconstruct, the Owner shall promptly clear the Subdivision Interest of all debris and return it to substantially the natural state in which it existed prior to the beginning of construction.

6.3 Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed as follows:

(a) If the damage or destruction for which the proceeds are paid is to be repaired or reconstructed, the proceeds, or such portion thereof as may be required for such purpose, shall be disbursed in payment of such repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying such costs of repairs or reconstruction to the Common Area or, in the event no repair or reconstruction is made, after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of any Mortgagee of a Subdivision Interest and may be enforced by such Mortgagee.

(b) If it is determined, as provided for in Section 6.4, that the damage or destruction to the Common Area for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed in the manner as provided for excess proceeds in Section 6.3(a).

6.4 Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Area covered by insurance written in the name of the Association, the Board or its

duly authorized agent, shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed Improvements. "Repair" or "reconstruction", as used in this paragraph, means repairing or restoring the Improvements to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless (i) the project is terminated, (ii) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety, or (iii) at least eighty percent (80%) of the total vote of the Association shall decide within sixty (60) days after the casualty not to repair or reconstruct. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within that period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed an additional sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether the Common Area damage or destruction shall be repaired or reconstructed.

(c) In the event that it should be determined by the Association in the manner described above that the damage or destruction of the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the Improvements shall be promptly restored to their natural state and maintained as an undeveloped portion of the Common Area by the Association in a neat and attractive condition.

6.5 Repair and Reconstruction. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed, and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners in proportion to the number of Subdivision Interests owned by such Owners. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE 7

SPECIAL DECLARANT RIGHTS; TRANSFER

7.1 Special Declarant Rights. Special Declarant Rights are those rights reserved for the benefit of the Declarant as provided for herein and in the other Governing Documents, and shall include, without limitation, the following rights:

(a) to complete Improvements indicated on the final Subdivision map describing the Real Property or otherwise required by law or by the Declaration;

(b) to de-annex any Subdivision Interest or Annexable Property; or

(c) to maintain within the Project, including the Common Area, sales offices, management offices, customer service offices and facilities, and signs advertising the Project or any planned community within the property described in Exhibit "A" and models;

(d) to use easements through the Common Area for the purpose of making improvements within the Project or any additional land;

(e) to make portions of the Real Property subject to a Sub-Association;

(f) to install a master antenna or antennae system;

(g) the right to enter into a Subsidy Agreement, as provided in Section 3.18; and

(h) the Right to maintain the Common Area or any portion thereof in accordance with this Declaration, subject to the provisions of Section 4.10.

7.2 Transfer. Any or all of the Special Declarant Rights may be transferred to other persons or entities, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained herein, and provided further, no such transfer shall be effective unless is in a written instrument signed by the Declarant and duly Recorded.

7.3 Limitation of Restrictions on Declarant. Declarant is undertaking the work of construction of residential dwellings, common use facilities and areas and other Improvements within the Project. The completion of that work, and the sale, rental and other disposal of those dwellings and other Improvements is essential to the establishment and welfare of the Project as a planned community. In order that such work may be completed and the Project be established as a fully occupied planned community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

(a) Prevent Declarant, its contractors or subcontractors from undertaking within the Project whatever is reasonably necessary or advisable in connection with the completion of such work;

(b) Prevent Declarant or its representatives from erecting, constructing, maintaining and repairing on any part or parts of the Project, such Improvements as may be reasonable and

necessary for the conduct of its business of completing its work and establishing the Project as a planned community and disposing of the same in parcels or lots by sale, lease or otherwise;

(c) Prevent Declarant in any other manner from conducting on any part of the Project its business of completing the Project as a planned community, and of disposing of the Real Property by sale, lease or otherwise;

(d) Prevent Declarant from maintaining such sign or signs within any part of the Project as may be necessary or desirable for the sale, lease or disposition thereof; provided, however, that the maintenance of any such sign shall not unreasonably interfere with the use by any Owner of his or her Subdivision Interest or the Common Area, where a right to use the Common Area, or a portion thereof, has been granted. Declarant shall additionally have the right to maintain any sign or signs on or within any Subdivision Interest, whether such Subdivision Interest is owned by Declarant, for a period not to exceed three (3) years from the date of this Declaration; or

(e) Otherwise prevent Declarant from exercising any of the Special Declarant Rights set forth in Section 7.1 or the rights of Declarant described in Section 11.12.

7.4 Termination of Control Period. The Special Declarant Rights provided for in this Article 7 shall expire twelve (12) years from the date this Declaration is recorded, provided that such period ("Special Declarant Rights Period") may be extended an additional three (3) year period if approved by the VA.

ARTICLE 8

MORTGAGEES' RIGHTS

8.1 Notice of Action. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor of a first Mortgage and the Subdivision Interest number or address, an Eligible Mortgage Holder or Eligible Insurer or Guarantor will be entitled to timely written notice of:

(a) a proposed termination of the Association;

(b) a condemnation loss or casualty loss which affects a material portion of the Project or a Subdivision Interest on which there is a first Mortgage held, insured, or guaranteed by an Eligible Mortgage Holder or Eligible Insurer or Guarantor, as applicable;

(c) a delinquency in the payment of assessments or charges owed by an Owner of a Subdivision Interest subject to a first Mortgage held, insured or guaranteed by an Eligible Holder or

Eligible Insurer or Guarantor, which remains uncured for a period of sixty (60) days;

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

(e) proposed action which would require the consent of a specified percentage of Eligible Mortgage Holders as specified in Section 8.2 or 8.3.

The Association shall not be obligated to confirm receipt of such notice.

8.2 Other Provisions for Eligible Mortgage Holders. To the extent permitted by applicable law, Eligible Mortgage Holders shall also be afforded the following rights:

(a) Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with this Declaration and the original plans and specifications, unless other action is approved by at least fifty-one percent (51%) of the Eligible Mortgage Holders.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of fifty-one percent (51%) of the Eligible Mortgage Holders.

(c) When professional management has been previously required by an Eligible Mortgage Holder or Eligible Insurer or Guarantor, whether such entity became an Eligible Mortgage Holder or Eligible Insurer or Guarantor at that time or later, a decision to establish self management by the Association shall require the prior written approval of at least fifty-one percent (51%) of the Eligible Mortgage Holders and the prior consent (by vote or written consent) of Members representing sixty-seven percent (67%) or more of the total voting power of the Association comprised of at least sixty-seven percent (67%) of the votes of Members other than Declarant.

8.3 Material Amendments. The following provisions do not apply to amendments to the Governing Documents or termination of the Association made as a result of destruction, damage, or condemnation pursuant to Section 8.2(a) and (b), or to the addition of land in accordance with Article 13.

(a) The consent of at least sixty-seven percent (67%) of the total voting power of the Association and the approval of at least sixty-seven percent (67%) of the votes of Eligible Mortgage Holders shall be required to terminate the Association.

(b) The consent of at least sixty-seven percent (67%) of the total voting power of the Association and the approval of at least fifty-one percent (51%) of the Eligible Mortgage Holders shall be required to add or amend any material provisions of the Declaration, the Articles or the Bylaws which establish, provide for, govern or regulate any of the following:

- (1) voting;
- (2) assessments, assessment liens or subordination of such liens;
- (3) reserves for maintenance, repair and replacement for the Common Areas;
- (4) insurance or fidelity bonds;
- (5) rights to use of the Common Area;
- (6) responsibility for maintenance and repair of the several portions of the Project;
- (7) expansion or contraction of the Project or the addition or annexation or withdrawal of real property to or from the Association;
- (8) boundaries of any Subdivision Interest;
- (9) the interests in the Common Area;
- (10) convertibility of Subdivision Interests into Common Area or of Common Area into Subdivision Interests;
- (11) leasing of Subdivision Interests;
- (12) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his or her Subdivision Interest;
- (13) any provisions which are for the express benefit of Eligible Mortgage Holders or Eligible Insurers or Guarantors.

An addition or amendment to the Declaration, the Articles or the Bylaws shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only. An Eligible Mortgage Holder who receives a written request to approve additions or amendments who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

8.4 Special FHLMC Provision. So long as required by The Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing three Articles of this Section.

Unless sixty-seven percent (67%) of the first Mortgagees or Owners give their consent, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Area which the Association owns, directly or indirectly (the granting of easements for public utilities or for other public purposes consistent with the intended use of the Real Property shall not be deemed a transfer and the creation of Sub-Associations shall not be considered a partition or subdivision of the Real Property);

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

(c) by act or omission change, waive, or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Subdivision Interests and of the Common Area;

(d) fail to maintain fire and extended coverage insurance, as required by this Declaration; or

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

The provisions of this Section 8.4 shall not be construed to reduce the percentage vote that must be obtained from Eligible Mortgage Holders or Owners where a larger percentage vote is otherwise required for any of the actions contained in this Section.

Eligible Mortgage Holders may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of a policy for the Common Area, and Eligible Mortgage Holders making such payments shall be entitled to immediate reimbursement from the Association.

8.5 VA Approval. As long as the Declarant is in control of the Association pursuant to Section 2.2, the following actions will require the prior approval of the VA: annexation or de-annexation of any additional properties, any merger or consolidation of the Association, any special assessment, mortgaging of the Common Area, dedication of the Common Area, any amendment of the Declaration (a draft of which must be submitted to the VA prior to recordation), any amendment to the Bylaws, and the removal of any portion of the Common Area.

8.6 Notices. Any Owner who encumbers his or her Subdivision Interest shall furnish the Association the name and address of his or her Eligible Mortgage Holder, and the Association shall maintain

such information in a book entitled "Trust Deeds of Subdivision Interests" or otherwise similarly identified.

8.7 Meetings, Notice and Representation. Each Eligible Mortgage Holder who has furnished the Association with an address in accordance with this Section shall be given notice of all meetings of the Members of the Association on the same basis as Members and shall be permitted to designate a representative to attend all such meetings.

ARTICLE 9

CONDEMNATION

9.1 Whenever all or any part of the Common Area shall be taken (or, in lieu of and under threat of condemnation, conveyed by the Board acting on the written direction of all Owners) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Area on which Improvements have been constructed, then, unless within sixty (60) days after such taking the Declarant and at least sixty-seven percent (67%) of the voting power of the Association shall otherwise agree, the Association shall restore or replace such Improvements so taken on the remaining land included in the Common Area to the extent lands are available therefore, in accordance with plans approved by the Board of Directors of the Association. If such Improvements are to be repaired or restored, the above provisions in Article 6 hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any Improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

ARTICLE 10

ENFORCEMENT

10.1 Owners' Compliance. Each Owner, tenant or occupant of a Subdivision Interest shall comply with the provisions of the Governing Documents as lawfully amended from time to time, and decisions and resolutions of the Association and its duly authorized representatives, and failure to comply with any such provisions, decisions, or resolutions shall be grounds for an action to recover sums due, for damages or for injunctive relief.

10.2 Right of Enforcement. Except as otherwise provided herein, the Association and each Owner (including without limitation Declarant if, and only for so long as, it is an owner of any of the real property described in Exhibit "A"), shall have the right to enforce any or all of the provisions of the covenants, conditions, restrictions, reservations, liens and charges (collectively referred to in this Article as a "provision") now or hereafter imposed by this Declaration upon any other Owner or Owners, tenant or occupant. In order to enforce any such provision or provisions, appropriate judicial proceeding or proceedings in law or in equity may be initiated and prosecuted by such Owner or Owners. Failure by the Association or any Owner (including Declarant) to enforce any provision of this Declaration shall in no event be deemed a waiver of the right to do so thereafter.

10.3 Enforcement Costs. In any legal or equitable proceeding for the enforcement of or to restrain the violation of this Declaration or any provision thereof, the losing party or parties shall pay attorneys' fees of the prevailing party or parties, in such reasonable amount as may be fixed by the court in such proceeding.

ARTICLE 11

COVENANTS AND USE RESTRICTIONS

11.1 Residential Use. Except as provided in Article 7 and Section 11.12, with respect to Declarant, each Subdivision Interest shall be used for private, one-family residence purposes exclusively. No part of the Project shall be used or caused, allowed or authorized to be used in any way whatsoever, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other non-residential purpose, without the prior written consent of the Board. In deciding whether or not to permit an otherwise nonconforming use hereunder, the Board shall consider the potential effect upon traffic in the Project and interference with or annoyance of neighbors; notwithstanding the foregoing, a nonconforming use shall never be permitted unless such use is incidental to the residential use of the Subdivision Interest and is permitted by applicable law.

11.2 Improvements. No structure whatsoever, other than one one-family private residence may be erected or maintained on a Subdivision Interest at any one time. No building, structure or other Improvement of any kind shall be erected, constructed, altered or maintained on any lot in excess of one story or more than twenty-five (25) feet in height at its highest point; other than those lots upon which Declarant (or any entity owned or controlled by Declarant) has previously erected a two-story residential dwelling, in which case alone, no such dwelling or other Improvement shall be erected, constructed, altered or maintained thereon more than two stories nor more than forty (40) feet in height at its highest point. Every single-family dwelling erected upon a Subdivision Interest shall contain not less than 600

square feet floor space, exclusive of porches, patios, garages and carports. No garage or carport shall be used for a living area or used for other purposes other than those uses normally attendant to a garage or carport. All lavatories and toilets shall be built indoors and connected with the sewer system.

11.3 Laws and Insurance Requirements. Nothing shall be done or kept in any Subdivision Interest or any Improvements thereon or in the Common Area that might increase the rate of, or cause the cancellation of, insurance for the Project, or any portion of the Project, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his Subdivision Interest or any Improvements thereon that violates any of the Governing Documents 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.

11.4 Antennae; Satellite Dishes. Except as provided in Section 7.1(f) of this Declaration, no antennae or other device for the transmission or reception of television or radio signals, or any other form of electromagnetic radiation, including, but not limited to, a dish or other device capable of transmitting or receiving signals for cable, satellite or pay-television systems, shall be erected, used or maintained outdoors, above ground on or within any Subdivision Interest, except as provided below:

(a) An Owner may install a satellite dish for the reception of television signals on a Subdivision Interest if the Owner can demonstrate to the satisfaction of the Architectural Review Committee that the satellite dish will not be observable: (i) from any private roadway or alley within the Project; and (ii) from any other Subdivision Interest, or if observable from any other Subdivision Interest, the Owner has obtained the written consent of all Owners of any Subdivision Interests from which the satellite dish could be seen.

(b) Prior to the installation of the satellite dish, the Owner shall submit to the Architectural Review Committee detailed plans showing the dimensions and proposed location of the dish and any landscaping or other screening to be installed to shield the dish from view ("Plans") and any necessary written consents establishing that the requirements of subparagraph (a) above have been fully satisfied. The submission shall be made in accordance with the provisions of Article 12 hereof. The Architectural Review Committee shall have sixty (60) days from receipt of the Plans to approve or disapprove the Plans. If the Architectural Review Committee fails to approve the Plans in writing within sixty (60) days, the Plans shall be deemed approved. If the Architectural Review Committee disapproves the Plans, upon the Owner's written request, the Architectural Review Committee shall advise the Owner in writing of the reasons for its disapproval and the Owners shall have the right to submit revised Plans to the Architectural Review Committee within thirty (30) days after receipt of notice of

disapproval; the Architectural Review Committee shall have forty-five (45) days from receipt of the revised Plans to approve the revised Plans in writing. If the Architectural Review Committee fails to approve the revised Plans in writing within said forty-five (45) day period, the revised Plans shall be deemed approved. In the event of disapproval after such resubmission, it shall be conclusively presumed that the Owner could not comply with the requirement of subparagraph (a) hereof and the Owner shall have no further right to install a satellite dish within the Subdivision Interest. The Architectural Review Committee's decision concerning the Plans for the satellite dish shall be final and not subject to judicial, administrative, or any other form of review.

(c) If the Plans are approved by the Architectural Review Committee, the satellite dish shall be installed in strict compliance with the Plans and any deviation from such Plans shall require the prior written approval of the Architectural Review Committee. Each Owner hereby grants the Architectural Review Committee the right to inspect a Subdivision Interest to determine that the satellite dish has been installed in strict compliance with the Plans. If the Architectural Review Committee determines that the installation of the satellite dish is not in strict compliance with the Plans, it shall notify the Owner and the Owner shall immediately take such action as may be necessary to bring the satellite dish into compliance with the Plans or shall remove the satellite dish from the Subdivision Interest.

11.5 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 Real Property or any portion thereof; and no Owner of any of Subdivision Interest 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 Subdivision Interest, 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 Subdivision Interest 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.

11.6 Ground Cover Requirement. If Declarant has not provided a lawn for a Subdivision Interest, then the Owner of that Subdivision Interest shall have installed thereon, within sixty (60) days from the date of conveyance of title to the Subdivision Interest or the date of occupancy thereof, whichever occurs first, a lawn or a ground cover acceptable to the Association.

11.7 Maintenance of Lots. No rubbish, brush, weeds, undergrowth, debris of any kind or character shall ever be placed

or permitted to accumulate upon any Subdivision Interest, or any portion thereof, so as to render it a fire hazard, unsanitary, unsightly, offensive or detrimental to any other Real Property in the Project or to any occupants in the Project. The Owner of each Subdivision Interest shall care for, cultivate, prune and maintain in good condition any and all trees, lawns, shrubs and other landscaping growing on his or her land in a manner consistent with the Community-wide Standard of the Project and the Governing Documents, and the Owner shall be responsible for mowing any grass that may be within the Subdivision Interest or, subject to existing easements, extend beyond the pavement line to the street on a publicly owned right-of-way adjacent to the Subdivision Interest; 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 Area. Should an Owner fail to perform his or her obligations under this Section or Section 11.6, or fail to keep his or her Subdivision Interest free from rubbish, brush, weeds, 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 thirty (30) days' written notice to such Owner, of its intention to do so, enter upon that Subdivision Interest and (A) remove such rubbish, brush, weeds, 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 Subdivision Interest, which may be enforced by the Association in accordance with the provisions of Article 3 of this Declaration.

11.8 Nuisances. No odors shall be permitted to arise therefrom so as to render any Subdivision Interest unsanitary, unsightly, offensive or detrimental to any other Subdivision Interest; and no nuisance shall be permitted to exist or operate upon any Subdivision Interest so as to be offensive or detrimental to any other Subdivision Interest 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, shall be located, used or placed upon any Subdivision Interest; no Owner shall permit any thing or condition to exist upon any Subdivision Interest which shall induce, breed or harbor infectious plant diseases or noxious insects; and no noxious or offensive trade or activity shall be carried on upon any Subdivision Interest, nor shall anything be done thereon which is or may become an annoyance or nuisance to the Project.

11.9 Repair of Improvements. No Improvements (including but not limited to dwelling units, garages, carports, parking lots, walls and fences) 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, shall comply with the Governing Documents and, for exterior repairs, redecorations, modifications or additions only, shall comply with the guidelines, rules and specifications established by the ARC.

11.10 Easements,

(a) Easements for installation and maintenance of utilities and drainage facilities have been conveyed as shown on the recorded plat and otherwise of record. Whether or not such easements constitute a part of the Common Area, neither the Association nor any Owner shall take any action which would interfere with the reasonable and normal use and operation of such easements.

(b) Without limiting Section 11.10(a) or any other provision of this Declaration, neither an Owner nor any licensee, invitee, tenant or other occupant of a Subdivision Interest 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 the City, or near the location of an underground line installed on the premises of an Owner served by a utility, the Association, Declarant or the City, or demolish a building without having first:

(i) 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; and

(ii) 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.

(iii) Cooperated with Declarant, the Association and/or the City in locating and identifying any of its underground lines by:

(1) Meeting with its representative as requested; and

(2) Observing and being guided by its physical marking of the area containing the underground line.

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

A person responsible for emergency excavation or demolition is not required to comply with the provisions of this Section 11.10(b) 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.

As used herein, "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 Board Member.

(c) If an Owner fails to comply with Section 11.10(b), 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 Subdivision Interest to repair damage to an underground line (and an easement 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 Subdivision Interest, which may be enforced by the Association in accordance with the provisions of Article 3 of this Declaration.

11.11 Signs. Except as provided in Article 7 and Section 11.12 with respect to Declarant and its agents and contractors, no billboards, signs or advertising of any kind, excepting a conventional "for sale" or "for rent" sign not larger than two feet by two feet shall be erected or maintained upon any Subdivision Interest without the prior written consent of the ARC.

11.12 Sales Office. Declarant or its sales agents may, during the sale campaign of Subdivision Interests in the Real Property and/or in any of the real property described in Exhibit "A", maintain on the property owned by it in the Real Property, a real estate office, model homes, parking facilities, lights, decorative entrance wall lot areas, and such signs, flags and sales aids as it may desire to promote such sales, provided, however, that such rights shall expire upon termination of the Special Declarant Rights Period as described in Section 7.4 of this Declaration.

11.13 Animals. No animals or fowl, other than commonly recognized household pets, shall be kept or maintained on a Subdivision Interest or any portion thereof; and no animals or fowl, including household pets, which, after notice and a hearing are determined by the Board to be dangerous, may be kept or

maintained anywhere within the Project. At any one time the total number of household pets shall not exceed four (4) and the total number of any one species shall not exceed two (2).

11.14 Perimeter Block Walls. There are block walls and/or fences around the Project which were constructed or are to be constructed by Declarant and are subject to this Declaration as well as certain easements of record in favor of Declarant and/or the City. It shall be the duty of every Owner of a Subdivision Interest, subject to Section 5.12 of this Declaration, 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. It shall be the duty of each Owner of a Subdivision Interest 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 ninety (90) 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 Subdivision Interest 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 Subdivision Interest of such Owner in an amount equal to the costs of such repairs, which shall be enforceable in accordance with the procedures described in Article 3 for unpaid assessments. The Association is hereby granted a right and easement over, under, upon and across each Subdivision Interest wherein the aforesaid perimeter block wall and/or fence is located for the purpose of exercising its rights under this Section 11.14 and under Section 5.12.

11.15 Construction of Walls. Without limiting the provisions of this Declaration requiring prior ARC approval, no fence, wall, hedge, construction, or obstruction shall be installed upon any Subdivision Interest in the Project except the residence, garage or other improvement permitted to be erected under the provisions of this Declaration, unless approved as required herein or unless such fence, hedge, wall, construction or obstruction was originally constructed by Declarant or is designed so as to be provided with one opening for every three (3) feet of length at ground level and so as to permit free drainage of waters falling upon that Subdivision Interest or flowing across that Subdivision Interest from an adjoining Subdivision Interest.

11.16 Drainage.

(a) No Owner shall in any way interfere with the natural or established drainage of water over his or her Subdivision Interest from an adjoining or other Subdivision Interest in the Project, including run off from the roof of an adjoining Owner, and that he or she will 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 Subdivision Interest.

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 Project has been completed by the 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 Project, including the finish grading of each Subdivision Interest in the Project, is completed by the Declarant.

(b) Each Owner shall permit free access by Owners of adjacent or adjoining Subdivision Interests to slopes or drainageways located on his or her Subdivision Interest which affect the adjacent or adjoining Subdivision Interests, 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 Subdivision Interest on which the slope or drainageway is located.

(c) Except as provided in Section 11.16(a) or (b), no Owner shall permit water from his or her Subdivision Interest to drain over, under or across the Subdivision Interest of any adjoining Owner.

11.17 Clotheslines. No clotheslines shall be placed nor shall any clothes be hung in any manner whatsoever on any Subdivision Interest in a location, including but not limited to the garage door, visible from a public street or the Common Area.

11.18 Leasing. An Owner may lease or sublease his or her Subdivision Interest (but not less than an entire residential Subdivision Interest) at any time and from time to time provided that:

(a) No Subdivision Interest may be leased or subleased for transient or hotel purposes or for an initial term of less than ninety (90) days;

(b) No Subdivision Interest may be leased or subleased without a written lease or sublease;

(c) A copy of such lease or sublease shall be furnished to the Board within ten (10) days after written request therefor; and

(d) The rights of any lessee or sublessee of the Subdivision Interest shall be subject to, and each such lessee or sublessee shall be bound by, the covenants, conditions and restrictions set forth in the Governing Documents, and a breach of any such covenants, conditions or restrictions shall constitute a default under the lease or sublease; provided, however, that the foregoing shall not impose any direct liability on any lessee or sublessee of a Subdivision Interest to pay any regular assessment or special assessment on behalf of the Owner of that Subdivision Interest. Notwithstanding the foregoing, the provisions of this Section 11.18 shall not apply to an Eligible Mortgage Holder who is in possession of a Subdivision Interest following a default in such Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure; and shall not restrict the exercise of any Special Declarant Rights.

11.19 Commercial Vehicles and Recreational Vehicles. "Commercial Vehicles" and "Recreation Vehicles" (as those terms are defined below) shall be subject to the following prohibitions and restrictions:

(a) As used herein the term "Commercial Vehicle" shall be defined as: (i) any vehicle with a sign displayed on any part thereof advertising any kind of business or other venture; or (ii) any vehicle on which racks, materials, ladders and/or tools are visible; or (iii) any vehicle with a body type normally employed as a business vehicle whether or not a sign is displayed on any part thereof; or (iv) a truck of greater than one (1) ton capacity; (v) a van other than one used solely as a family passenger van; or (vi) a bus. A Commercial Vehicle may be defined as such even if the vehicle does not have a commercial license plate.

(b) As used herein, the term "Recreational Vehicle" shall include, without limitation, motorhomes, buses, trailer coaches, trailers, boats or other watercraft, aircraft or campers.

(c) No Commercial Vehicle or Recreational Vehicle may be parked on any Subdivision Interest or within the Project (unless the entire vehicle is located within a garage) except as permitted below:

(i) A Commercial Vehicle not owned or operated by an Owner or an occupant of a Subdivision Interest may be parked temporarily in the driveway of any Subdivision Interest during such time as the operator of such Commercial Vehicle is delivering goods or providing services to the Owner or occupant of the Subdivision Interest.

(ii) Recreational Vehicles owned by an Owner or occupant of a Subdivision Interest may be parked on the driveway of

the Subdivision Interest while the Recreational Vehicle is being loaded or unloaded, for a period not to exceed forty-eight (48) hours.

In addition, no Commercial Vehicle, Recreational Vehicle or any automobile, van, motorhome or truck or equipment, may be dismantled, repaired or serviced on: (i) any Subdivision Interest visible from adjoining property or public street; or (ii) any part of the Project. Furthermore, no portion of any vehicle parked on any driveway shall be parked on any portion of the sidewalk, curb or private roadway or in any area between the private roadway and sidewalk.

11.20 Unsightly Articles. No unsightly articles shall be permitted to remain on any Subdivision Interest so as to be visible from any public or private street or from any other Subdivision Interest. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers or enclosed areas designed for such purpose. Such containers shall be exposed to the view of neighboring Subdivision Interests only when set out for a reasonable period of time (not to exceed 12 hours before scheduled trash collection and 12 hours after scheduled trash collection hours). 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).

11.21 Post-Construction Entry Rights. In addition to, and not in limitation of any Special Declarant Rights or other rights provided to Declarant herein, Declarant or its designee shall have the right to enter upon each Subdivision Interest in the Project for the purpose of planting and maintaining the Slope Control Areas (as defined in Section 11.22). 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 Project, at which time the right of entry and maintenance under this Section shall terminate as to the Subdivision Interest.

11.22 Slope Control Areas. There are certain "Slope-Control Areas" located within Subdivision Interests within which lie areas which are constituted as sloped, banked or hillside and which extend three (3) feet or more in vertical height. The following Subdivision Interests are designated Slope Control Areas:

Lots 1 through 5, inclusive, in Block Four (4); and Lot 15 in Block Eight (8) in Eldorado No. 5 - R1 - 60 No. 2, as shown by map thereof recorded March 11, 1994 on file in Book 60 of Plats, page 87, in the Office of the County Recorder of Clark County, Nevada

Each Owner of a Subdivision Interest constituting a Slope Control Area shall comply with the following covenants and restrictions:

(a) No structures, planting or other material shall be placed or permitted to remain along, under or upon, nor shall any act be committed or act or omission suffered to be committed with respect to Slope-Control Areas which may damage or interfere with established slope ratios, create erosion or slide problems, or which may damage, obstruct, alter or retard the direction of the established drainage of water along, under or within Slope-Control Areas or the flow of water through drainage channels located along, under, upon or within Slope-Control Areas.

(b) Each Owner of any such Subdivision Interest shall continuously maintain and preserve the Slope-Control Area which lies within such Subdivision Interest at his own expense, including but not limited to, adequately watering, fertilizing, replacing, trimming vegetation and improvements thereon, all in conformity to generally accepted horticultural and slope preservation standards.

(c) In the event an Owner shall fail or refuse to perform any obligation imposed by this Section 11.22, the Association, upon twenty-four (24) hours oral notice, shall have the right to enter upon such Subdivision Interest for the purpose of performing those obligations, and shall not be liable for trespass for so doing.

(d) In addition to any other right or remedy provided in this Declaration, there is hereby created in favor of the Association for the purpose of remedying any violation of this Section 11.22, the right to claim a lien on a Subdivision Interest in violation of this Section in an amount equal to the reasonable cost to the Association of performing such obligations, together with interest thereon at twelve percent (12%) per annum from the date such obligations are performed and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. Prior to enforcement of such lien rights, the Association shall make written demand ("Demand") upon such Subdivision Interest Owner for payment of the Association costs. Each performance of such obligations shall constitute a separate basis for claim of lien, but any number of Demands may be included within a single claim of lien. If a Demand is not paid within ten (10) days after delivery thereof to such Subdivision Interest Owner, the Association shall have the right to enforce such lien in accordance with Article 3 of this Declaration.

11.23 Solar Equipment. No solar equipment, including but not limited to solar collectors and solar panels, shall be installed until approval of the Architectural Review Committee has been obtained as to (i) the type of solar equipment to be installed and (ii) the location thereof.

11.24 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.

11.25 Restricted Access. Certain Subdivision Interests have prohibitions or restrictions on access to adjoining public streets from the rear or side yards of such Subdivision Interests as set forth on the recorded final subdivision maps affecting the Project. No Owner shall at any time permit access, ingress or egress to or from his or her Subdivision Interest from or to a public street, with respect to which access has been prohibited; nor in any other manner shall an Owner otherwise cause or permit his or her Subdivision Interest to be in violation of the restrictions set forth in such recorded maps.

ARTICLE 12

ARCHITECTURAL REVIEW

12.1 Creation of Committee. There is hereby established an Architectural Review Committee which shall have exclusive jurisdiction over all construction, modification, addition or alteration of Improvements located within the Project, other than Improvements constructed by Declarant. Whenever in this Declaration the prior consent or approval of the Association is required as a condition to any action by an Owner affecting any construction, alterations, changes, additions, or modifications, the Architectural Review Committee shall have the right and duty to grant or withhold such consent or approval.

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the ARC. This Section may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

12.2 Provision for Architectural Approvals. Except as to construction of Improvements by Declarant in any phase of the Project, no building, fence, wall, or other structure (including the following by way of illustration and not limitation: solar or heating systems; air conditioning systems; pools, spas, ponds, fountains; landscaping, additional trees, shrubs or ground cover, stonework, or concrete work; related mechanical, plumbing, or electrical facilities; storage sheds; garbage areas; awnings and patio covers) shall be constructed, erected, maintained, altered or changed on the Real Property until the plans and specifications showing the nature, kind, shape, materials, and location of the Improvements prior to the commencement of such work, shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Architectural Review Committee. No permission or approval shall be required to repaint in accordance with an

originally approved color scheme, or to rebuild in accordance with the originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his or her residence, or to paint the interior of his or her residence any color desired. The ARC is specifically authorized and empowered to establish different criteria for the homogeneous areas within the Project which are not generally applicable to all areas of the Project.

12.3 Architectural Review Committee. The Declarant shall appoint all of the original members of the ARC consisting of not less than three (3) nor more than five (5) members, the initial members of which shall be Vance T. Meyer, David E. Landon and Harold Struck, c/o 10880 Wilshire Boulevard, Suite 1900, Los Angeles, California 90024. A majority of the Committee may designate a representative to act for it. Any member shall have the right to resign at any time. Neither the members of the ARC nor its designated representative shall be entitled to any compensation for services performed under this provision. Following the appointment of the original members of the ARC, the Board shall thereafter have the right to appoint, remove and replace from time to time all of the members of the Architectural Review Committee. The terms of office of the members of the ARC shall expire at such time as the Board, in its sole discretion shall determine, whichever shall be entitled to appoint the members thereof.

12.4 Procedure for Approval of Committee. The ARC's approval or disapproval as required in this Declaration shall be in writing. The method of submission shall be by personal delivery or by the mailing of a first class United States Mail Certified Receipt Requested letter together with all necessary plans and specifications, to any current member of the ARC. In the event the ARC or its designated representatives fails to approve or disapprove such design and location within sixty (60) days after the plans and specifications have been submitted to it in accordance with this Section, approval will not be required, and this provision will be deemed to have been complied with in full. The sixty (60) day period shall begin to run on the date of receipt of a complete submission by the ARC member.

12.5 Guidelines. The ARC shall, upon request of the Board and subject to the approval of the Board, prepare and promulgate ARC guidelines ("Guidelines") and application and review procedures ("Procedures") on behalf of the Association. The Guidelines and Procedures shall be those of the Association, and the ARC shall have sole and full authority to prepare and to amend the Guidelines and Procedures, provided the Guidelines and Procedures are otherwise in compliance with the Articles, the Bylaws and this Declaration. The ARC shall make both available to Owners.

12.6 Liability of Committee Members. Neither Declarant, the Association nor any member or representative of the Architectural Review Committee shall be liable, whether for damages or other

relief, to anyone submitting plans and specifications to it for approval or to any Owner, occupant or guest, affected by the action or inaction of the ARC, by reason of a mistake in judgment, negligence or nonfeasance arising in connection with the approval or disapproval of any plans and specifications.

Anyone who submits plans and specifications to the ARC shall be deemed to have agreed by submission of such plans and specifications, and every Owner and occupant of any Subdivision Interest, or any part of the Real Property, agrees, by acquiring title and/or possessory rights thereto, that he or she will not bring any action or suit against Declarant, the Association, any member of the ARC or its designated representative for the recovery of damages by reason of any such approval or disapproval.

12.7 Painting. No building, including without limitation, garages, shall be painted or repainted other than in its original colors until the new color has been approved by the Architectural Review Committee.

12.8 Failure to Appoint. If at any time the Board fails to cause an Architectural Review Committee to be in existence, the members of the ARC shall be appointed or removed by the written consent of Owners of fifty-one percent (51%) of the Subdivision Interests. Appointment or removal of members of the ARC shall be evidenced by written instrument Recorded setting forth the fact of appointment or removal, the name and address of the person appointed or removed, and in the case of an appointment, the term of office of the person appointed. The written instrument shall be filed by at least two (2) Directors or Owners, if the Directors or Owners are then appointing the members of the ARC.

12.9 Limitation. Nothing contained in this Article 12 shall authorize the ARC to take any action or approve any plans and specifications in violation of this Declaration.

ARTICLE 13

ANNEXATION OF ADDITIONAL PROPERTY

13.1 Annexation Without Approval of Membership. Declarant hereby reserves the right to include a total of up to 3000 Subdivision Interests within the Project, with or without appurtenant Common Area, without the consent of the Owners as hereinafter provided in this Section. As the owner thereof, or if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option, from time to time at any time until the year 2010, to subject to the provisions of this Declaration and the jurisdiction of the Association (i) all or any portion of the real property described in Exhibit "A", attached hereto and by reference made a part hereof, or (ii) any portion of real property which is contiguous to the Project, by Recording an amendment annexing such real property.

The Subsequent Amendment to this Declaration shall not require the vote of Members. Any such annexation shall be effective upon the Recording of the Subsequent Amendment unless otherwise provided therein. Declarant shall have the unilateral right to transfer to any other person the right, privilege, and option to annex additional property which is herein reserved to Declarant, provided that such transferee or assignee shall be the developer of at least a portion of the real property described in Exhibit "A" attached hereto and that such transfer is memorialized in a written, Recorded instrument. Prior to any annexation under this Section 13.1, plans for the development of the additional Real Property must be submitted to the VA and the VA must determine that the plans are in accordance with the overall general plan heretofore approved by the VA and must so advise Declarant.

13.2 Annexation With Approval of Membership. Subject to the consent of the owner thereof, upon the written consent or affirmative vote of a majority of the Members other than Declarant of the Association present or represented by proxy at a meeting duly called for such purpose and of the Declarant, so long as Declarant owns property subject to this Declaration or which may become subject in accordance with Section 13.1 hereof, the Association may annex real property other than that shown on Exhibit "A", and following the expiration of the right in Section 13.1, the real property described in Exhibit "A", to the provisions of this Declaration and the jurisdiction of the Association by filing of record in the Official Records of Clark County, Nevada, a Subsequent Amendment in respect to the Real Property being annexed. Any such Subsequent Amendment shall be signed by the President and Secretary of the Association, and the owner of the properties being annexed, and any such annexation shall be effective upon Recording unless otherwise provided therein. The time within which and the manner in which notice of any such meeting of the Members of the Association, called for the purpose of determining whether additional property shall be annexed, and the quorum required for the transaction of business at any such meeting, shall be as specified in the Bylaws of the Association for regular or special meetings, as the case may be.

13.3 Acquisition of Additional Common Area. Declarant may convey to the Association as additional Common Area additional real property, improved or unimproved, located within the real property described in Exhibit "A" which upon conveyance or dedication to the Association shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of all its Members.

13.4 Amendment. This Article 13 shall not be amended without the written consent of Declarant, so long as the Declarant owns any property described in Exhibit "A".

13.5 Form of Amendment. The Subsequent Amendment adding real property to the Project shall contain at least the following provisions:

(a) A reference to this Declaration stating the date of Recording hereof and the Document number where this Declaration is Recorded.

(b) A statement that the provisions of this Declaration, or some specified part thereof, shall apply to such added real property.

(c) An exact description of the annexed property; and

(d) Such other or different covenants, conditions and restrictions as Declarant or person Recording such notice shall, in its discretion, specify to regulate and control the use, occupancy and improvement of such added real property.

NOTHING CONTAINED HEREIN, HOWEVER, SHALL REQUIRE DECLARANT TO CONSTRUCT OR TO COMPLETE THE FUTURE PHASES OF THE PLANNED OVERALL PROJECT. THERE IS NO GUARANTEE THAT THE FUTURE PHASES WILL BE ANNEXED.

ARTICLE 14

GENERAL PROVISIONS

14.1 Severability. Should any provision in this Declaration be void or become invalid or unenforceable in law or equity by judgment or court order, the remaining provisions hereof shall be and remain in full force and effect and this Declaration shall be construed as if such provisions were not contained herein.

14.2 Amendments. This Declaration may be amended at any time and from time to time by an instrument in writing signed by Members representing sixty-seven percent (67%) of the total voting power of the Association comprised of at least sixty-seven percent (67%) of the votes of Members other than Declarant shall be necessary to amend this Declaration. Such amendment shall become effective upon the Recording thereof; provided, however, that no change may be made to material provisions herein without the prior written consent of the requisite number of Eligible Mortgage Holders, all as more particularly set forth in Article 8. Notwithstanding the above or any other section of this Declaration, the percentage of the voting power necessary to amend a specific clause or provision shall not be less than the percentage of affirmative votes prescribed for action to be taken under that clause.

14.3 Litigation. In the event the Association, Declarant, any Owner or the City shall take any action, whether or not suit is brought, to enforce any of the covenants, conditions or restrictions herein contained, the prevailing party in such action shall be entitled to recover the costs and expenses thereof, including reasonable attorneys' fees.

14.4 Captions. The captions appearing at the commencement of the paragraphs hereof are descriptive only and for convenience in

reference. Should there be any conflict between any such caption and the paragraph at the head of which it appears, the paragraph and not the caption shall control and govern in the construction of this Declaration.

14.5 No Liability for Acts of Others. No member of the Board, or any committee thereof (including, without limitation, a member of the ARC), officer or other duly elected or appointed representative of the Association or the Board of the Association, or any manager retained by the Association (collectively referred to in this Section as a "Representative"), shall be personally liable to any other party, for any damage, loss or prejudice suffered or claimed on account of any act or omission of the Association, the Board, the manager, or any other representative or employee of the Association other than the Representative, provided that such Representative, has upon the basis of such information as may be possessed by him or her, acted in good faith.

14.6 Conflicting Provisions. In the case of any conflict between this Declaration and the Articles or the Bylaws, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control.

14.7 No Partition. Except as is permitted in the Declaration or amendments thereto, there shall be no physical partition of the Common Area or any part thereof, or any Subdivision Interest, nor shall any person acquiring any interest in the Real Property or any part thereof seek any such judicial partition, unless such Real Property or portion thereof has been removed from the provisions of this Declaration. This Section shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

14.8 Indemnification. The Association shall indemnify every officer and director and other duly elected or appointed officer or representative, including ARC members, against any and all expenses, including counsel fees, reasonably incurred by or imposed upon such officer or director in any action or other proceeding (including settlement of any suit or proceeding, if approved by the then Board) to which he or she may be a party by reason of being or having been an officer or director of the Association. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct or bad faith. No officer and director shall have any personal liability with respect to any contract or other commitment made by him or her, in good faith, on behalf of the Association (except to the extent that such officer or director may have personal liability therefor as a member of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any

officer or director, or former officer or director, may be entitled. The Association shall, as a common expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

14.9 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment as between each Subdivision Interest and such portion or portions of the Common Area adjacent thereto or as between adjacent Subdivision Interests due to the unintentional placement or settling or shifting of the Improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than one (1) foot, as measured from any point on the common boundary between each Subdivision Interest and the adjacent portion of the Common Area or as between adjacent Subdivision Interests, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of an Owner, tenant, or the Association.

14.10 Easements for Utilities, Etc. So long as Declarant owns a Subdivision Interest, Declarant hereby reserves for itself and its designees (including, without limitation, the City, Clark County and any utility) blanket easements upon, across, over, and under all of the Common Area and to the extent shown on any subdivision map over the Subdivision Interests for ingress, egress, installation, replacing, repairing, and maintaining cable television systems, master television antenna systems, security, and similar systems, walkways, and all utilities, including, but not limited to, water, sewers, meter boxes, telephones, gas, and electricity. This reserved easement may be assigned by Declarant by written instrument to the Association, and the Association shall accept the assignment upon such terms and conditions as are acceptable to Declarant. If this reserved easement is assigned to the Association, the Board shall, upon written request, grant such easement as may be reasonably necessary for the development of any real property described in Exhibit "A" or that may be annexed in accordance with Article 13 of this Declaration.

Notwithstanding anything to the contrary contained in this Section 14.10, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Real Property, except as may be approved by the Board or as provided in the development and sale of Subdivision Interests by Declarant. Should any entity furnishing a service covered by the general easement herein provided request a specific easement by separate recordable document, the Board shall have the right to grant such easement on the Real Property without conflicting with the terms hereof. The easements provided for in this Section shall in no way adversely affect any other recorded easement on the Real Property.

The Board shall have, by a two-thirds (2/3) vote, the power to dedicate all or part of the Common Area to the County of Clark, or other local, state, or federal governmental entity.

14.11 Right of Entry. The Association shall have the right, but not the obligation, to enter into any Subdivision Interest for emergency, security, and safety, which right may be exercised by the Association's Board of Directors, officers, agents, employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter a Subdivision Interest to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition upon request by the Board. Any damage caused shall be repaired by the entering party.

14.12 Singular Includes Plural. Whenever the context of this Declaration requires same, the singular shall include the plural, and vice versa, and the masculine and feminine shall include the neuter, and vice versa.

14.13 Successors. This Declaration shall be binding on Declarant, each of the Owners and such Owner's family members, guests, tenants, invitees, Mortgagees, and their respective heirs, personal representatives, successors and assigns. In addition, all agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the Bylaws, shall be deemed to be binding on all Owners of Subdivision Interests, their successors and assigns.

14.14 Duration. The covenants, conditions and restrictions set forth in Sections 11.15, 11.16, and 11.22 and Section 14.15 shall continue in perpetuity. Each and all of the remaining covenants, conditions and restrictions shall continue for a period of fifty (50) years from the date this Declaration is Recorded, after which time such covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the record Owners of a majority of the Subdivision Interests has been Recorded, agreeing to change or revoke this Declaration in whole or in part.

14.15 No Impairment of Liens. No violation of any of the covenants, conditions or restrictions in this Declaration, nor any of the rights or rights to claim a lien or liens created hereunder upon any Subdivision Interest in the Project shall defeat or render invalid the lien of the holder of any indebtedness, or the renewal, extension or refinancing thereof, made in good faith and for value, and secured by any recorded Mortgage upon such Subdivision Interest in favor of or for the benefit of any agency or officer of the United States of America, any agency or officer of the State, any institutional lender (meaning any bank, insurance company, savings and loan association, or building and loan association), Declarant,

any wholly-owned corporate subsidiary of Declarant, or any corporation of which Declarant is a wholly-owned subsidiary.

14.16 Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered two (2) business days after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any Owner at the address given by such Owner to the Association for the purpose of service of such notice, or to the Subdivision Interest of such Owner if no address has been given to the Association. Such address may be changed from time to time by notice in writing to the Association.

ARTICLE 15

NORTH LAS VEGAS LANDSCAPE MAINTENANCE EASEMENTS

15.1 Easements. Certain landscape maintenance easements (individually referred to as the "North Las Vegas Landscape Maintenance Easement" and collectively as the "North Las Vegas Landscape Maintenance Easements") may be dedicated to the City in final subdivision maps whereunder Subdivision Interests are created, and amendments to those maps, for purposes of maintaining landscaped areas, including tree wells, adjacent to the Project. Use of the Subdivision Interests shall be subject to the rights and obligations of the City pursuant to any North Las Vegas Landscape Maintenance Easements, which easements may extend above and below the ground surface. No Owner shall interfere with the City's rights and obligations thereunder. Without limiting the foregoing, no Owner of a Subdivision Interest subject to the North Las Vegas Maintenance Easements shall ever cause or permit any construction or excavation within such easement area, or make any permanent improvement above any underground lines, except upon approval of the City and the ARC in compliance with Article 12 and Section 11.10(b).

15.2 Access. Declarant hereby reserves, for itself, and its successors and assigns, the Association and the City, a right of entry by such persons, their respective contractors, agents and equipment along the side and rear boundaries of each Subdivision Interest subject to a North Las Vegas Maintenance Easement, a distance of 8 feet along said boundary, for purposes of repairing and maintaining any underground lines lying within the North Las Vegas Maintenance Easements, which right of entry may be exercised upon no less than five (5) days notice to the Owner of such a Subdivision Interest, except in cases of emergency or where delay

would present an unreasonable burden to the City, the Association, the Project or neighboring Owners, in which case 24 hours notice shall be sufficient.

IN WITNESS WHEREOF, the undersigned, being Declarant herein, has executed this instrument the day and year first hereinabove written.

PARDEE CONSTRUCTION COMPANY OF NEVADA, a Nevada corporation

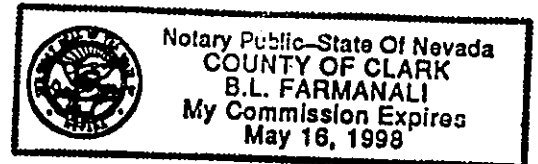
By: *Nancy B. Smith*
Nancy B. Smith
Its: Vice President

STATE OF NEVADA

COUNTY OF CLARK

This instrument was acknowledged before me on Sept 1st, 1994 by Nancy B. Smith as Vice President of Pardee Construction Company of Nevada.

B.L. Farnanali
Notary Public



AMENDMENT TO THE DECLARATION

TABLE OF CONTENTS

	<u>Page #</u>
ARTICLE I	
DEFINITIONS	
Section 1.0A <u>“Administrator”</u>	2
Section 1.14A <u>“Emergency”</u>	2
ARTICLE II	
CREATION AND MEMBERSHIP IN ASSOCIATION	
Section 2.2 <u>Declarant’s Control; Termination of Declarant’s Control</u>	2
ARTICLE III	
FUNDS AND ASSESSMENTS	
Section 3.1 <u>Annual Assessments for Common Expenses</u>	4
Section 3.4A <u>Special Assessment for Violations</u>	5
Section 3.7 <u>Power of Sale</u>	5
ARTICLE IV	
POWERS AND DUTIES OF ASSOCIATION	
Section 4.0 <u>Powers and Duties</u>	7
Section 4.18 <u>Requirements for Rules and Regulations</u>	7
ARTICLE XIV	
GENERAL PROVISIONS	
Section 14.17 <u>Commencement of Civil Actions</u>	7
Section 14.16 <u>Inconsistent Provisions</u>	8

**FIRST STATUTORILY MANDATED AMENDMENT
TO THE DECLARATION OF COVENANTS, CONDITIONS, & RESTRICTIONS OF
THE ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS' ASSOCIATION**

When Recorded Return To:

Angela K. Rock, Esq.
James, Driggs, Walch, Santoro,
Kearney, Johnson & Thompson
3773 Howard Hughes Parkway, Suite 290N
Las Vegas, NV 89109

FIRST STATUTORILY MANDATED AMENDMENT TO THE DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR THE ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS' ASSOCIATION

THIS AMENDMENT TO THE DECLARATION is made on this ____ day of _____
2000, by the Eldorado Neighborhood Second Homeowners' Association, a Nevada non-profit
corporation (the "Association").

RECITALS

WHEREAS, the Declaration of Covenants Conditions and Restrictions for the Eldorado
Neighborhood Second Homeowners' Association (The "Declaration") created the Association a
Nevada non-profit corporation and vested the Board of Directors (the "Board") with the power to
govern and control the Eldorado Neighborhood Second Community (the "Community"); and

WHEREAS, the Declaration was recorded in the office of the Clark County Recorder on
September 6, 1994 in Book No. 940906 Instrument No. 00912 which Declaration provides for a
method to make amendments to the Declaration;

WHEREAS, the 1999 Nevada Legislature adopted Senate Bill 451 on October 1, 1999 which
made certain changes to Nevada Revised Statutes Chapter 116, the Uniform Common-Interest
Ownership Act.

WHEREAS Section 37 of Senate Bill 451 requires that any declaration, bylaw or other
governing document of a common-interest community created on or after January 1, 1992, that does
not conform to the provisions of chapter 116 of NRS, as amended by his act, must be changed to
conform to those provisions, and may be so changed without complying with the procedural
requirements generally applicable to the adoption of an amendment to such a declaration, bylaw, or
other governing document.

NOW, THEREFORE, the following sections of the Declaration of Covenants, Conditions,
and Restrictions of the Association are hereby changed, deleted, or added as follows:

DEFINITIONS

Article I Section 1.0 is hereby added to read as follows:

Section 1.0A: Administrator

"Administrator" shall mean the administrator of the Real Estate Division of the Department of Business and Industry.

DEFINITIONS

Article I Section 1.14A is hereby added to read as follows:

Section 1.14A: Emergency

"Emergency" shall mean any occurrence or combination of occurrences that:

- a. Could not have been reasonably foreseen;
- b. Affects the health, welfare, and safety of the units' owners of the Association;
- c. Requires the immediate attention of, and possible action by, the Board.

CREATION AND MEMBERSHIP IN ASSOCIATION

Article II Section 2.2 is hereby amended to include the following:

Section 2.2: Declarant's Control; Termination of Declarant's Control

Within 30 days after Members other than the Declarant may elect a majority of the Directors, the Declarant shall deliver to the Association all property of the Members and of the Association held by or controlled by Declarant, including, but not limited to:

1. The original or a certified copy of the recorded Declaration as amended, the Articles of Incorporation, if applicable, the By-Laws, Rules and Regulations, if applicable, minute books, and other books and records of the Association; and
2. An accounting of the money of the Association and financial statements from the date the Association received money to the date the period of the Declarant's control ends. The financial statements must fairly and accurately report the Association's financial condition prepared in accordance with generally accepted accounting principles; and
3. A complete study of the reserves of the Association, conducted by a person qualified by the Administrator, and at the time the control of the Declarant ends, the Declarant shall:
 - a. Deliver to the Association a reserve account that contains the Declarant's share of the amounts then due, and control of the account.
 - b. Disclose, in writing, the amount by which the Declarant has subsidized the Association's dues on a per unit or per lot basis; and

4. The Association's money or control thereof; and
5. All of the Declarant's tangible personal property that has been represented by the Declarant as property of the Association or, unless the Declarant has disclosed in the public offering statement that all such personal property used in the Association will remain the Declarant's property, all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the common elements, and inventories of these properties; and
6. A copy of any and all plans and specifications used in the construction of the improvements in the Association which were completed within 2 years before the Declaration was recorded; and.
7. All insurance policies, then in force, in which the Members, the Association, or the Directors and Officers are named as insured persons; and
8. Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the Association other than units in a planned community; and
9. Any renewable permits and approvals issued by governmental bodies applicable to the Association which are in force and any other permits and approvals so issued and applicable which are required by law to be kept on the premises of the Community; and
10. Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective; and
11. A roster of Members and Mortgagees of units and their addresses and telephone numbers, if known, as shown on the Declarant's records; and
12. Contracts of employment in which the Association is a contracting party; and
13. Any contract for service in which the Association is a contracting party or in which the Association or the Members have any obligation to pay a fee to the persons performing the services.

ASSESSMENTS

Article III Section 3.1 is hereby amended to include the following:

Section 3.1: Annual Assessments for Common Expenses

1. Declarant Responsibility: Until the Association establishes an annual assessment for common expenses, the Declarant shall pay all common expenses.
2. Time Period: After an assessment has been made by the Association, assessments must be made at least annually, based on a budget adopted at least annually by the Association. The Budget must include a Budget for the daily operation of the Association and the money for the reserve required by the Act.
3. Applicability: Except for assessments under subsections 4 to 7, inclusive, all common expenses, including a reserve, must be assessed against all the units in accordance with the allocations set forth in this Declaration pursuant to the Act.
4. Interest Rate: Any past due assessment for common expenses or installment thereof bears interest at the rate established by the Association not exceeding 18 percent per year.
5. Limited Common Elements To the extent required by this Declaration any common expense associated with the maintenance, repair, restoration, or replacement of a limited common element must be assessed against the units to which that limited common element is assigned, equally, or in any other proportion the Declaration provides. Additionally, any common expense or portion thereof benefitting fewer than all of the units must be assessed exclusively against the units benefitted and the costs of insurance must be assessed in proportion to risk and the costs of utilities must be assessed in proportion to usage.
6. Judgments Against the Association: Assessments to pay a judgment against the Association may be made only against the units in the Association at the time the judgment was entered, in proportion to their liabilities for common expenses.
7. Individual Actions If any common expense is caused by the misconduct of any Member or tenant, guest, or invitee of a Member, the Association may assess that expense exclusively against the Member.
8. Reallocated Costs: If liabilities for common expenses are reallocated, assessments for common expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated liabilities

ASSESSMENTS

Article III Section 3.4A is hereby amended to include the following:

Section 3.4A: Special Assessment for Violations

1. **Sanctions:** If a Member or tenant, family member, guests, or invitee of a Member violates a provision of the governing documents, the Board may, after written notice and opportunity to be heard:
 - a. Prohibit, for a reasonable time, the individual from voting on matters related to the Association and using the common elements, except for any vehicular or pedestrian ingress or egress to go to or from the unit, including any area used for parking;
 - b. Require the individual or Member to pay a fine for each failure to comply, the amount of which shall be commensurate with the severity of the violation and otherwise consistent with the Act.

2. **Amount and Frequency of Fines:** If a fine is imposed pursuant to subsection 1b, above, and the violation is not cured within 14 days or a longer period as may be established by the Board, the violation shall be deemed a continuing violation. If a continuing violation is established, the Board may:
 - a. Impose an additional fine for the violation for each 7-day period or portion thereof that the violation is not cured, the amount of which shall be commensurate with the severity of the violation and consistent with the Act. Any additional fine for a continuing violation may be imposed without notice and an opportunity to be heard.

3. **Inconsistent Provisions** If this provision is inconsistent with any other provision of the Declaration or By-Laws of the Association, this provision shall govern only those portions which shall be determined to be inconsistent.

ASSESSMENTS

Article III Section 3.7 is hereby amended to include the following:

Section 3.7: Power of Sale

1. **Foreclosure** Except as otherwise provided in subsection 4, the Association may foreclose its lien by sale after:
 - a. The Association has mailed by certified or registered mail, return receipt requested, to the Member or his successor in interest, at his or her address if known, and at the address of the unit, a notice of delinquent assessment which states the amount of the assessments and other sums which are due in accordance with the Act, a description of the unit against which the lien is imposed, and the name of the record owner of the unit; and

- b. The Association or other person conducting the sale has executed and caused to be recorded, with the county recorder of the county in which the Association or any part of it is situated, a notice of default and election to sell the unit to satisfy the lien, which contains the same information as the notice of delinquent assessment, but must also describe the deficiency in payment and the name and address of the person authorized by the association to enforce the lien by sale; and
 - c. The Owner or his successor in interest has failed to pay the amount of the lien, including costs, fees and expenses incident to its enforcement, for 60 days following the recording of the notice of default and election to sell.
2. Authority to Sign The notice of default and election to sell must be signed by the person designated in the Declaration or by the Association for that purpose, or if no one is designated, by the President of the Association.
3. Time Periods The period of 60 days begins on the first day following the later of:
- a. The day on which the notice of default is recorded; or
 - b. the day on which a copy of the notice of default is mailed by certified or registered mail, return receipt requested, to the Owner or his successor in interest at his address if known, and at the address of the unit.
 - c. The Association may not foreclose a lien by sale for the assessment of a fine for a violation of the Declaration, Bylaws, Rules or Regulations of the Association, unless the violation is of a type that threatens the health, safety or welfare of the residents of the Association.
4. Super Priority A lien filed by the Association takes priority over all liens and encumbrances filed against any Lot except
- a. Liens and encumbrances recorded before the recordation of the Declaration
 - b. A first security interest on the Lot recorded before the date that the assessment sought to be enforced became delinquent.
 - c. Liens for real estate taxes and other governmental assessments or charges against the Lot

The lien is also prior to all security interests described in paragraph (b) to the extent of the assessments for common expenses based on the period budget adopted by the Association pursuant to the Act which would have become due in the absence of acceleration during the six months immediately preceding institution of an action to enforce the lien.

POWERS AND DUTIES OF ASSOCIATION

Article IV Section 4.0 is hereby added to read as follows:

Section 4.0: Powers and Duties

The duties and powers of the Association are those set forth in the Act and this Declaration, the Articles and By-Laws, together with the general and implied powers of a non-profit corporation generally to do any and all things that such a corporation may lawfully do which are necessary or proper, in operating for the peace, health, comfort, safety, and general welfare of its Members. This Declaration may not impose limitations on the power of the Association to deal with the Declarant which are more restrictive than the limitations imposed on the power of the Association to deal with other persons.

POWERS AND DUTIES OF ASSOCIATION

Article IV Section 4.18 is hereby amended to include the following:

Section 4.18: Requirements for Rules and Regulations

1. **Purpose:** The Rules and Regulations must be reasonably related to the purpose for which they are adopted and sufficiently explicit in their prohibition, direction, or limitation to inform a Member or other individual of any action or omission required for compliance. In addition, the Rules and Regulations must not be adopted to evade any obligation of the Association and they must be consistent with the Declaration and By-Laws. They may not arbitrarily restrict conduct or require the construction of any capital improvement by a Member that is not required by the Declaration or By-Laws.
2. **Enforcement:** The Rules and Regulations must be uniformly enforced under the same or similar circumstances against all Members.
3. **Fines:** A fine may be imposed for the violation of any Rule or Regulation if, at least 30 days before the violation, the Member and/or individual received notice of the Rule or Regulation and then, after the violation, the Member or individual received notice of the right to request a hearing and be heard regarding the alleged violation.

GENERAL PROVISIONS

Article XIV Section 14.17 is hereby added to read as follows:

Section 14.17: Commencement of Civil Actions

1. **Ability to Commence** Association may commence a civil action only upon a vote or written agreement of the Members of units to which at least a majority of the votes of the Members of the Association are allocated unless the civil action is commenced:

- a. To enforce the payment of an Assessment;
 - b. To enforce the Declaration, By-Laws or Rules and Regulations of the Association;
 - c. To proceed with a counterclaim; or
 - d. To protect the health, safety and welfare of the Members of the Association.
2. Commencement Without Approval If a civil action is commenced without the required vote or agreement, the action must be ratified within 90 days after the commencement of the action by a vote or written agreement of the owners of the units to which at least a majority of votes of the Members of the Association are allocated.
3. Notice At least 10 days before the Association commences or seeks to ratify the commencement of a civil action, the Association shall provide a written statement to all Members that includes:
- a. A reasonable estimate of the costs of the civil action, including reasonable attorney's fees;
 - b. An explanation of the potential benefits of the civil action and the potential adverse consequences if the Association does not commence the action or if the outcome of the action is not favorable to the Association; and
 - c. All disclosures that are required to be made upon the sale of any property.
4. Objection to Commencement No person other than an Member may request the dismissal of a civil action commenced by the Association on the ground that the Association failed to comply with any provision of this section.

GENERAL PROVISIONS

Article XIV Section 14.16 is hereby amended to include the following:

Section 14.16: Inconsistent Provisions

In the event that any provision of the Declaration shall be inconsistent with any provision adopted pursuant to Senate Bill 451 or any subsequent provision of the Act, the provision adopted pursuant to Senate Bill 451 or the provision of the Act shall control unless stated otherwise in the provision or the Act.

WHEN RECORDED MAIL TO:
Pardee Construction Company
10880 Wilshire Blvd. Suite 1900
Los Angeles, California 90024

Attention: Barbara Bail

SPACE ABOVE THIS LINE FOR RECORDER'S USE

SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS AND ANNEXATION

OF

ELDORADO NO. 8 - RCL NO. 17

TO

ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS ASSOCIATION

PREAMBLE

THIS SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, RESERVATIONS OF EASEMENTS AND ANNEXATION ("Supplementary Declaration"), made by PARDEE CONSTRUCTION COMPANY OF NEVADA, a Nevada corporation, ("GRANTOR"), being the owner of that certain real property subject to this Supplementary Declaration and hereinafter more particularly described.

WITNESSETH

WHEREAS, GRANTOR is the owner of certain property (sometimes hereinafter referred to as the "Subject Property") located in the County of Clark, State of Nevada, described as follows"

Lots Seven (7) through Eleven (11) in Block One (1); Lots Fifteen (15) through Twenty-Eight (28) in Block Three (3); Lots Nineteen (19) through Forty (40) in Block Four (4); and Lots Twenty-Eight (28) through Fifty (50) in Block Five (5) in Eldorado No. 8 RCL No. 17 recorded on May 21, 19 98 on File in Book 84, Page 51, of Plats in the Office or the County Recorder of Clark County, Nevada.

WHEREAS, GRANTOR has recorded that certain Declaration of Covenants, Conditions and Restrictions and Reservations of Easements for Eldorado Neighborhood Second Homeowners Association (the "Declaration") on September 6, 1994 in the Official records of Clark County, Nevada, in Book 940906 as Document No. 00912;

WHEREAS, Section 13.1 of the Declaration provides that additional real property may be annexed by Grantor and made a part of the Project (as defined in the Declaration);

NOW, THEREFORE, the Grantor hereby declares that all of the property described above is held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved subject to the following limitations, covenants, conditions, restrictions and easements all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale enhancing and protecting the value, desirability and attractiveness of said property and every part and portion thereof. All of said limitations, covenants, restrictions and easements shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in said property or any part thereof, whether as sole owners, lessees, tenants, occupants or otherwise.

Bandera
17-1 through 17-6

Pardee Construction Company
A Weyerhaeuser Company

10880 Wilshire Blvd., Suite 1900
Los Angeles, California 90024
Tel (310) 475-3525
Fax (310) 446-1290
www.pardee-homes.com

RECEIVED

NOV 26 1998

TERRA WEST

November 19, 1998

Board of Directors
Eldorado Neighborhood Second
Homeowners Association
c/o Terra West
2655 S. Rainbow, Ste. 200
Las Vegas, NV 89102

Dear Directors,

Enclosed you will find the Supplementary Declaration of Covenants, Conditions and Restrictions and Annexation for the Eldorado Neighborhood Second Homeowners Association.

Respectfully,


Alan Schantz
Community Relations Coordinator

AS/amd

Enclosures

ARTICLE I

DESCRIPTION OF LAND AND IMPROVEMENTS

Section 1.01 Subject Property:

The real property subject to said covenants, conditions and restrictions is located in the County of Clark, State of Nevada, described as follows:

Lots Seven (7) through Eleven (11) in Block One (1); Lots Fifteen (15) through Twenty-Eight (28) in Block Three (3); Lots Nineteen (19) through Forty (40) in Block Four (4); and Lots Twenty-Eight (28) through Fifty (50) in Block Five (5) in Eldorado No. 8 RCL No. 17 recorded on May 21, 19 98 on File in Book 84, Page 51, of Plats in the Office or the County Recorder of Clark County, Nevada.

Section 1.02 Annexation:

Pursuant to Section 13.1 and 13.5 of the Declaration, the Subject Property shall be annexed to the properties and added to the scheme of the Declaration and subject to the provisions of the jurisdiction of the Association at the close of the first sale of a Subdivision Interest by Declarant in the Subject Property.

Section 1.03 Definitions:

(a) The term "Real Property" as defined in Section 1.26 of the Declaration shall include the Subject Property.

(b) The term "Subdivision Interest" as defined in Section 1.32 of the Declaration shall include each of:

Lots Seven (7) through Eleven (11) in Block One (1); Lots Fifteen (15) through Twenty-Eight (28) in Block Three (3); Lots Nineteen (19) through Forty (40) in Block Four (4); and Lots Twenty-Eight (28) through Fifty (50) in Block Five (5) in Eldorado No. 8 RCL No. 17 recorded on May 21, 19 98 on File in Book 84, Page 51, of Plats in the Office or the County Recorder of Clark County, Nevada.

(c) The term "Slope-Control Areas" as defined in Section 11.22 of the Declaration shall include each of:

NONE

(d) The term "Annexable Property" as defined in Recital A and as described in Exhibit "A" of the Declaration shall include each of:

Lots Seven (7) through Eleven (11) in Block One (1); Lots Fifteen (15) through Twenty-Eight (28) in Block Three (3); Lots Nineteen (19) through Forty (40) in Block Four (4); and Lots Twenty-Eight (28) through Fifty (50) in Block Five (5) in Eldorado No. 8 RCL No. 17 recorded on May 21, 19 98 on File in Book 84, Page 51, of Plats in the Office or the County Recorder of Clark County, Nevada.

IN WITNESS WHEREOF, GRANTOR has executed this SUPPLEMENTARY DECLARATION this 4th day of September, 1998.

GRANTOR:

PARDEE CONSTRUCTION COMPANY
OF NEVADA, a Nevada corporation

By: David Scoll
David Scoll, Senior Vice President

By: Barbara Bail
Barbara Bail, Assistant Secretary

STATE OF CALIFORNIA)
) SS.
COUNTY OF LOS ANGELES)

On September 7, 1998 before me, Helen Katopodis a Notary Public in and for said County and State, personally appeared David Scoll as Senior Vice President and Barbara Bail as Assistant Secretary personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

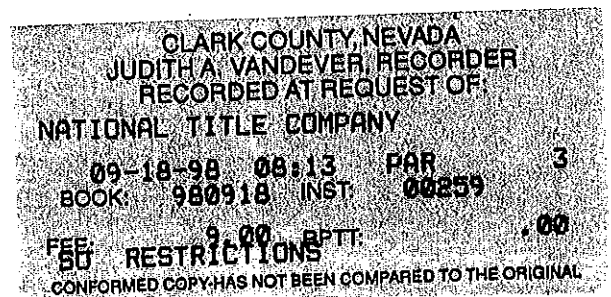
WITNESS my hand and official seal.

Signature Helen Katopodis



eldr17.ccr

Bandera
17-1 through 17-6



PLANNED UNIT DEVELOPMENT

INFORMATION BROCHURE

Project: ELDORADO NEIGHBORHOOD SECOND HOMEOWNERS' ASSOCIATION
North Las Vegas
Clark County, Nevada

Developer: PARDEE CONSTRUCTION COMPANY,
a Nevada corporation
4835 South Rainbow #301
Las Vegas, Nevada 89103
Telephone: (702) 876-2634

Developer Representative: Ray Landry
(702)876-2634

Description:

It is the intent of the Developer to build the Planned Unit Development, Eldorado II, in multiple phases. The first phase will consist of 66 residential lots ("Lot") in the City of North Las Vegas, Clark County, Nevada, as per Eldorado No. 5 - R1 - 60 No. 2 recorded on March 11, 1994 on file in Book 60 of Plats, Page 87 in the Office of the County Recorder of Clark County:

Each of the future phases may be annexed to the overall Project so long as annexation is in accordance with the general plan approved by the United States Department of Veterans Affairs (the "VA"). If the subsequent phases are annexed, there will be an increase in the membership of the Eldorado Neighborhood Second Homeowners' Association, a Nevada nonprofit mutual benefit corporation, (the "Association"). There is no guarantee that the future phases will be completed or annexed. The Planned Unit Development will include a variety of single and multi-family housing and may include other homeowner associations, all in accordance with the general plan approved by the VA.

The purchaser of a residence in the Project will receive fee title to his or her Lot, the right and easement of enjoyment of the Common Area and a Class A membership in the Association.

Common Area:

The Common Area will consist of landscaped areas legally described and illustrated on the recorded Plat Maps together with any improvements thereon, and all other real property which the Association is responsible for maintaining.

The Association may own such items of personal property as are necessary to operate and maintain the Common Area or perform its duties under the Declaration.

The Common Area may consist of areas for the use and benefit of all purchasers in the Project or in neighboring projects within Eldorado, such as monument entry areas and easements for landscaping purposes on those streets with landscaped tree wells or landscaped line of sight corners. At the time of the conveyance of the first lot, the Common Area will be for the use and benefit of all Owners within the Project.

Project Amenities - Landscaping.

The Common Area improvements for the first phase will be completed prior to the close of any VA guaranteed loan for a residence in the first phase. The Common Area improvements for the future phases will be completed during the normal course of construction with any escrow on a VA guaranteed loan on a

residence in the future phases being closed in accordance with VA requirements. The Association will provide for the care, maintenance and operation of the Common Area and may provide for the removal of graffiti from exterior perimeter walls. The Association may also contract with the City of North Las Vegas to maintain City Easements within or adjacent to the Project. Each owner is responsible for the maintenance of his or her Lot, and any structures, including the perimeter block wall. If the Developer has not provided a lawn for a particular Lot, then the owner of that Lot must install a lawn or a ground cover acceptable to the Architectural Review Committee ("ARC") within sixty (60) days from the date of conveyance of title to that Lot or the date of occupancy, whichever occurs first. No changes may be made to the Common Area without the consent of the Board of Directors of the Association (the "Board").

The Landscape Easements extend across the rear of certain Lots, and each owner of such lot will be responsible for the cost of any repairs to the underground lines lying within the Landscape Easement caused by an owner or his or her contractor's damage to such lines.

Completion Schedule:

The schedule completion date for sales in the first phase is approximately September 30, 1994. There is no guarantee that the first phase will be completed according to this schedule. Depending upon the rate of sales in previous phases, future phases may not be built or if construction has begun, completion may be delayed or accelerated.

Financing:

Conventional loans to purchase residences will be available to qualified buyers in principal amounts of 80%, 90%, and 95% of the sales price. VA guaranteed financing will be available to those buyers who meet VA qualifications.

Assessments:

The maximum annual regular assessment initially established for each Lot will be \$120 per year, which will be payable annually in advance. The Board may provide for monthly installments rather than annual assessments with the Right to accelerate such installments upon non payment. There is no guarantee that the Developer will cause such additional Lots to be annexed into the Project. From and after the 1st day of the fiscal year immediately following the conveyance of the first Lot to an owner, the maximum annual regular assessment may be increased each year by not more than fifteen percent (15%) above the maximum regular assessment for the previous year without a vote of the membership of the Association. The maximum annual assessment of the Association may be increased more than fifteen percent (15%) above the previous year upon the vote or written assent of fifty-one percent (51%) or more of each class of Members of the Association.

A special assessment may be levied by the Association upon the vote or written assent of fifty-one percent (51%) or more of each class of members of the Association. The special assessment would be applicable to that year only for the purposes of defraying the cost of (i) construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or (ii) any other action or undertaking on behalf of the Association which exceeds the budgeted gross expenses of the Association for the fiscal year.

Certain amounts may also be assessed against individual owners, e.g., for damage to Common Area or costs incurred by the Association in remedying certain owner breaches of the property restrictions.

The regular and special assessments and amounts described in the preceding paragraph, together with interest, costs and reasonable attorneys' fees, are a charge on each Lot and (with certain exceptions) are a continuing lien upon each Lot, which lien becomes effective upon recordation of a notice of assessment. At any time after any assessments levied by the Association affecting any Lot have become delinquent, the Board may record, in the Clark County Recorder's office, a notice of delinquency as to such Lot. Immediately upon recordation of any notice of delinquency, the amounts delinquent, plus interest and costs (including penalties and attorneys' fees) shall become a lien upon the Lot. Each assessment lien may be foreclosed in the same manner as the foreclosure of a mortgage or deed of trust upon real property under Nevada law.

Insurance:

The Association does not provide title insurance to purchasers. However, the Developer will provide to each purchaser a CLTA owners policy of title insurance at the close of escrow. No insurance is provided to a purchaser for any improvements located on his or her Lot. Each purchaser, therefore, must provide his or her own insurance. Each owner of a Lot on which a block wall is located must maintain casualty insurance on a replacement cost basis on the wall. Any insurance proceeds an owner may receive for damage or destruction to the block wall must be paid to the Association which shall restore and repair the wall to its former condition. The failure of an owner to pay such insurance proceeds to the Association may result in the Association filing a lien upon his or her Lot.

The Association will carry general liability insurance covering personal injury and property damage occurring on any part of the Common Area. The premiums paid by the Association for this insurance will be collected from each purchaser as part of his or her regular annual assessment.

Fidelity and Officers and Directors Insurance:

The Association will obtain fidelity bond coverage on persons or entities handling funds of the Association naming the Association as obligee in an amount equal to one hundred fifty percent (150%) of the Association's annual assessments including reserves. The Association will provide officers and directors liability insurance coverage if reasonably available.

Management of the Project:

The governing body of the Association is the Board, which is comprised of seven (7) individuals a majority of whom must be members of the Association. In accordance with the Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for the Eldorado Neighborhood Second Homeowners' Association (the "Declaration"), the Association was formed and the Board was elected by Pardee Construction Company of Nevada, in order to have a functional organization from the beginning.

It is the Board's responsibility to manage the community in conformity with the By-Laws and the Declaration. This includes management of the Common Areas.

The first annual meeting of the voting members of the Association ("Members") will be held within six (6) months of the close of sale of the first Lot, or within forty-five (45) days following close of sale by Developer of fifty-one percent (51%) of the Lots, whichever occurs first. Subsequent annual meetings of Members will be held annually thereafter on a date and time determined by the Board of Directors.

Special meetings of Members shall be called upon request of the President of the Association, a majority of the Board of Directors, or upon receipt of a written request signed by Members representing at least five percent (5%) of the

total voting power of the Association. Written notice for both special and annual meetings must be given to all members not less than ten (10) days nor more than sixty (60) days prior to the meeting.

Each purchaser automatically becomes a member of the Association and will have one (1) vote for each Lot owned.

Cumulative voting exists for the election and removal of directors. This means that an owner may give one (1) candidate a number of votes equal to the number of directors to be elected multiplied by the number of votes to which he or she is entitled, or the owner may distribute his or her votes among the candidates as he or she sees fit. Unless the entire Board is removed from office by the vote of the Members, an individual director cannot be removed prior to the expiration of his or her term of office if the number of votes cast against his or her removal would be sufficient to elect him or her (if votes cumulatively at an election at which the same total number of votes were cast and the entire number of directors authorized at the time of the most recent election of the governing Board member where then being elected). Any directors elected to office solely by the votes of Members other than Developer may be removed from office prior to the expiration of his or her term only upon the vote of a simple majority of the voting power of Members other than Developer. The Class A Members shall be entitled to elect at least two of the directors at the first meeting of the membership of the Association with the Class B Member abstaining.

Nominations for election to the Board shall be made either by the Board or by a nominating committee appointed by the Board. Nominations may also be made from the floor at the annual meeting.

An annual organizational meeting of the Board shall be held immediately following the annual meeting of Members. At each annual organizational meeting, the Board shall adopt a schedule (subject to change) of other regular Board meetings to be held at least monthly during the forthcoming year, unless the business to be transacted by the Board does not require such frequent meetings, in which case the Board may meet as infrequently as every six (6) months. Notice of the time, date and place of a regular meeting must be communicated to the directors not less than four (4) days prior to such meeting. Special meetings of the Board may be called a any time by the President, any Vice-President or any two (2) Directors. Written notice of the time and place of special meeting and the nature of any special business to be considered shall be sent to all Directors by first-class mail not less than four (4) days prior to the scheduled time of the meetings, or delivered personally or by telephone or telegraph not less than seventy-two (72) hours prior to the scheduled time of the meeting.

The officers of the Association are elected by the directors.

The officers and their duties are:

- (a) President -- Must be a director and is the chief executive officer of the Association.
- (b) Vice-President -- Acts in the absence of the president and must also be a director.
- (c) Secretary -- Responsible for recording the votes and keeping the minutes of all meetings.
- (d) Treasurer -- Responsible for the financial affairs of the Association.

The Association will employ a professional management firm. The employment agreement may be longer than one (1) year, but not more than three (3) years, if the contract was negotiated by someone other than the Developer and the terms

thereof approved by the VA and is subject to a thirty (30) day cancellation notice. In the event the VA does not approve the management contract and/or the Developer negotiates such a contract, then the term shall not exceed one (1) year which shall also be subject to a thirty (30) day cancellation notice. A monthly fee of \$4.00 per Lot has been budgeted for this service. Such service would be rendered under the direction of the Board and would include: collecting all assessments; paying all the Association's bills; supervising subcontractors of the Association hired to maintain the landscaping, etc; enforcing the Declaration; and such other duties as the Board may from time to time determine.

Bank accounts of the Association require the signatures of two officers of the Association, or if professional management of the Association has been retained, the signature of one officer and an authorized representative of the management company. The President, Vice President, or the Treasurer are each permitted cosigners on the Association's bank accounts.

Under state law, the Association may merge with other nonprofit mutual benefit corporations organized for the same purpose with the affirmative vote of a majority of a quorum of the directors and of each class of Members and the approval of any other person whose approval of an amendment of the Articles of Incorporation of the Association (the "Articles") is required by the Articles.

The Association may be dissolved by the written, signed assent of one hundred percent (100%) of each class of members. Upon dissolution of the Association, the net assets of the Association shall be distributed to the Members of the Association as their interests may appear.

The Developer will control the Association only so long as it retains sufficient votes to elect a majority of the directors.

User Fees:

Since no use equipment or facilities are presently contemplated, other than landscaped areas, it is presently contemplated that no user fees will be charged to purchasers for use of the Common Area.

Association Services:

The Association will manage, maintain, preserve and improve the Common Area and all its improvements.

Restraints on Alienation:

There are no restraints on alienation of a Lot imposed by Developer.

Restriction and Architectural Control:

All homes are for single family residential use subject to the restrictions set forth in the Declaration that are a matter of public record by recording in the County Recorder's Office [to protect the enjoyment of each owner and protect the aesthetic quality of the Project].

No changes may be made to the exterior of any home or Lot, and no landscaping improvements, pool, patio deck or other changes may be made except those approved by the ARC.

The Board of the Association has the power to regulate the Common Area. No changes may be made to the Common Area, except as may be permitted by the Board of Directors of the Association.

Documents:

Copies of the Declaration, all amendments thereto, the Articles and By-Laws of the Association and all amendments thereto, may be obtained by the prospective purchaser upon request prior to making a decision to purchase. Each prospective purchaser is encouraged to obtain and study these documents before deciding to buy a home.

Association Contracts:

There are no contracts for services to the Association or to the owners with companies owned or operated by the Developer or in which the Developer has an interest, other than the Subsidy Agreement referred to above.

Building Warranties:

The Common Area as described in the recorded Declaration shall be warranted from defects for two (2) years from the date the Common Area is completed and available for use by the purchaser(s)/owner(s) or two (2) years from the date the first Lot is conveyed to an owner other than the Declarant in the phase of the Project containing the Common Area, which ever is later.

This document is correct as of June 7, 1994, and is subject to change.

486/eld2nd.inf

