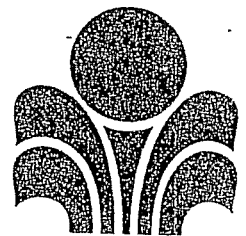


Castle Bay Shores Community HOA
4932 Ocean Shores Way
Las Vegas, NV. 89130

CASTLE BAY SHORE



LOS PRADOS

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

CASTLE BAY SHORE VILLAGE OF LOS PRADOS

THIS DECLARATION, made on the date hereinafter set forth by VISTA HILLS, INC., a Nevada corporation, and U. S. HOME CORPORATION, a Delaware corporation, hereinafter collectively referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Clark County, Nevada which is more particularly described on Exhibit A attached hereto and by this reference made a part hereof ("the Properties");

WHEREAS, the overall development plan of Castle Bay Shore Village shall consist of 54 units in 5 phases, consisting of the following:

12 units in Phase I (Lots 1 through 3, Block 6; Lots 1 through 6, Block 7, including Lot "A"; Lots 13 through 14, Block 7; and Lot 1, Block 8),

10 units in Phase II (Lots 4 through 13, Block 6),

10 units in Phase III (Lots 14 through 23, Block 6),

12 units in Phase IV (Lots 7 through 12, Block 7, and Lots 2 through 7, Block 8), and

10 units in Phase V (Lots 24 through 27, Block 6, and Lots 8 through 12, Block 8)

and the development of each phase will be consistent with the overall Development Plan submitted to and approved by the Veterans Administration;

WHEREAS, the homes in Castle Bay Shore Village shall be single story structures of Spanish Contemporary design with attached garages consisting of two units connected by zero lot line common walls, from 1,113 to 1,421 air conditioned square feet on homesites of 40' x 90' M.O.L. and the amenities in Castle Bay Shore Village shall include, but not be limited to, a pool and spa with bath house on Lot A (as described on attached Exhibit A) which will be fully landscaped and conveyed to the Castle Bay Shore Community Association in the first phase;

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following easements, restrictions, covenants and conditions which shall run with the land and be binding on all parties having or acquiring any right, title or interest in the above-described properties or any part thereof, and shall be for the benefit of each owner of any portion of the properties, or any interest therein, their heirs, successors and assigns, and shall inure to the benefit of and be binding upon each successor in interest or the owners thereof.

ARTICLE I

DEFINITIONS

Section 1. "Articles" shall mean and refer to the Articles of Incorporation of the Association, including any and all amendments or modifications thereof.

Section 2. "Association" shall mean and refer to CASTLE BAY SHORE COMMUNITY ASSOCIATION, INC., its successors and assigns.

Section 3. "Board of Directors" shall mean and refer to the Association's Board of Directors.

Section 4. "Bylaws" shall mean and refer to the Bylaws of the Association, including any and all amendments or modifications thereof.

Section 5. "Common Area" shall mean all portions of the Properties that are not Lots or roadways or rights-of-way and shall refer to that certain real property described on attached Exhibit B.

Section 6. "Declarant" shall mean and refer to Vista Hills, Inc. and U. S. Home Corporation, their successors and assigns, if such successors or assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development. It shall not include any person or party other than U. S. Home Corporation who purchases a Lot from Vista Hills, Inc. or U. S. Home Corporation, however, unless such purchaser is specifically assigned by a separate recorded instrument some or all of the rights held by Vista Hills, Inc.

or U. S. Home Corporation, as Declarant under this Declaration, with regard to the conveyed property.

Section 7. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Areas.

Section 8. "Master Association" shall mean and refer to LOS PRADOS COMMUNITY ASSOCIATION, INC., a Nevada not for profit corporation, its successors and assigns.

Section 9. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner" shall include Vista Hills, Inc.

Section 10. "Parcel" shall mean and refer to any part of the Properties other than the Common Area, Lots, streets and roadways, and land owned by a governmental body or agency or public utility company, whether or not such Parcel is developed or undeveloped, and without regard to the use or proposed use of such Parcel. Any Parcel, or part thereof, however, for which a subdivision plat has been filed of record shall, as to such portions, cease being a Parcel, or part thereof, and shall become Lots.

Section 11. "Properties" shall mean and refer to that certain real property described on attached Exhibit A and such additions thereto as may hereafter be brought within the jurisdiction of the Association and made subject to this Declaration.

Section 12. Interpretation. Unless the context otherwise requires, the use herein of the singular shall include the plural and vice versa; the use of one gender shall include all genders; and the use of the term "including" shall mean "including without limitation". The headings used herein are for indexing purposes only and shall not be used as a means of interpreting or construing the substantive provisions hereof.

ARTICLE II

MASTER ASSOCIATION AND MASTER RESTRICTIONS

Section 1. Membership. Each Owner of a Lot automatically becomes a member of the LOS PRADOS COMMUNITY ASSOCIATION, INC. ("Master Association"), which is the Master Association governing all residents of the LOS PRADOS development. Such membership is in addition to the Owner's automatic membership in the Association, as provided in Article III of this Declaration. As a member of the Master Association, each Owner shall be subject to its Articles of Incorporation, Bylaws and rules and regulations in effect from time to time.

Section 2. Master Restrictions. In addition to this Declaration, each Lot is subject to the terms and conditions of the Declaration of Covenants, Conditions and Restrictions of LOS PRADOS, recorded on May 29, 1986 as Instrument No. 00737, Book 860529, Official Records, Office of the County Recorder, Clark County, Nevada (herein, together with all other amendments thereof now or hereafter made, called the "Master

Restrictions"). Pursuant to the Master Restrictions, assessments are due and charges are levied by the Master Association, payment of which is secured by a lien on each Owner's Lot. Other provisions of the Master Restrictions pertain to land use, recreational facilities, architectural control and other matters. By acceptance of a deed or otherwise acquiring title to a Lot, the Owner thereof agrees to abide by the provisions of the Master Restrictions and to uphold his responsibilities and obligations as a member of the Master Association, including the payment of such assessments, dues and charges as shall be levied thereby.

ARTICLE III

PURPOSE

Section 1. Operation, Maintenance and Repair of Common Area. The Declarant, in order to insure that the Common Area and other land for which it is responsible hereunder will continue to be maintained in a manner that will contribute to the comfort and enjoyment of the Owners and provide for other matters of concern to them, has organized the Association. The purpose of the Association shall be to operate, maintain and repair the Common Area, including any recreational facilities which may be constructed within the Properties and right of way areas, but not including roadways. The Common Area shall include any recreation facilities constructed within the Properties. The Association shall, however, maintain certain decorative entranceways to the Properties and take such other

action as the Association is authorized to take with regard to the Properties pursuant to its Articles of Incorporation and Bylaws, or this Declaration, and with regard to any other areas as designated by the Board of Directors. The Association shall operate, maintain and repair areas designated by Declarant as Common Areas, whether or not title to those areas has been formally conveyed to the Association.

Section 2. Age Restriction. The Properties, also known as Castle Bay Shore Village has been created as an adult community. No permanent resident of the Properties shall be less than sixteen (16) years old and at least one (1) permanent resident of each Lot shall be fifty (50) years old. For purposes of this paragraph, anyone who resides at the Lot for more than six (6) months in a calendar year or anyone under sixteen (16) who has registered to attend school in Nevada shall be deemed a permanent resident. Each buyer of a Unit, including specifically anyone who is a Veteran of the Armed Forces of the United States of America, shall sign an acknowledgement that he has read and understands this section and agrees to abide by its terms.

Section 3. Expansion of the Common Area. Additions to the Common Area may be made in accordance with the terms of Article XII, which provides for additions to the Properties pursuant to the General Land Plan as therein more particularly described. The Declarant shall not be obligated, however, to make any such additions. The Declarant has the right, but not the obligation, to add improvements to the Common Area.

Section 4. FHA/VA Approval. As long as there is a Class B membership, the following actions will require the prior approval of the Veterans Administration: (a) annexation or de-annexation of additional property so long as Veterans Administration financing will be offered for Lots located within such property; provided, however, Declarant will provide the Veterans Administration or other governmental entity with copies of all recorded Declarations of Annexation as required by Article XII, Section 2, paragraph A herein; (b) dedication, mortgage or conveyance of the Common Area; and (c) amendment of this Declaration. A draft of the amendment should be submitted to the Veterans Administration for its approval prior to recordation.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and nonexclusive easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

A. the right of the Association from time to time in accordance with its Bylaws to establish, modify, amend and rescind reasonable Rules and Regulations regarding use of the Common Area;

B. the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

C. the right of the Association to suspend the voting rights and right to use of the Common Area by an Owner for any period during which any assessment levied under this Declaration against his Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published Rules and Regulations;

D. the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility, as provided by its Articles;

E. the right of the Association to grant easements as to the Common Area or any part thereof as provided by its Articles; and

F. the right of the Association to otherwise deal with the Common Area as provided by its Articles.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to his tenants who reside at the Owner's Lot, provided the Owner waives his use in writing. Such waiver by an Owner and use of the Common Area and facilities are subject to reasonable rules and regulations, as the same are from time to time adopted by the Association.

Section 3. Prohibition of Certain Activities. No damage to or waste of the Common Area or any part thereof shall be committed by any Owner or any tenant or invitee of any Owner. No noxious, destructive or offensive activity shall be permitted on or in the Common Area or any part thereof, nor shall anything

be done thereon which may be or may become an unreasonable annoyance or nuisance to any other Owner. No Owner may maintain, treat, landscape, sod or place or erect any improvement or structure of any kind on the Common Area without the prior approval of the Board of Directors.

Section 4. Signs Prohibited. No sign of any kind shall be displayed in or on the Common Area without the prior written consent of the Association. This section, however, shall not apply to the Declarant.

Section 5. Animals. No animals shall be permitted on or in the Common Area at any time except as may be provided in the Rules and Regulations of the Association.

Section 6. Rules and Regulations. No Owner or other permitted user shall violate the reasonable Rules and Regulations for the use of the Common Area, as the same are from time to time adopted by the Association.

Section 7. Title to Common Area. Not later than the time the Declarant, its successors or assigns consummates the sale of its first Lot in the Properties to a Class A member, it shall convey title and the Association shall accept title to any Common Area, subject to such easements, reservations, conditions and restrictions as may then be of record. Declarant may convey title and the Association shall accept title at any time prior to the time referred to in this Section 7, at Declarant's option.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Section 1. Each Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership.

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member shall be the Declarant and shall be entitled to nine (9) votes for each Class B Lot owned which is neither leased, nor rented, nor otherwise occupied as a dwelling unit and thirty-six (36) votes per acre for each Class B Parcel owned and designated for Single-Family Residential Use. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or
- (b) on December 31, 1991, or
- (c) when Declarant waives in writing its right to Class B membership.

Notwithstanding the foregoing, if at any time or times subsequent to any conversion, additional land is added by the Declarant hereof, such additional land shall automatically be and become Class B Lots and Parcels, as appropriate. In addition, if following such addition of land the total votes allocable to all Lots and Parcels then owned by the Declarant (calculated as if all such Lots or Parcels are Class B, whether or not they are) shall exceed the remaining total votes outstanding in the remaining Class A membership (i.e., excluding the Declarant), then any Class A Lots or Parcels owned by the Declarant shall automatically be reconverted to Class B. Any such reversion shall not occur, however, if either occurrence (b) or (c) above shall have taken place.

ARTICLE VI

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so

expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements and unexpected operating costs, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to successors in title unless expressly assumed by them. The assessments of which payment is required under this Section 1 shall be in addition to those established and imposed under the Declaration of Covenants, Conditions and Restrictions for Los Prados.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents in the Properties and for the improvement and maintenance of the lawn areas and irrigation system of the Lots and Common Areas situated upon the Properties set forth in Section 4 below.

Section 3. Land Maintenance. The Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: care of trees, lawns, shrubs

and irrigation system and painting of exterior building surfaces, as necessary. The Association's duty of exterior maintenance, however, shall not include the maintenance or replacement of glass surfaces or roofs, nor shall it impose any obligation of repair or replacement, nor any obligation of maintenance other than painting, as set forth above. An Owner may not paint or otherwise alter the exterior surface or appearance of the residence upon his Lot without the prior written approval of the Board of Directors. If such approval is granted, any such work shall be undertaken at the Owner's sole expense and risk, subject to such conditions as may be stipulated by the Board of Directors.

In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of such Lot, the cost of such maintenance shall be added to and become part of the assessment to which such Lot is subject.

Section 4. Lot Maintenance. The Association shall maintain the lawn areas of each Lot on which a completed dwelling exists, and shall also maintain any shrubs or plantings originally planted or provided by the Declarant on the Lot. Such maintenance shall include mowing, edging, fertilizing, pest control and sod replacement, as appropriate, and any other lawn maintenance service which may be deemed advisable from time to time by the Association. No other or further landscaping,

shrubs, plantings or lawn ornaments may be added by the Owner of a Lot without the prior written approval of the Board of Directors. In the event such approval is granted, the Owner of the Lot shall maintain the landscaping, shrubs, plantings and lawn ornaments so permitted, and the Association shall have no responsibility with regard thereto. In the event that any such shrubs, plantings or lawn ornaments upon a Lot shall die or be destroyed, the Association shall have no obligation to repair or replace the same.

Section 5. Special Assessments for Capital Improvements. In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of landscaping, sod, irrigation systems, Common Area improvements or other Association obligations.

Section 6. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 5 shall be sent to all members not less than ten (10) days nor more than ninety (90) days in advance of the meeting. At such meeting, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice

requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. With the exception of Declarant's assessments as described in Section 8 below, both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

Section 8. Declarant's Assessment. The rate set for the Lots or Parcels owned by the Declarant in a phase which do not have a completed residence upon them shall be fixed at one-quarter (1/4) of the assessment rate for the Class A Lots or Parcels in that phase, provided that the financial stability of the Association will not be jeopardized, and further provided, however, the Declarant shall be responsible for paying the difference between the Association's expenses of operation otherwise to be funded by annual assessments and the amount received from Owners, other than the Declarant, in payment of the annual assessments levied against their respective Class A Lots or Parcels. Such difference, herein called the "deficiency", shall include provision for reserves for replacements, operating reserves and depreciation reserves. Declarant shall be assessed only for Lots and Parcels that are encumbered by this Declaration. Upon transfer of title of a Lot or Parcel owned by the Declarant, the Lot or Parcel shall be assessed in

the amount established for Lots or Parcels owned by Owners other than the Declarant, prorated as of and commencing with, the month following the date of transfer of title. Notwithstanding the foregoing, any Lots or Parcels from which the Declarant derives any rental income, or holds an interest as mortgagee or contract seller, shall be assessed at the same amount as Lots or Parcels owned by Owners other than the Declarant, prorated as of and commencing with, the month following the execution of the rental agreement or mortgage, or the contract purchaser's entry into possession, as the case may be.

Section 9. Date of Commencement of Annual Assessments;
Due Dates. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the first conveyance of a Lot to an Owner or on the first day of the month following the conveyance of the Common Area to the Association, whichever shall first occur. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly

executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 10. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum or \$10.00, whichever is greater. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessment provided for herein by abandonment of his Lot.

Section 11. Subordination of the Lien to Mortgages. The lien of the assessment provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 12. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot in the Properties by Declarant, the maximum annual assessment for this Association shall be Six Hundred Dollars (\$600.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot by Declarant the maximum annual assessment may be increased by the Board of Directors of the Association effective January 1 each year in conformance with the rise, if any, of the wholesale Consumer Price Index (published by the Department of Labor, Washington, D.C.) for the eleven month period ending November 30 of the immediately preceding year or ten percent (10%), whichever is greater.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot by Declarant, the maximum annual assessment may be increased above the amount set forth in paragraph (a) above, provided that any such increase shall have the vote or written assent of sixty-seven percent (67%) of each Class of members who are voting in person or by proxy at a meeting duly called for this purpose. The Board of Directors of the Association may, after consideration of the current maintenance costs and the financial requirements of the Association, fix the annual actual assessment at an amount less than the maximum.

(c) The Association shall maintain an adequate reserve fund out of the annual assessment for the improvement, maintenance, repair and replacement of those elements of the Common Area that must be improved, maintained, repaired or replaced on a periodic basis.

ARTICLE VII

ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. If a

person or party is found in the proceedings to be in violation of, or attempting to violate, the provisions of this Declaration, he shall bear all expenses of the litigation, including court costs and reasonable attorney's fees, for all trial and appellate proceedings incurred by the party enforcing the provisions of this agreement. Declarant shall not be obligated to enforce this Declaration and shall not in any way or manner be held liable or responsible for any violation of this Declaration by any person other than itself.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period by an instrument approved in writing (a) by Declarant alone, prior to recordation of the sale of any Lot or Parcel in the Properties, or thereafter (b) by not less than ninety percent (90%) of the votes of the membership (for such thirty (30) year period) and by seventy-five percent (75%) thereafter. Such amendment or revocation shall be effective when duly recorded; provided, however, that any amendment or revocation must comply

with the statutes of Nevada and the resolutions and ordinances of the City of Las Vegas, Nevada, or of any successor governmental entity having jurisdiction over the Properties in existence at the time such amendments become effective. Notwithstanding anything herein to the contrary, for so long as the Declarant owns any Lot or Parcel in the Properties, any amendment of this Declaration must be approved in writing by the Declarant.

Section 4. Exception. Anything in this Declaration to the contrary notwithstanding, if any amendment to this Declaration is required at any time by an institutional mortgagee, such as a bank, savings and loan association, insurance company, insurers of first mortgages similar to the Federal National Mortgage Association or any governmental agency, such amendment shall be effective upon recording of such amendment, as executed by the Declarant, in the Public Records of Clark County, Nevada, without the necessity of the approval or joinder of any other Owners or the Association. No such amendment may adversely affect the lien or priority of any institutional first mortgagee recorded prior to the amendment.

Section 5. Models. Notwithstanding anything contained in this Declaration to the contrary, the Declarant retains the right to utilize Lots as models and to conduct sales activities on the Properties commencing when Lots are first sold or offered for sale to the public and ending when all Lots in the Properties have been sold and conveyed by Declarant to separate Owners

thereof, or five (5) years following the date of conveyance of the first Lot in the Project, whichever shall first occur. Declarant retains the right to maintain any model centers separate and apart from any maintenance of the Properties as a whole.

ARTICLE IX

PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use. Each Owner shall have a nonexclusive easement over and across the adjacent party's property as may be reasonably necessary to maintain and repair the party wall.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use,

without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE X

USE RESTRICTIONS

Section 1. Residential Use. No Lot shall be used for any purpose other than as and for a single-family residence or dwelling.

Section 2. Animals. No horses, cattle, sheep, goats, pigs, rabbits, poultry or other animals of any description shall be kept or maintained on any Lot or Parcel except that Owners

may keep dogs, cats, fish or other domestic animals which are bona fide household pets so long as such pets are not kept for commercial purpose, do not make objectionable noises or otherwise constitute a nuisance or inconvenience to any of the residents of adjacent property, and are kept in compliance with all existing applicable local ordinances. If a bona fide household pet is kept or maintained on any Lot or Parcel, such pet shall not be allowed to occupy or move over any part of the Properties other than the enclosed or fenced in portion of such Lot or Parcel unless such pet is on a leash and accompanied by its owner, a member of his/her family or person having custody of such pet.

Section 3. Restrictions of Parking and Storage. Except as expressly provided in the Master Restrictions, no portion of the Properties, including, but not limited to Lots and Parcels, roadways, streets and Association owned private streets, drives or parking areas, unless specifically designated by the Master Association or the Association therefor, shall be used as a parking, storage display, repair or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, running gear, boat or accessories thereto, truck, self-contained motorized vehicle, or any type of van or recreational vehicle, except as a temporary expedience for loading, delivery or emergency. The same shall be stored, parked or maintained wholly and only within the garage area of a Lot. There shall not be any overnight parking of any of the foregoing

between the hours of 10:00 p.m. and 4:00 a.m. on any portion of the Properties except automobiles may be parked in both the garage area or paved driveway portion of a Lot. This restriction, however, shall not restrict trucks or other commercial vehicles within the Properties which are necessary for the construction of residential dwellings or the maintenance of the Common Area or Lots.

Section 4. Fences. No fences other than those initially installed by Declarant and no walls or hedges shall be permitted anywhere within the property except as approved in writing by the Board, which approval may be arbitrarily withheld.

Section 5. Garbage and Trash. All garbage cans and similar receptacles and other garbage containers shall be kept inside the garage at all times except during the day of garbage collection.

Section 6. Antennas. No exterior radio, television or any other electrical antennas or aerials or earth stations or any similar device may be erected or maintained anywhere upon any portion of the Properties or any Lot, except such as are approved in writing by the Board of Directors of the Association.

Section 7. Maintenance. Following the conveyance of a Lot by the Declarant, each Owner thereof shall be obligated to maintain the Lot and all improvements thereon in good condition and repair, except for such maintenance as is the responsibility of the Association pursuant to this Declaration. If the Owner

shall fail to do so, either the Declarant or the Association, after giving such Owner at least ten (10) days' written notice, shall be authorized to undertake such maintenance at the Owner's expense. Entry upon an Owner's Lot for such purpose shall not constitute a trespass. If such maintenance is undertaken by the Association, the charge therefor shall be secured by a lien on the Lot and added to and become a part of the Lot assessment installment next due and payable by the Owner.

Section 8. Clothes-Drying Activity. Clothes hanging devices exterior to a residence shall be prohibited.

ARTICLE XI

EASEMENTS

Section 1. Each Lot and the Common Area shall be subject to existing easements for public utilities' purposes (including, but not limited to, fire and police protection, garbage and trash removal, water and sewage system, electric and gas service, cable television, telephone and irrigation wells and pumps, if applicable), and the utilities and applicable governmental agencies having jurisdiction thereover and their employees and agents shall have the right of access to any Lot or the Common Area in furtherance of such easements.

Section 2. The Declarant reserves the right, for itself and its designee (so long as Declarant or said designee owns a Lot) and for the Board of Directors of the Association, to grant and/or reserve such additional easements, including, but not

limited to, irrigation, wells and pump, cable television, electric, gas, water, telephone or other utility easement, or to relocate any existing utility easement in any portion of the property as the Declarant, its designee or the said Board of Directors shall deem necessary or desirable for the proper operation and maintenance of the property, or any portion thereof, or for the general health or welfare of the Lot Owners, provided that such additional utilities or the relocation of existing utilities will not prevent or unreasonably interfere with the use of the Lots for permitted purposes.

Section 3. For so long as Declarant owns any Lots on the Properties, Declarant retains for itself, its successors in interest, agents, employees and assigns, a non-exclusive easement for ingress and egress over and across all streets, roadways, driveways and walkways that may from time to time exist on the property.

Section 4. All of the Properties and all of the Lots shall be and are singularly and collectively subject to easements for encroachments which now or hereafter exist or come into being, caused by settlement or movement of the building or other improvements on the Properties, or caused by minor inaccuracies in construction or reconstruction of the building or such improvements upon the Properties or Lots, or encroachments caused by the intentional or unintentional placement of utility meters and related devices, all of which encroachments shall be permitted to remain undisturbed, and such easements shall and do

exist and shall continue as valid easements so long as such encroachments exist. A valid easement for the maintenance of such encroachments is herein created so long as such encroachments stand or otherwise continue in place.

Section 5. The Declarant hereby reserves the right and easement to construct, place and install on all Lots from time to time such irrigation and sprinkler lines and heads, control panels and related facilities and equipment (the foregoing being collectively referred to hereafter as the "Irrigation Facilities") for the purpose of providing irrigation to such Lots or to other Lots and Common Area within the Properties or the Los Prados project. The Declarant shall also have and does hereby reserve the right of access to any such Irrigation Facilities. If installation occurs after the Declarant has sold the Lot to its initial purchaser, it shall be undertaken so as not to interfere with the dwelling or the improvements on such Lot. Nothing contained in this Section 5, however, shall obligate the Declarant to install Irrigation Facilities on any specific Lot or Lots. By recorded instrument, the Declarant shall have the right to waive or relinquish its easement rights in whole or in part, and shall also have the right to assign them to the Association. In addition, the Declarant hereby grants to the Association an easement as to each Lot to construct, place and install additional Irrigation Facilities, provided that if such installation occurs after the Lot has a dwelling constructed thereon, it shall be undertaken so as not to interfere with the

dwelling or other improvements on such Lot; and provided further that the Association shall not install any Irrigation Facilities on Lots owned by the Declarant without the Declarant's consent. The Declarant further grants to the Association an easement as to each Lot for the maintenance, repair and replacement of any and all Irrigation Facilities now or hereafter constructed, placed or installed on such Lot by either the Declarant or the Association pursuant to the authority of this section. By recorded instrument, the Association shall have the right to waive or relinquish its easement rights in whole or in part by action of its Board of Directors.

ARTICLE XII

ADDITIONAL PROPERTY

Section 1.

A. Additions to the Properties. Additional land may be brought within the jurisdiction and control of the Association in the manner specified in Section 2 of this Article and made subject to all the terms of this Declaration as if part of the Properties initially included within the terms hereof, provided such is done within five (5) years from the date this instrument is recorded. Notwithstanding the foregoing, however, under no circumstances shall the Declarant be required to make such additions, and until such time as such additions are made to the Properties in the manner hereinafter set forth, no other real property owned by the Declarant or any other

person or party whomsoever, other than the Properties, shall in any way be affected by or become subject to the Declaration. All additional land which, pursuant to this Article, is brought within the jurisdiction and control of the Association and made subject to the Declaration shall thereupon and thereafter be included within the term "Properties" as used in this Declaration. Notwithstanding anything contained in this Section 1, the Declarant neither commits to, nor warrants or represents, that any such additional development shall occur.

B. General Land Plan. The present general plan of development shall not bind the Declarant to make any such additions or adhere to the general plan of development. Such general plan of development may be amended or modified by the Declarant, in whole or in part, at any time, or discontinued. As used herein, the term "General Land Plan" shall mean such general plan of development, together with any amendments or modifications thereof hereafter made.

Section 2. Procedure for Making Additions to the Properties. Additions to the Properties may be made and thereby become subject to this Declaration by, and only by, one of the following procedures:

A. Additions in Accordance with a General Land Plan. The Declarant may annex all or part of the Property described on Exhibit C attached hereto to this Declaration by the filing of record a Declaration of Annexation with

respect to any portion of the additional land as described on Exhibit C attached hereto, extending the scheme of the Covenants, Conditions and Restrictions of this Declaration to such land, except as hereinafter provided in Section 3(c) hereof.

B. Mergers. Upon a merger or consolidation of the Association within another not for profit corporation as provided in its Articles, its property (whether real or personal or mixed), rights and obligations may, by operation of law, be transferred to the surviving or consolidated corporation or, alternatively, the property, rights and obligations of the other not for profit corporation may, by operation of law, be added to the property, rights and obligations of the Association as the surviving corporation pursuant to a merger. The surviving or consolidated corporation may administer the covenants and restrictions established by the Declaration within the Properties, together with the covenants and restrictions established upon any other land, as one scheme. No such merger or consolidation, however, shall affect any revocation, change or addition to the covenants established by this Declaration with the Properties.

Section 3. General Provisions Regarding Additions to the Properties.

A. The additions authorized under Section 2(A) of this Article shall be made by the Declarant filing of record a Declaration of Annexation with respect to the

additional land extending the scheme of the covenants, conditions and restrictions of this Declaration to such land, except as hereinafter provided in Section 3(C). Such Declaration of Annexation need only be executed by the Declarant and shall not require the joinder or consent of the Association or its members. Such Declaration of Annexation may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added land or permitted use thereof. In no event, however, shall such Declaration of Annexation revoke, modify or add to the covenants, conditions or restrictions established by this Declaration as such affect the land described on attached Exhibit A.

B. Regardless of which of the foregoing methods is used to add additional land to that subject to the terms and provisions of this Declaration, no addition shall revoke or diminish the rights of the Owners of the Properties to the utilization of the Common Area as established hereunder except to grant to the Owners of the land being added to the Properties the right to use the Common Area according to the terms and conditions as established hereunder, and the right to vote and be assessed as hereinafter provided.

C. Nothing contained in this Article XII shall obligate the Declarant to make additions to the Properties.

D. Prior to any Annexation under this Section, the Veterans Administration must determine that the Annexation is in accord with the overall general Plan herebefore approved by the Veterans Administration and so advise Declarant.

Section 4. Voting Rights of the Declarant as to Additions to the Properties. The Declarant shall have no voting rights as to the land added to the Properties or any portion thereof until such land or portion thereof is actually added to the Properties in accordance with the provisions of this Article. Upon such land or portion thereof being added to the Properties, the Declarant shall have the Class B voting rights as to the Lots or Parcels thereof as previously provided by this Declaration.

Section 5. Assessment Obligation of the Declarant as to Additions to the Properties. The Declarant shall have no assessment obligation as to the land or any portion thereof added to the Properties until such land or portion thereof is actually added to the Properties in accordance with the provisions of this Article. At such time, the Declarant shall have, but only as to such of the additional land as is added, the assessment obligation hereinafter set forth. As to such added land, the Declarant shall be assessed at one-quarter (1/4) of

the assessment rate for the Class B Lots or Parcels which it owns in such land, upon the same terms and conditions as contained in Article VI of this Declaration.

Section 6. Voting Rights of Owners Other than the Declarant as to Additions to the Properties. Any Lots added to the Properties which are owned by Owners other than the Declarant, or its assignees by separate written document, shall be entitled to voting rights identical to those granted by this Declaration to other Owners of Class A Lots.

Section 7. Assessment Obligation of Owners Other than the Declarant as to Additions to the Properties. Any Lots added to the Properties which are owned by Owners other than the Declarant, or its assignees by separate written document, shall be subject to assessments, annual, special and otherwise, in accordance with the terms and provisions of the Declaration in the same manner as all other Owners of Class A Lots within the Properties.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set its hand and seal this 20th day of October, 1986.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

VISTA HILLS, INC.,
a Nevada corporation

By: [Signature]
Its President

Attest: [Signature]
Its Vice President

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

Before me, a Notary Public in and for the State and County aforesaid, duly authorized to take acknowledgements, personally appeared Larry Kelley and Jerome Helton, respectively, of Vista Hills, Inc., to me well known, and they acknowledged before me that they executed, sealed and delivered the foregoing Declaration of Covenants, Conditions and Restrictions for the uses and purposes therein expressed, as such officers, by authority and on behalf of said Corporation, as the free act and deed of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal at _____, in said County and State, this 20th day of October, 1986.

Melanie Jayne Rocha
Notary Public



MELANIE JAYNE ROCHA
Notary Public-State of Nevada
COUNTY OF CLARK
My Appointment Expires:
April 14, 1990

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

Kathleen Marie

John Sisto

STATE OF Nevada)
COUNTY OF Clark) ss.

U. S. HOME CORPORATION,
a Delaware corporation

By: [Signature]
Its

Attest: [Signature]
Its

Before me, a Notary Public in and for the State and County
aforesaid, duly authorized to take acknowledgements, personally
appeared Anthony M. Sisto and Alan Yue
_____, respectively, of U. S. Home Corporation,
to me well known, and they acknowledged before me that they exe-
cuted, sealed and delivered the foregoing Declaration of Covenants,
Conditions and Restrictions for the uses and purposes therein
expressed, as such officers, by authority and on behalf of said
Corporation, as the free act and deed of said Corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and official
seal at _____, in said County and State,
this 10th day of November, 1986.

Deborah Washburn
Notary Public



DEBORAH WASHBURN
Notary Public, State of Nevada
COMMISSION EXPIRES
11/15/87