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**MASTER DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS**

FOR

BOULDER RANCH

(a Nevada Master Residential Common-Interest Community)
CLARK COUNTY, NEVADA

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**MASTER DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND RESERVATION OF EASEMENTS FOR
BOULDER RANCH MASTER COMMUNITY**

THIS MASTER DECLARATION ("Master Declaration"), made as of the 30TH day of October, 2000, by D. R. HORTON, INC., a Delaware corporation ("Master Declarant"),

WITNESSETH:

WHEREAS:

A. Master Declarant owns certain real property located in Clark County, Nevada, more particularly described in **Exhibit "A"** attached hereto ("**Initial Property**"), and either owns or may acquire other real property, more particularly described in **Exhibit "B"** attached hereto ("**Annexable Area**"), which may from time to time be annexed to the Initial Property, pursuant to this Master Declaration;

B. Consistent with Master Declarant's intent to establish a balanced master community pursuant to the Master Plan, accommodating residential land uses, and to develop and convey portions or all of the properties in the Project (as hereinafter defined), pursuant to a general plan for the maintenance, care, use and management of the Project, Master Declarant has deemed it desirable to establish certain protective covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, liens and charges, upon the Project, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Project and enhancing the quality of life within the Project. All property within the Project shall be held and conveyed subject to such covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges. The Project shall be a Common-Interest Master Community (as such is defined in the Act), including Lot Areas and Condominium Areas;

C. In furtherance of its desire for efficient management and preservation of the values and amenities in the Project, Master Declarant has deemed it desirable to create a not for profit corporation to which shall be delegated and assigned the powers of owning, maintaining and administering the Master Association Property (as hereinafter defined) for the private use of its Members (as hereinafter defined) and authorized guests, administering and enforcing the covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, collecting and disbursing the assessments and charges hereinafter created;

D. BOULDER RANCH MASTER ASSOCIATION, a Nevada nonprofit corporation ("**Master Association**"), the Members of which shall be the respective Owners (as hereinafter defined) within the Project, has or will be incorporated under the Laws of the State of Nevada for the purpose of exercising such functions;

NOW, THEREFORE, Declarant hereby declares that all of the Initial Property and, from the date(s) of respective annexation, all Annexed Property (collectively, "Project") shall be held, sold, conveyed, encumbered, hypothecated, leased, used, occupied and improved subject to the following protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Project (as defined in Article 1 hereof), in furtherance of a general plan for the protection, maintenance, subdivision, improvement, and sale and lease, of the Project or any portion thereof. The protective covenants, conditions, restrictions, reservations, easements, and equitable servitudes set forth herein shall run with and burden the Project and shall be binding upon all Persons having or acquiring any right, title or interest in the Project, or any part thereof, their heirs, successors and assigns; shall inure to the benefit of every portion of the Project and any interest therein; and shall inure to the benefit of and be binding upon, and may be enforced by Master Declarant, the Master Association, each Owner, and their

respective heirs, executors and administrators, and successive owners and assigns. All Units within the Project shall be used, improved and limited exclusively to single Family residential use.

ARTICLE 1 **DEFINITIONS**

Unless otherwise expressly provided, when used in this Master Declaration, the following words and phrases shall have the meanings hereinafter specified.

1.1 "Act" shall mean Nevada's Uniform Common-Interest Ownership Act, as enacted in Nevada as Chapter 116 of Nevada Revised Statutes.

1.2 "Annexable Area" shall mean the real property described in Exhibit "B" attached hereto and incorporated by this reference herein, all or any portion of which real property may from time to time be made subject to this Master Declaration pursuant to the provisions of Article 15 hereof. At no time shall any portion of the Annexable Area be deemed to be a part of the Community or a part of the Project until such portion of the Annexable Area has been duly annexed hereto pursuant to Article 15 hereof.

1.3 "Annexed Property" shall mean any and all portion(s) of the Annexable Area from time to time added to the Initial Property covered by this Master Declaration, by Recordation of Annexation Amendment(s) pursuant to Article 2 hereof.

1.4 "Assessment, Annual" (sometimes referred to as "Assessment, Common") shall mean the annual or supplemental charge against each Owner and his or her Unit, representing a portion of the Master Common Expenses, which are to be paid periodically by each Owner to the Master Association in the manner and at the times and proportions provided herein.

1.5 "Assessment, Capital" shall mean a charge against each Owner and his or her Unit, representing a portion of the costs to the Master Association for installation, construction, or reconstruction of any Improvements on any portion of the Common Elements which the Master Association may from time to time authorize, pursuant to the provisions of this Master Declaration. Such charge shall be levied among all Owners and their Units in the same proportion as Common Assessments.

1.6 "Assessment, Special" shall mean a charge against a particular Owner and his or her Unit, directly attributable to, or reimbursable by, that Owner, to reimburse the Master Association for costs incurred in bringing the Owner and his Unit into compliance with the provisions of this Master Declaration, or a charge levied by the Master Board as a reasonable fine or penalty for non-compliance with the Master Governing Documents, plus interest and other charges on such Special Assessment as provided for in this Master Declaration. Special Assessments shall not include any late payment penalties, interest charges, attorneys' fees or other costs incurred by the Master Association in its efforts to collect Master Common Assessments or Capital Assessments.

1.7 "Assessments" shall refer collectively to Common Assessments, and any applicable Capital Assessments and Special Assessments.

1.8 "Assessment Commencement Date" shall mean that date, pursuant to Section 6.7 hereof, duly established by the Master Board, on which Common Assessments shall commence.

1.9 "Beneficiary" shall mean a Mortgagee under a Mortgage or a beneficiary under a Deed of Trust, as the case may be, and the assignees of such Mortgagee or beneficiary.

1.10 "Close of Escrow" shall mean the date on which a deed or other such instrument is Recorded, conveying a Lot or Condominium from Master Declarant to a Purchaser (but specifically excluding deeds between Master Declarant and Dealers or successors or assigns).

1.11 "Common Elements" shall mean the Master Association Property, and, as to a District, the Supplemental Common Area applicable thereto.

1.12 "Community" shall mean a Common-Interest Community, as defined in NRS § 116.110323.

1.13 "Condominium" shall mean, within the Project, a "Condominium" as defined in the Act, or any similar Nevada statute hereinafter enacted, and shall include a Condominium owned in fee simple, a "long-term" Condominium leasehold (with original term of ten (10) or more years) estate, or a Condominium comprising a combination of fee simple and long-term leasehold characteristics. Each Condominium shall be a "Unit," as defined in the Act.

1.14 "Condominium Area" shall mean the real property, within a District, which may be so classified from time to time in an Annexation Amendment or Supplemental Declaration, as provided in Article 15 hereof, and which has been developed or is being developed as a Condominium Common-Interest Community contemplated by the Act, or any similar Nevada statute hereinafter enacted.

1.15 "County" shall mean the County in which the Project is located (i.e., Clark County, Nevada).

1.16 "Design Review Committee" or "DRC" shall mean the Design Review Committee created pursuant to Article 9 hereof.

1.17 "District" shall have the meaning set forth in Section 4.3 hereof. There shall be three Districts: First Light, High Noon, and Twilight. A Unit shall become part of a District either by virtue of inclusion in the Initial Property, or by inclusion in an Annexation Amendment Recorded pursuant to the relevant provision of the respective Supplemental Declaration therefor. Each Unit in the Project shall be a part of a particular District.

1.18 "Dwelling" shall mean a dwelling on a Unit, designed and intended for use and occupancy as a residence by a single Family.

1.19 "Eligible Holder" shall mean each Beneficiary, insurer and/or guarantor of a first Mortgage encumbering a Unit, which has filed with the Master Board a written request for notification as to relevant specified matters.

1.20 "Exterior Wall(s)/Fence(s)" shall mean the exterior only face of Perimeter Walls/Fences (visible from public streets outside of and generally abutting the exterior boundary of the Project).

1.21 "Family" shall mean (a) a group of natural persons related to each other by blood or legally related to each other by marriage or adoption, or (b) a group of natural persons not all so related, who maintain a common household in a Dwelling on a Unit, all as subject to and in compliance with all applicable federal and Nevada laws and local health codes and other applicable County ordinances.

1.22 "FHA" shall mean the Federal Housing Administration.

1.23 "FNMA" shall mean the Federal National Mortgage Association.

1.24 "First Light" shall mean the residential Condominium Area and common-interest community known as "First Light," established by a Supplemental Declaration therefor, and comprising a part of the of the Project.

1.25 "First Mortgage" shall mean a Mortgage or Deed of Trust with first priority over other Mortgages or Deeds of Trust on a Unit; "First Mortgagee" shall mean the holder of a First Mortgage.

1.26 "Fiscal Year" shall mean the twelve (12) month fiscal accounting and reporting period of the Master Association selected from time to time by the Master Board, for the levying, determining and assessing of Master Common Assessments under this Master Declaration.

1.27 "Governing Documents" shall mean the Master Governing Documents and any applicable Supplemental Governing Documents.

1.28 "High Noon" shall mean a residential Condominium Area and common-interest community known as "High Noon," established by a Supplemental Declaration therefor, and comprising a part of the of the Project.

1.29 "Improvement" shall mean any structure or appurtenance thereto of every type and kind, whether above or below the land surface, placed in the Project, including but not limited to Dwellings and other buildings, walkways, hiking trails, waterways, sprinkler pipes, swimming pools, spas and other recreational facilities, carports, garages, roads, driveways, parking areas, walls, perimeter walls, fences, screening walls, block walls, retaining walls, stairs, decks, landscaping, antennae, hedges, windbreaks, patio covers, railings, plantings, planted trees and shrubs, poles, signs, storage areas, exterior air conditioning and water-softener fixtures or equipment.

1.30 "Initial Property" shall mean the real property described in Exhibit "A" to this Master Declaration.

1.31 "Land Classifications" shall include (a) Lot Areas, (b) Condominium Areas, and/or (c) Common Elements.

1.32 "Lot" shall mean any lot or parcel of land shown upon any Recorded final subdivision map or Recorded parcel map of the Project, together with the Improvements, if any, thereon (but specifically excluding any and all areas which are private streets or other Common Elements, or Condominiums). Each Lot shall be a "Unit," as defined in the Act.

1.33 "Lot Area" shall mean all of the real property in the Initial Property and Annexable Area which is so classified by Master Declarant, upon which single family homes may be constructed on Lots.

1.34 "Manager" shall mean the Person, if any, whether an employee or independent contractor, appointed by the Master Association pursuant to the Master Governing Documents, and delegated the authority to implement certain duties, powers or functions of the Master Association, as the same may be limited by the Master Governing Documents.

1.35 "Master Articles" shall mean the Articles of Incorporation of the Master Association as filed ~~or to be filed in the Office of the Secretary of State of Nevada, as such Master Articles may be amended~~ from time to time.

1.36 "Master Association" shall mean BOULDER RANCH MASTER ASSOCIATION, a Nevada non-profit corporation, the Members of which shall be the respective Owners in the Project, formed under the Laws of the State of Nevada, its successors and assigns.

1.37 "Master Association Budget" shall mean the annual budget for the Master Association for each fiscal year, adopted as provided in Section 7.7 hereof.

1.38 "Master Association Funds" shall mean the accounts created for receipts and disbursements of the Master Association pursuant to Article 6 hereof.

1.39 "Master Association Property" shall mean all the real and personal property, including Improvements, now or hereafter owned by the Master Association, or with respect to which the Master Association has an easement for the use, care or maintenance thereof, held for the common benefit, use and enjoyment of all of the Owners, as further provided in Article 2 hereof, including, but not limited to, Project entry gate and monumentation, Boulder Ranch Drive (a private street), and the Park. The Master Association Property shall constitute "Common Elements" (as such term is defined in the Act) of the Project.

1.40 "Master Board" shall mean the Board of Directors of the Master Association, elected in accordance with the Master Governing Documents. The Master Board is an "Executive Board," as such is defined in the Act.

1.41 "Master Budget" shall mean a written, itemized estimate of the expenses to be incurred by the Master Association in performing its functions under this Declaration, prepared and approved pursuant to the provisions of this Master Declaration.

1.42 "Master Bylaws" shall mean the Bylaws of the Master Association which have or will be adopted by the Master Board, as such Master Bylaws may be amended from time to time.

1.43 "Master Common Expenses" shall mean expenditures made by, or financial liabilities of, the Master Association, together with any allocations to reserves, including the actual and estimated costs of: (a) maintenance, management, operation, repair and replacement of the Master Association Property; (b) unpaid Special Assessments and Capital Assessments, including those costs not paid by the Owner responsible for payment; (c) management and administration of the Master Association including, but not limited to, compensation paid by the Master Association to Managers, accountants, attorneys and employees; (d) costs of all utilities, landscaping, trash pickup and disposal, and other services benefiting the Master Association Property; (e) costs of fire, casualty and liability insurance, workers' compensation insurance, and any other insurance covering the Master Association Property; (f) any other insurance obtained by the Master Association; (g) bonding the Master Board, Master Association officers, any Managers, or any other Person handling the funds of the Master Association; (h) any statutorily required ombudsman fees; taxes paid by the Master Association; (i) amounts paid by the Master Association for the discharge of any lien or encumbrance levied against the Master Association Property, or portions thereof; (j) prudent reserves; (k) maintenance by the Master Association of areas within the public right-of-way of public streets in the vicinity of the Project, or Improvements along or related to Pittman Wash, as provided in this Master Declaration or pursuant to agreements with the County; (l) costs of Commonly-Metered Water, subject to Section 5.7, below; and (m) any other item or items designated by the Master Association for any reason whatsoever in connection with the Master Association Property, for the benefit of the Owners; and any other expenses for which the Association is responsible pursuant to this Declaration or pursuant to any applicable provision of the Act.

1.44 "Master Declarant" shall mean D. R. HORTON, INC., a Delaware corporation, its successors and any Person to which it shall have assigned any rights hereunder by an express written and Recorded assignment as provided herein (but specifically excluding Purchasers as defined in the Act). Any such assignment may include all or only specific rights of the Master Declarant hereunder and may be subject to such conditions and limitations as D. R. HORTON, INC. may impose in its sole and absolute discretion.

1.45 "Master Declaration" shall mean this Master Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for BOULDER RANCH, as may be amended or supplemented (from time to time).

1.46 "Master Director" shall mean a duly appointed or elected and current member of the Master Board. There shall be three Master Directors, of whom one shall be elected from each District. A "Master Director" elected by the Members in a particular District is sometimes also referred to herein as a "District Director."

1.47 "Master Governing Documents" shall mean the Master Declaration, Master Articles, Master Bylaws, Master Rules, and any map of the Project or portion thereof Recorded by Master Declarant.

1.48 "Master Rules" shall mean the Rules and Regulations of the Master Association adopted by the Master Board pursuant to Section 5.2 hereof, as they may be amended and supplemented from time to time.

1.49 "Member" shall mean every Person holding a Membership in the Master Association, pursuant to Section 3.3 hereof.

1.50 "Membership" shall mean a membership in the Master Association pursuant to Section 3.3 hereof.

1.51 "Mortgage" shall mean any unreleased mortgage or deed of trust or other similar instrument of Record, given voluntarily by the Owner, encumbering the Unit to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. The term "Deed of Trust" or "Trust Deed" when used shall be synonymous with the term "Mortgage." "Mortgage" shall also mean any executory land sales contract, (whether or not Recorded, in which the FHA, the VA, or the Secretary of the Department of Veterans Affairs is identified as the seller, whether such contract is owned by or has been assigned by the FHA, the VA, or the Secretary of the Department of Veterans Affairs. "Mortgage" shall not include any judgment lien, mechanic's lien, tax lien or other similarly involuntary lien or encumbrance on a Unit.

1.52 "Mortgagee" shall mean a Person or entity to whom a Mortgage is made and shall include the beneficiary of a Deed of Trust. The term "Beneficiary" shall be synonymous with the term "Mortgagee."

1.53 "Mortgagor" shall mean a Person who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor."

1.54 "Notice and Hearing" shall mean written notice and a hearing before the Master Board (or the DRC, if applicable), at which the Owner concerned shall have an opportunity to be heard in person, or, at the Owner's expense, by counsel, in the manner provided in the Master Governing Documents.

1.55 "NRS" shall mean Nevada Revised Statutes, as may be amended from time to time.

~~1.56 "Owner" shall mean the Person or Persons, including Master Declarant, holding (a) a fee simple interest to a Unit, or (b) long-term (with original term of ten or more years) ground leasehold interest of Record to a Unit which is a part of the Project, excluding those persons holding title as security for the performance of an obligation other than sellers under executory contracts of sale.~~

1.57 "Park" shall mean Common Element "A" as shown as such on the Plat of Twilight at Boulder Ranch Unit 1, which Park is comprised of a portion on either side of Boulder Ranch Drive (i.e., the "North Park" and "South Park"), and a part of the Master Association property. Master Declarant shall install hose bibs within the Park for use of Residents to wash their cars.

1.58 "Park Hose Bib Spaces" shall mean those certain parking spaces, located in portions of First Light (with respect to North Park) and High Noon (with respect to South Park) respectively, immediately adjacent to the Park, and intended for use by all Residents within the Project in connection with washing of their vehicles at hose bibs located within the Park.

1.59 "Person" shall mean a natural individual, a corporation or any other entity with the legal right to hold title to real property.

1.60 "Plat" shall mean the final plat maps of portions of the Project, on file in the Office of the County Recorder, Clark County, Nevada, as said plat maps from time to time may be amended or supplemented of Record by Master Declarant.

1.61 "Private Streets" shall mean all private streets, rights of way, street scapes, and vehicular ingress and egress easements, in the Project, shown as such on the Plat.

1.62 "Project" shall mean the Initial Property, together with such portions of the Annexable Area which are annexed from time to time to the property subject to this Master Declaration and to the jurisdiction of the Master Association pursuant to Article 2 hereof, and shall encompass the residential communities known as First Light, High Noon, and Twilight, subject to the sole and absolute discretion of Master Declarant.

1.63 "Purchaser" shall mean have meaning ascribed to it by the Act.

1.64 "Record," "Recorded," "Filed," "Recordation" shall mean, with respect to any document, the recordation or filing of such document in the official records of the County Recorder of Clark County, Nevada.

1.65 "Resident" shall mean any Owner, tenant, or other person, who is physically residing in a Unit.

1.66 "Sub-Association" shall mean any Nevada non-profit corporation, or unincorporated association, or its successor in interest, the membership of which is composed of Owners within a District, which is organized and established or authorized pursuant to or in connection with a Supplemental Declaration.

1.67 "Supplemental Assessment" shall mean those assessments pertaining to a District, as established and set forth in a Supplemental Declaration pertaining to such District, which shall be in addition to the assessments set forth in the Master Declaration.

1.68 "Supplemental Common Area" shall mean any portion of the Project designated in a Supplemental Declaration for the primary benefit of, or maintenance by, the Owners within a particular District, to be owned: (a) in common by relevant Owners (within a Condominium Area), or (b) by a Sub-Association in which all Owners in the District shall be entitled to membership, or (c) separately or in common by individual Owners within a District, over which a Sub-Association may have an easement for maintenance or other purposes. The Supplemental Common Area shall constitute "Common Elements," as said term is defined in the Act, as to the particular District to which appurtenant.

1.69 "Supplemental Declaration" shall mean any declaration of covenants, conditions and restrictions, or similar such document, which affects only a discrete District.

1.70 "Supplemental Governing Documents" shall mean the Supplemental Declaration, Sub-Association articles and bylaws, and rules and regulations, which affect only a particular District.

1.71 "Twilight" shall mean a residential Lot Area and planned common-interest community, known as "Twilight," established by a Supplemental Declaration therefor, and comprising a part of the of the Project.

1.74 "Unit" shall mean each Lot or Condominium to be separately owned by each Owner. The boundaries of a Unit shall be the property lines of such Lot or Condominium as shown on the subdivision map or Supplemental Declaration which creates the Unit.

1.75 "Units That May Be Created" shall mean the total "not to exceed" maximum number of aggregate Units which may be created within the Initial Property and the Annexable Area (which Declarant has reserve the right in its sole discretion, to create (i.e., 800 Units).

1.76 "VA" shall mean the U.S. Department of Veterans Affairs.

Any capitalized term not separately defined in this Declaration shall have the meaning ascribed thereto in applicable provision of the Act.

ARTICLE 2 EASEMENTS; MASTER ASSOCIATION PROPERTY

2.1 Owners' Easements of Enjoyment. Each Owner shall have a nonexclusive right and easement of ingress and egress, and of use and enjoyment in, to and over the Master Association Property (and any Supplemental Common Area only in the District in which such Owner's Unit is located), which easement shall be appurtenant to and shall pass with title to the Owner's Unit, subject to the following:

(a) The right of Master Declarant to designate additional Master Association Property pursuant to the terms of Article 15 hereof.

(b) The right of the Master Association to establish uniform Master Rules pertaining to the use of the Master Association Property, including, without limitation, the right of the Master Association to enforce all parking restrictions within the Master Association Property as set forth in Sections 2.3 and 10.17 below, and the right of the Master Association to reasonably limit the number of guests and tenants an Owner or his tenant may authorize to use the Master Association Property.

(c) The right of the Master Association, in accordance with the Master Governing Documents, with the vote of at least two-thirds (2/3) of the voting power of the Master Association and a majority of the voting power of the Master Board, to borrow money for the purpose of improving the Master Association Property or adding to the Common Elements, and in aid thereof, and further subject to the ~~Mortgagee protection provisions of Article 13 hereof, to mortgage, pledge, deed in trust, or hypothecate~~ any or all of its real or personal property as security for money borrowed or debts incurred; provided that the rights of such Mortgagee shall be subordinated to the rights of the Owners.

(d) Subject further to the voting requirements set forth in Subsection 2.1(c) above and the provisions of Article 13 hereof, the right of the Master Association to dedicate, release, alienate, (

transfer or grant easements, licenses, permits and rights-of-way in all or any portion of the Master Association Property to any public agency, authority, utility or other Person for such purposes and subject to such conditions as may be agreed to by the Master Association.

(1) Notwithstanding the foregoing, Master Declarant may, at the time of conveyance of any real property to the Master Association, condition such conveyance on the obligation of the Master Association to convey fee title to a portion of such real property, or to grant easements through such real property, for roadway or other purposes to County or other governmental or public entity, agency or authority or to a Sub-Association which has or will have responsibility for maintenance of such roadway or other use. Any such condition to conveyance of such real property to the Master Association shall be set forth in the deed to the Master Association or in another instrument Recorded concurrently with such deed.

(2) Notwithstanding anything to the contrary in this Master Declaration, and without limiting the immediately preceding paragraph, the Master Board, subject to the provisions of Article 13 hereof, shall have unilateral authority to transfer, grant or dedicate to any such Sub-Association, governmental or public entities, agencies or authorities (including without limitation, public utility companies) such easements, licenses, permits or rights-of-way in, on or over Master Association Property for public utilities, roads and/or for other purposes consistent with the intended use of the Master Association Property or as provided in this Master Declaration or subsequent Supplemental Declarations and which (i) are reasonably necessary or useful for the proper use, maintenance or operation of the Project, are intended to benefit the Project and will not have any substantial adverse effect on the enjoyment of the Master Association Property by the Members, or (ii) are required by any governmental or public entity, agency or authority pursuant to ordinances, regulations or conditions to the granting of approvals or entitlements to develop the Project.

(e) The right of Master Declarant, but not the obligation, to construct additional Improvements on the Master Association Property at any time and from time to time for the improvement and enhancement thereof and for the benefit of the Master Association and Owners, so long as such construction does not directly result in an increase in the then current and applicable Master Common Assessments by more than twenty-five percent (25%). If the sole or principal means of ingress to and egress from a Unit is through such Master Association Property, then any such construction by Master Declarant shall be made subject to an easement of ingress and egress for the benefit of the Owner of such Unit. Upon conveyance or transfer of such Improvements by Master Declarant to Master Association, the Master Association shall be obligated to accept title to, care for and maintain the same as provided in this Master Declaration.

(f) The right of Master Declarant (and its agents, prospective customers, guests and representatives) to the non-exclusive use of the Master Association Property, without charge, for sales, display, access, ingress, egress, exhibits and other purposes deemed useful by Master Declarant and its representatives in advertising, promoting, and showing the Project or any portion(s) thereof, and/or any other development(s), and for the rights and reservations of Master Declarant as set forth in Article 14 of this Master Declaration, subject to the time limitation set forth therein; provided, however, that such use shall not unreasonably interfere with the rights of enjoyment of the other Members as provided herein.

(g) The right of Master Declarant to an easement for encroachments over the Master Association Property, created by construction and overhangs as designed or constructed by Master Declarant, for settling, shifting and movement of any portion of the Improvements thereon. A valid easement for such encroachments and for the maintenance thereof shall exist and is hereby created. Such encroachments shall not be considered to be encumbrances upon any part of the Master Association Property. Encroachments referred to herein include, but are not limited to, encroachments caused by: (i) error in the original construction of any Improvements constructed on the Master

Association Property by Master Declarant; (ii) error in any Recorded plat or map; (iii) settling, rising or shifting of the earth; or, (iv) changes in position caused by repair or reconstruction of any Improvement.

(h) The right of Master Declarant and Master Association, acting through the Master Board, to install and maintain upon the Master Association Property such signs as Master Declarant may deem appropriate for the identification, promotion, development, use, and/or regulation of the Project or portion(s) thereof.

(i) The right of Master Declarant, acting alone, from time to time to grant and Record easements of use and enjoyment of and over Master Association Property, to Owners and Residents within Districts, or owners of parcels adjacent to the Project.

(j) The right of Master Declarant, acting alone, from time to time to Record amended plat maps or condominium maps pertaining to portions of Districts not yet built.

(k) The right of Master Association, acting through the Master Board, to reconstruct, replace or refinish any Improvement or portion thereof upon the Master Association Property, in reasonable harmony with the original design, finish or standard of construction of such Improvement, or of the general Improvements within the Project, as the case may be.

(l) The right of Master Association, acting through the Master Board, to replace, refurnish, reconstruct or repair any Improvement, destroyed trees or other vegetation on Master Association Property and to plant trees, shrubs and ground cover thereon, and the right of the Master Association to close or limit the use of such Master Association Property, or portions thereof, while maintaining and repairing the same.

(m) The right of Master Association, acting through the Master Board, to regulate the use of Master Association Property through the Master Rules and to reasonably restrict access to and use of Master Association Property, or portions thereof (such as landscaped rights-of-way), not intended for use by the Members. Master Rules shall be implemented, in the absolute discretion of the Master Board, in order to enhance the preservation of the Master Association Property, promote the safety and convenience of the users thereof, and otherwise serve the best interests of the Members.

(n) The right of Master Association, acting through the Master Board, to reasonably suspend voting rights and to impose fines as Special Assessments, and to reasonably suspend the right of a Member (other than Master Declarant), and the Persons (other than Master Declarant) deriving such rights and easements from any such Member, to use the Master Association Property, for nonpayment of any regular or special Assessment levied by Master Association against the Owner's Unit, or if an Owner or Resident is otherwise in breach of obligations imposed under the Governing Documents. Any suspension of voting rights or rights to use the Master Association Property shall be made only by the Master Board, after Notice and Hearing as provided in the Master Governing Documents.

(o) The power and right of Master Association, upon (i) adoption of a resolution by the Master Board stating that in the Master Board's opinion the then present use of a designated part of Master Association Property is no longer in the best interests of the Owners and (ii) the approval of such resolution by a majority of the voting power of the Master Association at a meeting of the Master Association ~~duly called for such purpose, to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the Improvements thereon in any manner deemed necessary by the Master Board to accommodate the new use);~~ provided such new use (A) shall be for the benefit of the Owners and (B) shall be consistent with any deed restrictions (or zoning or other governmental or public ordinances or regulations) restricting or limiting the use of the Master Association Property.

(p) The easements reserved in Sections 2.2 through 2.8, inclusive, and/or any other provision of this Master Declaration.

(q) The restrictions, prohibitions, limitations, and/or reservations set forth in this Master Declaration.

2.2 Delegation of Use. Any Owner may delegate, subject to reasonable Master Rules and the provisions of Section 3.4 hereof, his right of enjoyment to the Master Association Property to the members of his Family, tenants, or contract purchasers under a Recorded installment sale contract provided they reside in or occupy his Unit. Guests of an Owner may use the Master Association Property only in accordance with the Master Rules, which may limit the number of guests who may use the Master Association Property. The Master Board may also promulgate Master Rules limiting the use of the Master Association Property to one co-owner and his immediate Family with respect to any Unit in co-ownership.

2.3 Easements for Parking. There generally shall be no parking within the Master Association Property, subject to the power (but not the obligation) of the Master Association, through the Master Board, to establish limited "parking" and/or "no parking" areas within the Master Association Property, as well as to enforce these parking limitations by all means lawful for such enforcement on public streets, including the removal of any violating vehicle by those so empowered, at the expense of the owner of the violating vehicle. If any temporary guest or recreational parking is permitted within the Master Association Property, such parking shall be permitted only within any spaces and areas clearly marked for such purpose. Master Declarant does not presently intend to permit parking on streets within the Project.

2.4 Private Streets; Easements for Vehicular and Pedestrian Traffic. Master Declarant specifically reserves the right and power (but not the obligation) to establish separate communities within portions of the Annexable Area annexed in the future to the Project, through Recordation of Supplemental Declaration(s) providing therefor. Master Declarant hereby reserves a nonexclusive, appurtenant easement for vehicular and pedestrian traffic by Master Declarant, and its agents, employees, and contractors, over all entry gate areas and Private Streets and walkways within the Project. Master Declarant hereby expressly reserves the right to grant similar easements to owners of property in such Districts, subject to parking provisions set forth in Section 2.2 above.

2.5 Easement Rights Incident to Construction, Marketing and/or Sales Activities. An easement is reserved by and granted to Master Declarant, its successors and assigns, and their respective officers, managers, employees, agents, contractors, sales representatives, prospective purchasers of Units, guests and other invitees, for access, ingress, and egress over, in, upon, under, and across the Project, including but not limited to the right to store materials on Common Elements thereon and to make such other use thereof as may be reasonably necessary or incidental to Master Declarant's use, development, advertising, marketing and/or sales related to the Project; provided, however, that no such rights or easements shall be exercised by Master Declarant in such a manner as to interfere unreasonably with the occupancy, use, enjoyment, or access by any Owner, his Family, guests, or invitees, to or of that Unit, or the Common Elements. The easement created pursuant to this Section 2.5 is subject to the time limit set forth in Section 14.1 below. Without limiting the generality of the foregoing, until such time as the Close of Escrow of the last Unit in the Project, or parties thereof. Master Declarant reserves the right to control any and all entry gate(s) to the Project, and neither the Master Association nor any one or more of the Owners shall at any time, without the prior written approval of Master Declarant in its discretion, cause any entry gate in the Project to be closed during regular marketing or sales hours (including weekend sales hours) of Master Declarant, or shall in any other way impede or hinder Master Declarant's marketing or sales activities.

2.6 Easements for Public Service Use. In addition to the foregoing easements over the Project and portions thereof, there shall be and Master Declarant hereby reserves and covenants for itself and

all future Owners within the Project, easements for: (a) placement of any fire hydrants on portions of certain Lots and/or Common Elements, and other purposes regularly or normally related thereto; and (b) County, state and federal public services, including but not limited to, the right of postal, law enforcement, and fire protection services and their respective employees and agents, to enter upon any part of the Project for the purpose of carrying out their official duties.

2.7 Easements for Water, Sewage, Utility and Irrigation Purposes. In addition to the foregoing easements, there shall be and Master Declarant hereby reserves and covenants for itself and all future Owners within the Project, easements for purposes of public and private utilities, power, telephone, cable TV, water and gas lines and appurtenances (including but not limited to, the right of any public or private utility or mutual water and/or sewage district of ingress or egress over the Project, including portions of Units, for purposes of reading and maintaining meters, and using and maintaining any fire hydrants located on the Project. Master Declarant further reserves and covenants for itself and the Master Association, and their respective agents, employees and contractors, easements over Master Association Property and all other portions of the Project, for the control, installation, maintenance, repair and replacement of water and/or sewage lines and systems for watering or irrigation of any landscaping on Master Association Property, and/or sewage disposal from or related to Common Elements. In the event that any utility exceeds the scope of this or any other easement reserved in this Master Declaration, and causes damage to property, the Owner of such property shall pursue any resultant claim against the offending utility, and not against Master Declarant or Master Association.

2.8 Further Additional Reservation of Easements. Master Declarant hereby expressly reserves for the benefit of each Owner and his Unit reciprocal, nonexclusive easements over the adjoining Unit(s) for the control, maintenance and repair of the utilities serving such Owner's Unit. Master Declarant further expressly reserves for the benefit of all of the real property in the Project, and for the benefit of all of the Units, the Master Association, and the Owners, reciprocal, nonexclusive easements over all Units and Common Elements, for the control, installation, maintenance and repair of utility services and drainage facilities serving any portion of the Project (which may be located on portions of Units, pursuant to the Plat) for drainage of water resulting from the normal use thereof, or of adjoining Units or Common Elements, for the use, maintenance, repair and replacement of Private Streets and or Perimeter Walls/Fences (subject to Section 9.6 below), and for any required customer service work and/or maintenance and repair of any Dwelling or other Improvement, wherever located in the Project, and for compliance with any sight visibility restriction areas of Record. In the event that any utility or governmental body exceeds the scope of any easement pertaining to the Project, and thereby causes bodily injury or damage to property, the injured or damaged Owner or Resident shall pursue any and all resultant claims against the offending utility, and not against Master Declarant or Master Association, or any agent, employee or contractor respectively thereof. In the event of any minor encroachment upon Common Elements or Unit(s), as a result of initial construction or as a result of reconstruction, repair, shifting, settlement or movement of any portion of the Project, a valid easement for minor encroachment and for the maintenance of the same shall exist so long as the minor encroachment exists. Master Declarant and each Owner of a Unit on which there is constructed a Dwelling along or adjacent to such Unit line shall have an easement appurtenant to such Unit over the Unit line to and over the adjacent Unit, for the purposes of accommodating any natural movement or settling of any Dwelling or other Improvement located on such Unit, any encroachment of any Dwelling due to minor engineering or construction variances, and any encroachment of eaves, roof overhangs, patio walls and architectural features comprising parts of the original construction of any Dwelling located on such Unit.

2.9 No Exemption by Waiver Of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Master Association nor release the Unit, or other property owned by said Owner in the Project, from the liens and charges hereof, by waiver of the use and enjoyment of the Common Elements or any Improvement thereon, or by abandonment of his or her Unit, or any other property in the Project.

2.10 Easement Data. The Recording data for all easements and licenses reserved pursuant to the terms of this Declaration is the same as the Recording data for this Declaration. The Recording data for any easements and licenses created by the Plat is the same as the Recording data for the Plat.

2.11 Owners' Right of Ingress and Egress. Each Owner shall have an unrestricted right of ingress and egress to his Unit reasonably over and across the Master Association Property, and such Supplemental Common Area located within the District in which such Owner's Unit is located, which right shall be appurtenant to the Unit, and shall pass with any transfer of title to the Unit.

2.12 No Transfer of Interest in Common Elements. No Owner shall be entitled to sell, lease, encumber, or otherwise convey (whether voluntarily or involuntarily) his interest in any of the Common Elements, except in conjunction with conveyance of his Unit. No transfer of Common Elements, or any interest therein; shall deprive any Unit of its rights of access. Any attempted or purported transaction in violation of this provision shall be void and of no effect.

2.13 Taxes. Each Owner shall execute such instruments and take such action as may reasonably be specified by Master Association to obtain a separate real estate tax assessment of each Unit. If any taxes or assessments of any Owner may, in the opinion of Master Association, become a lien on Master Association Property, or any part thereof, they may be paid by the Master Association as a Master Common Expense, or paid by the Master Association and levied against such Owner as a Special Assessment.

2.14 Transfer of Master Association Property Upon Dissolution of Master Association. In the event of dissolution of the Master Association, the Master Association Property shall be disposed of in accordance with applicable Nevada law, and, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies or to a nonprofit corporation, association, trust or other organization to be used, in any such event, for the common benefit of Owners for similar purposes for which the Master Association Property was held by the Master Association. To the extent the foregoing is not possible, the Master Association Property shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Owners in proportion to the number of Assessment Units of each Owner, as determined in accordance with the provisions of Section 6.5 hereof.

2.15 Prohibition of Gardens, Pools, Spas. Because the water table in certain areas within or nearby the Project may be relatively shallow, and because of the perchlorate disclosures set forth in Section 16.1, below, individual gardens are prohibited within the Project, and pools, spas, and "spools" (whether in-ground or above-ground) also are prohibited.

2.16 Avigation Easements. Master Declarant hereby reserves, for itself, and/or for the Master Association, the unilateral right to grant avigation easements over Common Elements, to applicable governmental entity or entities with jurisdiction; and each Owner hereby covenants to sign such documents and perform such acts as may be reasonably required to effectuate the foregoing.

ARTICLE 3 MASTER ASSOCIATION; MASTER BOARD

3.1 Organization of Master Association. The Master Association is organized as a non-profit corporation under NRS §§ 81.410 through 81.540, inclusive. The Master Association shall have the duties, powers and rights prescribed by law and set forth in the Master Governing Documents. Neither the Master Articles nor the Master Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. If there should exist any ambiguity in any provision of the Master Articles or Master Bylaws, then such provision shall be construed, to the extent

possible, consistently with the provisions of this Master Declaration. Upon dissolution of the Master Association, the assets of the Master Association shall be disposed of as set forth in the Master Governing Documents and in compliance with applicable Nevada law.

3.2 Duties, Powers and Rights. Duties, powers and rights of the Master Association are those set forth in the Master Governing Documents, together with its general and implied powers as a non-profit corporation, generally to do any and all things that a corporation organized under the laws of the State of Nevada may lawfully do which are necessary or proper, in operating for the peace, health, comfort, safety and general welfare of its Members, including any applicable powers set forth in NRS § 116.3102, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Master Governing Documents, or in any expressly applicable provision of NRS Chapter 116. The Master Association shall make available for inspection, at its office, by any prospective purchaser of a Unit, any Owner, and the Beneficiaries, insurers and guarantors of the first Mortgage on any Unit, during regular business hours and upon reasonable advance notice, current copies of the Master Governing Documents, and all other books, records, and financial statements of the Master Association.

3.3 Membership. Members of the Master Association shall be each Owner (including Master Declarant) of one (1) or more Units in any District. Each Purchaser, upon purchasing a Unit, shall automatically become a Member, and shall remain a Member until such time as his ownership of the Unit ceases, at which time, his Membership shall automatically cease. Memberships shall not be assignable, except to the Person to which title to the Unit has been transferred, and each Membership shall be appurtenant to and may not be separate from the fee ownership of such Unit. Ownership of a Unit shall be the sole qualification for an Owner's Membership in the Master Association and shall be subject to the Master Governing Documents. Master Declarant shall hold a separate Membership for each Unit owned by Master Declarant. Membership in Master Association shall be in addition to membership in any Sub-Association responsible under a Supplemental Declaration for operating the particular District in which a Member's Unit is located.

3.4 Transfer of Membership. Membership shall not be assigned, transferred, pledged or alienated in any way separate and apart from the transfer of fee simple title to a Unit; provided that Master Declarant shall be entitled to transfer all or portions of its Memberships pursuant to Recorded assignment(s) of Master Declarant's rights. Any attempt to make a prohibited Membership transfer shall be void, and will not be reflected on the books of the Master Association. Notwithstanding the foregoing, subject to reasonable Master Rules, a Member shall have the right to delegate his rights of use and enjoyment of the Master Association Property to a lessee of his Unit; provided, however, (i) that such lessee shall have a written, Recorded lease for a term of not less than six (6) months, which lease shall expressly delegate to the lessee such Member-lessor's right of use and enjoyment of the Master Association Property, and (ii) that such Member-lessor shall not be entitled to the use and enjoyment of the Master Association Property during the term of such delegation. Upon termination of a lessee's lease, the lessee's right of use and enjoyment of the Master Association Property shall cease and immediately vest in the Member-lessor until such time as the Member-lessor delegates his right of use and enjoyment to a new lessee under this Section 4.4. A Member who has sold his Unit to a contract purchaser under a Recorded installment sale contract shall also be entitled to delegate to such contract purchaser his Membership rights in the Master Association; provided, however, that such Member contract seller shall not be entitled to the use and enjoyment of the Master Association Property during the term of such delegation. Such delegation shall be in writing and delivered to the Master Board before such contract purchaser shall have the right of use of the Master Association Property. The contract seller, however, shall remain liable for all shares and assessments attributable to his Unit until fee title to the Unit sold is transferred of Record. If any Owner should fail or refuse to transfer the Membership registered in his name to the Purchaser of his Unit upon Recorded transfer of fee title thereto, the Master Board shall, nonetheless, have the right to record the transfer upon the books of Master Association. Until evidence of such transfer (which may be a copy of the Recorded deed of transfer) has been presented to the

Master Board, the purchaser shall not be entitled to vote at meetings of the Master Association, unless the purchaser shall have a valid proxy from the seller of said Unit, pursuant to Section 4.7, below. The Master Association may levy a reasonable transfer fee against a new Owner and his or her Unit (which fee shall be added to the Master Common Assessment chargeable to such new Owner) to reimburse the Master Association for the administrative cost of transferring the Membership to the new Owner on the records of the Master Association. The new Owner shall, if requested by the Master Board or Manager, timely attend an orientation to the Project, conducted by a Master Association Officer or Manager, and will be required to pay any costs necessary to obtain entry gate keys and/or remote controls, if not obtained from the prior Owner at Close of Escrow.

3.5 Master Articles and Master Bylaws. The purposes and powers of the Master Association and the rights and obligations with respect to Owners as Members of the Master Association set forth in this Master Declaration may and shall be amplified by provisions of the Master Articles and Master Bylaws, including any reasonable provisions with respect to corporate matters; but in the event that any such provisions may be, at any time, inconsistent with any provisions of this Master Declaration, the provisions of this Master Declaration shall govern. The Master Bylaws shall provide:

- (a) the number of Master Directors (subject to Section 3.6 below) and the titles of the Master Association Officers;
- (b) for election by the Master Board of a Master Association president, treasurer, secretary and any other Master Association Officers specified by the Master Bylaws;
- (c) the qualifications, powers and duties, terms of office and manner of electing and removing Master Directors and Master Association Officers, and filling vacancies;
- (d) which, if any, respective powers the Master Board or Master Association Officers may delegate to other Persons or to a Manager;
- (e) which of the Master Association Officers may prepare, execute, certify and record amendments to the Master Declaration on behalf of the Master Association;
- (f) procedural rules for conducting meetings of the Master Association; and
- (g) a method for amending the Master Bylaws.

3.6 Master Board of Directors.

(a) The affairs of the Master Association shall be managed by a Master Board of three (3) Master Directors, all of whom (other than Master Directors appointed by Master Declarant pursuant to Section 3.7 below) must be Members of the Master Association. In accordance with the provisions of Section 3.7 below, upon the formation of the Master Association, Master Declarant shall appoint the Master Board, which shall consist of three (3) Master Directors. The Master Board may act in all instances on behalf of the Master Association, except as otherwise may be provided in the Master Governing Documents or any expressly applicable provision of NRS Chapter 116. The Master Directors, in the performance of their duties, are fiduciaries, and are required to exercise the ordinary and reasonable care of directors of a corporation, subject to the business-judgment rule. Notwithstanding the foregoing, the Master Board may not act on behalf of the Master Association to amend the Master Declaration, to terminate the Community, or to elect Master Directors or determine their qualifications, powers and duties or terms of office, provided that the Master Board may fill vacancies in the Master Board for the unexpired portion of any term. Notwithstanding any provision of this Master Declaration or the Master Bylaws to the contrary, the Owners within a District, by a two-thirds vote of all persons present and entitled to vote at

any meeting of the Owners at which a quorum is present, may remove the District Director representing their District, with or without cause, other than a Master Director appointed by Master Declarant. If a Master Director is sued for liability for actions undertaken in his role as a Master Director, the Master Association shall indemnify him for his losses or claims, and shall undertake all costs of defense, unless and until it is proven that the Master Director acted with willful or wanton misfeasance or with gross negligence. After such proof, the Master Association is no longer liable for the costs of defense, and may recover, from the Master Director who so acted, costs already expended. Master Directors are not personally liable to the victims of crimes occurring within the Project. Punitive damages may not be recovered against Master Declarant or the Master Association, subject to applicable Nevada law. An officer, employee, agent or director of a corporate Owner, a trustee or designated beneficiary of a trust that owns a Unit, a partner of a partnership that owns a Unit, or a fiduciary of an estate that owns a Unit, may be an Association Officer or Master Director. In every event where the person serving or offering to serve as an Association Officer or Master Director is a record Owner, he shall file proof of authority in the records of the Master Association. No Master Director shall be entitled to delegate his or her vote on the Master Board, as a Master Director, to any other Master Director or any other Person; any such attempted delegation of a Master Director's vote shall be void. Each Master Director shall serve in office until the appointment (or election, as applicable) of his successor.

(b) The term of office of a Master Director shall not exceed two (2) years, subject to election of a successor Master Director. A Master Director may be elected to succeed himself or herself. Following the Master Declarant Control Period, elections for Master Directors (whose terms are expiring) must be held at the Annual Meeting, as set forth in Section 4.3 below.

(c) A quorum is deemed present throughout any Master Board meeting if Master Directors entitled to cast fifty percent (50%) of the votes on that Master Board are present at the beginning of the meeting.

3.7 Master Declarant's Control of the Master Board. During the period of Master Declarant's control ("Master Declarant Control Period"), as set forth below, Master Declarant at any time, with or without cause, may remove or replace any Master Director appointed by Master Declarant. Master Directors appointed by Master Declarant need not be Owners. Master Declarant shall have the right to appoint and remove the Master Directors, subject to the following limitations:

(a) Not later than sixty (60) days after conveyance from Master Declarant to Purchasers of twenty-five percent (25%) of the Units That May Be Created, at least one Master Director and not less than twenty-five percent (25%) of the total Master Directors must be elected by Owners other than Master Declarant.

(b) Not later than sixty (60) days after conveyance from Master Declarant to Purchasers of fifty percent (50%) of the Units That May Be Created, not less than one-third of the total Master Directors must be elected by Owners other than Master Declarant.

(c) The Master Declarant Control Period shall terminate on the earliest of: (i) sixty (60) days after conveyance from Master Declarant to Purchasers of seventy-five percent (75%) of the Units That May Be Created; (ii) five years after Master Declarant has ceased to offer any Units for sale in the ordinary course of business; or (iii) five years after any right to annex any portion of the Annexable Area was last exercised pursuant to Article 15 hereof.

3.8 Control of Board by Owners. Subject to and following the Master Declarant Control Period, and subject to the District Voting System Act set forth in Section 4.3 below: (a) the Owners shall elect a Master Board of three (3) Master Directors, and (b) the Master Board may fill vacancies in its membership (e.g., due to death or resignation of a Master Director), subject to the right of the Owners to elect a

replacement Master Director, for the unexpired portion of any term. After the Master Declarant Control Period, all of the Master Directors must be Owners, and each Master Director shall, within thirty (30) days of his appointment or election, certify in writing that he is an Owner and has read and reasonably understands the Governing Documents and applicable provisions of NRS Chapter 116 to the best of his or her ability. The Master Board shall elect the Officers, all of whom (after the Master Declarant Control Period) must be Owners and Master Directors. The Owners within a District, upon a two-thirds (2/3) affirmative vote of all Owners present and entitled to vote at any Owners' meeting at which a quorum is present, may remove their District Director with or without cause; provided, however that any Master Director(s) appointed by Master Declarant may only be removed by Master Declarant.

3.9 Election of District Directors. Not less than thirty (30) days before the preparation of a ballot for the election of a District Director, which shall normally be conducted at the Annual Meeting of each District, the Secretary or other designated Officer of the Sub-Association shall cause notice to be given to each Owner within the District of his eligibility to serve as a District Director, representing the District. Each Owner who is qualified to serve as a District Director may have his name placed on the ballot along with the names of the nominees selected by the Board or a nominating committee established by the Board of the Sub-Association. The Secretary or other designated Officer of a Sub-Association shall cause to be sent prepaid by United States mail to the mailing address of each Unit within the District or to any other mailing address designated in writing by the Unit Owner, a secret ballot for so long as so required by applicable Nevada law, and a return envelope. Election of a District Director must be conducted by secret written ballot, with the vote publicly counted (which counting may be done as the meeting agenda progresses).

3.10 Master Board Meetings.

(a) A Master Board meeting must be held at least once every 90 days. Except in an emergency, the Secretary or other designated Officer shall, not less than 10 days before the date of a Master Board meeting, cause notice of the meeting to be given to the Owners. Such notice must be: (1) sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Owner; or (2) published in a newsletter or other similar publication circulated to each Owner. In an emergency, the Secretary or other designated Officer shall, if practicable, cause notice of the meeting to be sent prepaid by United States mail to the mailing address of each Unit. If delivery of the notice in this manner is impracticable, the notice must be hand-delivered to each Unit within the Project or posted in a prominent place or places within the Common Elements within each District.

(b) As used in this Section 3.10, "emergency" means any occurrence or combination of occurrences that: (1) could not have been reasonably foreseen; (2) affects the health, welfare and safety of the Owners; (3) requires the immediate attention of, and possible action by, the Master Board; and (4) makes it impracticable to comply with regular notice and/or agenda provisions.

(c) The notice of the Master Board meeting must state the time and place of the meeting and include a copy of the agenda for the meeting (or the date on which and the locations where copies of the agenda may be conveniently obtained by Owners). The notice must include notification of the right of an Owner to: (1) have a copy of the minutes or a summary of the minutes of the meeting distributed to him upon request (and, if required by the Master Board, upon payment to the Master Association of the cost of making the distribution), and (2) speak to the Master Association or Master Board, unless the Master Board is meeting in Executive Session.

(d) The agenda of the Master Board meeting must comply with the provisions of NRS § 116.3108.3. The period required to be devoted to comments by Owners and discussion of those comments must be scheduled for the beginning of each meeting. In an emergency, the Master Board may take action on an item which is not listed on the agenda as an item on which action may be taken.

(e) At least once every 90 days, the Master Board shall review at one of its meetings: (1) a current reconciliation of the Operating Fund (as defined in Section 6.2 below); (2) a current reconciliation of the Reserve Fund (as defined in Section 6.3 below); (3) the actual revenues and expenses for the Reserve Fund, compared to the Reserve Budget for the current year; (4) the latest account statements prepared by the financial institutions in which the accounts of the Master Association are maintained; (5) an income and expense statement, prepared on at least a quarterly basis, for the Operating Fund and Reserve Fund; and (6) the current status of any civil action or claim submitted to arbitration or mediation in which the Master Association is a party.

(f) The minutes of a Master Board meeting must be made available to Owners in accordance with NRS § 116.3108.5.

3.11 Attendance by Owners at Master Board Meetings; Executive Sessions. The Master Board shall meet not less frequently than once every ninety (90) days. A quorum is deemed present throughout any Master Board meeting if Master Directors entitled to cast fifty percent (50%) of the votes on that Master Board are present at the beginning of the meeting. Owners are entitled to attend any meeting of the Master Board (except for Executive Sessions) and may speak at such meeting, provided that the Master Board may establish reasonable procedures and reasonable limitations on the time an Owner may speak at such meeting. The period to be devoted to comments by Owners and discussion of those comments must be scheduled for the beginning of each meeting. Owners may not attend or speak at an Executive Session, unless the Master Board specifically so permits. An "Executive Session" is an executive session of the Master Board (which may be a portion of a Master Board meeting), designated as such by the Master Board in advance, for the sole purpose of:

(a) consulting with an attorney for the Master Association on matters relating to proposed or pending litigation, if the contents of the discussion would otherwise be governed by the privilege set forth in NRS §§ 49.035 to 49.115, inclusive; or

(b) discussing Master Association personnel matters of a sensitive nature; or

(c) discussing any violation ("Alleged Violation") of the Master Governing Documents (including, without limitation, the failure to pay an Assessment) alleged to have been committed by an Owner ("Involved Owner") (provided that the Involved Owner shall be entitled to request in writing that such hearing be conducted by the Master Board in open meeting, and provided further that the Involved Owner may attend such hearing and testify concerning the Alleged Violation, but may be excluded by the Master Board from any other portion of such hearing, including, without limitation, the Master Board's deliberation).

No other matter may be discussed in Executive Session. Any matter discussed in Executive Session must be generally described in the minutes of the Master Board meeting, provided that the Master Board shall maintain detailed minutes of the discussion of any Alleged Violation, and, upon request, shall provide a copy of said detailed minutes to the Involved Owner or his designated representative.

ARTICLE 4 OWNERS' VOTING RIGHTS; OWNERS' MEETINGS

4.1 Owners' Voting Rights. All voting rights shall be subject to the Governing Documents. Subject to the provisions set forth in this Article 4, each Member, including Master Declarant shall be entitled to cast one (1) vote for each Unit owned, subject to Section 3.7 above, and subject further to the District Voting System set forth in Section 4.3 below. In the event that more than one Person holds fee title to a Unit ("co-owners"), all such co-owners shall be one Member, and may attend any meeting of the

Master Association, but only one such co-owner shall be entitled to exercise the vote to which the Unit is entitled. Such co-owners may from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed. Where no voting co-owner is designated, or if such designation has been revoked, the vote for such Unit shall be exercised as mutually agreed upon by the majority of the co-owners thereof. Unless the Master Board receives a written objection from a co-owner, it shall be presumed that the voting co-owner is acting with the consent of his co-owners. No vote shall be cast for any Unit where the co-owners, present in person or by proxy, owning the majority interests in such Unit cannot agree to said vote or other action. All co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Unit and shall be entitled to all other benefits of ownership, subject to the Master Rules regarding reasonable regulation of Master Association Property. All agreements and determinations lawfully made by the Master Association in accordance with the voting percentages established herein, or in the Master Bylaws, shall be deemed to be binding on all Owners, their successors and assigns. Notwithstanding all of the foregoing, the voting rights of an Owner shall be automatically suspended during any time period in which Master Common Assessments (or any assessment under a Supplemental Declaration) or any Special Assessment or Capital Assessment levied against such Owner or his Unit are delinquent.

4.2 Transfer of Voting Rights. The right to vote may not be severed or separated from any Unit, and any sale, transfer or conveyance of fee interest in any Unit to a new Owner shall operate to transfer the appurtenant Membership and voting rights without the requirement of any express reference thereto. Each Owner shall, within ten (10) days of any sale, transfer or conveyance of a fee interest in the Owner's Unit, notify the Master Association in writing of such sale, transfer or conveyance, with the name and address of the transferee, the nature of the transfer and the Unit involved, and such other information relative to the transfer and the transferee as the Master Board may reasonably request, and shall deliver to the Master Association a copy of the Recorded deed therefor. Any Mortgagee who acquires title to a Unit pursuant to a judgment of foreclosure or a trustee's sale shall automatically become entitled to exercise all voting rights which the Owner of said Unit would otherwise have had. If any lender to whom Master Declarant has assigned, or hereafter assigns, as security, all or substantially all of its rights under this Master Declaration succeeds to the interests of the Master Declarant by virtue of said assignment, the absolute voting rights of Master Declarant as provided herein shall not be terminated thereby, and such lender shall hold Master Declarant's Memberships and voting rights on the same terms as they were held by Master Declarant.

4.3 Election of Directors by District. Subject to Master Declarant's control of the Master Board, as set forth in Section 3.7, above, the Master Board shall be elected from time to time by a "District Voting System" as described below.

(a) Establishment of Districts. Each of First Light, High Noon, and Twilight shall constitute a District.

(b) Voting Rights of Members. Pursuant to NRS §116.212.5(c), all Owners within a particular District shall elect one (1) District Director to the Master Association Board, which shall be comprised of an aggregate of three (3) Directors (i.e., one each elected by the Owners of First Light, High Noon, and Twilight, respectively). The Member shall also have the right to vote on Sub-Association matters, in the manner set forth in the Supplemental Declaration for such Sub-Association.

4.4 Meetings of the Membership. Meetings of the Master Association must be held at least once each year, or as otherwise may be required by applicable law. The annual Master Association meeting shall be held on a recurring anniversary basis, and shall be referred to as the "Annual Meeting." The business conducted at each such Annual Meeting shall include the announcement of election of District Directors whose terms are then expiring. If the Members have not held a meeting for one (1) year, a meeting of the Master Association Membership must be held by not later than the March 1 next

following. A special meeting of the Master Association Membership may be called at any reasonable time and place by written request of: (a) the Master Association President, (b) a majority of the Master Directors, or (c) Members representing at least ten percent (10%) of the voting power of the Master Association, or as otherwise may be required by applicable law. Notice of special meetings shall be given by the Secretary of the Master Association in the form and manner provided in Section 4.5, below.

4.5 Meeting Notices; Agendas; Minutes. Meetings of the Members shall be held in the Project or at such other convenient location near the Project and within the County, as may be designated in the notice of the meeting.

(a) Not less than ten (10) nor more than sixty (60) days in advance of any meeting, the Master Association Secretary shall cause notice to be hand delivered or sent postage prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by any Owner. The meeting notice must state the time and place of the meeting and include a copy of the agenda for the meeting. The notice must include notification of the right of an Owner to: (1) have a copy of the minutes or a summary of the minutes of the meeting distributed to him upon request, if the Owner pays the Master Association the cost of making the distribution; and (2) speak to the Master Association or Master Board (unless the Master Board is meeting in Executive Session).

(b) The meeting agenda must consist of:

(1) a clear and complete statement of the topics scheduled to be considered during the meeting, including, without limitation, any proposed amendment to any of the Master Governing Documents, any fees or assessments to be imposed or increased by the Master Association, any budgetary changes, and/or any proposal to remove a Master Association Officer or Master Director; and

(2) a list describing the items on which action may be taken, and clearly denoting that action may be taken on those items ("Agenda Items"); and

(3) a period devoted to comments by Owners and discussion of such comments; provided that, except in emergencies, no action may be taken upon a matter raised during this comment and discussion period unless the matter is an Agenda Item. If the matter is not an Agenda Item, it shall be tabled at the current meeting, and specifically included as an Agenda Item for discussion and consideration at the next following meeting, at which time, action may be taken thereon.

(c) In an "emergency" (as said term is defined in Section 3.10(e) above, Members may take action on an item which is not listed on the agenda as an item on which action may be taken.

(d) If the Master Association adopts a policy imposing a fine on an Owner for the violation of a provision of the Master Governing Documents, the Master Board shall prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Owner thereof, a specific schedule of fines that may be imposed for those particular violations, at least thirty (30) days prior to any attempted enforcement, and otherwise subject to Section 17.1, below.

(e) Not more than thirty (30) days after any meeting, the Master Board shall cause the minutes or a summary of the minutes of the meeting to be made available to the Owners. A copy of the minutes or a summary of the minutes must be provided to any Owner who pays the Master Association the cost of providing the copy.

4.6 Record Date. The Master Board shall have the power to fix in advance a date as a record date for the purpose of determining Members entitled to notice of or to vote at any meeting or to be furnished with any Budget or other information or material, or in order to make a determination of Members for any purpose. Notwithstanding any provisions hereof to the contrary, the Members of record on any such record date shall be deemed the Members for such notice, vote, meeting, furnishing of information or material or other purpose and for any supplementary notice, or information or material with respect to the same matter and for an adjournment of the same meeting. A record date shall not be more than sixty (60) days nor less than ten (10) days prior to the date on which the particular action requiring determination of Members is proposed or expected to be taken or to occur.

4.7 Proxies. Every Member entitled to vote or execute statements or consents shall have the right to attend, vote at, or exercise consents with respect to, any meeting of the Members, may do so either in person or by a representative, known as a proxy, duly authorized by an instrument in writing, filed with the Board prior to the meeting to which the proxy is applicable. A Member may give a proxy only to a member of his immediate Family, a Resident tenant, or another Member. No proxy shall be valid after the conclusion of the meeting (including continuation of such meeting) for which the proxy was executed. Such powers of designation and revocation may be exercised by the legal guardian of any Member or by his conservator, or in the case of a minor having no guardian, by the parent legally entitled to permanent custody, or during the administration of any Member's estate where the interest in the Unit is subject to administration in the estate, by such Member's executor or administrator. Any form of proxy or written ballot shall afford an opportunity therein to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy or written ballot is solicited, and shall provide, subject to reasonably specified conditions, that where the person solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance with such specification. Unless applicable Nevada law provides otherwise, a proxy is void if: (a) it is not dated or purports to be revocable without notice; (b) it does not designate the votes that must be cast on behalf of the Member who executed the proxy; or (c) the holder of the proxy does not disclose at the beginning of the meeting (for which the proxy is executed) the number of proxies pursuant to which the proxy holder will be casting votes and the voting instructions received for each proxy. If and for so long as prohibited by Nevada law, a vote may not be cast pursuant to a proxy for the election of a Master Director.

4.8 Quorums. The presence at any meeting of Members who hold votes equal to twenty percent (20%) of the total voting power of the Master Association, in person or by proxy, shall constitute a quorum for consideration of that matter. The Members present at a duly called meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken other than adjournment is approved by at least a majority of the Members required to constitute a quorum, unless a greater vote is required by applicable law or by this Master Declaration. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may, except as otherwise provided by law, adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the time the original meeting was called, at which reconvened meeting the quorum requirement shall be the presence, in person or by written proxy, of the Members entitled to vote at least twenty percent (20%) of the total votes of the Master Association. Notwithstanding the presence of a sufficient number of Owners to constitute a quorum, certain matters, including, without limitation, amendment to this Master Declaration, require a higher percentage (e.g., 67%) of votes of the total voting Membership as set forth in this Master Declaration.

4.9 Actions. If a quorum is present, the affirmative vote on any matter of the majority of the votes represented at the meeting (or, in the case of elections in which there are more than two (2) candidates, a plurality of the votes cast) shall be the act of the Members, unless the vote of a greater number is required by law or by this Master Declaration.

4.10 Adjourned Meetings and Notice Thereof. Any Members' meeting, General or special, whether or not a quorum is present, may be adjourned from time to time by a vote of a majority of the Members present either in person or by proxy, but in the absence of a quorum, no other business may be transacted at any such meeting except as provided herein. When any Members' meeting is adjourned for seven (7) days or less, the time and place of the reconvened meeting shall be announced at the meeting at which the adjournment is taken. When any Members' meeting is adjourned for more than seven (7) days, notice of the reconvened meeting shall be given to each Member as in the case of an original meeting. Except as aforesaid, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at a reconvened meeting, and at the reconvened meeting the Members may transact any business that might have been transacted at the original meeting.

ARTICLE 5 FUNCTIONS OF MASTER ASSOCIATION

5.1 Powers and Duties. The Master Association shall have all of the powers of a Nevada non-profit corporation, subject only to such limitations, if any, upon the exercise of such powers as are expressly set forth in the Master Governing Documents. The Master Association shall have the power to perform any and all lawful acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Master Association. Without in any way limiting the generality of the foregoing provisions, the Master Association may act through the Master Board, and shall specifically have:

(a) Assessments. The power and duty to levy assessments against the Owners in Districts in which assessments have commenced, and to enforce payment of such assessments in accordance with the provisions of Article 7 hereof.

(b) Repair and Maintenance of Master Association Property. The power and duty to paint, plant, maintain and repair in a neat and attractive condition, in accordance with standards adopted by the DRC, all Master Association Property and all Improvements thereon, and to pay for utilities, landscaping, gardening and other necessary services for the Master Association Property. Notwithstanding the foregoing, the Master Association shall have no responsibility to provide any of the services referred to in this subsection 5.1(b) with respect to any Improvement which is accepted for maintenance by any state, local or municipal governmental agency or public entity or which, subject to the provisions of Section 5.1(e) hereof, is the maintenance responsibility of any Sub-Association pursuant to a Supplemental Declaration. Such responsibility shall be that of the applicable agency, public entity, or Sub-Association.

(c) Removal of Graffiti. The power and duty to remove or paint over any graffiti from or on the exterior side of perimeter walls, pursuant and subject to Section 9.10, below.

(d) Taxes. The power and duty to pay all taxes and assessments levied upon the Master Association Property and all taxes and assessments payable by the Master Association.

(e) Utility Services. The power and duty to obtain, for the benefit of the Master Association Property, any necessary water, gas and/or electric services for Master Association Property, and may (in the discretion of the Master Board) provide for all refuse collection (or similar services) for Master Association Property, and the power but not the duty to provide for all and cable or master television service (if any), as deemed necessary in Master Declarant's sole discretion.

(f) Commonly-Metered Water. The power and duty to pay, for the benefit of the Condominium Areas, Commonly-Metered Water, pursuant to and as set forth in Section 5.7, below.

(g) Easements and Rights-of-Way. The power but not the duty to grant and convey to any Person, (i) easements, licenses and rights-of-way in, on, over or under the Master Association Property, and (ii) with the consent of seventy-five percent (75%) of the voting power of the Master Association, fee title to parcels or strips of land which comprise a portion of the Master Association Property, for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder: (A) roads, streets, walks, driveways, parkways, park areas and slope areas; (B) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, television, telephone and other similar purposes; (C) sewers, storm and water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and, (D) any similar public or quasi-public improvements or facilities.

(h) Manager. The power but not the duty to employ or contract with a professional Manager to perform all or any part of the duties and responsibilities of the Master Association, and shall have the power but not the duty to delegate powers to committees, officers, and employees of the Master Association. Any such management agreement, or any agreement providing for services by Master Declarant to the Master Association, shall be for a term not in excess of one (1) year, subject to cancellation by the Master Association for cause at any time upon not less than fifteen (15) days written notice, and without cause (and without penalty or the payment of a termination fee) at any time upon ninety (90) days written notice.

(i) Rights of Entry and Enforcement. The power but not the duty, after Notice and Hearing (except in the event of emergency which poses an imminent threat to health or substantial damage to property, in which event, Notice and Hearing shall not be required), to enter upon any Unit without being liable to any Owner, except for damage caused by the Master Association entering or acting in bad faith, for the purpose of enforcing by peaceful means the provisions of this Master Declaration, or for the purpose of maintaining or repairing any such Unit if for any reason whatsoever the Owner thereof fails to maintain and repair any such area as required by this Master Declaration. All costs of any such maintenance and repair as described in the preceding sentence (including all amounts due for such work, and the costs and expenses of collection) shall be assessed against such Owner as a Special Assessment, and, if not paid timely when due, shall constitute an unpaid or delinquent assessment, pursuant to Article 7 below. The responsible Owner shall pay promptly all amounts due for such work, and the costs and expenses of collection. Unless there exists an emergency, there shall be no entry into a Dwelling without the prior consent of the Owner thereof. Any damage caused by an entry upon any Unit shall be repaired by the entering party. Subject to Section 5.3 below, the Master Association may also commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Master Declaration and to enforce, by mandatory injunctions or otherwise, all of the provisions of the Master Declaration, and, if such action pertaining to the Declaration is brought by the Master Association, the prevailing party shall be entitled to reasonable attorneys' fees and costs to be fixed by the court. Any other provision herein notwithstanding: (a) the Master Association shall have the power, but not the duty, to enforce use restrictions pertaining to the Project or any portion thereof; and (b) the Sub-Association under a Supplemental Declaration shall have both the power and the duty to enforce use restrictions pertaining to the portion of the Project encumbered by said Supplemental Declaration.

(j) Other Services. The power and duty to maintain the integrity of the Master Association Property and to provide such other services as may be necessary or proper to carry out the Master Association's obligations and business under the terms of this Master Declaration to enhance the enjoyment, or to facilitate the use, by the Members, of the Master Association Property.

(k) Employees, Agents and Consultants. The power but not the duty, if deemed appropriate by the Master Board, to hire and discharge employees and agents and to retain and pay for legal, accounting and other services as may be necessary or desirable in connection with the performance of any duties or exercise of any powers of the Master Association under this Master Declaration.

(l) Acquiring Property and Construction on Master Association Property. The power but not the duty, by action of the Master Board, to acquire property or interests in property for the common benefit of Owners, including Improvements and personal property. The power but not the duty, by action of the Master Board, to construct new Improvements or additions to the Master Association Property, or demolish existing Improvements (other than maintenance or repairs to existing Improvements).

(m) Contracts. The power, but not the duty, to enter into contracts with Owners and Sub-Associations to provide services or to maintain and repair Improvements within Districts which the Master Association is not otherwise required to maintain pursuant to this Master Declaration, and the power, but not the duty, to contract with third parties for such services. Any such contract or service agreement must, however, provide for payment to the Master Association of the cost of providing such service or maintenance.

(n) Records and Accounting. The power and the duty to keep, or cause to be kept, true and correct books and records of account at the sole cost and expense of the Master Association in accordance with generally accepted accounting principles. Financial statements for the Master Association shall be regularly prepared and distributed to all Members either directly or by delivery to the board of directors of a Sub-Association, which shall then distribute them to the Members as follows:

(1) Pro forma operating statements (Budgets), Reserve Budgets, and Reserve Studies shall be distributed pursuant to Section 6.4, below; and

(2) Reviewed or audited Financial Statements (consisting of a reasonably detailed statement of revenues and expenses of the Master Association for each Fiscal Year, and a balance sheet showing the assets (including, but not limited to, Master Association Reserve Funds) and liabilities of the Master Association as at the end of each Fiscal Year) and a statement of cash flow for the Fiscal Year, shall be distributed within one hundred twenty (120) days after the close of each Fiscal Year.

(o) Maintenance of Other Areas. The power but not the duty to maintain and repair slopes, parkways, entry structures and signs identifying the Project, to the extent deemed advisable by the Master Board.

(p) Use Restrictions. The power and the duty to enforce use restrictions pertaining to the Project.

(q) Insurances. The power and the duty to cause to be obtained and maintained the insurance coverages pursuant to Article 12, below.

(r) Licenses and Permits. The power and the duty to obtain from applicable governmental authority any and all licenses and permits reasonably necessary to carry out Master Association functions hereunder.

5.2 Master Rules. The Master Board shall be empowered to adopt, amend, repeal, and/or enforce reasonable and uniformly applied Master Rules, which shall not discriminate among Members, for the use and occupancy of the Project, as follows:

~~(a) General. A copy of the Master Rules, as from time to time may be adopted,~~ amended or repealed, shall be posted in a conspicuous place in the Master Association Property Common Elements and/or shall be mailed or otherwise delivered to each Member. Upon such mailing, delivery or posting, the Master Rules shall have the same force and effect as if they were set forth herein and shall be binding on all Persons having any interest in, or making any use of any part of, the Project, whether or not Members; provided, however, that the Master Rules shall be enforceable only to the extent that they

are consistent with the other Master Governing Documents. If any Person has actual knowledge of any of the Master Rules, such Master Rules shall be enforceable against such Person, whether or not a Member, as though notice of such Master Rules had been given pursuant to this Section 5.2. The Master Rules may not be used to amend any of the other Master Governing Documents.

(b) Limitations. The Master Rules must be:

- (1) reasonably related to the purpose for which adopted;
- (2) sufficiently explicit in their prohibition, direction, or limitation, so as to reasonably inform an Owner or Resident, or tenant or guest thereof, of any action or omission required for compliance;
- (3) adopted without intent to evade any obligation of the Master Association;
- (4) consistent with the other Master Governing Documents (and must not arbitrarily restrict conduct, or require the construction of any capital improvement by an Owner if not so required by the other Master Governing Documents); and
- (5) uniformly enforced under the same or similar circumstances against all Owners; provided that any particular rule not so uniformly enforced may not be enforced against any Owner (except as, and to the extent, if any, such enforcement may be permitted from time to time by applicable law); and
- (6) duly adopted and distributed to the Owners at least 30 days before the alleged violation; and prior to any attempted enforcement.

5.3 Proceedings. The Master Association, acting through the Master Board, shall have the power and the duty to reasonably defend the Master Association (and, in connection therewith, to raise counterclaims) in any pending or potential lawsuit, arbitration, mediation or governmental proceeding (collectively hereinafter referred to as a "Proceeding"). The Master Association, acting through the Master Board, shall have the power, but not the duty, to reasonably institute, prosecute, maintain and/or intervene in a Proceeding, in its own name, but only on matters affecting or pertaining to this Master Declaration or the Master Association Property and as to which the Master Association is a proper party in interest, and any exercise of such power shall be subject to full compliance with the following provisions:

(a) Any Proceeding commenced by the Master Association: (i) to enforce the payment of an assessment or an assessment lien or other lien against an Owner as provided for in this Master Declaration, or (ii) to otherwise enforce compliance with the Master Governing Documents by, or to obtain other relief from, any Owner who has violated any provision thereof, or (iii) to protect against any matter which imminently and substantially threatens all of the health, safety and welfare of the Owners, or (iv) against a supplier, vendor, contractor or provider of services, pursuant to a contract or purchase order with the Master Association and in the ordinary course of business, or (v) for money damages wherein the total amount in controversy for all matters arising in connection with the action is not likely to exceed Ten Thousand Dollars (\$10,000.00) in the aggregate; shall be referred to herein as an "Operational Proceeding." The Master Board from time to time may cause an Operational Proceeding to be reasonably commenced and prosecuted, without the need for further authorization.

(b) Any and all pending or potential Proceedings other than Operational Proceedings shall be referred to herein as a "Non-Operational Controversy" or "Non-Operational Controversies." To protect the Master Association and the Owners from being subjected to potentially costly or prolonged Non-Operational Controversies without full disclosure, analysis and consent; to protect the Master Board

and individual Master Directors from any charges of negligence, breach of fiduciary duty, conflict of interest or acting in excess of their authority or in a manner not in the best interests of the Master Association and the Owners; and to ensure voluntary and well-informed consent and clear and express authorization by the Owners, strict compliance with all of the following provisions of this Section 5.3 shall be mandatory with regard to any and all Non-Operational Controversies commenced, instituted or maintained by the Master Board:

(i) The Master Board shall first endeavor to resolve any Non-Operational Controversy by good faith negotiations with the adverse party or parties. In the event that such good faith negotiations fail to reasonably resolve the Non-Operational Controversy, the Master Board shall then endeavor in good faith to resolve such Non-Operational Controversy by mediation, provided that the Master Board shall not incur liability for or spend more than Two Thousand Dollars (\$2,000.00) in connection therewith (provided that, if more than said sum is reasonably required in connection with such mediation, then the Master Board shall be required first to reasonably seek approval of a majority of the voting power of the Members for such additional amount for mediation before proceeding to arbitration or litigation. In the event that the adverse party or parties refuse mediation, or if such good faith mediation still fails to reasonably resolve the Non-Operational Controversy, the Master Board shall not be authorized to commence, institute or maintain any arbitration or litigation of such Non-Operational Controversy until the Master Board has fully complied with the following procedures:

(1) The Master Board shall first investigate the legal merit, feasibility and expense of prosecuting the Non-Operational Controversy, by obtaining the written opinion of a licensed Nevada attorney regularly residing in Clark County, Nevada, with a Martindale-Hubbell rating of "av" or better, expressly stating that such attorney has reviewed the underlying facts and data in sufficient, verifiable detail to render the opinion, and expressly opining that the Master Association has a substantial likelihood of prevailing on the merits with regard to the Non-Operational Controversy, without substantial likelihood of incurring any material liability with respect to any counterclaim which may be asserted against the Master Association. The Master Board shall be authorized to spend up to an aggregate of Two Thousand Dollars (\$2,000.00) to obtain such legal opinion, including all amounts paid to said attorney therefor, and all amounts paid to any consultants, contractors and/or experts preparing or processing reports and/or information in connection therewith. The Master Board may increase said \$2,000.00 limit, with the express consent of seventy-five percent (75%) or more of all of the Members of the Master Association, at a special meeting called for such purpose.

(2) Said attorney opinion letter shall also contain the attorney's best good faith estimate of the aggregate maximum "not-to-exceed" amount of legal fees and costs, including, without limitation, court costs, costs of investigation and all further reports or studies, costs of court reporters and transcripts, and costs of expert witnesses and forensic specialists (all collectively, "Quoted Litigation Costs") which are reasonably expected to be incurred for prosecution to completion (including appeal) of the Non-Operational Controversy. Said opinion letter shall also include a draft of any proposed fee agreement with such attorney. If the attorney's proposed fee arrangement is contingent, the Master Board shall nevertheless obtain the Quoted Litigation Costs with respect to all costs other than legal fees, and shall also obtain a written draft of the attorney's proposed contingent fee agreement. (Such written legal opinion, including the Quoted Litigation Costs, and also including any proposed fee agreement, contingent or non-contingent, are collectively referred to herein as the "Attorney Letter").

~~(3) Upon receipt and review of the Attorney Letter, if two-thirds (2/3) or more of the Master Board affirmatively vote to proceed with the institution or prosecution of, and/or intervention in, the Non-Operational Controversy, the Master Board thereupon shall duly notice and call a special meeting of the Members. The written notice to each Member of the Master Association shall include a copy of the Attorney Letter, including the Quoted Litigation Costs and any proposed fee agreement, contingent or non-contingent, together with a written report ("Special Assessment Report")~~

prepared by the Master Board: (A) itemizing the amount necessary to be assessed to each Member ("Special Litigation Assessment"), on a monthly basis, to fund the Quoted Litigation Costs, and (B) specifying the probable duration and aggregate amount of such Special Litigation Assessment. At said special meeting, following review of the Attorney Letter, Quoted Litigation Costs, and the Special Assessment Report, and full and frank discussion thereof, including balancing the desirability of instituting, prosecuting and/or intervening in the Non-Operational Controversy against the desirability of accepting any settlement proposals from the adversary party or parties, the Master Board shall call for a vote of the Members, whereupon: (x) if not more than seventy-five percent (75%) of the total voting power of the Master Association votes in favor of pursuing such Non-Operational Controversy and levying the Special Litigation Assessment, then the Non-Operational Controversy shall not be pursued further, but (y) if more than seventy-five percent (75%) of the total voting power of the Master Association (i.e., more than seventy-five percent (75%) of all of the Members of the Master Association) affirmatively vote in favor of pursuing such Non-Operational Controversy, and in favor of levying a Special Litigation Assessment on the Members in the amounts and for the duration set forth in the Special Assessment Report, then the Master Board shall be authorized to proceed to institute, prosecute, and/or intervene in the Non-Operational Controversy. In such event, the Master Board shall engage the attorney who gave the opinion and quote set forth in the Attorney Letter, which engagement shall be expressly subject to the Attorney Letter. The terms of such engagement shall require (i) that said attorney shall be responsible for all attorneys' fees and costs and expenses whatsoever in excess of one hundred ten percent (110%) of the Quoted Litigation Costs, and (ii) that said attorney shall provide, and the Master Board shall distribute to the Members, not less frequently than quarterly, a written update of the progress and current status of, and the attorney's considered prognosis for, the Non-Operational Controversy, including any offers of settlement and/or settlement prospects, together with an itemized summary of attorneys fees and costs incurred to date in connection therewith.

(4) In the event of any bona fide settlement offer from the adverse party or parties in the Non-Operational Controversy, if the Master Association's attorney advises the Master Board that acceptance of the settlement offer would be reasonable under the circumstances, or would be in the best interests of the Master Association, or that said attorney no longer believes that the Master Association is assured of a substantial likelihood of prevailing on the merits without prospect of material liability on any counterclaim, then the Master Board shall have the authority to accept such settlement offer. In all other cases, the Master Board shall submit any settlement offer to the Owners, who shall have the right to accept any such settlement offer upon a majority vote of all of the Members of the Master Association.

(c) In no event shall any Master Association Reserve Fund be used as the source of funds to institute, prosecute, maintain and/or intervene in any Proceeding (including, but not limited to, any Non-Operational Controversy). Master Association Reserve Funds, pursuant to Section 6.3, below, are to be used only for the specified replacements, painting and repairs of Master Association Property Common Elements, and for no other purpose whatsoever.

(d) Any provision in this Master Declaration notwithstanding: (i) other than as set forth in this Section 5.3, the Master Association shall have no power whatsoever to institute, prosecute, maintain, or intervene in any Proceeding, (ii) any institution, prosecution, or maintenance of, or intervention in, a Proceeding by the Master Board without first strictly complying with, and thereafter continuing to comply with, each of the provisions of this Section 5.3, shall be unauthorized and ultra vires as to the Master Association, and shall subject any Master Director who voted or acted in any manner to violate or avoid the provisions and/or requirements of this Section 5.3 to personal liability to the Master Association for all costs and liabilities incurred by reason of the unauthorized institution, prosecution, or maintenance of, or intervention in, the Proceeding; and (iii) this Section 5.3 may not be amended or deleted at any time without the express prior written approval of both: (1) Members representing not less than seventy-five percent (75%) of the total voting power of Master Association, and (2) not less than

seventy-five percent (75%) of the total voting power of the Master Board of Directors; and any purported amendment or deletion of this Section 5.3, or any portion hereof, without both of such express prior written approval shall be void.

5.4 Additional Express Limitations on Powers of Master Association. The Master Association shall not take any of the following actions except with the prior vote or written consent of a majority of the voting power of the Master Association:

(a) Incur aggregate expenditures for capital improvements to the Master Association Property in any Fiscal Year in excess of five percent (5%) of the budgeted gross expenses of the Master Association for that Fiscal Year; or sell, during any Fiscal Year, any property of the Master Association having an aggregate fair market value greater than five percent (5%) of the budgeted gross expenses of the Master Association for that Fiscal Year.

(b) Enter into a contract with a third person wherein the third person will furnish goods or services for the Master Association for a term longer than one (1) year, except (i) a contract with a public or private utility or cable television company, if the rates charged for the materials or services are regulated by the Nevada Public Service Commission (provided, however, that the term of the contract shall not exceed the shortest term for which the supplier will contract at the regulated rate), or (ii) prepaid casualty and/or liability insurance policies of no greater than three (3) years duration.

(c) Pay compensation to any Master Association Director or Officer for services performed in the conduct of the Master Association's business.

5.5 Manager. The Master Association shall have the power to employ or contract with a Manager, to perform all or any part of the duties and responsibilities of the Master Association, subject to the Master Governing Documents, for the purpose of operating and maintaining the Project, subject to the following:

(a) Any agreement with a Manager shall be in writing and shall be for a term not in excess of one (1) year, subject to cancellation by the Master Association for cause at any time upon not less than fifteen (15) days written notice, and without cause (and without penalty or the payment of a termination fee) at any time upon not more than ninety (90) days written notice. In the event of any explicit conflict between the Master Governing Documents and any agreement with a Manager, the Master Governing Documents shall prevail.

(b) The Manager shall possess sufficient experience, in the reasonable judgment of the Master Board, in managing residential subdivision projects, similar to the Project, in the County, and shall be duly licensed as required from time to time by the appropriate licensing and governmental authorities (and must have the qualifications, including education and experience, when and as required for the issuance of the relevant certificate by the Nevada Real Estate Division pursuant to the provisions of NRS Chapter 645 and/or NRS § 116.3119.3, or duly exempted pursuant to NRS § 116.3119.4). Any and all employees of the Manager with responsibilities to or in connection with the Master Association and/or the Community shall have such experience with regard to similar projects. (If no Manager meeting the above-stated qualifications is available, the Master Board shall retain the most highly qualified management entity available, which is duly licensed by the appropriate licensing authorities).

(c) No Manager, or any director, officer, shareholder, principal, partner, or employee of the Manager may be a Director or Officer of the Master Association.

(d) As a condition precedent to the employ of, or agreement with, a Manager, the Manager (or any replacement Manager) first shall be required, at its expense, to review the Master

Governing Documents, Plat, and any and all Master Association Reserve Studies and inspection reports pertaining to the Project.

(e) By execution of its agreement with the Master Association, a Manager shall be conclusively deemed to have covenanted: (1) in good faith to be bound by, and to faithfully perform all duties (including, but not limited to, full and faithful accounting for all Master Association funds within the possession or control of Manager) required of the Manager under the Master Governing Documents (and, in the event of any irreconcilable conflict between the Master Governing Documents and the contract with the Manager, the Master Governing Documents shall prevail); (2) that any penalties, fines or interest levied upon the Master Association as the result of Manager's error or omission shall be paid (or reimbursed to the Master Association) by the Manager; and (3) to comply fully, at its expense, with all applicable regulations of the Nevada Real Estate Division; and (4) at Manager's sole expense, to promptly turn over, to the Master Board, possession and control of all funds, documents, books, records and reports pertaining to the Project and/or Master Association, and to coordinate and cooperate in good faith with the Master Board in connection with such turnover, in any event not later than ten (10) days of expiration or termination of the Master Association's agreement with Manager (provided that, without limiting its other remedies, the Master Association shall be entitled to withhold all amounts otherwise due to the Manager until such time as the Manager turnover in good faith has been completed).

(f) Upon expiration or termination of an agreement with a Manager, a replacement Manager meeting the above-stated qualifications shall be retained by the Master Board as soon as possible thereafter and a limited review performed, by qualified Person of the books and records of the Master Association, to verify assets.

(g) The Master Association shall also maintain and pay for the services of such other personnel, including independent contractors, as the Master Board shall determine to be necessary or desirable for the proper management, operation, maintenance, and repair of the Master Association and the Project, pursuant to the Master Governing Documents, whether such personnel are furnished or employed directly by the Master Association or by any person with whom or which it contracts. Such other personnel shall not all be replaced concurrently, but shall be replaced according to a "staggered" schedule, to maximize continuity of services to the Master Association.

5.6 Inspection of Books and Records.

(a) The Master Board shall, upon the written request of any Owner, make available the books, records and other papers of the Master Association for review during the regular working hours of the Master Association, with the exception of: (1) personnel records of employees (if any) of the Master Association; and (2) records of the Master Association relating to another Owner.

(b) The Master Board shall cause to be maintained and made available for review at the business office of the Master Association or other suitable location: (1) the financial statements of the Master Association; (2) the Budgets and Reserve Budgets; and (3) Reserve Studies.

(c) The Master Board shall cause to be provided a copy of any of the records required to be maintained pursuant to (a) and (b) above, to an Owner or to the Nevada State Ombudsman, as applicable, within 14 days after receiving a written request therefor. The Board may charge a fee to cover the actual costs of preparing such copy, but not to exceed 25 cents per page (or such maximum amount as permitted by applicable Nevada law).

(d) Notwithstanding the foregoing, each Master Director shall have the unfettered right at any reasonable time, and from time to time, to inspect all such records.

5.7 Commonly-Metered Water. Water servicing the Condominium Areas is subject to common metering ("**Commonly-Metered Water**"). In connection therewith, Master Association shall have the power and the obligation to: (a) pay, before delinquency, the periodic cost of Commonly-Metered Water; (b) allocate, in the reasonable discretion of the Master Association, the cost of Commonly-Metered Water, and any and all related costs and expenses, to each respective Condominium Area Sub-Association ("**Allocated Water Cost**"); (c) require such Condominium Area Sub-Association to promptly pay, to the Master Association, such Sub-Association's Allocated Water Cost. If Allocated Water Costs are not paid promptly by a Condominium Area Sub-Association, then such Allocated Water Cost shall be deemed to constitute a Special Assessment under this Master Declaration as to such Sub-Association, and all Units within such jurisdiction, with all remedies available with respect to Special Assessments hereunder. Each Condominium Area Sub-Association, upon its formation, shall conclusively be deemed to have acknowledged and agreed to its obligation to promptly pay to the Master Association such periodic Allocated Water Costs. Master Association, and its contractors and agents, shall have an easement from time to time to enter upon any Condominium Area to reasonably effectuate the foregoing.

5.8 Continuing Rights of Master Declarant. Master Declarant shall preserve the right, without obligation, to enforce the Master Governing Documents (including, without limitation, the Master Association's duties of maintenance and repair, and Reserve Study and Reserve Fund obligations). After the end of the Master Declarant Control Period, throughout the term of this Master Declaration, the Master Board shall deliver to Master Declarant notices and minutes of all Master Board meetings and Membership meetings, and Master Declarant shall have the right, without obligation, to attend such meetings, on a non-voting basis. Master Declarant shall also receive notice of, and have the right, without obligation, to attend, all inspections of the Project or any portion(s) thereof. The Master Board shall also, throughout the term of this Master Declaration, deliver to Master Declarant (without any express or implied obligation or duty on Master Declarant's part to review or to do anything) all notices and correspondence to Owners, all inspection reports, the Reserve Studies prepared in accordance with Section 6.3 below, and audited annual reports, as required in Section 5.1(m), above. Such notices and information shall be delivered to Master Declarant at its most recently designated address.

5.9 Compliance with Applicable Laws. The Master Association shall comply with all applicable laws (including, but not limited to, applicable laws prohibiting discrimination against any person in the provision of services or facilities in connection with a Dwelling because of a handicap of such person). The provisions of the Governing Documents shall be upheld and enforceable to the maximum extent permissible under applicable federal or state law or County ordinance. Subject to the foregoing, in the event of irreconcilable conflict between applicable law and any provision of the Governing Documents, the applicable law shall prevail, and the affected provision of the Governing Document shall be deemed amended (or deleted) to the minimum extent reasonably necessary to remove such irreconcilable conflict. In no event shall the Master Association adhere to or enforce any provision of the Governing Documents which irreconcilably contravenes applicable law.

ARTICLE 6 FUNDS AND ASSESSMENTS

6.1 Personal Obligation of Assessments. Each Owner of a Unit, by acceptance of a deed therefor, whether or not so expressed in such deed, is deemed to covenant and agree to pay to the Master Association: ~~(a) Master Common Assessments, (b) Special Assessments, and (c) Capital Assessments;~~ such assessments to be established and collected as hereinafter provided in this Master Declaration. All assessments, together with interest thereon, late charges, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the Unit and shall be a continuing lien upon the Unit against which such assessment is made. Each such assessment, together with interest thereon, late charges, costs and reasonable attorneys' fees, shall also be the personal obligation of the Person who was the Owner

of such Unit at the time when the Assessment became due. This personal obligation cannot be avoided by abandonment of the Unit or by an offer to waive use of the Master Association Property. The personal obligation only shall not pass to the successors-in-title of any Owner unless expressly assumed by such successors. Each Owner's obligation to pay Assessments hereunder shall be in addition to the Owner's obligation to pay all required Sub-Association capital contributions and assessments, as and to the extent expressly applicable under the relevant Supplemental Declaration.

6.2 Master Association Funds. The Master Board shall establish and maintain at least the following separate accounts (the "**Master Association Funds**") into which shall be deposited all monies paid to the Master Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Master Association under the provisions of this Master Declaration. The Master Association Funds shall be established as trust accounts at a federally or state insured banking or savings institution, and shall include: (1) an operating fund ("Operating Fund") for current expenses of the Master Association, and (2) a reserve fund ("Reserve Fund") for capital repairs and replacements as set forth in Section 6.3 below, and (3) any other funds which the Master Board may establish, to the extent necessary under the provisions of this Master Declaration. To qualify for higher returns on accounts held at banking or savings institutions, the Master Board may commingle any amounts deposited into any of the Master Association Funds, (other than Reserve fund which shall be kept segregated), provided that the integrity of each individual Master Association Fund shall be preserved on the books of the Master Association by accounting for disbursements from, and deposits to, each Master Association Fund separately. Each of the Master Association Funds shall be established as a separate trust savings or trust checking account, at any federally insured banking or lending institution, with balances not to exceed institutionally insured levels. All amounts deposited into the Operating Fund and the Reserve Fund must be used solely for the common benefit of the Owners for purposes authorized by this Master Declaration. The Manager shall not be authorized to make withdrawals from the Reserve Fund. Withdrawals from the Reserve Fund shall require signatures of both the Master Association President and Treasurer (or, in the absence of either the Master Association President or Treasurer, the Secretary may sign in place of the absent Officer). The Master Association President, Treasurer, and Secretary all must be Master Directors and (after the Master Declarant Control Period) must also all be Owners.

6.3 Reserve Fund; Reserve Studies.

(a) Any other provision herein notwithstanding: (i) the Master Association shall establish a reserve fund ("Reserve Fund"); (ii) the Reserve Fund shall be used only for capital repairs and replacements of major components ("Major Components") of the Master Association Property, (iii) in no event whatsoever shall the Reserve Fund be used for regular maintenance recurring on an annual or more frequent basis, or as the source of funds to institute, prosecute, maintain and/or intervene in any Proceeding, or for any other purpose whatsoever; and (iv) the Reserve Fund shall be kept in a segregated account, withdrawals from which shall only be made upon specific approval of the Master Board subject to the foregoing, and (v) funds in the Reserve Fund may not be withdrawn without the signatures of both the Master Association President and the Treasurer (provided that the Secretary may sign in lieu of either the President or the Treasurer, if either is not reasonably available); (vi) under no circumstances shall the Manager (or any one Master Officer or Master Director, acting alone) be authorized to make withdrawals from the Reserve Fund, and (vii) any use of the Reserve Fund in violation of the foregoing provisions shall be unauthorized and ultra vires as to the Master Association, and shall subject any Master Director who acted in any manner to violate or avoid the provisions and/or requirements of this Section 6.3(a) to personal liability to the Master Association for all costs and liabilities incurred by reason of the unauthorized use of the Reserve Fund.

(b) The Master Board, shall periodically retain the services of a qualified reserve study analyst, with sufficient experience, with preparing reserve studies for similar residential projects in the City or County, to prepare and provide to the Master Association a reserve study ("Reserve Study"). The

Board shall cause to be prepared an initial Reserve Study by not later than October 1, 2000. Thereafter, the Board shall: (1) cause to be conducted at least once every five years, a subsequent Reserve Study; (2) review the results of the most current Reserve Study at least annually to determine if those reserves are sufficient; and (3) make any adjustments the Board deems necessary to maintain the required reserves.

(c) Each Reserve Study must be conducted by a person qualified by training and experience to conduct such a study (including, but not limited to, a Master Director, an Owner or a Manager who is so qualified). The Reserve Study must include, without limitation: (1) a summary of an inspection of the Major Components which the Association is obligated to repair, replace or restore; (2) an identification of the Major Components which have a remaining useful life of less than 30 years; (3) an estimate of the remaining useful life of each Major Component so identified; (4) an estimate of the cost of repair, replacement or restoration of each Major Component so identified during and at the end of its useful life; and (5) an estimate of the total annual assessment that may be required to cover the cost of repairing, replacement or restoration the Major Components so identified (after subtracting the reserves as of the date of the Reserve Study). The Reserve Study shall be conducted in accordance with any applicable regulations adopted by the Nevada Real Estate Division.

6.4 Master Annual Assessments; Assessment Units. A sum sufficient to pay Master Annual Expenses shall be assessed as Master Annual Assessments upon Owners pursuant to the Master Association Budget. As Master Annual Assessments commence with respect to additional Units annexed to the Project pursuant to Article 15 hereof, the Master Annual Assessments shall be revised, subject to the limitations of Section 6.8 below, to reflect the amended Master Association Budget. Unless otherwise indicated in the Master Association Budget, Master Annual Assessments shall be assessed on a uniform basis against all Owners, pursuant to the following:

(a) The Owner of each Lot or Condominium, shall be charged with one (1) Assessment Unit for each such Unit owned.

(b) Each Owner's proportionate share of the Master Annual Assessments shall be a fraction, the numerator of which shall be the number of Assessment Units charged to such Owner, and the denominator of which shall be the total number of Assessment Units charged to all Lots and Condominiums in the Project which are subject to assessment.

6.5 Assessment Commencement Date. Master Annual Assessments shall commence as to each Unit within a District, on the first day of the first month following the date of Recordation of the first deed conveying any Unit within such District from Master Declarant to a Purchaser. Master Annual Assessments for the then-current Fiscal Year for each Unit within such District shall be prorated, on the basis of the number of months in such Fiscal Year remaining from the date of commencement of such assessments, to the end of such Fiscal Year. All installments of Master Annual Assessments shall be collected in advance on a regular basis by the Master Board, at such frequency and on such due dates as the Master Board shall determine from time to time in its sole and absolute discretion. The Master Association shall, upon demand, and for a reasonable charge, furnish a certificate binding on the Master Association, signed by an officer or agent of the Master Association, confirming whether the assessments on a specified Unit have been paid. At the end of any Fiscal Year, the Master Board may determine that all excess funds remaining in the Operating Fund, over and above amounts needed for operation of the Project, may be retained by the Master Association to reduce the following year's Master Annual Assessment, or may be deposited in the Reserve Fund.

6.6 Master Association Budget.

(a) The Master Board shall adopt a proposed annual Budget at least forty-five (45) days prior to the first Annual Assessment period for each Fiscal Year. Within thirty (30) days after adoption of any Budget, the Master Board shall provide to all Owners a summary of the Budget, and shall set a date for a meeting of the Owners to consider ratification of the Budget. Said meeting shall be held not less than fourteen (14) days, nor more than thirty (30) days after mailing of the summary. At such Owners' meeting, whether or not a quorum is present, the proposed Budget shall be deemed ratified, unless it is rejected by at least seventy-five percent (75%) of the voting power of the Master Association. If the proposed Budget is so rejected, the annual Budget for the then-current or most recent Fiscal Year shall be reinstated, as if duly approved for the new Fiscal Year in question, and shall remain in effect until such time as a subsequent proposed Budget is ratified.

(b) Notwithstanding the foregoing, except as otherwise provided in subsection (c) below, the Master Board shall, not less than 30 days or more than 60 days before the beginning of each Fiscal Year, prepare and distribute to each Owner a copy of:

(1) the Budget (which must include, without limitation, the estimated annual revenue and expenditures of the Master Association and any contributions to be made to the Reserve Fund); and

(2) The Reserve Budget, which must include, without limitation:

(A) the current estimated replacement cost, estimated remaining life and estimated useful life of each major component of the Common Elements ("Major Component");

(B) as of the end of the Fiscal Year for which the Reserve Budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace or restore the Major Components;

(C) a statement as to whether the Master Board has determined or anticipates that the levy of one or more Capital Assessments will be required to repair, replace or restore any Major Component or to provide adequate reserves for that purpose; and

(D) a general statement describing the procedures used for the estimation and accumulation of cash reserves pursuant to subparagraph (B) above, including, without limitation, the qualifications of the person responsible for the preparation of the Reserve Study.

(c) In lieu of distributing copies of the Budget and Reserve Budget, the Board may distribute to each Owner a summary of those budgets, accompanied by a written notice that the budgets are available for review at the business office of the Master Association or other suitable location and that copies of the budgets will be provided upon request.

6.7 Limitations on Master Annual Assessment Increases. The Master Board shall not levy, for any Fiscal Year, an annual Master Annual Assessment which exceeds the "Maximum Authorized Master Annual Assessment" as determined below, unless first approved by the vote or written approval of Members representing at least a majority of the total voting power of the Master Association. The "**Maximum Authorized Master Annual Assessment**" in any Fiscal Year following the first budgeted Fiscal Year shall be that amount which does not exceed the aggregate of (a) the Master Annual Assessment for the prior Fiscal Year, plus (b) a twenty-five percent (25%) increase thereof. Notwithstanding the foregoing, if, in any Fiscal Year, the Master Board reasonably determines that the Master Common Expenses cannot be met by the Annual Assessments levied under the then-current Budget, the Master Board may, upon the affirmative vote of a majority of the voting power of the Master

Association and a majority of the voting power of the Master Board, submit a Supplemental Annual Assessment, applicable to that Fiscal Year only, for ratification as provided in Section 6.4 above.

6.8 Capital Contributions to Association. At the Close of Escrow for the sale of a Unit by Declarant, the Purchaser of such Unit shall be required to pay an initial capital contribution to the Master Association, in an amount equal to the greater of: (a) One Hundred Dollars (\$100.00), or (b) two (2) full monthly installments of the initial or then-applicable Master Annual Assessment. Such capital contribution is in addition to, and is not to be considered as, an advance payment of the Master Annual Assessment for such Unit, and shall be deposited at each Close of Escrow into the Master Association Reserve Fund, and used exclusively to help fund the Master Association Reserve Fund, and shall not be applied to non-Reserve Fund items. Additionally, at the Close of Escrow for each resale of a Unit by an Owner (other than Master Declarant), the Purchaser of such Unit shall be required to pay a resale capital contribution to the Master Association, in an amount equal to the greater of: (a) One Hundred Dollars (\$100.00), or (b) two (2) full monthly installments of the then-applicable Master Annual Assessment. Such resale capital contribution is in addition to the foregoing described initial capital contribution, and is further in addition to, and is not to be considered as, an advance payment of the Master Annual Assessment for such Unit.

6.9 Capital Assessments. The Master Board may levy, in any Fiscal Year, a Capital Assessment applicable to that Fiscal Year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Master Association Property, including fixtures and personal property related thereto. All Capital Assessments must be established for Units and Condominiums pursuant to a uniform basis, in the same proportion as Master Common Assessments are levied pursuant to Section 6.5 above, and collected in such manner and frequency as determined from time to time by the Master Board; provided that any proposed Capital Assessment shall require the advance consent of a majority of the voting power of the Association.

6.10 Uniform Rate of Assessment. Master Annual Assessments and Capital Assessments shall be assessed at an equal and uniform rate against all Owners and their Units. Each Owner's share of such assessments shall be a fraction, the numerator of which shall be the number of Units owned by such Owner, and the denominator of which shall be the aggregate number of Units in the Initial Property and upon and upon annexation, of Units in Annexed to Districts.

6.11 Exempt Property. The following property subject to this Master Declaration shall be exempt from all Assessments under the Governing Documents:

(a) all portions, if any, of the Project dedicated to and accepted by, the United States, the State of Nevada, the County, City, or any political subdivision of any of the foregoing, or any public agency, entity or authority, for as long as such entity or political subdivision is the owner thereof, or for so long as such dedication remains effective; and

(b) Master Association Property owned in fee by the Master Association; and

(c) Supplemental Common Area owned in fee by a Sub-Association.

6.12 Special Assessments. Master Association may, subject to the provisions of Section 9.3 and Section 11.1(b) hereof, levy Special Assessments against specific Owners (and their Units) who have caused the Master Association to incur special expenses due to willful or negligent acts or omissions of said Owners, their tenants, and their respective Families, guests, invitees or agents, in accordance with applicable Nevada law. Special Assessments also shall include, without limitation, late payment penalties, interest charges, fines, administrative fees, attorneys' fees, amounts expended to enforce assessment liens against Owners as provided for herein, and other charges of similar nature. Special Assessments, if not paid timely when due, shall constitute unpaid or delinquent assessments, pursuant to Article 7 below.

Association and a majority of the voting power of the Master Board, submit a Supplemental Annual Assessment, applicable to that Fiscal Year only, for ratification as provided in Section 6.4 above.

6.8 Capital Contributions to Association. At the Close of Escrow for the sale of a Unit by Declarant, the Purchaser of such Unit shall be required to pay an initial capital contribution to the Master Association, in an amount equal to the greater of: (a) One Hundred Dollars (\$100.00), or (b) two (2) full monthly installments of the initial or then-applicable Master Annual Assessment. Such capital contribution is in addition to, and is not to be considered as, an advance payment of the Master Annual Assessment for such Unit, and shall be deposited at each Close of Escrow into the Master Association Reserve Fund, and used exclusively to help fund the Master Association Reserve Fund, and shall not be applied to non-Reserve Fund items. Additionally, at the Close of Escrow for each resale of a Unit by an Owner (other than Master Declarant), the Purchaser of such Unit shall be required to pay a resale capital contribution to the Master Association, in an amount equal to the greater of: (a) One Hundred Dollars (\$100.00), or (b) two (2) full monthly installments of the then-applicable Master Annual Assessment. Such resale capital contribution is in addition to the foregoing described initial capital contribution, and is further in addition to, and is not to be considered as, an advance payment of the Master Annual Assessment for such Unit.

6.9 Capital Assessments. The Master Board may levy, in any Fiscal Year, a Capital Assessment applicable to that Fiscal Year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital Improvement upon the Master Association Property, including fixtures and personal property related thereto. All Capital Assessments must be established for Units and Condominiums pursuant to a uniform basis, in the same proportion as Master Common Assessments are levied pursuant to Section 6.5 above, and collected in such manner and frequency as determined from time to time by the Master Board; provided that any proposed Capital Assessment shall require the advance consent of a majority of the voting power of the Association.

6.10 Uniform Rate of Assessment. Master Annual Assessments and Capital Assessments shall be assessed at an equal and uniform rate against all Owners and their Units. Each Owner's share of such assessments shall be a fraction, the numerator of which shall be the number of Units owned by such Owner, and the denominator of which shall be the aggregate number of Units in the Initial Property and upon and upon annexation, of Units in Annexed to Districts.

6.11 Exempt Property. The following property subject to this Master Declaration shall be exempt from all Assessments under the Governing Documents:

(a) all portions, if any, of the Project dedicated to and accepted by, the United States, the State of Nevada, the County, City, or any political subdivision of any of the foregoing, or any public agency, entity or authority, for as long as such entity or political subdivision is the owner thereof, or for so long as such dedication remains effective; and

(b) Master Association Property owned in fee by the Master Association; and

(c) Supplemental Common Area owned in fee by a Sub-Association.

6.12 Special Assessments. Master Association may, subject to the provisions of Section 9.3 and Section 11.1(b) hereof, levy Special Assessments against specific Owners (and their Units) who have caused the Master Association to incur special expenses due to willful or negligent acts or omissions of said Owners, their tenants, and their respective Families, guests, invitees or agents, in accordance with applicable Nevada law. Special Assessments also shall include, without limitation, late payment penalties, interest charges, fines, administrative fees, attorneys' fees, amounts expended to enforce assessment liens against Owners as provided for herein, and other charges of similar nature. Special Assessments, if not paid timely when due, shall constitute unpaid or delinquent assessments, pursuant to Article 7 below.

ARTICLE 7
EFFECT OF NON PAYMENT OF ASSESSMENTS
REMEDIES OF THE MASTER ASSESSMENTS

7.1 Nonpayment of Assessments. Any installment of a Master Annual Assessment, Special Assessment, or Capital Assessment, shall be delinquent if not paid within thirty (30) days of the due date as established by the Master Board. Such delinquent installment shall bear interest from the due date until paid, at the rate of two (2) percentage points per annum above the prime rate charged from time to time by Bank of America N.T. & S.A. (or, if such rate is no longer published, a reasonable replacement rate), but in any event not greater than the maximum rate permitted by Nevada law, as well as a reasonable late charge, as determined by the Master Board, to compensate the Master Association for increased bookkeeping, billing, administrative costs and any other appropriate charges. No such late charge or interest on any delinquent installment may exceed the maximum rate or amount allowable by law. The Master Association may bring an action at law against the Owner personally obligated to pay any delinquent installment or late charge, or foreclose the lien against his Unit. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Master Association Property or by abandonment of his Unit.

7.2 Notice of Delinquent Assessment. If any installment of an assessment is not paid within thirty (30) days after its due date, the Master Board may mail a notice of delinquent assessment to the Owner and to each first Mortgagee of the Owner's Unit. The notice shall specify: (a) the amount of assessments and other sums due; (b) a description of the Unit against which the lien is imposed; (c) the name of the record Owner of the Unit; (d) the fact that the installment is delinquent; (e) the action required to cure the default; (f) the date, not less than thirty (30) days from the date the notice is mailed to the Owner, by which such default must be cured; and (g) 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 such Assessment for the then-current Fiscal Year, and sale of the Unit. The notice shall further inform the Owner of his right to cure after acceleration. If the delinquent installment of Assessments and any charges thereon are not paid in full on or before the date specified in the notice, the Master Board, at its option, may declare all of the unpaid balance of the Assessments levied against such Owner and his Unit to be immediately due and payable without further demand, and may enforce the collection of the full Assessments and all charges thereon in any manner authorized by law or this Master Declaration.

7.3 Notice of Default and Election to Sell. No action shall be brought to enforce any assessment lien herein, unless at least sixty (60) days have expired following the later of (a) the date a notice of default and election to sell is Recorded, or (b) the date the Recorded notice of default and election to sell is mailed in the United States mail, certified or registered, return receipt requested, to the Owner of the Unit. Such notice of default and election to sell must recite a good and sufficient legal description of such Unit, the Record Owner or reputed Owner thereof, the amount claimed (which may, at the Master Association's option, include interest on the unpaid assessment as described in Section 7.1 above, plus reasonable attorneys' fees and expenses of collection in connection with the debt secured by such lien), the name and address of the Master Association, and the name and address of the Person authorized by the Master Association to enforce the lien by sale. The notice of default and election to sell shall be signed and acknowledged by a Master Board Officer, Manager, or other Person designated by the Master Board for such purpose, and such lien shall be prior to any declaration of homestead Recorded after the date on which this Master Declaration is Recorded. The lien shall continue until fully paid or otherwise satisfied.

7.4 Foreclosure Sale. Subject to the limitation set forth in Section 7.5 below, any such sale provided for above may be conducted by the Master Board, its attorneys, or other Person authorized by the Master Board in accordance with the provisions of NRS § 116.31164 and Covenants Nos. 6, 7 and

8 of NRS § 107.030 and 107.090, as amended, insofar as they are consistent with the provisions of NRS § 116.31164, as amended, or in accordance with any similar statute hereafter enacted applicable to the exercise of powers of sale in Mortgages and Deeds of Trust, or in any other manner permitted by law. The Master Association, through its duly authorized agents, shall have the power to bid on the Unit at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. Notices of default and election to sell shall be provided as required by NRS § 116.31163. Notice of time and place of sale shall be provided as required by NRS § 116.311635.

7.5 Limitation on Foreclosure. Any other provision in the Master Governing Documents notwithstanding, the Master Association may not foreclose a lien by sale for the assessment of a Special Assessment or for a violation of the Master Governing Documents, unless the violation is of a type that substantially and imminently threatens the health, safety and welfare of the Owners and Residents of the Community. The foregoing limitation shall not apply to foreclosure of a lien for Master Annual Assessments or Capital Assessments, or any portion respectively thereof, pursuant to this Article 7.

7.6 Cure of Default. Upon the timely cure of any default for which a notice of default and election to sell was Recorded by the Master Association, the officers thereof shall Record an appropriate release of lien, upon payment by the defaulting Owner of a reasonable fee to be determined by the Master Board, to cover the cost of preparing and Recording such release. A certificate, executed and acknowledged by any two (2) Master Directors or Manager, stating the indebtedness secured by the lien upon any Unit created hereunder, shall be conclusive upon the Master Association and, if acknowledged by the Owner, shall be binding on such Owner as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request, at a reasonable fee, to be determined by the Master Board.

7.7 Cumulative Remedies. The assessment liens and the rights of foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Master Association and its assigns may have hereunder and by law or in equity, including a suit to recover a money judgment for unpaid assessments, as provided above.

7.8 Mortgagee Protection. Notwithstanding all other provisions hereof, no lien created under this Article 7, nor the enforcement of any provision of this Master Declaration shall defeat or render invalid the rights of the Beneficiary under any Recorded First Deed of Trust encumbering a Unit, made in good faith and for value; provided that after such Beneficiary or some other Person obtains title to such Unit by a judicial foreclosure, other foreclosure, or exercise of power of sale, such Unit shall remain subject to this Master Declaration and the payment of all installments of assessments accruing subsequent to the date such Beneficiary or other Person obtains title. The lien of the assessments, including interest and costs, shall be subordinate to the lien of any First Mortgage upon the Unit. The release or discharge of any lien for unpaid assessments by reason of the foreclosure or exercise of power of sale by the First Mortgagee shall not relieve the prior Owner of his personal obligation for the payment of such unpaid assessments.

7.9 Priority of Assessment Lien. Recordation of the Master Declaration constitutes Record notice and perfection of a lien for assessments. A lien for assessments, including interest, costs, and attorneys' fees, as provided for herein, shall be prior to all other liens and encumbrances on a Unit, except for: (a) liens and encumbrances Recorded before the Master Declaration was Recorded, (b) a first Mortgage Recorded before the delinquency of the assessment sought to be enforced, and (c) liens for real estate taxes and other governmental charges, and is otherwise subject to NRS § 116.3116. The sale or transfer of any Unit shall not affect an assessment lien. However, the sale or transfer of any Unit pursuant to judicial or nonjudicial foreclosure of a First Mortgage 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 Unit from lien rights for any assessments which thereafter become due. Where the Beneficiary of a First Mortgage of Record or other Purchaser of a Unit obtains title pursuant to a judicial

or nonjudicial foreclosure or "deed in lieu, thereof" the Person who obtains title and his successors and assigns shall not be liable for the share of the Master Common Expenses or assessments by the Master Association chargeable to such Unit which became due prior to the acquisition of title to such Unit by such Person. Such unpaid share of Master Common Expenses and assessments shall be deemed to become expenses collectible from all of the Units, including the Unit belonging to such Person and his successors and assigns.

ARTICLE 8 DESIGN REVIEW COMMITTEE

8.1 Members of Design Review Committee. The DRC shall consist of three (3) committee members, which number may be increased or decreased from time to time by resolution of the Master Board. Notwithstanding the foregoing, Master Declarant shall have the sole right and power to appoint and/or remove all of the members to the DRC, until the later of such time as: (a) Master Declarant no longer owns any property in, or has any power to annex the Annexable Area or any portion thereof, or (b) Master Declarant no longer controls the Master Board; provided that Master Declarant, in its sole discretion, by written instrument, may at any earlier time turn over to the Master Board the power to appoint the members to the DRC; thereafter, the Master Board shall appoint all members of the DRC. A member of the DRC may be removed at any time, without cause, by the Person who appointed such member. Unless changed by resolution of the Master Board, the address of the DRC for all purposes, including the submission of plans for approval, shall be at the principal office of the Master Association as designated by the Master Board.

8.2 Review of Plans and Specifications. The DRC shall consider and act upon any and all proposals, plans and specifications, drawings, and other information submitted, or required to be submitted (collectively in this Article 8, "plans and specifications") for DRC approval under this Master Declaration and shall perform such other duties as from time to time may be assigned to DRC by the Master Board.

(a) With the exception of any such activity of Master Declarant, no construction, alteration, grading, addition, excavation, relocation, repainting, installation, modification, or reconstruction of an Improvement including Dwelling in any District, shall be commenced or maintained by any Owner, until the plans and specifications therefor showing the nature, kind, shape, height, width, color, materials and location of the same shall have been submitted to, and approved in writing by, the DRC; provided that no design or construction activity of Master Declarant shall be subject to DRC review or approval. The Owner submitting such plans and specifications ("**Applicant**") shall obtain a written receipt therefor from an authorized agent of the DRC. The DRC shall approve plans and specifications submitted for its approval only if it deems that (1) the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or the Project as a whole, (2) the appearance of any structure affected thereby will be in harmony with other structures in the vicinity, (3) the construction will not detract from the beauty, wholesomeness and attractiveness of the Master Association Property or the enjoyment thereof by the Members, (4) the construction will not unreasonably interfere with existing views from other Units, and (5) the upkeep and maintenance will not become a burden on the Master Association.

(b) The DRC may condition its review and/or approval of plans and specifications for any Improvement upon any one or more or all of the following conditions: (1) such changes therein as the DRC deems appropriate; (2) agreement by the Applicant to grant appropriate easements to the Master Association for the maintenance of the Improvement; (3) agreement of the Applicant to reimburse the Master Association for the costs of maintenance; (4) agreement of the Applicant to submit "as-built" record drawings certified by a licensed architect or engineer which describe the Improvements in detail as

actually constructed upon completion of the Improvement; (5) payment or reimbursement, by Applicant, of the DRC and/or its members for their actual costs incurred in considering the plans and specifications; and/or (6) such other conditions as the DRC may reasonably determine to be prudent and in the best interests of the Master Association. The DRC may further require submission of additional plans and specifications or other information prior to approving or disapproving materials submitted. The DRC may also issue rules or guidelines setting forth procedures for the submission of plans and specifications, requiring a fee to accompany each application for approval, or stating additional factors which it will take into consideration in reviewing submissions. The DRC may provide that the amount of such fee shall be uniform, or that the fee may be determined in any other reasonable manner, such as based upon the reasonable cost of the construction, alteration, or addition contemplated or the cost of architectural or other professional fees incurred by the DRC in reviewing plans and specifications.

(c) The DRC may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, landscaping plans, elevation drawings and descriptions or samples of exterior materials and colors. The DRC may further require that all plans and specifications first be approved by any Sub-Association having jurisdiction. Until receipt by the DRC of any required plans and specifications, the DRC may postpone review of any plans and specifications submitted for approval. **Any application submitted pursuant to this Section 8.2 shall be deemed approved, unless written disapproval or a request for additional information or materials by the DRC shall have been transmitted to the Applicant within forty-five (45) days after the date of receipt by the DRC of all required materials. Master Declarant need not seek approval of the DRC with respect to its activities, except for activities which take place in a District after the Close of Escrow on the last Unit in such District.**

(d) The DRC will condition any approval required in this Article 8 upon, among other things, compliance with Master Declarant's design criteria, Improvement standards, and development standards, as amended from time to time, all of which are incorporated herein by this reference.

(e) Any Owner aggrieved by a decision of the DRC may appeal the decision to the DRC in accordance with procedures to be established by the DRC. Such procedures would include the requirement that the appellant has modified the requested action or has new information which would in the DRC's opinion warrant reconsideration. If the DRC fails to allow an appeal or if it, after appeal, again rules in a manner aggrieving the appellant, the decision of the DRC is final. The foregoing notwithstanding, after such time as the Master Board appoints all members of the DRC pursuant to this Master Declaration, all appeals from DRC decisions shall be made to the Master Board, which shall consider and decide such appeals.

8.3 Meetings of the Design Review Committee. The DRC shall meet from time to time as necessary to perform its duties hereunder. DRC may, from time to time, by resolution unanimously adopted in writing, designate a DRC Representative (who may, but need not, be one of the DRC members) to take any action or perform any duties for and on behalf of the DRC, except the granting of variances pursuant to Section 8.8 below. In the absence of such designation, the vote of a majority of the members of the DRC, or the written consent of a majority of the members of the DRC taken without a meeting, shall constitute an act of the DRC.

8.4 No Waiver of Future Approvals. Approval by the DRC of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the DRC shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval or consent.

8.5 Compensation of Members. Subject to the provisions of Section 8.2(b) above, members shall not receive compensation from the Master Association for services rendered as members of the DRC.

8.6 Correction by Owner of Nonconforming Items. Subject to all applicable requirements of governmental authority, DRC inspection (which shall be limited to inspection of the visible appearance of the size, color, location and materials of work), and Owner correction of visible nonconformance therein:

(a) The DRC or its duly appointed Representative shall have the right to inspect any Improvement ("**Right of Inspection**") whether or not DRC approval has been requested or given, provided that such inspection shall be limited to the visible appearance of the size, color, location, and materials comprising such Improvement (and shall not constitute an inspection of any structural item, method of construction, or compliance with any applicable requirement of governmental authority). Such Right of Inspection shall, however, terminate sixty (60) days after completion of work and subsequent receipt by the DRC of written notice from the Owner of the Unit that the work of Improvement has been completed. If, as a result of such inspection, the DRC finds that such Improvement was done without obtaining approval of the plans and specifications therefor or was not done in substantial compliance with plans and specifications approved by the DRC, it shall, within sixty (60) days from the inspection, notify the Owner in writing of the Owner's failure to comply with this Article 8, specifying the particulars of noncompliance. If work has been performed without approval of plans and specifications therefor, the DRC may require the Owner of the Unit in which such Improvement is located, to submit "as-built" record drawings certified by a licensed architect or engineer which describe the Improvement in detail as actually constructed. The DRC shall have the authority to require the Owner to take such action as may be necessary to remedy the noncompliance.

(b) If, upon the expiration of sixty (60) days from the date of such notification, the Owner has failed to remedy such noncompliance, the DRC shall notify the Master Board in writing of such failure. Upon Notice and Hearing, the Master Board shall determine whether there is a noncompliance (with the visible appearance of the size, color, location, and/or materials thereof) and, if so, the nature thereof and the estimated cost of correcting or removing the same. If noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Master Board ruling is given to the Owner. If the Owner does not comply with the Master Board ruling within that period, the Master Board, at its option, may Record a notice of noncompliance and commence a lawsuit for damages or injunctive relief, as appropriate, to remedy the noncompliance, and, in addition, may peacefully remedy the noncompliance. The Owner shall reimburse the Master Association, upon demand, for all expenses (including reasonable attorneys' fees) incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Master Association, the Master Board shall levy a Special Assessment against such Owner for reimbursement as provided in this Master Declaration. The right of the Master Association to remove a noncomplying Improvement or otherwise to remedy the noncompliance shall be in addition to all other rights and remedies which the Master Association may have at law, in equity, or in this Master Declaration.

(c) If, for any reason, the DRC fails to notify the Owner of any noncompliance with previously submitted and approved plans and specifications within sixty (60) days after receipt of written notice of completion from the Owner, the Improvement shall be deemed to be in compliance with DRC requirements (but of course shall remain subject to all requirements of applicable governmental authority).

~~(d) All construction, alteration or other work shall be performed as promptly and as diligently as possible and shall be completed within one hundred eighty (180) days of the date on which the work commenced.~~

8.7 Scope of Review. The DRC shall review and approve, conditionally approve, or disapprove, all proposals and plans and specifications submitted to it for any proposed Improvement, alteration or addition, solely on the basis of the considerations set forth in Section 8.2 above, and solely with regard to the visible appearance of the size, color, location, and materials thereof. The DRC shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any proposal, plan or design from the standpoint of structural safety or conformance with building or other codes. Each Owner shall be responsible for obtaining all necessary permits and for complying with all governmental (including, but not necessarily limited to County) requirements.

8.8 Variances. When circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations may require, the DRC may authorize limited variances from compliance with any of the architectural provisions of this Master Declaration or any Supplemental Declaration, including, without limitation, restrictions on size (including height and/or floor area) or placement of structures, or similar restrictions. Such variances must be evidenced in writing, must be signed by at least a majority of the members of the DRC, and shall become effective upon Recordation. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Master Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Master Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it in any way affect the Owner's obligation to comply with all governmental laws, regulations and requirements affecting the use of his or her Unit, including but not limited to zoning ordinances and Lot set-back lines or requirements imposed by the County, or any municipal or other public authority. The granting of a variance by DRC shall not be deemed to be approval from the standpoint of compliance with such laws or regulations, nor from the standpoint of structural safety, and the DRC, provided it acts in good faith, shall not be liable for any damage to an Owner as a result of its granting or denying of a variance.

8.9 Non-Liability for Approval of Plans. The DRC's approval of proposals or plans and specifications shall not constitute a representation, warranty or guarantee, whether express or implied, that such proposals or plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such proposals or plans and specifications neither the DRC, the members thereof, the Master Association, the Master Board nor Master Declarant assumes any liability or responsibility therefor, or for any defect in the structure constructed from such proposals or plans or specifications. Neither the DRC, any member thereof, the Master Association, the Master Board nor Master Declarant shall be liable to any Member, Owner, occupant, or other Person or entity for any damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any proposals, plans and specifications and drawings, whether or not defective, or (b) the construction or performance of any work whether or not pursuant to the approved proposals, plans and specifications and drawings.

8.10 Architectural Guidelines. The DRC, in its sole discretion, from time to time, may promulgate Architectural and Landscape Standards and Guidelines for the Community.

8.11 Master Declarant Exemption. The DRC shall have no authority, power or jurisdiction over Units owned by Master Declarant, and the provisions of this Article 8 shall not apply to Improvements built by Master Declarant unless such Improvements are built after such time as Master Declarant conveys title to the Unit to a Purchaser. This Article 8 shall not be amended without Master Declarant's written consent set forth on the amendment.

8.12 Supplemental Declarations. The foregoing design review committee provisions shall be in addition to, and cumulative with, any and all expressly applicable architectural and landscaping control provisions of the Master Declarations. In the event of any conflict, the former shall prevail.

ARTICLE 9 MAINTENANCE AND REPAIR OBLIGATIONS

9.1 Maintenance Obligations of Owners. It shall be the duty of each Owner, at his sole cost and expense, subject to the provisions of this Master Declaration requiring DRC approval, to maintain, repair, replace and restore all Improvements located on his Unit and any "Limited Common Element" (as said term is defined by NRS § 116.110355) pertaining to his Unit, in a neat, sanitary and attractive condition, except for any areas expressly required to be maintained by the Master Association under this Master Declaration or by a Sub-Association under a Supplemental Declaration with jurisdiction. If any Owner shall permit any Improvement, the maintenance of which is the responsibility of such Owner, to fall into disrepair or to become unsafe, or unsightly, or otherwise to violate this Master Declaration, the Master Board shall have the right to seek any remedies at law or in equity which the Master Association may have. In addition, the Master Board shall have the right, but not the duty, after Notice and Hearing, to enter upon such Unit and/or Limited Common Element to make such repairs or to perform such maintenance and to charge the cost thereof to the Owner. Said cost shall be a Special Assessment, enforceable as set forth in this Master Declaration.

9.2 Maintenance Obligations of Master Association. No Improvement, excavation or work which in any way alters the Master Association Property shall be made or done by any Person other than Master Association or its authorized agents after the completion of the construction or installation of the Improvements thereto by Master Declarant. Subject to the provisions of Sections 9.3 and 11.1(b) hereof, upon the Assessment Date, the Master Association shall provide for the maintenance, repair, and replacement of Master Association Property. Master Association Property shall be maintained in a safe, sanitary and attractive condition, and in good order and repair. Master Association shall also provide for any utilities serving Master Association Property. Master Association shall also ensure that any landscaping on Master Association Property is regularly and periodically maintained in good order and in a neat and attractive condition. Master Association shall not be responsible for maintenance of any portions of Master Association Property which have been dedicated to and accepted for maintenance by a state, local or municipal governmental agency or entity. All of the foregoing obligations of Master Association shall be discharged when and in such manner as the Master Board shall determine in its reasonable judgment to be appropriate.

9.3 Damage by Owners to Master Association Property. The cost of any maintenance, repairs or replacements by Master Association within Master Association Property arising out of or caused by the willful or negligent act of an Owner, his tenants, or their respective Families, guests or invitees shall, after Notice and Hearing, be levied by the Master Board as a Special Assessment against such Owner as provided in Section 11.1(b) hereof.

9.4 Damage and Destruction Affecting Dwellings and Duty to Rebuild. If all or any portion of any Unit or Dwelling is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of such Unit to rebuild, repair or reconstruct the same in a manner which will restore the Unit substantially to its appearance and condition immediately prior to the casualty or as otherwise approved by DRC. The Owner of any damaged Unit shall be obligated to proceed with all due diligence hereunder, and such Owner shall cause reconstruction to commence within three (3) months after the damage occurs and to be completed within six (6) months after the damage occurs, unless prevented by causes beyond his reasonable control. A transferee of title to the Unit which is damaged shall commence and complete reconstruction in the respective periods which would have remained for the performance of such

obligations if the Owner at the time of the damage still held title to the Unit. However, in no event shall such transferee of title be required to commence or complete such reconstruction in less than ninety (90) days from the date such transferee acquired title to the Unit.

9.5 Party Walls/Fences Each wall which is built as a part of the original construction by Master Declarant and placed approximately on the property line between Units shall constitute a "Party Wall/Fence". In the event that any Party Wall/Fence is not constructed exactly on the property line, the Owners affected shall accept the Party Wall/Fence as the property boundary. The cost of reasonable repair and maintenance of Party Walls/Fences shall be shared by the Owners who use such Party Wall/Fence in proportion to such use (e.g., if the Party Wall/Fence is the boundary between two Owners, then each such Owner shall bear half of such cost). If a Party Wall/Fence is destroyed or damaged by fire or other casualty, the Party Wall/Fence shall be promptly restored, to its condition and appearance before such damage or destruction, by the Owner(s) whose Units have or had use of the Party Wall/Fence. Subject to the foregoing, any Owner whose Unit has or had use of the Party Wall/Fence may restore it to the way it existed before such destruction or damage, and any other Owner whose Unit makes use of the Party Wall/Fence shall contribute to the cost of restoration thereof in proportion to such use, subject to the right of any such Owner to call for a larger contribution from another Owner pursuant to any rule of law regarding liability for negligent or willful acts or omissions. Notwithstanding any other provision of this Section 9.5, an Owner who by his negligent or willful act causes a Party Wall/Fence to be exposed to the elements, or otherwise damaged or destroyed, shall bear the entire cost of furnishing the necessary protection, repair or replacement. The right of any Owner to contribution from any other Owner under this Section 9.5 shall be appurtenant to the land and shall pass to such Owner's successors in title. Any other provision herein notwithstanding, no Owner shall alter, add to, or remove any Party Wall/Fence constructed by Master Declarant, or portion of such Party Wall/Fence, without the prior written consent of the other Owner(s) who share such Party Wall/Fence, which consent shall not be unreasonably withheld, and the prior written approval of the DRC. In the event of any dispute arising concerning a Party Wall/Fence under the provisions of this Section 9.5, each party shall choose one arbitrator, such arbitrator shall choose one additional arbitrator, and the decision of a majority of such panel of arbitrators shall be binding upon the Owners which are a party to the arbitration.

9.6 Perimeter Walls/Fences Portions of Perimeter Walls/Fences, abutting or located on individual Units, are Improvements which are located or conclusively deemed to be located, within the boundaries of the abutting Units. By acceptance of a deed to his Unit, each Owner of a Unit hereby covenants at the Owner's sole expense, with regard to said portion of Perimeter Wall/Fence located or deemed located on his Unit ("Unit Wall/Fence"): to maintain at all times in effect thereon property and casualty insurance, on a current replacement cost; to maintain and keep the Unit Wall/Fence at all times in good repair; and, if and when reasonably necessary, to replace the Unit Wall/Fence to its condition and appearance as originally constructed by Master Declarant. No changes or alterations (including, without limitation, temporary alterations, such as removal of the Unit Wall/Fence for construction of a swimming pool or other improvement) shall be made to any Perimeter Wall/Fence, or any portion thereof, without the prior written approval of the DRC (and any request therefor shall be subject to the provisions of Article 8 above, including, but not necessarily limited to, any conditions imposed by the DRC pursuant to Section 8.2(b) above) and, if expressly required thereby, of the DRC. The foregoing and any other provision herein notwithstanding, under no circumstances shall any wall, or portion thereof, originally constructed by Master Declarant (without any obligation to make such judgment) of the DRC, be changed, altered or removed by any Owner (or agent or contractor thereof) if such wall, or portion thereof, is shown on any improvement plan as a flood control wall, or any other wall, or if such change, alteration or removal in the sole judgment of Master Declarant would adversely affect surface water, drainage, or other flood control considerations or requirements. If any Owner shall fail to insure, or to maintain, repair or replace his Unit Wall/Fence within sixty (60) days when reasonably necessary, in accordance with this Section 9.6, Master Association shall be entitled (but not obligated) to insure, or to maintain, repair or replace such Unit Wall/Fence, and to assess the full cost thereof against the Owner as a Special Assessment, which may

be enforced as provided for in this Master Declaration. The foregoing notwithstanding, Master Association, at its sole expense, generally shall be responsible for removing or painting over any graffiti from or on the exterior only side facing public streets abutting the exterior boundary of the Project ("exterior side of perimeter walls"), subject to the responsibility of a Sub-Association established with regard to a District, at its cost, to remove or paint over any graffiti from or on the side of perimeter walls within or pertaining to said District.

9.7 Installed Landscaping.

(a) Master Declarant shall have the option, in its sole discretion, to install landscaping on the front yards of Units ("Master Declarant Installed Landscaping").

(b) Subject to this Master Declaration, including, but not limited to, this Section 9.7 and to Sections 9.8 and 9.9 below, and the requirements of Article 8 (Design Review Committee), above, each Owner shall have, following Close of Escrow on his or her Unit, a period of not more than six (6) months within which to apply for and obtain approval of plans for all landscaping (other than any Master Declarant Installed Landscaping) and to commence and complete installation of such landscaping on his or her Unit ("Homeowner Installed Landscaping"). Each Owner shall be responsible, at his sole expense, for (1) maintenance, repair, replacement, and watering all landscaping on his Unit, in a neat and attractive condition; and (2) maintenance, repair and/or replacement of any and all sprinkler or irrigation or other related systems or equipment pertaining to such landscaping, subject to Section 9.8(c) below.

(c) To help prevent and/or control water damage to foundations and/or walls, each Owner covenants, by acceptance of a deed to his Lot, whether or not so stated in such deed, to not cause or permit irrigation water or sprinkler water on his Lot to seep or flow onto, or to strike upon, any foundation, slab, side or other portion of Dwelling, wall (including, but not necessarily limited to, Party Wall/Fence and/or Perimeter Wall/Fence), and/or any other Improvement). Without limiting the generality of the foregoing or any other provision in this Master Declaration, each Owner shall at all times ensure that: (1) there are no unapproved grade changes (including, but not necessarily limited to, mounding) within three (3) feet of any such foundation or wall located on or immediately adjacent to the Owner's Lot; and (2) only non-irrigated desert landscaping or drip irrigation is located on the Owner's Lot within three feet of any foundation, slab, side or other portion of Dwelling, wall (including, but not necessarily limited to, Party Wall/Fence and or Perimeter Wall/Fence).

9.8 Modification of Improvements. Maintenance and repair of Master Association Property shall be the responsibility of the Master Association, and the costs of such maintenance and repair shall be Master Common Expenses; provided that, in the event that any Improvement located on a Master Association Property is damaged because of any Owner's act or omission, such Owner shall be solely liable for the costs of repairing such damage and any and all costs reasonably related thereto, all of which costs may be assessed against such Owner as a Special Assessment under this Master Declaration. Each Owner covenants, by acceptance of a deed to his Unit, whether or not so stated in such deed, to not: add to, remove, modify, change, obstruct or landscape, all or any portion of the (b) Perimeter Walls/Fences or Party Wall(s)/Fence(s); and/or (c) any flood wall or other wall or fence constructed by Master Declarant on such Owner's Lot, without prior written approval of the DRC.

9.9 Graffiti Removal. The Master Association may, at its discretion, remove or paint over any graffiti from or on Exterior Walls/Fences (the costs of which shall be a Master Common Expense).

9.10 Maintenance of Coach Lights. Each Owner shall at all times maintain in good and operating condition any and all coach lights ("Coach Lights") installed by Declarant on the exterior of the Owner's Dwelling or garage. Such Owner maintenance shall include, but not be limited to, immediate replacement of burnt-out or non-functioning Coach Light bulbs or fixtures, and prompt periodic

replacement of photoelectric cells in the Coach Lights, when and as needed. Absent prior written approval of the DRC, in its sole discretion, no Owner may delete, modify, or change any Coach Light or part thereof as initially installed by Declarant. If any Owner shall fail to so replace Coach Light bulbs or fixtures or otherwise to maintain such Coach Lights or permit such lighting to fall into disrepair, or delete or modify such lighting without prior approval of the DRC, the Master Association shall have the right to enter upon such Unit and correct such condition, and the Owner shall be solely liable for the costs thereof and any and all costs reasonably related thereto, all of which costs may be assessed against such Owner as a Special Assessment under this Master Declaration. Nothing in this Section 9.10 shall be construed as requiring or mandating initial installation of Coach Lights.

9.11 Park Hose Bib Spaces. Certain parking spaces ("Park Hose Bib Spaces") are located within First Light (with respect to North Park) and High Noon (with respect to South Park), immediately adjacent to the Park, and are intended for use by all Residents within the Project in connection with washing of their vehicles at hose bibs located within the Park. Such Park Hose Bib Spaces are intended for use by all Residents of the Project, and all Residents shall have an easement of reasonable access to and from, and use and enjoyment of, such Park Hose Bib Spaces for their intended purpose.

9.12 Reporting Responsibilities of Owners. Each Owner shall promptly report in writing to the Master Board any and all visually discernible items or other conditions, with respect to Master Association Property, which reasonably appear to require repair. Delay or failure to fulfill such reporting duty may result in further damage to Improvements, requiring costly repair or replacement.

9.13 Drainage; Landscaping; Irrigation. The Master Board and/or Manager shall cause all drainage systems, landscape installations, and irrigation systems within the Master Association Property to be inspected at least monthly. At least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such drainage and landscape installations, who shall be required to promptly provide a written report to the Master Board. The written reports shall identify any items of maintenance or repair which either require current action by the Master Association, or will need further review and analysis, and shall specifically include a review of all irrigation and drainage systems within the Master Association Property. The Master Board and/or Manager shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration of or property damage to Master Association Property. Without limiting the following, all landscaping shall be maintained as per the following minimum maintenance standards:

- (a) lawn and ground cover shall be kept mowed and/or trimmed regularly;
- (b) plantings shall be kept in a healthy and growing condition; fertilization, cultivation, spraying and tree pruning shall be performed as part of a regular landscaping program;
- (c) stakes, guys and ties on trees shall be checked regularly, to ensure the correct function of each; ties shall be adjusted to avoid creating abrasions or girdling of the trunk or stem;
- (d) damage to plantings shall be ameliorated within thirty (30) days of occurrence; and
- (e) irrigations systems shall be kept in sound working condition; adjustment, replacement of malfunctioning parts, and cleaning of systems, shall be an integral part of the regular landscaping program.

ARTICLE 10 USE RESTRICTIONS

Subject to the rights and exemptions of Master Declarant as set forth in this Master Declaration, and subject further to the fundamental "good neighbor" policy underlying and controlling the Community and this Master Declaration all real property within the Project shall be held, used and enjoyed subject to the limitations, restrictions, and other provisions set forth in this Master Declaration. The strict application of the limitations and restrictions set forth in this Article 10 may be modified or waived in whole or in part by the DRC in specific circumstances where such strict application would be unduly harsh, provided that any such waiver or modification shall not be valid unless in writing and executed by the DRC. Any other provision herein notwithstanding, neither Master Declarant, Master Association, DRC, nor their respective directors, officers, members, agents or employees, shall be liable to any Owner or to any other Person as a result of the failure to enforce any use restriction or for the granting or withholding of a waiver or modification of a use restriction as provided herein.

10.1 Single Family Residence. Each Unit shall be improved and used solely as a residence for a single Family and for no other purpose. No part of the Project shall ever be used or caused to be used or allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, primary storage, vending, live-in elder care business, or other nonresidential purposes; except that Master Declarant may exercise the reserved rights described in Article 14 hereof. The provisions of this Section 10.1 shall not preclude a professional or administrative occupation, or an occupation of child care provided for not more than five (5) non-Family children, provided that there is no external evidence of any such occupation, for so long as such occupations are conducted in conformance with all applicable governmental ordinances and are merely incidental to the use of the Dwelling as a residential home. This provision shall not preclude any Owner from renting or leasing his or her entire Unit by means of a written lease or rental agreement subject to this Master Declaration and any Master Rules.

10.2 No Further Subdivision. Except as may be expressly authorized by Master Declarant, no Unit or all or any portion of the Common Elements may be further subdivided (including, without limitation, any division into time-share estates or time-share uses) without the prior written approval of the Board; provided, however, that this provision shall not be construed to limit the right of an Owner: (1) to rent or lease his or her entire Unit by means of a written lease or rental agreement subject to the restrictions of this Master Declaration, so long as the Unit is not leased for transient or hotel purposes; (2) to sell his or her Unit; or (3) to transfer or sell any Unit to more than one person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. The terms of any such lease or rental agreement shall be made expressly subject to the Master Governing Documents. Any failure by the lessee of such Unit to comply with the terms of the Master Governing Documents shall constitute a default under the lease or rental agreement. No two or more Units in the Project may be combined in any manner whether to create a larger Unit or otherwise, and no Owner may permanently remove any block wall or other intervening partition between Units.

10.3 Insurance Rates. Without the prior written approval of the DRC and the Board, nothing shall be done or kept in the Project which will increase the rate of insurance on any Unit or other portion of the Project, nor shall anything be done or kept in the Project which would result in the cancellation of insurance on any Unit or other portion of the Project or which would be a violation of any law. Any other provision herein notwithstanding, neither the DRC nor the Board shall have any power whatsoever to waive or modify this restriction.

10.4 Animal Restrictions. All Owners shall comply fully in all respects with all applicable County ordinances and rules regulating and/or pertaining to animals and the maintenance thereof on the Owner's Lot and/or any other portion of the Project. Without limiting the foregoing, an Owner or Resident shall be permitted to keep on his or her Lot a reasonable number of dogs, cats, and/or other animals generally

considered to be "indoor" household animals; provided that the keeping of such household animals may be prohibited or restricted by the DRC if it reasonably determines that such household animals constitute a nuisance.

10.5 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Project, and no odor shall be permitted to arise therefrom so as to render the Project or any portion thereof unsanitary, unsightly, or offensive. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Unit so as to be offensive or detrimental to any other Unit or to occupants thereof, or to the Common Elements. Without limiting the generality of any of the foregoing provisions, no horns, whistles, bells or other similar or unusually loud sound devices (other than security devices used exclusively for safety, security, or fire protection purposes), noisy or smoky vehicles, large power equipment or large power tools (excluding lawn mowers, edgers, and other equipment normally utilized in connection with landscape maintenance), unlicensed off-road motor vehicles or other items which may unreasonably disturb other Owners or Residents, or any equipment or item which unreasonably interferes with regular television or radio reception within any Unit, or the Common Elements, shall be located, used or placed on any portion of the Project without the prior written approval of the DRC. No unusually loud motorcycles, dirt bikes or other loud mechanized vehicles may be operated on any portion of the Common Elements without the prior written approval of the DRC, in its sole discretion. Alarm devices used exclusively to protect the security of a Dwelling and its contents shall be permitted, provided such devices do not produce frequently occurring false alarms in a manner annoying to neighbors. The Board shall have the right to determine if any noise, odor, or activity or circumstance reasonably constitutes a nuisance. Each Owner and Resident shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a Unit, including Dwelling. Each Owner and Resident shall be accountable to the Association and other Owners and Residents for the conduct and behavior of children and other Family members or persons residing in or visiting his or her Unit; and any damage to the Common Elements, personal property of the Association or property of another Owner or Resident, caused by such children or other Family members, shall be repaired at the sole expense of the Owner of the Unit where such children or other Family members or persons are residing or visiting.

10.6 Exterior Maintenance and Repair; Owner's Obligations. No Improvement anywhere within the Project shall be permitted to fall into disrepair, and each Improvement shall at all times be kept in good condition and repair. If any Owner or Resident shall permit any Improvement, the maintenance of which is the responsibility of such Owner or Resident, to fall into disrepair so as to create a dangerous, unsafe, or unsightly condition, the Board, after consulting with the DRC, and after affording such Owner or Resident reasonable notice, shall have the right but not the obligation to correct such condition, and to enter upon such Owner's Unit, for the purpose of so doing, and such Owner or Resident shall promptly reimburse the Association for the cost thereof. Such cost may be assessed as a Special Assessment pursuant to Section 6.11 above, and, if not paid timely when due, shall constitute an unpaid or delinquent assessment for all purposes of Article 7 and 8, above. The Owner and/or Resident of the offending Unit shall be personally liable for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each Owner and/or Resident shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor.

10.7 Drainage. By acceptance of a deed to a Unit, each Owner agrees for himself and his assigns that he will not in any way interfere with or alter, or permit any Resident to interfere with or alter, the established drainage pattern over any Unit, so as to affect said Unit, any other Unit, or the Common Elements, or Master Association Property, unless adequate alternative provision is made for properly engineered drainage and approved in advance and in writing by the DRC, and any request therefor shall be subject to Article 8 above, including, but not necessarily limited to, any condition imposed by the DRC pursuant to Section 8.2(b) above, and further shall be subject to the Owner obtaining all necessary governmental approvals pursuant to Section 8.7, above. For the purpose hereof, "established drainage

pattern" is defined as the drainage which exists at the time that such Unit is conveyed to a Purchaser from Master Declarant, or later grading changes which are shown on plans and specifications approved by the DRC.

10.8 Water Supply and Sewer Systems. No individual water supply system, or cesspool, septic tank, or other sewage disposal system, or exterior water softener system, shall be permitted on any Unit unless such system is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any water or sewer district serving the Project, and any applicable governmental health authorities having jurisdiction, and has been approved in advance and in writing by the DRC.

10.9 No Hazardous Activities. No activities shall be conducted, nor shall any Improvements be constructed, anywhere in the Project which are or might be unsafe or hazardous to any Person, Unit, or Common Elements or Master Association Property.

10.10 No Unsightly Articles. No unsightly articles shall be permitted to remain on any Unit so as to be visible from any street, or from any other Unit, or Common Elements. 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 the neighboring Units only when set out for a reasonable period of time (not to exceed twenty-four (24) hours before and after scheduled trash collection hours). There shall be no exterior fires whatsoever, except barbecue fires, and except as specifically authorized in writing by the DRC (and subject to applicable ordinances and fire regulations).

10.11 No Temporary Structures. Unless approved in writing by the DRC in connection with the construction of authorized Improvements, no outbuilding, tent, shack, shed or other temporary structure or Improvement of any kind shall be placed upon any portion of the Project.

10.12 No Drilling. No oil drilling, oil, gas or mineral development operations, oil refining, geothermal exploration or development, quarrying or mining operations of any kind shall be permitted upon, in, or below any Unit or the Common Elements, nor shall oil, water or other wells, tanks, tunnels or mineral excavations or shafts be permitted upon or below the surface of any portion of the Project.

10.13 Alterations. There shall be no excavation, construction, alteration or erection of any projection which in any way alters the exterior appearance of any Improvement from any street, or from any other portion of the Project (other than minor repairs or rebuilding pursuant to Section 10.6 of this Article) without the prior approval of the DRC pursuant to Article 8 hereof. There shall be no violation of the setback, side yard or other requirements of local governmental authorities, notwithstanding any approval of the DRC. This Section 10.13 shall not be deemed to prohibit minor repairs or rebuilding which may be necessary for the purpose of maintaining or restoring a Unit to its original condition.

10.14 Signs. Subject to the reserved rights of Master Declarant contained in Article 14 hereof, no sign, poster, display, billboard or other advertising device or other display of any kind shall be installed or displayed to public view on any portion of the Project, or on any street abutting the Project, without the prior written approval of the DRC, except: (a) one (1) sign for each Unit, not larger than eighteen (18) inches by thirty (30) inches, advertising the Unit for sale or rent; or (b) traffic and other signs installed by a Master Declarant as part of the original construction of the Project. All signs or billboards and the conditions promulgated for the regulation thereof shall conform to the regulations of all applicable governmental ordinances.

10.15 Improvements.

(a) Unless otherwise designated in the Master Declaration, no Lot shall be improved except with one (1) Dwelling designated to accommodate no more than a single Family and its occasional guests, plus a garage, fencing and such other Improvements as are necessary or customarily incident to a single-Family Dwelling. No part of the construction on any Lot shall exceed the height limitations set forth in the applicable provisions of the Master Declaration, the Master Rules, or DRC guidelines, or any applicable governmental regulation(s). No projections of any type shall be placed or permitted to remain above the roof of any building within the Project, except one or more chimneys or vent stacks. Without the prior written approval of the DRC, no basketball backboard, jungle gym, play equipment, or other sports apparatus, whether temporary or permanent, shall be constructed, located, or maintained anywhere on the Project other than in the back yard of an Owner's Lot. Apart from installation by a Master Declarant as part of its original construction, no patio cover, antennae, satellite dish, wiring, air conditioning fixture, water softeners or other devices shall be installed on the exterior of a Dwelling or allowed to protrude through the walls or roof of the Dwelling (with the exception of items installed during the original construction of the Dwelling), unless the prior written approval of the DRC has been obtained, subject to applicable governing federal law.

(b) No wood fencing, "cyclone" fencing, barbed wire, or chicken wire shall be permitted anywhere in the Project.

(c) Owners shall be permitted, but not required, to stucco the interior (i.e., the enclosed back yard) surface of the walls on their Lots, provided that no front yard returns or garden wall or wall exposed to reasonable view from the adjoining street (other than in the interior enclosed back yard which may be seen through a gate) shall be permitted to be stuccoed. In the event that an Owner stuccos his or her interior enclosed back yard wall pursuant to the foregoing, such Owner shall be fully responsible for maintenance and repair thereof.

10.16 Landscaping. Each Owner shall maintain the landscaping on his or her Unit in a neat and attractive condition. The Board may adopt Master Rules proposed by the DRC to regulate landscaping permitted and required in the Project.

10.17 Parking and Vehicular Restrictions. No Person shall park, store or keep on any street or any parking space within the Project, any large commercial-type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck); any recreational vehicle (including, but not limited to, any camper unit, house car or motor home); any bus, trailer, trailer coach, camp trailer, boat, aircraft or mobile home; or any inoperable vehicle or any other similar vehicle. The above does not include camper trucks and similar vehicles up to and including one (1) ton when used for everyday-type transportation, subject to approval by the Board. Garages shall normally be kept closed, except as reasonably required for ingress to and egress from the interior of the garage. No Person shall conduct repairs or restorations of any motor vehicle on any street abutting the Project or in a common area. However, repair and/or restoration shall be permitted within an Owner's garage; provided, however, that such activity may be prohibited entirely by the Board if the Board determines in its reasonable discretion that such activity constitutes a nuisance. Notwithstanding the foregoing, these restrictions shall not be interpreted in such a manner as to permit any activity which would be contrary to any applicable County ordinance.

10.18 Sight Visibly Restriction Areas. The maximum height of any and all Improvements (including, but not necessarily limited to, landscaping), on all Sight Visibility Restriction Areas, shall be restricted to a maximum height not to exceed such height set forth in the Plat ("Maximum Permitted Height"). In the event that any Improvement located on any Sight Visibility Restriction Area on a Lot exceeds the Maximum Permitted Height, the Association shall have the power and easement to enter upon such Lot and to bring such Improvement into compliance, and the Owner shall be solely liable for

the costs thereof and any and all costs reasonably related thereto, all of which costs may be assessed against such Owner as a Special Assessment under this Master Declaration.

10.19 Park; Vehicle Washing. Washing of vehicles shall be prohibited in the Project, except for: (a) permitted washing of vehicles at Park Hose Bib Spaces adjacent to hose bibs in the Park subject to Master Rules related to the same; and/or (b) permitted washing of a vehicle by a Resident of Twilight in his or her driveway, subject to the Supplemental Declaration and rules and regulations of Twilight.

10.20 No Waiver. The failure of the Board to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of this Master Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action, shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction, but such term, covenant, condition or restrictions shall remain in full force and effect. The receipt by the Board or Manager of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Board or Manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board.

10.21 Master Declarant Exemption. Units owned by Master Declarant, shall be exempt from the provisions of this Article 10, until such time as Master Declarant conveys title to the Unit to a Purchaser, and activities of Master Declarant reasonably related to Master Declarant's development, construction, and marketing efforts, shall be exempt from the provisions of this Article 10. This Article 10 may not be amended without Master Declarant's prior written consent.

10.22 Supplemental Declarations The foregoing use restrictions and provisions shall be in addition to, and cumulative with, any and all expressly applicable use restrictions and provisions of the Supplemental Declarations. In the event of any irreconcilable conflict, this Master Declaration shall prevail.

ARTICLE 11 DAMAGE, DESTRUCTION OR CONDEMNATION OF MASTER ASSOCIATION PROPERTY

11.1 Damage or Destruction. Damage to, or destruction or condemnation of, all or any portion of the Master Association Property shall be handled in the following manner:

(a) Repair of Damage. Any portion of this Community for which insurance is required by this Master Declaration or by any applicable provision of NRS Chapter 116, which is damaged or destroyed, must be repaired or replaced promptly by the Master Association unless: (i) the Community is terminated, in which case the provisions of NRS §§ 116.2118, 116.21183 and 116.21185 shall apply; (ii) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or (iii) eighty percent (80%) of the Owners, including every Owner of a Unit that will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves is a Master Common Expense. If the entire Community is not repaired or replaced, the proceeds attributable to the damaged Master Association Property must be used to restore the damaged area to a condition compatible with the remainder of the Community; (i) the proceeds attributable to Units that are not rebuilt must be distributed to the Owners of those Units; and (ii) the remainder of the proceeds must be distributed to all the Owners or lien holders, as their interests may appear, in proportion to the liabilities of all the Units for Master Common Expenses. If the Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated upon the vote as if the Unit had been condemned, and

the Master Association promptly shall prepare, execute and Record an amendment to this Master Declaration reflecting the reallocations.

(b) Damage by Owner. To the fullest extent permitted by law, each Owner shall be liable to the Master Association for any damage to the Master Association Property not fully reimbursed to the Master Association by insurance proceeds, provided the damage is sustained as a result of the negligence, willful misconduct, or unauthorized or improper installation or maintenance of any Improvement by said Owner or the Persons deriving their right and easement of use and enjoyment of the Master Association Property from said Owner, or by his respective Family and guests, both minor and adult. The Master Association reserves the right, acting through the Master Board, after Notice and Hearing, to: (1) determine whether any claim shall be made upon the insurance maintained by the Master Association; and (2) levy against such Owner a Special Assessment equal to any deductible paid and the increase, if any, in the insurance premiums directly attributable to the damage caused by such Owner or the Person for whom such Owner may be responsible as described above. In the case of joint ownership of a Unit, the liability of the co-owners thereof shall be joint and several, except to any extent that the Master Association has previously contracted in writing with such co-owners to the contrary. After Notice and Hearing, the Master Association may levy a Special Assessment in the amount of the cost of correcting such damage, to the extent not reimbursed to the Master Association by insurance, against any Unit owned by such Owner, and such Special Assessment may be enforced as provided herein.

11.2 Condemnation. If, at any time, all or any portion of Master Association Property, or any interest therein, is taken for any governmental or public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Master Association. Any such award payable to the Master Association shall be deposited in the operating fund. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. The Master Association shall have the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members. Immediately upon having knowledge of any taking by eminent domain of Master Association Property, or any portion thereof, or any threat thereof, the Master Board shall promptly notify all Owners and all Eligible Holders.

11.3 Condemnation Involving a Unit. For purposes of NRS § 116.1107(2)(a), if part of a Unit is required by eminent domain, the award shall compensate the Owner for the reduction in value of the Unit's interest in the Master Association Property. The basis for such reduction shall be the extent to which the occupants of the Unit are impaired from enjoying the Master Association Property. In cases where the Unit may still be used as a Dwelling, it shall be presumed that such reduction is zero (0).

ARTICLE 12 INSURANCE

12.1 Casualty Insurance. The Master Board shall cause to be obtained and maintained a master policy of water damage insurance and fire and casualty insurance, with extended coverage for loss or damage to all of the Master Association's insurable Improvements on the Master Association Property, for the full insurance replacement cost thereof, without deduction for depreciation or coinsurance, and shall obtain insurance against such other hazards and casualties as the Master Board deems reasonable and prudent. The Master Board, in its reasonable judgment, may also insure any other property whether real or personal, owned by the Master Association or located within the Project, against loss or damage by fire and such other hazards as the Master Board may deem reasonable and prudent, with the Master Association as the owner and beneficiary of such insurance. The insurance coverage with respect to the Master Association Property shall be maintained for the benefit of the Master Association, the Owners, and the Eligible Holders, as their interests may appear as named insured, subject however to the loss payment requirements as set forth herein. Premiums for all insurance carried by the Master Association

are Master Common Expenses, included in the Master Annual Assessments levied by the Master Association.

The Master Association, acting through the Master Board, shall be the named insureds under policies of insurance purchased and maintained by the Master Association. All insurance proceeds under any policies shall be paid to the Master Association as owner of such policy. The Master Board shall have full power to receive and receipt for the proceeds and to deal therewith as deemed necessary and appropriate. Except as otherwise specifically provided in this Master Declaration, the Master Board, acting on behalf of the Master Association and all Owners, shall have the exclusive right to bind such parties with respect to all matters affecting insurance carried by the Master Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance. Certificates of insurance of all policies of insurance maintained by the Master Association and of all the renewals thereof, together with proof of payment of premiums, shall be delivered by the Master Association to all Mortgagees who have expressly requested the same in writing.

12.2 Liability and Other Insurance. The Master Association shall have the power and duty to and shall obtain comprehensive public liability insurance, including medical payments and malicious mischief, in such limits as it shall deem desirable (but in no event less than \$1,000,000.00 covering all claims for bodily injury and property damage arising out of a single occurrence), insuring the Master Association, Master Board, Master Directors, Master Association Officers, Master Declarant, and Manager, and their respective agents and employees, and the Owners and Residents of Units, and their respective Families, guests and invitees, against liability for bodily injury, death, and property damage, arising from the activities of the Master Association or with respect to property maintained or required to be maintained by the Master Association including, if obtainable, a cross-liability endorsement, insuring each insured against liability to each other insured. Such insurance shall also include coverage, to the extent reasonably available, against water damage liability, liability for non-owned and hired automobiles, liability for property of others, and any other liability or risk customarily covered with respect to projects similar in construction, location, and use. The Master Association may also obtain, through the Board, Worker's Compensation insurance (which shall be required if the Master Association has one or more employees) and other liability insurance as it may deem reasonable and prudent, insuring each Owner and the Master Association, Master Board, and any Manager, from liability in connection with the Master Association Property, the premiums for which are a Master Common Expense included in the Annual Assessment levied against the Owners. All insurance policies shall be reviewed at least annually by the Master Board and the limits increased in its reasonable business judgment.

12.3 Fidelity Insurance. The Master Board shall further cause to be obtained and maintained errors and omissions insurance, blanket fidelity insurance coverage, (in an amount at least equal to 100% of the Master Association Funds from time to time handled by such Persons) and such other insurance as it deems reasonable and prudent, insuring the Master Board, Master Directors, and Master Association Officers, and any Manager, against any liability for any act or omission in carrying out their respective obligations hereunder, or resulting from their membership on the Master Board or on any committee thereof. The Master Association shall require that the Manager maintain fidelity insurance coverage which names the Master Association as an obligee, in such amount as the Master Board deems reasonable and prudent. From such time as Master Declarant no longer has the power to control the Master Board, as set forth in Section 3.7(c) above, blanket fidelity insurance coverage which names the Master Association as an obligee shall be obtained by or on behalf of the Master Association for any Person handling funds of the Master Association, including but not limited to, Master Association Officers, Master Directors, and ~~trustees, employees, and agents of the Master Association, whether or not such Persons are~~ compensated for their services, in such an amount as the Master Board deems reasonable and prudent; provided that in no event may the aggregate amount of such bonds be less than the maximum amount of Master Association Funds that will be in the custody of the Master Association or Manager at any time while the policy is in force (but in no event less than the sum equal to one-fourth (1/4) of the Master Annual

Assessments on all Units, plus Reserve Funds, or such other amount as may be required by FNMA, VA or FHA from time to time, if applicable).

12.4 Other Insurance Provisions. The Master Board shall also obtain such other insurances customarily required with respect to projects similar in construction, location, and use, or as the Master Board may deem reasonable and prudent from time to time, including, but not necessarily limited to, Worker's Compensation insurance (which shall be required if the Master Association has any employees). All premiums for insurances obtained and maintained by the Master Association are a Master Common Expense included in the Master Annual Assessments levied upon the Owners. All insurance policies shall be reviewed at least annually by the Master Board, and the coverage and limits increased in its sound business judgment. In addition, the Master Association shall continuously maintain in effect such casualty, flood, and liability insurance and fidelity insurance coverage necessary to meet the requirements for similar developments, as set forth or modified from time to time by any governmental body with jurisdiction.

12.5 Insurance Obligations of Owners. Each Owner is required, at Close of Escrow on his Unit, at his sole expense to have obtained, and to have furnished his Mortgagee (or, in the event of a cash transaction involving no Mortgagee, then to the Master Board) with duplicate copies of, a homeowner's policy of fire and casualty insurance, with extended coverage for loss or damage to all insurable Improvements and fixtures originally installed by Master Declarant on such Owner's Unit in accordance with the original plans and specifications, or installed by the Owner on the Unit, for the full insurance replacement cost thereof, without deduction for depreciation or coinsurance. By acceptance of the deed to his Unit, each Owner agrees to maintain in full force and effect at all times, at said Owner's sole expense, such homeowner's insurance policy, and shall provide the Master Board with duplicate copies of such insurance policy upon the Master Board's request. Nothing herein shall preclude any Owner from carrying any public liability insurance as he deems desirable to cover his individual liability, or damage to person or property occurring inside his Unit or elsewhere upon the Project. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Master Association, and duplicate copies of such other policies shall be deposited with the Master Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Master Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Master Association, to the extent of such reduction, for application by the Master Board to the same purposes as the reduced proceeds are to be applied. Notwithstanding the foregoing, or any other provision herein, each Owner shall be solely responsible for full payment of any and all deductible amounts under such Owner's policy or policies of insurance.

12.6 Insurance Obligations of Sub-Associations. Each Sub-Association, acting at its own expense through its board of directors, shall comply, with respect to its District, with the insurance provisions and requirements set forth in this Article 12, in such manner as if the provisions and requirements were deemed to fully apply to or in connection with the Sub-Association and/or its District.

12.7 Waiver of Subrogation. All policies of physical damage insurance maintained by the Master Association shall provide, if reasonably possible, for waiver of: (1) any defense based on coinsurance; (2) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Master Association; (3) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the Master Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured; (4) any rights of the insurer to repair, rebuild or replace, and, in the event any Improvement is not repaired, rebuilt or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured; or (5) notice of the assignment of any Owner of its interest in the insurance by virtue of a conveyance of any Unit. Master Association

hereby waives and releases all claims against the Master Board, Owners, Master Declarant, and Manager, and the agents and employees of each of the foregoing, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by such Persons, but only to the extent that insurance proceeds are received in compensation for such loss; provided, however, that such waiver shall not be effective as to any loss covered by a policy of insurance which would be voided or impaired thereby.

12.8 Notice of Expiration Requirements. If available, each of the policies of insurance maintained by Master Association shall contain a provision that said policy shall not be canceled, terminated, materially modified or allowed to expire by its terms, without thirty (30) days' prior written notice to the Master Board and Master Declarant and to each Owner and each Beneficiary, insurer and/or guarantor of a first Mortgage who has filed a written request with the carrier for such notice, and every other Person in interest who requests in writing such notice of the insurer. All insurance policies carried by the Master Association pursuant to this Article 12, to the extent reasonably available, must provide that: (a) each Owner is an insured under the policy with respect to liability arising out of his interest in the Master Association Property or Membership; (b) the insurer waives the right to subrogation under the policy against any Owner or member of his Family; (c) no act or omission by any Owner or member of his Family will void the policy or be a condition to recovery under the policy; and (d) if, at the time of a loss under the policy there is other insurance in the name of the Owner covering the same risk covered by the policy, the Master Association's policy provides primary insurance.

12.9 Waiver of Claims Against Master Association. As to all policies of insurance maintained by or for the benefit of the Master Association and the Owners, the Master Association and the Owners hereby waive and release all claims against one another, the Master Board, and Master Declarant, to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of such Persons, except as may be provided elsewhere in this Master Declaration.

12.10 Trustee for Policies. The Master Association, acting through the Master Board, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Master Association. All insurance proceeds under any such policies as provided for in Section 12.1 above shall be paid to the Master Board as trustee. The Master Board shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Master Association for the repair or replacement of the property for which the insurance was carried. The Master Board is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of first Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction. The Master Association President and Secretary jointly may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds. Notwithstanding the foregoing, there may be named as an insured a representative chosen by the Master Board, including a trustee or any successor to such trustee, with whom the Master Association may enter into an insurance trust agreement, who shall have such authority as is delegated by the Master Board to negotiate losses under any policy providing property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

ARTICLE 13 MORTGAGEE PROTECTION

13.1 Mortgagee Protection Clause. In order to induce FHA, VA, FHLMC, GNMA and FNMA and any other governmental agency or other entity to participate in the financing of the sale of Units within

the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of the Master Declaration, these added provisions shall control):

(a) Each Eligible Holder, is entitled to written notification from the Master Association of any default by the Mortgagor of such Unit in the performance of such Mortgagor's obligations under this Master Declaration, the Master Articles or Master Bylaws, which default is not cured within thirty (30) days after the Master Association learns of such default. For purposes of this Master Declaration, "first Mortgage" shall mean a Mortgage with first priority over other Mortgages or Deeds of Trust on a Unit, and "first Mortgagee" shall mean the Beneficiary of a first Mortgage.

(b) Each Owner, including every first Mortgagee of a Mortgage encumbering any Unit which obtains title to such Unit pursuant to the remedies provided in such Mortgage, or by foreclosure of such Mortgage, or by deed or assignment in lieu of foreclosure, shall be exempt from any "right of first refusal" created or purported to be created by Master Governing Documents.

(c) Except as provided in NRS § 116.3116(2), each Beneficiary of a first Mortgage encumbering any Unit which obtains title to such Unit or by foreclosure of such Mortgage, shall take title to such Unit free and clear of any claims of unpaid assessments or charges against such Unit which accrued prior to the acquisition of title to such Unit by the Mortgagee.

(d) Unless at least sixty-seven percent (67%) of Eligible Holders (based upon one (1) vote for each first Mortgage owned) or sixty-seven percent (67%) of the Owners (other than Master Declarant) have given their prior written approval, neither the Master Association nor the Owners shall:

(1) subject to Nevada nonprofit corporation law to the contrary, by act or omission seek to abandon, partition, alienate, subdivide, release, hypothecate, encumber, sell or transfer the Master Association Property and the Improvements thereon which are owned by the Master Association; provided that the granting of easements for public utilities or for other public purposes consistent with the intended use of such property by the Master Association as provided in this Master Declaration shall not be deemed a transfer within the meaning of this clause.

(2) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(3) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of the Dwellings and other Improvements on the Units, the maintenance of the Exterior Walls/Fences or common fences and driveways, or the upkeep of lawns and plantings in the Project;

(4) fail to maintain Fire and Extended Coverage on any insurable Master Association Property on a current replacement cost basis in an amount as near as possible to one hundred percent (100%) of the insurance value (based on current replacement cost);

(5) except as provided by any applicable provision of NRS Chapter 116, use hazard insurance proceeds for losses to any Master Association Property for other than the repair, replacement or reconstruction of such property; or

(6) amend those provisions of this Master Declaration or the Master Articles or Master Bylaws which provide for rights or remedies of first Mortgagees.

(e) Eligible Holders, upon express written request in each instance therefor, shall have the right to (1) examine the books and records of the Master Association during normal business hours, (2) require from the Master Association the submission of an annual audited financial statement (without expense to the Beneficiary, insurer or guarantor requesting such statement) and other financial data, (3) receive written notice of all meetings of the Members, and (4) designate in writing a representative to attend all such meetings.

(f) All Beneficiaries, insurers and guarantors of first Mortgages, who have filed a written request for such notice with the Master Board shall be given thirty (30) days' written notice prior to: (1) any abandonment or termination of the Master Association; (2) the effective date of any proposed, material amendment to this Master Declaration or the Master Articles or Master Bylaws; and (3) the effective date of any termination of any agreement for professional management of the Project following a decision of the Owners to assume self-management of the Project. Such first Mortgagees shall be given immediate notice: (i) following any damage to the Master Association Property whenever the cost of reconstruction exceeds Ten Thousand Dollars (\$10,000.00); and (ii) when the Master Board learns of any threatened condemnation proceeding or proposed acquisition of any portion of the Project.

(g) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Master Association Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for Master Association Property, and first Mortgagees making such payments shall be owed immediate reimbursement therefor from the Master Association.

(h) The Reserve Fund described in Article 6 of this Master Declaration must be funded by regular scheduled monthly, quarterly, semiannual or annual payments rather than by large extraordinary assessments.

(i) The Master Board shall require that any Manager, and any employee or agent thereof, maintain at all times fidelity bond coverage which names the Master Association as an obligee; and, at all times from and after the end of the Master Declarant Control Period, the Master Board shall secure and cause to be maintained in force at all times fidelity bond coverage which names the Master Association as an obligee for any Person handling funds of the Master Association.

(j) When professional management has been previously required by a Beneficiary, insurer or guarantor of a first Mortgage, any decision to establish self-management by the Master Association shall require the approval of at least sixty-seven percent (67%) of the voting power of the Master Association and of the Master Board respectively, and the Eligible Holder of at least fifty-one percent (51%) of the first Mortgages of Units in the Project.

(k) So long as VA is insuring or guaranteeing loans or has agreed to insure or guarantee loans on any portion of the Project, then, pursuant to applicable VA requirement, for so long as Master Declarant shall control the Master Board, Master Declarant shall obtain prior written approval of the VA for any material proposed: (i) action which may affect the basic organization, subject to Nevada nonprofit corporation law, of the Master Association (i.e., merger, consolidation, or dissolution of the Master Association); (ii) dedication, conveyance, or mortgage of the Master Association Property; or (iii) amendment of the provisions of this Master Declaration, the Master Articles, Master Bylaws, or other document which may have been previously approved by the VA; provided that no such submission or approval shall be required in the event that the VA no longer regularly requires or issues such approvals at such time.

In addition to the foregoing, the Master Board may enter into such contracts or agreements on behalf of the Master Association as are required in order to satisfy the guidelines of FHA, VA, FHLMC,

FNMA or GNMA or any similar entity, so as to allow for the purchase, insurance or guaranty, as the case may be, by such entities of first Mortgages encumbering Units. Each Owner hereby agrees that it will benefit the Master Association and the Membership, as a class of potential Mortgage borrowers and potential sellers of their Units, if such agencies approve the Project as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Master Board concerning the status of any Mortgage encumbering a Unit.

13.2 FHA/VA Approval. So long as Master Declarant has effective control of the Master Board, the following actions will require the prior confirmation of the FHA and/or VA, as applicable: (a) annexation or deannexation of additional property in the Project (other than the Annexable Area); (b) dedication, conveyance or Mortgage of Master Association Property; (c) except as provided in Section 17.5 below, amendment of this Master Declaration; and (d) mergers, consolidations or dissolutions of the Master Association; provided, however, that such prior confirmation shall not be a condition precedent if FHA or VA has ceased to regularly require or issue such written confirmations.

ARTICLE 14 MASTER DECLARANT'S RESERVED RIGHTS

14.1 Master Declarant's Reserved Rights. Any other provision herein notwithstanding, pursuant to NRS § 116.2015(1)(h), Master Declarant reserves, in its sole discretion, the following developmental rights and other special Master Declarant's rights, on the terms and conditions and subject to the expiration deadlines, if any, set forth below:

(a) Right to Complete Improvements and Construction Easement. Master Declarant reserves, for a period terminating on the fifteenth (15th) anniversary of the Recordation of this Master Declaration, the right, in Master Declarant's sole discretion, to complete the construction of the Improvements on the Project and an easement over the Project for such purpose; provided, however, that if Master Declarant still owns any property in the Project on such fifteenth (15th) anniversary date, then such rights and reservations shall continue, for one additional successive period of ten (10) years thereafter.

(b) Exercise of Developmental Rights. Pursuant to the Act, Master Declarant hereby reserves the right to: (1) add real estate to the Project, for as long as Master Declarant owns any portion of the Annexable Area, pursuant to Article 15 hereof; (2) create Units, Common Elements, or Limited Common Elements within the Project; (3) subdivide Units or convert Units into Common Elements; and/or (4) withdraw real estate from the Project, pursuant to Article 15 hereof. No assurances are made by Master Declarant with regard to the boundaries of those portions of the Project which may be annexed, subdivided, or withdrawn, or the order in which such portions may be annexed, subdivided or withdrawn.

(c) Offices, Model Homes and Promotional Signs. Master Declarant reserves the right to maintain signs, sales and management offices, and models in any Unit owned or leased by Master Declarant in the Project, and signs anywhere on the Common Elements, for the period set forth in Section 14.1(a), above.

(d) Appointment and Removal of Master Directors. Master Declarant reserves the right to appoint and remove a majority of the Master Board as set forth in Section 3.7 hereof, during the Master Declarant Control Period.

(e) Amendments. Master Declarant reserves the right to amend this Master Declaration from time to time, as set forth in detail in Section 17.5, below, during the time periods set forth therein.

(f) Appointment and Removal of DRC. Master Declarant reserves the right to appoint and remove the DRC, for the time period set forth in Section 8.1, above.

(g) Easements. Master Declarant has reserved certain easements, and related rights, as set forth in this Master Declaration.

(h) Other Rights. Master Declarant reserves all other rights, powers, and authority of Master Declarant set forth in this Master Declaration, and, to the extent not expressly prohibited by NRS Chapter 116, further reserves all other rights, powers, and authority, in Master Declarant's sole discretion, of a declarant under NRS Chapter 116

(i) Control of Entry Gates. Master Declarant reserves the right, until the Close of Escrow of the last Unit in the Project, to unilaterally control all entry gates, and to keep all entry gates open during such hours established by Master Declarant, in its sole discretion, to accommodate Master Declarant's construction activities, and sales and marketing activities.

(j) Restriction of Traffic. Master Declarant reserves the right, until the Close of Escrow of the last Unit in the Project, to unilaterally restrict and/or re-route all pedestrian and vehicular traffic within the Project, in Master Declarant's sole discretion, to accommodate Master Declarant's construction activities, and sales and marketing activities; provided that no Unit shall be deprived of access to a dedicated street adjacent to the Project.

14.2 Exemption of Master Declarant. Notwithstanding anything to the contrary in this Master Declaration, the following shall apply:

(a) Nothing in this Master Declaration shall limit, and no Owner or the Master Association shall do anything to interfere with, the right of Master Declarant to subdivide or re-subdivide any portion of the Project, or the right of Master Declarant to complete excavation and grading and the construction of Improvements to and on any portion of the Project, or to alter the foregoing and Master Declarant's construction plans and designs, or to construct such additional Improvements as Master Declarant deems advisable in the course of development of the Project, for so long as any Unit owned by Master Declarant remains unsold.

(b) This Master Declaration shall in no way limit the right of Master Declarant to grant additional licenses, easements, reservations and rights-of-way to itself, to governmental or public authorities (including without limitation public utility companies), or to others, as from time to time may be reasonably necessary to the proper development and disposal of Units; provided, however, that if FHA or VA approval is sought by Master Declarant, then the FHA and/or the VA shall have the right to approve any such grants as provided herein.

(c) Prospective purchasers and Master Declarant shall have the right to use all and any portion of the Common Elements for access to the sales facilities of Master Declarant and for placement of Master Declarant's signs.

(d) Master Declarant may use any structures owned or leased anywhere in the Project by Master Declarant, as model home complexes or real estate sales or management offices, subject to the time limitations set forth herein, after which time, Master Declarant shall restore the Improvement to

the condition necessary for the issuance of a final certificate of occupancy by the appropriate governmental entity.

(e) All or any portion of the rights of Master Declarant in this Master Declaration may be assigned by Master Declarant to any successor in interest, by an express and written Recorded assignment which specifies the rights of Master Declarant so assigned.

(f) The prior written approval of Master Declarant, as developer of the Project, shall be required before any amendment to the Master Declaration affecting Master Declarant's rights or interests (including, without limitation, this Article 14) can be effective.

(g) The rights and reservations of Master Declarant referred to herein, if not earlier terminated pursuant to the Master Declaration, shall terminate on the date set forth in Section 14.1(a) above.

14.3 Supplemental Declarations. The foregoing developmental rights and special declarant's rights shall be in addition to, and cumulative with, any applicable developmental rights and special declarant's rights expressly reserved by the Declarant under a Supplemental Declaration. In the event of any irreconcilable conflict, the former shall prevail.

ARTICLE 15 ANNEXATION

15.1 Land Classifications. It is Master Declarant's intention (but without obligation) that the Project, and all portions thereof, be developed as a master community used for residential uses. At the time of annexation of any Annexable Area pursuant to Section 15.2 below, Master Declarant shall designate the Annexed Property as being in one or more of the specified Land Classifications. Master Declarant shall have the right to change the Land Classification of any District in Master Declarant's sole discretion by means of either a Supplemental Declaration or Recorded notice of change in the Land Classification, so long as Master Declarant is the Owner of such property, and provided that such property has not been developed in a manner which is irreconcilable with the proposed change of Land Classification. In addition, Master Declarant and the Master Association shall have the right to change the Land Classification of any property from time to time to reflect the actual use or development of such property, by Recording a notice of change in the Land Classification.

15.2 Annexation of Property. Subject to Section 15.3 below, Master Declarant in its sole discretion may unilaterally, from time to time, but shall in no way be required to, add, to the Project covered by this Master Declaration, all or any portion(s) of the Annexable Area then owned by Master Declarant. Annexation shall be accomplished by the Recording of an Annexation Amendment with respect to the Annexed Property. Upon the Recording of an Annexation Amendment covering any portion of the Annexable Area and containing the provisions set forth in Section 15.3 herein, the covenants, conditions, restrictions and other matters contained in this Master Declaration shall apply to the Annexed Property in the same manner as if such Annexed Property were originally covered by this Master Declaration and originally constituted a portion of the Initial Property. Thereafter the rights, privileges, duties and liabilities of the parties to this Master Declaration with respect to the Annexed Property shall be the same as with respect to the Initial Property, and the rights, obligations, privileges, duties and liabilities of the Owners and Residents within the Annexed Property shall be the same as those of Owners and Residents originally subject to this Master Declaration. By acceptance of a deed from Declarant conveying any real property located in the Annexable Area, in the event such real property has not theretofore been annexed to the Project encumbered by this Master Declaration, and whether or not so expressed in such deed, the grantee thereof covenants that Declarant shall be fully empowered and

entitled (but not obligated) at any time thereafter (and appoints Declarant as attorney in fact, in accordance with NRS §§ 111.450 and 111.460, of such grantee and his successors and assigns) to unilaterally execute and Record an Annexation Amendment, annexing said real property to the Project, in the manner provided for in this Article 15.

15.3 Annexation Amendment. Each Annexation Amendment shall conform to the requirements of NRS § 116.2110, and shall include:

- (a) the written and acknowledged consent of Master Declarant;
- (b) a reference to this Master Declaration, which reference shall state the date of Recordation hereof and the County, book and instrument number and any other relevant Recording data;
- (c) a statement that the provisions of this Master Declaration shall apply to the Annexed Property as set forth therein;
- (d) a sufficient description of the Annexed Property; and
- (e) assignment of an Identifying Number to each new Unit created;
- (f) a reallocation of the allocated interests among all Units; and
- (g) a description of any Common Elements created by the annexation of the Annexed Property.

15.4 FHA/VA Approval. In the event that, and for so long as, the FHA or VA is insuring or guaranteeing loans (or has agreed to insure or guarantee loans) on any portion of the Project with respect to the initial sale by Declarant to a Purchaser of any Unit, then a condition precedent to any annexation of any property other than the Annexable Area shall be written confirmation by the FHA or the VA that the annexation is in accordance with the development plan submitted to and approved by the FHA or the VA; provided, however, that such written confirmation shall not be a condition precedent if at such time the FHA or the VA has ceased to regularly require or issue such written confirmations.

15.5 Disclaimers Regarding Annexation. Nothing in this Master Declaration shall be deemed to be a representation by Master Declarant that all or any particular portion of the Annexable Area shall be annexed to the Project or be made subject to this Master Declaration. Portions of the Annexable Area may or may not be annexed, and, if annexed, may be annexed at any time by Declarant, and no assurances are made with respect to the boundaries or sequence of annexation of such portions. Annexation of a portion of the Annexable Area shall not necessitate annexation of any other portion of the remainder of the Annexable Area. Declarant has no obligation to annex the Annexable Area or any portion thereof.

15.6 Deannexation. Master Declarant may unilaterally, and for any reason, at any time and from time to time, withdraw all or any portion ("Deannexable Area") of the Project from coverage of this Master Declaration and the jurisdiction of the Master Association, provided that (i) Master Declarant is the sole Owner of the Deannexable Area; (ii) a deannexation amendment ("Deannexation Amendment") is Recorded in manner and format, as applicable, similar to an Annexation Amendment; (iii) no Master Association vote derived from ownership of the Deannexable Area has been exercised; (iv) assessments have not yet commenced with respect to such Deannexable Area; (v) no contract of sale has been executed and there has been no Close of Escrow for any Unit in the Deannexable Area; (vi) the Master Association has not made any expenditures or incurred any obligations with respect to the Deannexable Area; and (vii) FHA and VA, as and to the extent, if any, applicable, have approved of such deannexation

in writing; provided, however, that such written confirmation shall not be a condition precedent if the FHA or the VA ceases to regularly require or issue such written confirmations. The deannexation shall be effective on the Recordation of the Deannexation Amendment, and such real property described therein shall no longer be part of the Master Association or subject to this Master Declaration, as more fully set forth in the Deannexation Amendment.

15.7 Expansion of Annexable Area. In addition to the provisions for annexation specified in Section 15.2 above, the Annexable Area may, from time to time, be expanded to include additional real property, not as yet identified. Such property may be annexed to the Annexable Area upon the Recordation of a written instrument describing such real property, executed by Declarant and all other owners of such property and containing thereon the approval of the FHA and the VA; provided, however, that such written approval shall not be a condition precedent if at such time the FHA or the VA has ceased to regularly require or issue such written approvals.

15.8 Contraction of Annexable Area. So long as real property has not been annexed to the Project subject to this Master Declaration, the Annexable Area may be contracted to delete such real property effective upon the Recordation of a written instrument describing such real property, executed by Declarant and all other owners, if any, of such real property, and declaring that such real property shall thereafter be deleted from the Annexable Area. Such real property may be deleted from the Annexable Area without a vote of the Master Association or the approval or consent of any other Person, except as provided herein.

15.9 Supplemental Declarations. As each District or other portion of the Project is developed, Master Declarant shall, with respect thereto, Record one or more Supplemental Declaration(s), which shall incorporate this Master Declaration therein by reference. Such Supplemental Declaration(s) shall, subject to Master Declarant's consent, designate or change the Land Classifications within the areas affected and may supplement the provisions of this Master Declaration with such further or more restrictive covenants, conditions, restrictions, land uses and other matters as Master Declarant may deem appropriate for such area, taking into account the particular requirements of each District. This Master Declaration and Master Plan shall control in the event of any conflict therewith by any Supplemental Declaration, although such documents shall be construed to be consistent with one another to the extent possible. The inclusion in any Supplemental Declaration of conditions, restrictions, covenants, land uses and other matters which are more restrictive or more inclusive than the restrictions contained in the Master Declaration and/or Master Plan shall not be deemed to constitute a conflict with the provisions of this Master Declaration. As each District is annexed to the Project, title to and control over the Master Association Property, if any, therein shall be transferred to the Master Association in accordance with the provisions of this Master Declaration. A Supplemental Declaration for such District of the Project shall provide for the establishment of a Sub-Association, to be comprised of Owners within the District subject thereto. Each Supplemental Declaration shall be subject to Master Declarant's written approval, which must be obtained prior to the initial Recording thereof. The granting or withholding of such approval shall be within Master Declarant's sole discretion.

ARTICLE 16 ADDITIONAL DISCLOSURES, DISCLAIMERS, AND RELEASES

16.1 Perchlorate Disclosures, Disclaimers, and Releases. By acceptance of a deed to a Unit, or by possession of a Unit, each Owner (for purposes of all of this Article 16, the term "Owner" shall include the Owner, and the Owner's Family, and their licensees and invitees), and, by residing within the Project, each Resident (for purposes of this Article 16, the term "Resident" shall include each Resident, and its licensees and invitees), shall conclusively be deemed to understand, and to have acknowledged and agreed to, all of the following:

(a) Testing of groundwater ("Groundwater") beneath the Project and in the adjacent Pittman Wash ("Wash"), revealed a chemical compound, ammonium perchlorate, in various concentrations in various areas of the Project and Wash. According to the United States Environmental Protection Agency ("EPA"), perchlorate exists in the environment as a part of other compounds such as ammonium, potassium, or sodium perchlorate. Ammonium perchlorate is manufactured as an oxygen-adding component in solid fuel propellant for rockets, missiles, matches, and fireworks. As the compound has a limited operational life, it must be periodically replaced by its users. Therefore, large quantities of perchlorate have been disposed of and have been found in groundwater and surface water in Nevada, California, Utah, and possibly in other states. Perchlorate is soluble in water. The EPA and other agencies are studying the effects of perchlorate in drinking water. Currently, perchlorate is detected in municipal drinking water from Lake Mead.

(b) Upon discovery of perchlorate in Groundwater beneath and near the Project, Master Declarant retained Law Crandall, a professional environmental consulting firm ("Consultant"), to determine what areas of the Project are affected, the concentrations of perchlorate, and appropriate remedial or mitigation actions to be taken. Consultant tested the soil at the Project in approximately forty (40) separate places, and did not detect perchlorate in the soil. Consultant tested the Groundwater and determined that perchlorate exists in the Groundwater beneath the Project and in the Wash. These results have been reported to the Nevada Department of Environmental Protection, which is studying the situation. Currently, based on government studies described in official publications, there are no proven health effects or treatment standards related to perchlorate consumption in water. However, to prevent any risks from arising, Master Declarant is making no use of the Groundwater or surface water because of the presence of the perchlorate, and strongly recommends that all persons avoid contact with Groundwater until such time, if ever, as government clearance may be obtained.

(c) Each Owner is responsible for providing express written notice to any tenant, lessee and/or subsequent purchaser of the Lot (and shall require such successors and assigns to provide a similar written disclosure statement to their successors and assigns as well, it being the intent that each Owner and/or lessee in the subsequent chain of title to such Lot will be contractually obligated to its predecessor or lessor to give such written disclosure) regarding the existence of the perchlorate in the Groundwater beneath and adjacent to the Project and the need to avoid contact with the Groundwater, and for delivering to such tenant, lessee and/or subsequent purchaser, any and all disclosures and other information relating to the perchlorate. By accepting a deed to its Lot, each Owner agrees to assume all risks associated with the perchlorate, and to indemnify and hold Declarant and its successors and assigns and all of their respective officers, directors, shareholders, members, partner, employees, contractors, consultants, engineers, attorneys, representatives and agents, free and harmless, to the fullest extent of the law, from and against any and all claims, damages, penalties, losses or other liability (including, without limitation, attorneys' fees) arising from or related to the presence of perchlorate, at, beneath, adjacent to, or emanating from the Project or any breach by such Owner of its covenants or obligations contained herein.

(d) Each Owner is responsible for determining the effect of this information on such Owner's purchase of the Lot. No salesperson, employee or agent of Declarant has the authority to make any representations to any Owner which contradicts or is inconsistent with the information contained in this Section 16.1. Each Owner, by acquiring title to its Lot, acknowledges and agrees that such Owner is not relying on any such contradictory or inconsistent representation or warranty.

~~(e) Each Owner acknowledges that he has read, reviewed, approves, accepts and understands as a precondition to purchase of a Lot the foregoing disclosures. Nothing contained herein is intended to be a complete disclosure of all facts which a purchaser may wish to consider in buying a Lot at the Project. Each purchaser is still obligated to conduct his own full investigation of all facts relevant to him in deciding where to buy and when. Each Owner represents to Master Declarant that such Owner~~

has completed his own independent investigation of the area and of all facts which are in any way important or incidental to Owner in making a buying decision. Owner has not relied on any disclosed items as his single source of information regarding same. Nothing contained herein is meant to imply that the items discussed herein are more important than any items not listed herein. These disclosures contain information which have a legal impact on the purchase of a Lot, and prospective purchasers are advised to have this reviewed by an attorney.

16.2 Additional Disclosures, Disclaimers, and Releases of Certain Matters. Without limiting any other provision in this Master Declaration, by acceptance of a deed to a Unit, or by possession of a Unit, each Owner shall conclusively be deemed to understand, and to have acknowledged and agreed to, all of the following:

(a) that there are presently, and may in the future be other, major electrical power system components (high voltage transmission or distribution lines, transformers, etc.) from time to time located within or nearby the Project, which generate certain electric and magnetic fields ("EMF") around them; that Master Declarant specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to EMF; and

(b) that the Project or portions thereof from time to time may be located within or nearby certain airplane flight patterns, and/or subject to significant levels of airplane traffic and noise; that Master Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to airplane flight patterns, and/or airplane noise; and

(c) that the Project or portions thereof are located adjacent to or nearby certain expressways and other major roads (all, collectively, "roadways"), and subject to levels of traffic, noise, dust, and other nuisance from such roadways; that Master Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to roads and/or noise, dust, and other nuisance therefrom; and

(d) that the Unit and other portions of the Project are or may be located adjacent to or nearby Pittman Wash and/or a major water lift station, facilities and underground reservoir, and major water and drainage channel(s) and/or washes (all, collectively, "Facilities"), the ownership, use, regulation, operation, maintenance, improvement and repair of which are not necessarily within Master Declarant's control, and over which Master Declarant does not necessarily have jurisdiction or authority, and, in connection therewith: (1) the Facilities may be an attractive nuisance to children; (2) maintenance and use of the Facilities may involve various operations and applications, including (but not necessarily limited to) noisy electric, gasoline or other power driven vehicles and/or equipment used by Facilities maintenance and repair personnel during various times of the day, including, without limitation, early morning and/or late evening hours; and (3) the possibility of damage to Improvements and property on the Project, particularly in the event of overflow of water or other substances from or related to the Facilities, as the result of nonfunction, malfunction, or overtaxing of the Facilities or any other reason; and (4) any or all of the foregoing may cause inconvenience and disturbance to Owner and other persons in or near the Unit and/or Common Elements, and possible injury to person and/or damage to property; and (5) the County may require the Master Association to pay for certain maintenance, repair or improvement of the portion of Pittman Wash located adjacent or nearby the Project, and any such sums paid by the Master Association shall comprise Master Common Expenses; and

(e) that, because the water table in certain areas within or nearby the Project may be approximately seven (7) feet deep, more or less, there is no assurance of complete elimination of risk of flooding and/or water damage; and

(f) that, pursuant to the foregoing water table disclosure, and the foregoing perchlorate disclosures, individual gardens are prohibited within the Project, and pools, spas, and "spools," whether in-ground or above-ground, also are prohibited within the Project; and

(g) that construction or installation of Improvements by Master Declarant, other Owners, or third parties, or installation or growth of trees or other plants, may impair or eliminate the view, if any, of or from any Unit; and

(h) that residential subdivision and home construction is an industry inherently subject to variations and imperfections, and items which do not materially affect safety or structural integrity shall be deemed "expected minor flaws" (including, but not limited to: reasonable wear, tear or deterioration; shrinkage, swelling, expansion or settlement; squeaking, peeling, chipping, cracking, or fading; touch-up painting; minor flaws or corrective work; and like items) and not constructional defects; and

(i) that: (1) the finished construction of the Unit and the Common Elements, while within the standards of the industry in the Las Vegas Valley, Clark County, Nevada, and while in substantial compliance with the plans and specifications, will be subject to expected minor flaws; and (2) issuance of a Certificate of Occupancy by the relevant governmental authority with jurisdiction shall be deemed conclusive evidence that the relevant improvement has been built within such industry standards; and

(j) that indoor air quality of the Unit may be affected, in a manner and to a degree found in new construction within industry standards, including, without limitation, by particulates or volatiles emanating or evaporating from new carpeting or other building materials, fresh paint or other sealants or finishes, and so on; and

(k) that the Unit and other portions of the Project are or may be located within designated flood plain areas, and/or nearby or adjacent to flood retainment walls; that Master Declarant specifically disclaims any and all representations and warranties, express or implied, with regard to or pertaining to flood plains or floods or water damage; and

(l) that installation and maintenance of a gated community, and/or any security or traffic access device, operation, or method, shall not create any presumption or duty whatsoever of Master Declarant or Master Association (or a Declarant or Association under a Supplemental Declaration), or their respective officers, directors, managers, employees, agents, and/or contractors, with regard to security or protection of person or property within or adjacent to the Project; and each Owner, by acceptance of a deed to a Unit, whether or not so stated in the deed, shall be deemed to have agreed to take any and all protective and security measures and precautions which such Owner would have taken if the Project had been located within public and not gated; and that gated entrances may restrict or delay entry into the Project by law enforcement, fire protection, and/or emergency medical care personnel and vehicles; and each Owner, by acceptance of a deed to a Unit, whether or not so stated in the deed, shall be deemed to have voluntarily assumed the risk of such restricted or delayed entry; and

(m) that the Project is or may be located adjacent to or nearby a school, and school bus drop off/pickup areas, and subject to levels of noise, dust, and other nuisance resulting from or related to proximity to such school and/or school bus stops; and

(n) that the Project is or may be located adjacent to or nearby a commercial site, and ~~subject to substantial levels of sound, noise, and other nuisances, from such commercial site, and any commercial buildings or facilities developed thereon; and~~

(o) that the Project is located nearby the Sam Boyd Stadium, and also is located across Boulder Highway from a lighted park, and subject to substantial levels of sound, noise, traffic, and other nuisances, from the stadium and the lighted park, and sporting or athletic events, facilities or other activities respectively thereon; and

(p) that the Project is located nearby a major church or religious facility, and subject to levels of sound, noise, and/or traffic thereon; and

(q) that the Project is located not far from "adult" retail establishments, and subject to levels of sound, noise, traffic, and/or other nuisance thereon or related thereto; and

(r) that the Las Vegas Valley contains a number of earthquake faults, and that the Project or portions thereof may be located on or nearby an identified or yet to be identified seismic fault line; and that Master Declarant specifically disclaims any and all representations or warranties, express or implied, with regard to or pertaining to earthquakes or seismic activities; and

(s) that each Purchaser acknowledges having received information regarding the zoning designations and the designations in the master plan regarding land use, adopted pursuant to NRS Chapter 278, for the parcels of land adjoining the Unit or the Project to the north, south, east, and west, together with a copy of the most recent gaming enterprise district map made available for public inspection by the jurisdiction in which the Unit is located, and related disclosures. Master Declarant makes no further representation, and no warranty (express or implied), with regard to any matters pertaining to adjoining land or uses thereof or to any gaming uses. Purchaser is hereby advised that the master plan and zoning ordinances, and gaming enterprise districts, are subject to change from time to time. If additional or more current information concerning such matters is desired, Purchaser should contact the appropriate governmental planning department. Each Purchaser acknowledges and agrees that its decision to purchase a Unit is based solely upon Purchaser's own investigation, and not upon any information provided by any sales agent; and

(t) that the Project, or portions thereof, are or may be located adjacent to or within the vicinity of certain other property zoned to permit the owners of such other property to keep and maintain thereon horses or other "farm" animals, which may give rise to matters such as resultant noise, odors, insects, and other "nuisance"; additionally, certain other property located adjacent to or nearby the Project may be zoned to permit commercial uses, and/or may be developed for commercial uses. Developer makes no other representation or warranty, express or implied, with regard to or pertaining to the future development or present or future use of property adjacent to or within the vicinity of the Project; and

(u) that the Project is located adjacent or nearby to certain undeveloped areas which may contain various species of wild creatures (including, but not limited to, coyotes and foxes), which may from time to time stray onto the Project, and which may otherwise pose a nuisance or hazard; and the Unit and other portions of the Project from time to time may, but need not necessarily, experience problems with scorpions, bees, ants, spiders, termites, pigeons, and/or other insect or pest (all, collectively, "pests"). Master Declarant specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to any pest, and each Owner must make its own independent determination regarding the existence or non-existence of any pests which may be associated with the Lot or other portions of the Project; and

(v) that Master Declarant presently plans to develop only those Lots which have already been released for construction and sale, and that Master Declarant has no obligation with respect to future phases, plans, zoning, or development of other real property contiguous to or nearby the Units; that proposed or contemplated residential and other developments may have been illustrated in the plot plan or other sales literature in or from Master Declarant's sales office, and/or Purchaser may have been

advised of the same in discussions with sales personnel; however, notwithstanding such plot plans, sales literature, or discussions or representations by sales personnel or others, Master Declarant is under no obligation to construct such future or planned developments or units, and the same may not be built in the event that Master Declarant, for any reason whatsoever, decides not to build the same; that Purchaser is not entitled to rely upon, and in fact has not relied upon, the presumption or belief that the same will be built; and that no sales personnel or any other person in any way associated with Master Declarant has any authority to make any statement contrary to the provisions set forth in the foregoing or any provision of the written purchase agreement; and

(w) that residential subdivision and new home construction are subject to and accompanied by substantial levels of noise, dust, construction-related traffic and traffic restrictions, and other construction-related "nuisances". Each Owner acknowledges and agrees that it is purchasing a Unit which is within a residential subdivision currently being developed, and that the Owner will experience and accepts substantial level of construction-related "nuisances" until the subdivision (and other neighboring portions of land being developed) have been completed and sold out; and

(x) that Master Declarant shall have the right, from time to time, in its sole discretion, to establish and/or adjust sales prices or price levels for new homes and/or Lots.

(y) that model homes are displayed for illustrative purposes only, and such display shall not constitute an agreement or commitment on the part of Master Declarant to deliver the Unit in conformity with any model home, and any representation or inference to the contrary is hereby expressly disclaimed. None of the decorator items and other items or furnishings (including, but not limited to, decorator paint colors, wallpaper, window treatments, mirrors, upgraded flooring, decorator built-ins, model home furniture, model home landscaping, and the like) shown installed or on display in any model home are included for sale to Purchaser unless an authorized officer of Master Declarant has specifically agreed in a written Addendum to the Purchase Agreement to make specific items a part of the Purchase Agreement; and

(z) that Master Declarant reserves the right, until the Close of Escrow of the last Unit in the Project, to unilaterally control the entry gate(s), and to keep all such entry gate(s) open during such hours established by Master Declarant, in its sole discretion, to accommodate Master Declarant's construction activities, and sales and marketing activities; and

(aa) that Master Declarant reserves the right, until the Close of Escrow of the last Unit in the Project, to unilaterally restrict and/or re-route all pedestrian and vehicular traffic within the Project, in Master Declarant's sole discretion, to accommodate Master Declarant's construction activities, and sales and marketing activities; provided that no Unit shall be deprived of access to a dedicated street adjacent to the Project; and

(ab) that Master Declarant reserves all other rights, powers, and authority of Master Declarant set forth in this Master Declaration, and, to the extent not expressly prohibited by NRS Chapter 116, further reserves all other rights, powers, and authority, in Master Declarant's sole discretion, of a declarant under NRS Chapter 116 (including, but not necessarily limited to, all special declarant's rights referenced in NRS § 116.110385); and

(ac) that Master Declarant has reserved certain easements, and related rights and powers, as set forth in this Master Declaration.

(ad) that each Purchaser understands, acknowledges, and agrees that Master Declarant has reserved certain rights in the Master Declaration, which may limit certain rights of Purchaser and Owners other than Master Declarant.

16.3 Releases. By acceptance of a deed to a Lot, each Owner, for itself and all Persons claiming under such Owner, shall conclusively be deemed to have acknowledged and agreed, to release Master Declarant and the Master Association, and all of their respective officers, managers, agents, employees, suppliers, and contractors, from any and all claims, causes of action, loss, damage or liability (including, but not limited to, any claim for nuisance or health hazard, property damage, bodily injury, and/or death) arising from or related to all and/or any one or more of the conditions, activities, occurrences, or other matters described in the foregoing Sections 16.1 and 16.2.

ARTICLE 17 GENERAL PROVISIONS

17.1 Enforcement. Subject to Section 5.3 above, the Governing Documents may be enforced by the Master Association as follows:

(a) Enforcement shall be subject to the overall "good neighbor" policy underlying and controlling this Master Declaration and this Community (in which the Owners enjoy a quality lifestyle), and the fundamental governing policy of courtesy and reasonability.

(b) Breach of any of the provisions contained in the Master Declaration or Master Bylaws and the continuation of any such breach may be enjoined, abated or remedied by appropriate legal or equitable proceedings instituted, in compliance with applicable Nevada law, by any Owner, including Master Declarant so long as Master Declarant owns a Unit, by the Master Association, or by the successors-in-interest of the Master Association. Any judgment rendered in any action or proceeding pursuant hereto shall include a sum for attorneys' fees in such amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of any delinquent payment, interest thereon, costs of collection and court costs. Each Owner shall have a right of action against the Master Association for any unreasonable and continuing failure by the Master Association to comply with material and substantial provisions of this Master Declaration, or of the Master Bylaws or Master Articles.

(c) Enforcement. The Master Association shall have the right to enforce the obligations of any Owner under any material provision of the Master Declaration, by assessing a reasonable fine as a Special Assessment against such Owner or Resident, and/or suspending the right of such Owner to vote at meetings of the Master Association and/or the right of the Owner or Resident to use Common Elements, subject to the following: The person alleged to have violated the material provision of the Master Declaration must have had actual written notice of the provision and the alleged violation for at least thirty (30) days before the alleged violation; and

(i) such use and/or voting suspension may not be imposed for a period longer than thirty (30) days per violation, provided that if any such violation continues for a period of ten (10) days or more after actual notice of such violation has been given to such Owner or Resident, each such continuing violation shall be deemed to be a new violation and shall be subject to the imposition of new penalties;

(ii) notwithstanding the foregoing, each Owner shall have an unrestricted right of ingress and egress to his Unit by the most reasonably direct route over and across the relevant streets;

(iii) no fine imposed under this Section may exceed the maximum permitted by applicable Nevada law for each failure to comply, or may be imposed until the Owner or Resident has been afforded the right to be heard, in person, by submission of a written statement, or through a

representative, at a regularly noticed hearing (unless the violation is of a type that substantially and imminently threatens the health, safety and/or welfare of the Owners and Community, in which case, the Master Board may take expedited action, as the Master Board may deem reasonable and appropriate under the circumstances, subject to the limitations set forth in Section 5.3, above);

(iv) if any such Special Assessment imposed by the Master Association on an Owner or Resident by the Master Association is not paid or reasonably disputed in writing delivered to the Master Board by such Owner or Resident (in which case, the dispute shall be subject to reasonable attempts at resolution through mutual discussions and mediation) within thirty (30) days after written notice of the imposition thereof, then such Special Assessment shall be enforceable pursuant to Articles 6 and 7 above.

(d) Responsibility for Violations. Should any Resident violate any material provision of the Master Declaration, or should any Resident's act, omission or neglect cause damage to the Common Elements, then such violation, act, omission or neglect shall also be considered and treated as a violation, act, omission or neglect of the Owner of the Unit in which the Resident resides. Likewise, should any guest of an Owner or Resident commit any such violation or cause such damage to Common Elements, such violation, act, omission or neglect shall also be considered and treated as a violation, act, omission or neglect of the Owner or Resident. Reasonable efforts shall be made to resolve any alleged material violation, or any dispute, by friendly discussion in a "good neighbor" manner, followed (if the dispute continues) by "mediation" by the DRC or Master Board and/or mutually agreeable (or statutorily provided) third party mediator. Fines or suspension of voting privileges shall be utilized only as a "last resort", after all reasonable efforts to resolve the issue by discussion and mediation have failed.

(e) The result of every act or omission whereby any of the provisions contained in this Master Declaration or the Master Bylaws are violated in whole or in part is hereby declared to be and shall constitute a nuisance, and every remedy allowed by law or equity against a nuisance either public or private shall be applicable against every such result and may be exercised by any Owner, by the Master Association or its successors-in-interest.

(f) The remedies herein provided for breach of the provisions contained in this Master Declaration or in the Master Bylaws shall be deemed cumulative, and none of such remedies shall be deemed exclusive.

(g) The failure of the Master Association to enforce any of the provisions contained in this Master Declaration or in the Master Bylaws shall not constitute a waiver of the right to enforce the same thereafter.

(h) If any Owner, his or her Family, guest, licensee, lessee or invitee violates any such provisions, the Master Board may impose a reasonable Special Assessment upon such Owner for each violation and may suspend the voting privileges of such Owner. Such Special Assessment shall be collectible in the manner provided hereunder, but the Master Board shall give such Owner appropriate Notice and Hearing before invoking any such Special Assessment or suspension.

17.2 Severability. Invalidation of any provision of this Master Declaration by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

17.3 Term. The covenants and restrictions of this Master Declaration shall run with and bind the Project, and shall inure to the benefit of and be enforceable by the Master Association or the Owner of any land subject to this Master Declaration, their respective legal representatives, heirs, successive Owners and assigns, until terminated in accordance with NRS § 116.2118.

17.4 Interpretation. The provisions of this Master Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development of a residential community and for the maintenance of the Common Elements. The article and section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions of interpretation or construction. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the masculine, feminine and neuter.

17.5 Amendment. Except as otherwise provided by the Governing Documents, and except in cases of amendments that may be executed by Master Declarant or by the Master Association or by certain Owners (as set forth in NRS §16.2117), this Master Declaration, may only be amended by both: (a) the vote and agreement of Owners constituting at least two-thirds (2/3) of the total voting power of the Association, and (b) the written assent or vote of at least two-thirds (2/3) of the total voting power of the Board. Notwithstanding the foregoing, termination of this Declaration and any of the following amendments, to be effective, must be approved in writing by the Eligible Holders of at least two-thirds (2/3) of the first Mortgages on all of the Units in the Project at the time of such amendment or termination, based upon one (1) vote for each first Mortgage owned:

(a) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers and guarantors of first Mortgages as provided in Articles 7, 12, 13, and 14 hereof.

(b) Any amendment which would necessitate a Mortgagee, after it has acquired a Unit through foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

(c) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Unit not being separately assessed for tax purposes.

(d) Any amendment relating to the insurance provisions as set out in Article 12 hereof, or to the application of insurance proceeds as set out in Article 12 hereof, or to the disposition of any money received in any taking under condemnation proceedings.

(e) Any amendment which would or could result in termination or abandonment of the Project or subdivision of a Unit, in any manner inconsistent with the provisions of this Master Declaration.

(f) Any amendment which would subject any Owner to a right of first refusal or other such restriction if such Unit is proposed to be sold, transferred or otherwise conveyed.

(g) Any amendment materially and substantially affecting: (i) voting rights; (ii) rights to use the Common Elements; (iii) reserves and responsibility for maintenance, repair and replacement of the Common Elements; (iv) leasing of Units; (v) establishment of self-management by the Master Association where professional management has been required by any Beneficiary, insurer or guarantor of a first Mortgage; (vi) boundaries of any Unit; (vii) Master Declarant's right and power to annex or de-annex property to or from the Project; and (viii) assessments, assessment liens, or the subordination of such liens.

Notwithstanding the foregoing, if a first Mortgagee who receives a written request from the Master Board to approve a proposed termination, amendment or amendments to the Master Declaration does not deliver a negative response to the Master Board within thirty (30) days of the mailing of such request by the Master Board, such first Mortgagee shall be deemed to have approved the proposed termination, amendment or amendments. Notwithstanding anything contained in this Master Declaration to the

contrary, nothing contained herein shall operate to allow any Mortgagee to: (a) deny or delegate control of the general administrative affairs of the Master Association by the Members or the Master Board; (b) prevent the Master Association or the Master Board from commencing, intervening in or settling any litigation or proceeding; or (c) prevent any trustee or the Master Association from receiving and distributing any proceeds of insurance, except pursuant to NRS §116.31133 and §116.31135.

A copy of each amendment (other than any amendment which may be accomplished unilaterally by Declarant) shall be certified by at least two (2) Officers, and the amendment shall be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by at least two (2) Officers, that the requisite number of Owners have either voted for or consented in writing to any termination or amendment adopted as provided above, when Recorded, shall be conclusive evidence of that fact. The Master Association shall maintain in its files the record of all such votes or written consents for a period of at least four (4) years. The certificate reflecting any termination or amendment which requires the written consent of any of the Eligible Holders of first Mortgages shall include a certification that the requisite approval of such Eligible Holders has been obtained. Until the first Close of Escrow for the sale of a Unit, Master Declarant shall have the right to terminate or modify this Master Declaration by Recordation of a supplement hereto setting forth such termination or modification.

Notwithstanding all of the foregoing, for so long as Master Declarant owns a Unit or Lot, Master Declarant shall have the power from time to time to unilaterally amend this Master Declaration to correct any scrivener's errors, to clarify any ambiguous provision, to modify or supplement the Exhibits hereto, to exercise any Developmental Right or other reserved right, and otherwise to ensure that the Master Declaration conforms with requirements of applicable law. By acceptance of a deed conveying any real property located in a District, whether or not so expressed in such deed, the grantee thereof covenants that Master Declarant shall be fully empowered and entitled (but not obligated) at any time thereafter, and appoints Master Declarant as attorney in fact, in accordance with NRS §§ 111.450 and 111.460, of such grantee and his successors and assigns, to unilaterally execute and Record: (a) easement(s), in favor of owners and/or residents of Adjacent Parcels, of use and enjoyment of and over the Master Association Property; and (b) amended final map(s) or amendment(s) to the final map of Phase(s) of Development, provided that such amended final map or amendment shall not change the boundaries of any Unit theretofore conveyed to a Purchaser. Additionally, by acceptance of a deed from Master Declarant conveying any real property located in the Annexable Area (Exhibit "B") hereto), in the event such real property has not theretofore been annexed to the Project encumbered by this Master Declaration, and whether or not so expressed in such deed, the grantee thereof covenants that Master Declarant shall be fully empowered and entitled (but not obligated) at any time thereafter, and appoints Master Declarant as attorney in fact, in accordance with NRS §§ 111.450 and 111.460, of such grantee and his successors and assigns, to unilaterally execute and Record an Annexation Amendment, adding said real property to the Project, in the manner provided for in NRS § 116.2110 and in Article 15 above.

If any change is made to the Governing Documents, the Secretary (or other designated Officer) shall, within 30 days after the change is made, prepare and cause to be hand-delivered or sent prepaid by United States mail to the mailing address of each Unit or to any other mailing address designated in writing by the Owner, a copy of the change made.

17.6 No Public Right of Dedication. Nothing contained in this Master Declaration shall be deemed to be a gift or dedication of all or any part of the Project to the public, or for any public use.

17.7 Constructive Notice and Acceptance. Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Unit or other portion of the Project does hereby consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to these

restrictions is contained in the instrument by which such person acquired an interest in the Project, or any portion thereof.

17.8 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 three (3) business days after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any person at the address given by such person to the Master Association for the purpose of service of such notice, or to the residence of such person if no address has been given to the Master Association. Such address may be changed from time to time by notice in writing to the Master Association.

17.9 Priorities and Inconsistencies. The Governing Documents shall be construed to be consistent with one another to the extent reasonably possible. If there exist any irreconcilable conflicts or inconsistencies among the Governing Documents, the terms and provisions of this Master Declaration shall prevail (unless and to the extent only that a term or provision of this Master Declaration fails to comply with applicable provision of NRS Chapter 116). In the event of any inconsistency between the Master Articles and Master Bylaws, the Master Articles shall prevail. In the event of any inconsistency between the Master Rules and any other Master Governing Document, the other Master Governing Document shall prevail.

17.10 Supplemental Declarations. The Master Declaration shall control in the event of any conflict with the provisions of a Supplemental Declaration, although such documents shall be construed to be consistent with one another to the extent possible. The inclusion in a Supplemental Declaration of covenants, conditions, restrictions, land uses, and limitations which are more restrictive or more inclusive than the restrictions contained in the Master Declaration shall not be deemed to constitute a conflict with the provisions of the Master Declaration. Nothing herein shall be construed as relieving any Owner or Unit within the Project therefrom, or as limiting or preventing any and all applicable rights of enforcement granted or available to the Master Association by virtue thereof.

17.11 Limited Liability. Except to the extent, if any, expressly prohibited by applicable Nevada law, none of Master Declarant, Master Association, DRC (or a Declarant, Association, and/or Architectural Review Committee under a Supplemental Declaration) and none of their respective directors, officers, any committee representatives, employees, or agents, shall be liable to any Owner or any other Person for any action or for any failure to act with respect to any matter if the action taken or failure to act was reasonable or in good faith. The Master Association shall indemnify every present and former Master Association Officer and Master Director and every present and former committee representative against all liabilities incurred as a result of holding such office, to the full extent permitted by law.

17.12 Business of Master Declarant. Except to the extent expressly provided herein or as required by applicable provision of NRS Chapter 116, no provision of this Master Declaration shall be applicable to limit or prohibit any act of Master Declarant, or its agents or representatives, in connection with or incidental to Master Declarant's improvement and/or development of the Project, so long as any Unit therein owned by Master Declarant remains unsold.

17.13 Compliance with NRS Chapter 116. It is the intent of Master Declarant that this Master Declaration and the Project shall be in all respects consistent with, and not in violation of, applicable provisions of NRS Chapter 116. In the event any provision of this Master Declaration is found to irreconcilably conflict with or violate such applicable provision of NRS Chapter 116, such offending Master Declaration provision shall be deemed automatically modified or severed herefrom, to the minimum extent necessary to remove the irreconcilable conflict with or violation of the applicable provision of NRS Chapter 116. Notwithstanding any other provision set forth herein, if any provision of Senate Bill 451 (1999) should, in the future, be removed or made less burdensome (from the perspective of Master Declarant),

as a matter of law, then the future change in such provision shall automatically be deemed to have been made and reflected in this Master Declaration.

**ARTICLE 18
SUB-ASSOCIATIONS; SUPPLEMENTAL DECLARATIONS**

18.1 Concurrent Membership in Sub-Association. In the event a Sub-Association has been created for the District in which an Owner's Unit is located, such Owner automatically shall also concurrently be a member of the Sub-Association, pursuant to the Supplemental Declaration for such District, and subject to the Supplemental Declaration and all obligations thereunder (including, but not limited to, Sub-Association assessments levied under the Supplemental Declaration).

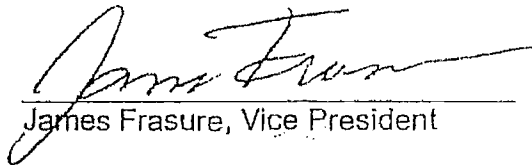
18.2 Approval of Supplemental Declarations. Each Supplemental Declaration is subject to the requirement of approval of Master Declarant prior to Recordation thereof.

18.3 Cumulative With Master Declaration. Any provision in a Supplemental Declaration shall be in addition to, and cumulative with, the provisions set forth in the Master Declaration. In the event of any express conflict, the Master Declaration shall prevail, although the documents shall be construed to be consistent with one another to the extent possible. Inclusion in a Supplemental Declaration of covenants, conditions, restrictions, land uses, and limitations which are more restrictive or more inclusive than the restrictions set forth in the Master Declaration shall not be deemed to constitute a conflict with the provisions of the Master Declaration. The developmental rights and special declarant's rights set forth in a Supplemental Declaration shall be in addition to, and cumulative with, any applicable developmental rights and special declarant's rights reserved in the Master Declaration, and, in the event of any irreconcilable conflict, the Master Declaration shall prevail.

IN WITNESS WHEREOF, Master Declarant has executed this Master Declaration as of the date first set forth above.


MASTER DECLARANT:

D. R. HORTON, INC.,
a Delaware corporation

By: 
James Frasure, Vice President

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

This instrument was acknowledged before me on this 10 day of October, 2000, by James Frasure, as Vice President of D. R. HORTON, INC., a Delaware corporation.



NOTARY PUBLIC
(Seal)

My Commission Expires: Feb. 15, 2004

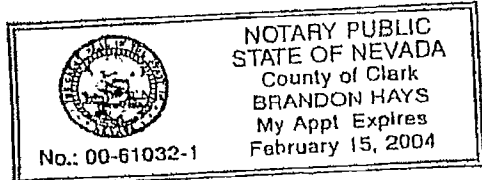


EXHIBIT "A"

DESCRIPTION OF INITIAL PROPERTY

Lot _____ (_____), in Block _____ (____), of TWILIGHT AT BOULDER RANCH UNIT 1, as shown by final map thereof, on file in Book _____ of Plats, Page _____, Office of the County Recorder, Clark County, Nevada.

EXHIBIT "B"
DESCRIPTION OF ANNEXABLE AREA

[ALL, OR ANY PORTIONS, FROM TIME TO TIME MAY, BUT NEED NOT NECESSARILY
BE ANNEXED BY DECLARANT TO THE PROJECT]

PARCEL 1: All of the real property in TWILIGHT AT BOULDER RANCH UNIT 1, as shown by final map thereof, on file in Book 94 of Plats, Page 23, Office of the County Recorder, Clark County, Nevada;

EXCEPTING THEREFROM: the Original Property, as described in the foregoing Exhibit "A".

PARCEL 2: All of the real property in TWILIGHT AT BOULDER RANCH UNIT 2, as shown by final map thereof, on file in Book * of Plats, Page *, Office of the County Recorder, Clark County, Nevada;

*To Be Determined

PARCEL 3: All of the real property in FIRST LIGHT AT BOULDER RANCH UNIT 1, as shown by final map thereof, on file in Book 90 of Plats, Page 99, Office of the County Recorder, Clark County, Nevada;

PARCEL 4: All of the real property in FIRST LIGHT AT BOULDER RANCH UNIT 2, as shown by final map thereof, on file in Book 97 of Plats, Page 46, Office of the County Recorder, Clark County, Nevada;

PARCEL 5: All of the real property in FIRST LIGHT AT BOULDER RANCH UNIT 3, as shown by final map thereof, on file in Book * of Plats, Page *, Office of the County Recorder, Clark County, Nevada;

*To Be Determined

PARCEL 6: All of the real property in HIGH NOON AT BOULDER RANCH UNIT 1, as shown by final map thereof, on file in Book 96 of Plats, Page 100, Office of the County Recorder, Clark County, Nevada;

PARCEL 7: All of the real property in HIGH NOON AT BOULDER RANCH UNIT 2, as shown by final map thereof, on file in Book 97 of Plats, Page 47, Office of the County Recorder, Clark County, Nevada;

[To be described, as may be appropriate, by amendment(s) unilaterally Recorded by Declarant from time to time, in its sole discretion.]

[NOTE: DECLARANT HAS SPECIFICALLY RESERVED THE RIGHT FROM TIME TO TIME TO UNILATERALLY SUPPLEMENT OR MODIFY OF RECORD ALL OR ANY PART(S) OF THE FOREGOING AND/OR ATTACHED DESCRIPTIONS]

When Recorded, Return To:

WILBUR M. ROADHOUSE, ESQ.
Gould Patterson DeVore Ales & Roadhouse
4496 South Pecos Road
Las Vegas, Nevada 89121
(702) 436-2600

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