

When Recorded Mail to:
Woodburn and Wedge
Attn: David G. Johnson, Esq.
300 W. Fourth St., Suite 620
Las Vegas, Nevada 89101

**FIRST AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND GRANT AND RESERVATION OF
EASEMENTS
FOR AZURE ESTATES OWNERS ASSOCIATION**

This First Amendment to the Declaration of Covenants, Conditions and Restrictions and Grant and Reservation of Easements for Azure Estates Owners Association (the "Declaration") is made by the Declarant, Azure Estates L.L.C., a Nevada limited liability company (the "Declarant").

WITNESSETH

- A. On August 27, 1998 the Declaration of Covenants, Conditions and Restrictions and Grant and Reservation of Easements for Azure Estates Owners Association was recorded in the Office of the Clark County Recorder's Office in Book No. 980827 as Instrument No. 01854.
- B. Exhibit "A" to the Declaration is a legal description of the Original Property as such term is used in the Declaration.
- C. Exhibit "B" is a legal description of the Annexable Property as such terms in used in the Declaration.
- D. The Declarant Desires to change the legal description of the Original Property and the Annexable Property.
- E. Article XIII, Section 13.2 of the Declaration provides that the Declaration may be amended by the Declarant without approval of the Members when the Declarant is exercising its Special Declarant's Rights.

- F. There are no Owners, other than Declarant in the Azure Estates Project and there have been no Lots sold to purchasers in the Azure Estates Project, and Declarant is the sole owner of all the real property described in Exhibit "A" and "B" of the Declaration.
- G. The Declarant now desires to modify the Declaration to provide a revised Amendment "A" and a revised Amendment "B".
- H. The Declaration, Article XIII, Section 13.2, subsection (b) requires approval of first Mortgagees for certain amendments to the Declaration; and
- I. This amendment does not purport to affect any of those items set forth in Article XIII, Section 13.2, subsection (b) and first Mortgagee approval is not required for passage of this amendment.

NOW, THEREFORE, the Declaration is hereby amended as follows:

1. Exhibit "A" of the Declaration is deleted in its entirety and replaced with Exhibit "A" attached hereto.
2. Exhibit "B" of the Declaration is deleted in its entirety and replaced with Exhibit "B" attached hereto.
3. Except as set forth herein, the Declaration remains in full force and effect.

DATED this 21st day of January, 1999.

DECLARANT:

AZURE ESTATES L.L.C.
A Nevada limited liability company

By



Bradley F. Burns, Managing Member

STATE OF NEVADA)
) ss.
COUNTY OF CLARK) -----

This instrument was acknowledged before me this 21st day of January, 1999 by Bradley F. Burns as Managing Member of Azure Estates, the Declarant.

Suzanne O. Rey

Notary Public


 **SUZANNE O. REY**
Notary Public - Nevada
Clark County
My appt. exp. Feb. 4, 1999

Exhibit A

Azure States Unit 1, Lot 118

EXHIBIT B

Azure Estates Unit 1, Lot 111-117

Azure Estates Unit 2, Lot 23-76, 173-199

Azure Estates Unit 3, Lot 1-22, 77-110

Azure Place Lots 1-101

Alexander Station III Lots 1-70

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND GRANT AND RESERVATION OF EASEMENTS
FOR
AZURE ESTATES OWNERS ASSOCIATION**

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FOR
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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND GRANT AND RESERVATION OF EASEMENTS
FOR
AZURE ESTATES OWNERS ASSOCIATION**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND GRANT AND RESERVATION OF EASEMENTS is dated for purposes of reference only as of this _____ day of _____, 1998, and is made by AZURE ESTATES L.L.C., a Nevada limited liability company ("Declarant").

PREAMBLE:

WHEREAS, Declarant owns the real property all of which is located in Clark County, Nevada, as is more fully described in Article I below as the Original Property and Annexable Property; and

WHEREAS, it is the desire and intention of Declarant to create a "common-interest community" as defined in Section 116.10323 of the Nevada Revised Statutes, and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all the units in the planned community created pursuant to the provisions of the Uniform Common-Interest Ownership Act set forth in Sections 116.1101 et seq. of the Nevada Revised Statutes.

NOW, THEREFORE, Declarant hereby declares that all of the Original Property and any real property annexed thereto pursuant to this Declaration is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the limitations, restrictions, reservations, rights, easements, conditions and covenants contained in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the protection, maintenance, improvement and sale of the Property for the purpose of enhancing the value, desirability and attractiveness of the Property. All provisions of this Declaration, including without limitation the easements, uses, obligations, covenants, conditions and restrictions hereof, are hereby imposed as equitable servitudes upon the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants herein shall run with and burden the Property and shall be binding on and for the benefit of all of the Property and all Persons having or acquiring any right, title or interest in the Property, or any part thereof, and their successive owners and assigns. The development plan of the Property shall be consistent with the overall development plan, if any, submitted to the VA and FHA.

DECLARANT FURTHER DECLARES that Declarant, its successors, assigns and grantees, covenant and agree that the undivided interest in the Common Elements, the

membership in the Association, any easements conveyed therewith and the fee title to each respective Unit conveyed therewith shall not be separated or separately conveyed, and each such undivided interest, Membership and easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the Unit. Any conveyance by an Owner of a Unit, or any portion thereof, shall be presumed to convey the entire Unit, together with a Membership in the Association.

ARTICLE 1

DEFINITIONS

Unless otherwise expressly provided, the following words and phrases when used herein shall have the following specified meanings.

1.1 Annexable Property. Annexable Area shall mean the real property described in Exhibit "B", all or any portion of which property may from time to time be made subject to this Declaration pursuant to Article 16 hereof. At no time shall any portion of the Annexable Property be deemed to be a part of the common interest community created by this Declaration or a part of the Properties until such portion of the Annexable Property has been duly annexed hereto pursuant to Article 16 hereof.

1.2 Architectural Committee or Committee. Architectural Committee or Committee shall mean the Architectural Review Committee created pursuant to Article IV hereof.

1.3 Articles. Articles shall mean the Articles of Incorporation of the Association, as such Articles may be amended from time to time.

1.4 Assessment, Annual. Annual Assessment shall mean a charge against a particular Owner and his Lot, representing a portion of the Common Expenses which are to be levied among all Owners and their Lots in the Project in the manner and proportions provided herein.

1.5 Assessment, Special. Special Assessment shall mean a charge: (a) against a particular Owner, levied by the Board after Notice and Hearing, which is directly attributable to, or reimbursable by, that Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration, or a reasonable fine or penalty assessed by the Board, plus interest and other charges on such Special Assessments as provided for herein; or (b) which the Board may from time to time levy against a particular Owner and his Lot, representing a portion of the cost to the Association for reconstruction, maintenance or repair of any Improvements on any of the

Common Elements. The assessment levied pursuant to 1.4(b) shall be levied among all the Owners and their Lots in the Project in the same proportions as Annual Assessments.

1.6 Association. Association shall mean AZURE ESTATES OWNERS ASSOCIATION, a Nevada nonprofit corporation, its successors and assigns. The Association is an "association" as defined in Section 116.110315 of the Nevada Revised Statutes.

1.7 Association Maintenance Funds. Association Maintenance Funds shall mean the accounts created for receipts and disbursements of the Association, pursuant to Article V hereof.

1.8 Beneficiary. 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.

1.9 Board or Board of Directors. Board or Board of Directors shall mean the Board of Directors of the Association. The Board is an "executive board" as defined in Section 116.110345 of the Nevada Revised Statutes.

1.10 Budget. Budget shall mean a written, itemized estimate of the income and Common Expenses of the Association in performing its functions under this Declaration.

1.11 Bylaws. Bylaws shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

1.12 County. County shall mean the County of Clark, State of Nevada, and its various departments, divisions, employees and representatives.

1.13 Close of Escrow. Close of Escrow shall mean the date on which a deed is Recorded conveying a Lot from Declarant to a member of the home-buying public.

1.14 Common Elements. Common Elements shall mean those areas of real property and the Improvements located thereon and over which the Association, Owners, Residents or Guests have non-exclusive easements for use and enjoyment. The Common Elements for the common use and enjoyment of the Association, as well as all Owners, Residents and Guests are described on the Development Site Plan and Plat as "Common Lot "A".

1.15 Common Expenses. Common Expenses shall mean those expenses for which the Association is responsible under this Declaration, including the actual and estimated costs of: maintenance, management, operation, repair and replacement of the Common Elements or unpaid Special Assessments; the costs of any commonly metered

charges for the Property; the cost of maintenance of clustered mailboxes, if any; the costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers, accountants, attorneys and other employees; the costs of all gardening, security gates and other services benefiting the Common Elements; the costs of fire, casualty and liability insurance, workers' compensation insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Property and the directors, officers and agents of the Association; the costs of bonding of the members of the Board; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Property, or portion thereof; and the costs of any other item or items incurred by the Association, for any reason whatsoever in connection with the Property, for the common benefit of the Owners.

1.16 Declarant. Declarant shall mean Azure Estates L.L.C., a Nevada limited liability company, its successor in any merger, consolidation or liquidation and (to the extent but only to the extent provided in any written assignment of rights by Declarant and assumption of obligations by the assignee, pursuant to Section 116.3104 of the Nevada Revised Statutes) its assigns. A successor Declarant shall be subject to the provisions of Sections 116.3104, 116.31043 and 116.31046 of the Nevada Revised Statutes, as amended from time to time.

1.17 Declaration. Declaration shall mean this instrument as it may be amended from time to time.

1.18 Deed of Trust. Deed of Trust shall mean a Mortgage as further defined herein.

1.19 Development Site Plan. Development Site Plan shall mean that general plan of development subject to this Declaration which includes the site for each Lot in the Property as described and depicted on Exhibit "C" attached hereto.

1.20 Family. Family shall mean one or more natural persons related to each other by blood, marriage or adoption, or one or more natural persons not all so related, but who maintain a common household in a Residence.

1.21 FHA. FHA shall mean the Federal Housing Administration of the United States Department of Housing and Urban Development and any department or agency of the United States government which succeeds to the FHA's function of insuring notes secured by Mortgages on residential real estate.

1.22 FHLMC. FHLMC shall mean the Federal Home Loan Mortgage Corporation (also known as The Mortgage Corporation) created by Title II of the Emergency Home Finance Act of 1970, and any successors to such corporation.

1.23 Fiscal Year. Fiscal Year shall mean the fiscal accounting and reporting period of the Association selected by the Board from time to time.

1.24 FNMA. FNMA shall mean the Federal National Mortgage Association/ a government-sponsored private corporation established pursuant to Title VIII of the Housing and Urban Development Act of 1968, and any successors to such corporation.

1.25 GNMA. GNMA shall mean the Government National Mortgage Association administered by the United States Department of Housing and Urban Development, and any successor to such association.

1.26 Guest. A Guest of an Owner or Resident shall mean any employee, tenant, guest (whether or not for hire), licensee, agent or invitee of such Owner or Resident, including any transient guest, or any family member of the Owner or Resident.

1.27 Improvements. Improvements shall mean all structures and appurtenances thereto of every type and kind, including but not limited to, buildings, walkways, sprinkler pipes, roads, driveways, fences, screening walls, block walls, retaining walls, awnings, stairs, decks, landscaping, antennae, satellite dish, solar equipment, hedges, windbreaks, the exterior surfaces of any visible structure and the paint on such surfaces, planted trees and shrubs, poles, signs, and water softener fixtures or equipment.

1.28 Lot. Lot shall mean each and every individual, physical portion of the Project designated for separate Ownership and which is an intended or proposed site for one Unit.

1.29 Manager. Manager shall mean the Person employed by the Association pursuant to and limited by the provisions of this Declaration, and delegated the duties, power or functions of the Association as limited by this Declaration, the Bylaws and the terms of the agreement between the Association and said Person.

1.30 Map. Map shall mean a Recorded map or plat covering all or any portion of the Property.

1.31 Member, Membership. Member shall mean any Person holding a membership in the Association, as provided in this Declaration. Membership shall mean the property, voting and other rights and privileges of Members as provided herein, together with the correlative duties and obligations contained in the Restrictions.

1.32 Mortgage. Mortgage shall mean any Recorded Mortgage or Deed of Trust relating to one or more Lots or other portion of the Property to secure the performance of an obligation, which conveyance will be reconveyed upon the completion of such performance.

1.33 Mortgagee, Mortgagor. Mortgagee shall mean a Person to whom a Mortgage is made and shall include the Beneficiary of a Deed of Trust. 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" and the term "Beneficiary" shall be synonymous with the term "Mortgagee."

1.34 Notice and Hearing. Notice and Hearing shall mean written notice and a hearing before the Board, at which the Owner concerned shall have an opportunity to be heard in person, or by counsel at the Owner's expense, in the manner further provided in the Bylaws, Rules and Regulations or this Declaration, and consistent with Section 116.3102(1)(k) of the Nevada Revised Statutes.

1.35 Original Property. Original Property shall mean that real property described on Exhibit "A", attached hereto, which shall be the initial real property made subject to this Declaration immediately upon recordation of this Declaration.

1.36 Owner. Owner shall mean the Person or Persons, including Declarant, holding fee simple interest to a Lot, excluding those having such interest merely as security for the performance of an obligation. The term "Owner" shall include a seller under an executory contract of sale but shall exclude Mortgagees.

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

1.38 Plans. Plans shall mean those drawings of those items set forth in Subparagraph 4 of Section 116.2109 of the Nevada Revised Statutes, which items are set forth on drawings only to the extent not shown on the Plat.

1.39 Plat. Plat shall mean that plat map of real estate subject to this Declaration on file in the office of the County Recorder of Clark County, Nevada.

1.40 Project or Property. Project or Property shall mean the Original Property together with such portions of the Annexable Property which is annexed to the Original Property and made subject to this Declaration and includes real property with respect to which a person by virtue of Ownership of a Lot is obligated to pay for real property other than the Lot.

1.41 Record, File, Recordation. "Record," "File," or "Recordation on" shall mean, with respect to any document, the recordation or filing of such document in the Office of the Clark County Recorder.

1.42 Residence or Unit. Residence or Unit shall mean a "Unit," as defined in Section 116.11039 of the Nevada Revised Statutes. Each Residence or Unit shall be a separate freehold estate, as separately shown, numbered and designated on the applicable Map and intended for use by a single Family and located upon a Lot. There may only be one Residence or Unit per Lot. In interpreting deeds, Declarations and Maps, the existing physical boundaries of the Residence or Unit or a Residence or Unit constructed or reconstructed in substantial accordance with the applicable Map and the original plans thereof, if such plans are available, shall be conclusively presumed to be its boundaries, rather than the description expressed in the deed, Map or Declaration, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries, as shown on the applicable Map or defined in the deed and Declaration, and the boundaries of a building as constructed or reconstructed.

1.43 Resident. Resident shall mean any person who is physically residing in a Residence on a Lot, for so long as said person is so residing, including, but not limited to, an Owner or a tenant.

1.44 Restrictions. Restrictions shall mean this Declaration, the Articles, Bylaws and the Rules and Regulations of the Association from time to time in effect.

1.45 Rules and Regulations. Rules and Regulations shall mean the rules and regulations that may be adopted by the Board pursuant to this Declaration or the Bylaws, as such Rules and Regulations may be amended from time to time.

1.46 VA. VA shall mean the Department of Veterans Affairs of the United States of America and any department or agency of the United States government which succeeds to VA's function of issuing guarantees of notes secured by Mortgages on residential real estate.

ARTICLE 2

AZURE ESTATES OWNERS ASSOCIATION

2.1 Organization of Association. The Association is or shall be incorporated under the name of AZURE ESTATES OWNERS ASSOCIATION, as a nonprofit corporation organized under the provisions of Sections 82.006 through 82.690 of the Nevada Revised Statutes.

2.2 Duties and Powers. The duties and powers of the Association are those set forth in this Declaration, the Articles and Bylaws, together with its general and implied powers of an "association" (as defined in Section 116.110315 of the Nevada Revised Statutes) and a nonprofit corporation, generally to do any and all things that such a corporation may lawfully do which are necessary or proper, in operating for the peace,

health, comfort, safety and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Articles, the Bylaws and in this Declaration. The Association shall further have the right to install or construct capital Improvements on the Common Elements. The Association may at any time, and from time to time reconstruct, repair, replace, maintain, or refinish any Improvement or portion thereof upon the Common Elements in accordance with the original design, finish or standard of construction of such Improvement; replace destroyed or damaged trees or other vegetation and plant trees, shrubs and ground cover upon any portion of the Common Elements. The Association shall additionally have the power but not the duty to enter into contracts with Owners or other persons to provide services or to maintain and repair Improvements within the Project and elsewhere which the Association is not otherwise required to provide or maintain pursuant to this Declaration; provided, however, that any such contract shall provide for the payment to the Association for the costs of providing such services or maintenance.

2.3 Membership. Every Owner, upon becoming the Owner of a Lot, shall automatically become a Member of the Association, and shall remain a Member thereof until such time as his ownership ceases, at which time his Membership in the Association shall automatically cease. Ownership of a Lot shall be the sole qualification for Membership in the Association. Membership in the Association shall not be assignable except to the Person to which title to the Unit has been transferred, and every Membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Unit. The rights, duties, privileges and obligations of all Members of the Association shall be as provided in the Restrictions.

2.4 Transfer. The Membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon the sale or encumbrance of such Owner's Lot, and then only to the purchaser or Mortgagee of such Lot. A prohibited transfer is void and will not be reflected upon the books and records of the Association. A Member who has sold his Lot to a contract purchaser under an agreement to purchase shall be entitled to delegate to the contract purchaser his Membership rights in the Association. The delegation shall be in writing and shall be delivered to the Board before the contract purchaser may vote. However, the contract seller shall remain liable for all charges and assessments attributable to his Lot until fee title to the Lot sold is transferred. If the Owner of any Lot fails or refuses to transfer his Membership to the purchaser of the lot upon transfer of fee title thereto, the Board of Directors shall have the right to record the transfer upon the books of the Association. Until satisfactory evidence of such transfer has been presented to the Board, the purchaser shall not be entitled to vote at meetings of the Association. The Association may levy a reasonable transfer fee against a new Owner and his Lot (which fee shall be added to the Annual Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the membership to the new Owner on the records of the Association.

2.5 Board of Directors. The affairs of the Association shall be managed by and (unless otherwise provided herein) undertaken through actions of the Board, which may by resolution delegate any portion of its authority permitted by law to an Executive Committee created by the Bylaws of the Association. The number and qualifications of Directors and their terms of office shall be as provided in the Articles and Bylaws of the Association.

2.6 Voting Rights. Subject to Section 2.6.1 below, all Members shall be entitled to cast one vote for each Lot owned.

2.6.1 Appointment of Board. Declarant shall have the right to appoint and remove the members of the Board of Directors, subject to the following limitations:

(a) Not later than sixty (60) days after conveyance of twenty five percent (25%) of the Units from Declarant to Purchasers, at least one director and not less than twenty five percent (25%) of the total directors must be elected by owners other than Declarant.

(b) Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units from Declarant to Purchasers, at least one director and not less than thirty-three and one third percent (33-1/3%) of the total directors must be elected by owners other than Declarant.

(c) The power reserved to Declarant in this section 2.6.1 to appoint or remove a majority of the members of the Board of Directors shall terminate on the earliest of (1) sixty (60) days after conveyance of seventy-five percent (75%) of the Units from the Declarant to Purchasers, (2) two years after Declarant has ceased to offer any Lots for sale in the ordinary course of business, or (3) two years after any right to annex any portion of the Annexable Property was last exercised pursuant to Article 16, hereof.

(d) The termination of Declarant's control under this Section shall not affect the Declarant's rights as an Owner to exercise the vote allocated to Lots which Declarant owns.

2.6.2 Voluntary Surrender of Right to Appoint. The Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of that period. In that event, the Declarant may require, for the duration of the period of Declarant control, that specified actions of the Association or Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

2.6.3 Election by Members. Not later than ninety (90) days after the termination of any period of Declarant control, the Owners shall elect members of the Board of Directors, to fill the vacancies, if any, created by the termination of Declarant's control. Thereafter, the Owners shall elect, at each annual meeting, a Board of Directors consisting of at least three (3) members, at least a majority of whom shall be Owners other than Declarant. The Board shall elect the officers of the Association. The Board members and officers shall take office upon election. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, the Owners, by a two-thirds vote of all persons present and entitled to vote at a meeting of the Owners at which a quorum is present, may remove a member of the Board with or without cause, other than a member appointed by the Declarant.

2.6.4 Multiple Owners. In the event that title to a Lot is held by more than one (1) person, the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any one Lot. The multiple Members shall, prior to each meeting of the Association, provide the Board with a written statement, signed by Members who own a majority in interest (51%) of the Lot, which statement shall designate one person who shall have the right to cast the vote assigned to the Lot owned by such multiple Members; further provided, that if no such written statement is provided to the Board, in the absence of (i) any prior written notice to the Board of any disagreement or conflict between Members owning the same Lot relative to a matter which is to be made subject to a vote of Members or (ii) the voicing of any conflict or disagreement between Members owning the same Lot at the time the applicable vote is taken, any individual Member who casts the applicable vote for that Lot shall be deemed to have full right and authority to cast the vote on behalf of all members owning the Lot.

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

2.6.6 Proxies. Every Member entitled to vote or execute statements of consent shall have the right to do so either in person or by an agent or agents authorized by a written proxy executed by such Person or his duly authorized agent; provided, however, that no such proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless the Member executing it specifies therein the length for which such proxy is to continue in force. A Member's proxy shall automatically terminate upon conveyance by that Member of his fee title interest in all Lots owned by the Member.

2.6.7 Actions. If a quorum is present, the affirmative vote on any matter of the majority of the votes represented at the meeting (or, in the case of elections

in which there are more than two candidates, a plurality of the votes cast) shall be the act of the Members, unless the vote of a greater number is required by law, by the Articles of Incorporation or Bylaws of the Association, or by this Declaration.

2.7 Repair and Maintenance by the Association.

2.7.1 Maintenance Standards. Subject to Article X pertaining to destruction of Improvements and Article XI pertaining to eminent domain, the Association shall paint, maintain, repair and replace the Common Elements and Improvements thereon or shall contract for such maintenance, repair and replacement to assure maintenance of the Common Elements and Improvements thereon in a clean, sanitary and attractive condition reasonably consistent with prudent property management practices and the Budget. The Board shall determine, in its sole discretion, the level and frequency of maintenance of the Common Elements.

2.7.2 Charges to Owners. All such costs of maintenance, repairs and replacements for the Common Elements shall be paid for as Common Expenses out of the Association Maintenance Funds as provided in this Declaration. It shall be the affirmative duty of the Board of Directors to require strict compliance with all provisions of this Declaration and to cause the Property to be inspected by the Architectural Committee for any violation thereof. The cost of any maintenance, repairs or replacements by the Association which is not the responsibility of the Association or which arises out of, or is caused by, the act of an Owner, Resident, or such Owner's or Resident's Family, or Guest shall, after Notice and Hearing, be levied by the Board as a Special Assessment against such Owner.

2.8 Repair and Maintenance by Owners. Each Owner or Resident shall maintain, repair, replace, paint, paper, plaster, tile, finish and restore or cause to be so maintained, repaired, replaced and restored, at his sole expense, all portions of his Lot except any Common Elements located thereon, which are to be maintained by the Association pursuant to Section 2.7.1. If any Owner fails to maintain or repair his Residence or Unit as required by this Section 2.8, the Association shall have the right to perform such maintenance and repair and to levy a Special Assessment against such Owner as described in Section 2.7.2.

2.9 Use of Agent. The Board of Directors, on behalf of the Association, may contract with a Manager for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board. The maximum term of any such contract ("Management Contract") shall be one (1) year, unless a longer term is approved either by vote or written assent of a majority of the voting power of the Association or by VA or FHA, in which case the maximum term of the Management Contract shall be three (3) years. The maximum term of any contract providing for Declarant's services to the Association or the Project shall also be three (3)

years. Each such contract for Declarant's services and each Management Contract shall provide for its termination by either party thereto with cause upon no more than thirty (30) days' written notice to the other party, and without cause and without payment of a termination fee upon no more than ninety (90) days' written notice to the other party.

ARTICLE 3

OWNERS' PROPERTY RIGHTS

3.1 Legal Description of Lot. The components of each Lot shall be substantially as follows:

PARCEL NO. 1: Fee title to the applicable Lot as shown on the Map covering such Lot.

PARCEL NO. 2: Nonexclusive easements for access, ingress, egress, use, enjoyment, and other purposes, with respect to the Common Elements all as described in this Declaration and more fully set forth on the Plat and Site Plan. See, Exhibit "C".

3.2 Association Easement. The Association shall have an easement over the Common Elements for performing its duties and exercising its powers described in this Declaration. The Association's obligations to maintain the Common Elements shall commence on the date Annual Assessments commence on the Lots. Until commencement of Annual Assessments on the Lots, the Common Elements in the Association shall be maintained by Declarant.

3.3 Partition. As provided in Section 116.2107(6) of the Nevada Revised Statutes, there shall be no judicial partition of the Common Elements, or any part thereof, for the term of the Project, nor shall Declarant, any Owner or any other Person acquiring any interest in any Lot in the Project seek any such judicial partition.

3.4 Members' Easements in Common Elements. Subject to the provisions of this Declaration, every Member of the Association shall have, for himself, his Family and Guests, a nonexclusive easement of access, ingress, egress, use and enjoyment of, in and to the Common Elements, and such easements shall be appurtenant to and shall pass with title to every Lot in the Project.

3.5 Extent of Members' Easements. The rights and easements of use and enjoyment of the Common Elements created by this Declaration shall be subject to the Restrictions, which include, without limitation, the following:

(a) The right of the Association to consent to or otherwise cause the construction of additional Improvements on the Common Elements and to consent to or otherwise cause the alteration or removal of any existing Improvements on the Common Elements for the benefit of the Members of the Association;

(b) The right of the Association, acting through the Board, to grant easements, leases, licenses and concessions through or over the Common Elements;

(c) Subject to the provisions of this Declaration, the right of each Owner to the exclusive use and occupancy of his respective Residence or Unit;

(d) The right of the Association, acting through the Board, to reasonably restrict access to maintenance and landscaped areas and similar areas of the Property;

(e) The right of the Association, acting through the Board, to establish uniform Rules and Regulations for the use of the Common Elements.

3.6 Delegation of Use. Any Owner entitled to the right and easement of use and enjoyment of the Common Elements may delegate his right and easement to a Resident, including, but not limited to, his tenants, contract purchasers or subtenants who reside in his Unit, subject to reasonable regulation by the Board.

3.7 Waiver of Use. No Owner may exempt himself from personal liability for assessments duly levied by the Association, or effect the release of his Lot from the liens and charges thereof, by waiving use and enjoyment of the Common Elements or by abandoning his Lot.

3.8 Damage by Member. To the extent permitted by Nevada law, each Member shall be liable to the Association for any damage to the Common Elements not fully reimbursed to the Association by insurance if the damage is sustained because of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by the Member, Resident or Guest, or any other Persons deriving their right and easement of use and enjoyment of the Common Elements from the Member, or his or their respective Family and Guests, both minor and adult. However, the Association,

acting through the Board, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Association, and the Association further reserves the right, after Notice and Hearing as provided in the Bylaws, to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Member or the Person for whom the Member may be liable as described above. In the case of joint Ownership of a Lot, the liability of the Owners shall be joint and several, except to the extent that the Association shall have previously contracted in writing with the joint Owners to the contrary. After Notice and Hearing as provided in the Bylaws, the cost of correcting the damage to the extent not reimbursed to the Association by insurance shall be a Special Assessment against such Member's Lot, and may be enforced as provided herein.

ARTICLE 4



ARCHITECTURAL REVIEW

4.1 Members of Architectural Committee. The initial members of the Architectural Committee shall be representatives of Declarant who shall have the right to appoint members of the Architectural Committee until Close of Escrow has occurred for the sale of all of the Lots in the Project and the Annexable Territory, after which the Architectural Committee shall cease to exist and the Board of Directors shall administer the provisions of this Section IV. Architectural Committee members appointed by Declarant need not be Members of the Association. Even though the Board of Directors is not called out hereinafter in reference to the specific responsibilities set forth in this Article IV, the responsibilities set forth hereinafter apply equally to the Architectural Committee during its existence and thereafter to the Board of Directors upon dissolution of the Architectural Committee according to the terms of this section 4.1 unless noted otherwise. During the existence of the Architectural Review Committee as appointed by the Declarant, the Architectural Committee shall have sole authority to execute and direct the provisions contained in this Section IV of the Declaration without input or direction from the Board of Directors. The Architectural Committee shall have the right and duty to promulgate reasonable standards against which to examine any request made pursuant to this Article, in order to ensure that the proposed plans conform harmoniously to the exterior design and existing materials of the buildings in the Project. Upon termination of the Architectural Committee as set forth herein, the Board shall not delegate its responsibilities under this Section IV to any other committee.

4.2 Review of Plans and Specifications. The Architectural Committee shall consider and act upon any and all plans and specifications submitted for its approval under this Declaration and perform such other duties as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with plans approved by the Architectural Committee. No construction, alteration, removal, relocation, repainting, demolishing, addition, installation, modification,

decoration, redecoration or reconstruction of an Improvement, including landscaping, in the Project which is visible from the interior streets within the Project or from the Common Elements shall be commenced or maintained, 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 the Architectural Committee and approved in writing by the Architectural Committee; provided, however, that any Improvement may be repainted without Architectural Committee approval so long as the Improvement is repainted the identical color which it was last painted. The Owner submitting the plans and specifications ("Applicant") shall obtain a written, dated receipt therefor from an authorized agent of the Architectural Committee. Until changed by the Board, the address for the submission of such plans and specifications shall be the principal office of the Association. The Architectural Committee shall approve plans and specifications submitted for its approval only if it deems that the installation, construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area of the Project as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the construction thereof will not detract from the beauty, wholesomeness and attractiveness of the Common Elements or the enjoyment thereof by the Members, and that the upkeep and maintenance thereof will not become a burden on the Association. Declarant, and any Person to which Declarant may assign all or a portion of its exemption hereunder, need not seek or obtain Architectural Committee approval of any Improvements constructed on the Project by Declarant or such Person, as the case may be.

The Architectural Committee may condition its approval of proposals or plans and specifications for any Improvement (1) upon the Applicant's furnishing the Association with security acceptable to the Association against any mechanic's lien or other encumbrance which may be Recorded against the Project as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the Applicant's agreement to grant appropriate easements to the Association for the maintenance of the Improvements, (4) upon the Applicant's agreement to install (at its sole cost) water, gas, electrical or other utility meters to measure any increased consumption, (5) upon the Applicant's agreement to reimburse the Association for the cost of maintenance, (6) upon the Applicant's agreement to complete the proposed work within a stated period of time, or (7) all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Architectural Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or stating additional factors which it will take into consideration in reviewing submissions. The Architectural Committee may provide that the amount of the fee shall be uniform or that it be determined in any other reasonable manner, such as by the reasonable cost of the construction, alterations or additions contemplated. The Architectural Committee 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, elevation drawings and

description or samples of exterior material and colors. Until receipt by the Architectural Committee of any required plans and specifications, the Architectural Committee may postpone review of any plans submitted for approval. Decisions of the Architectural Committee and the reasons therefor shall be transmitted by the Architectural Committee to the Applicant at the address set forth in the application for approval within forty-five (45) days after receipt by the Architectural Committee of all materials required by the Architectural Committee. Any application submitted pursuant to this Section 4.2 shall be deemed approved unless written disapproval or a request for additional information or materials by the Architectural Committee shall have been transmitted to the Applicant within forty-five (45) days after the date of receipt by the Architectural Committee of all required materials.

4.3 Meetings of the Architectural Committee. The Architectural Committee, and the Board of Directors after dissolution of the Architectural Committee in accordance with the terms of section 4.1 above, shall meet from time to time as necessary to perform its duties hereunder. The Architectural Committee, but not the Board of Directors, may from time to time, by resolution unanimously adopted in writing, designate a Architectural Committee Representative (who may, but need not, be one of its members) to take any action or perform any duties for and on behalf of the Architectural Committee, except the granting of variances pursuant to Section 4.8 hereof.

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

4.5 Compensation of Members. The members of the Architectural Committee shall receive no compensation for services rendered, other than reimbursement for expenses incurred by them in the performance of their duties hereunder.

4.6 Inspection of Work. The Architectural Committee or its duly authorized representative may at any time inspect any work for which approval of plans is required under this Article IV ("Work"), which right to inspect shall include the right to require any Owner to take such action as may be necessary to remedy any noncompliance with the Architectural Committee-approved plans for the Work or with the requirements of this Declaration ("Noncompliance").

- (a) Time Limit.** The Architectural Committee's right to inspect the Work and notify the responsible Owner of any Noncompliance shall terminate sixty (60) days after the latest to occur of the following events: (i) submittal of the plans for the Work to the Architectural Committee for its approval as provided in this

Article IV; (ii) completion of the Work as provided in the Architectural Committee-approved plans; and (iii) written notice from the Owner to the Architectural Committee that the Work has been completed.

This time limit for inspection and notification by the Architectural Committee shall be extended indefinitely if any of these conditions has not occurred. If the Architectural Committee fails to send a notice of Noncompliance to an Owner before this time limit expires, the Work shall be deemed to comply with the approved plans.

(b) Remedy. If an Owner fails to remedy any Noncompliance within sixty (60) days from the date of notification from the Architectural Committee, the Architectural Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, as provided in the Bylaws, the Board shall determine whether there is a Noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a Noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board ruling is given to the Owner. If the Owner does not comply with the Board ruling within that period, the 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.

4.7 Scope of Review. The Architectural Committee shall review and approve, conditionally approve or disapprove all plans submitted to it for any proposed Improvement, alteration or addition, solely on the basis of aesthetic considerations, consistency with this Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Project generally. The Architectural Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features. The Architectural Committee's approval or disapproval shall be based solely on the considerations set forth in this Article IV, and the Architectural Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any plan or design from the standpoint of structural safety or conformance with building or other codes. The Architectural Committee may consider the impact of views from other Residences and reasonable privacy right claims as factors in reviewing, approving or disapproving any proposed landscaping, construction or other Improvement. However, Declarant does not warrant any protected views within the Project and no Residence is guaranteed the existence or unobstructed continuation of any particular view.

4.8 Variances. The Architectural Committee may recommend and the Board (prior to dissolution of the Architectural Committee pursuant to section 4.1 above) may grant variances from compliance with any of the architectural provisions of this Declaration, including without limitation restrictions upon height, size, floor area or placement of structures, or similar restrictions, when circumstances such as topography,

natural obstructions, hardship, aesthetic or environmental consideration may require. Such variances must be evidenced in writing, must be signed by a majority of the Board, and shall become effective upon Recordation. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it affect in any way the Owner's obligation to comply with all governmental laws and regulations affecting the use of his Residence.

ARTICLE 5

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS.

5.1 Personal Obligation of Assessments. Declarant, on behalf of itself and all future Owners, hereby covenants and agrees to pay, and each Owner by accepting title to a Lot or any interest therein, whether or not it shall be expressed in the deed or other instrument conveying title, shall be deemed to covenant and agree to pay to the Association, Annual Assessments and other amounts as required or provided for in this Declaration. Amounts payable for Annual Assessments and Special Assessments (as generally defined in Sections 5.5 and 5.7, respectively) are generally referred to herein as "Assessments." Other amounts payable by an Owner to the Association, (or payable with respect to an Owner's Lot), including charges, fines, penalties, interest, attorneys fees and other costs expenses incurred by the Association in collecting unpaid amounts shall be added to the Annual or Special Assessments charged to his Lot and shall be enforceable and collectible as Annual or Special Assessments. Assessments shall be used exclusively to promote the health, safety, recreation and welfare of Owners and Residents, to fulfill the covenants and obligations of Owners as set forth in Article III, to exercise the powers, rights and duties of the Association as set forth herein, and for such other purposes as may be expressly provided for in this Declaration.

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

5.2 Maintenance Funds of Association. The Board of Directors shall establish no fewer than two (2) separate Association Maintenance Funds, into which shall be deposited all monies paid to the Association, and from which disbursements shall be made, as provided herein, in the performance of functions by the Association under this Declaration. The Association Maintenance Funds may be established as trust accounts at a banking or savings institution and shall include: (1) an Operating Fund for current Common Expenses of the Association, (2) an adequate Reserve Fund for capital

Improvements, replacements, painting and repairs of the Common Elements (which cannot normally be expected to occur on an annual or more frequent basis), and for payment of deductible amounts for policies of insurance which the Association obtains as provided in Section 9.1 hereof, and (3) any other funds which the Board of Directors may establish to the extent necessary under the provisions of this Declaration. Nothing contained herein shall limit, preclude or impair the establishment of additional Maintenance Funds by the Association, so long as the amounts assessed to, deposited into, and disbursed from any such Fund are earmarked for specified purposes authorized by this Declaration.

5.3 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners, for the operation, replacement, improvement and maintenance of the Common Elements, and to discharge any other obligations of the Association under this Declaration. All amounts deposited into the Maintenance Funds must be used solely for the common benefit of all of the Owners for purposes authorized by this Declaration. Disbursements from the Operating Fund shall be made by the Board of Directors for such purposes as are necessary for the discharge of its responsibilities herein for the common benefit of all of the Owners, other than those purposes for which disbursements from the Reserve Fund are to be used. Disbursements from the Reserve Fund shall be made by the Board of Directors only for the purposes specified in this Article V. Nothing in this Declaration shall be construed in such a way as to permit the use of Association assessments or funds to abate any annoyance or nuisance emanating from outside the boundaries of the Property. Annual Assessments shall be used to satisfy Common Expenses of the Association, as provided herein and in the Bylaws.

5.4 Fiscal Year and Determination of Budget. The fiscal year of the Association shall be the calendar year. Prior to the commencement of each fiscal year, the Board shall determine the Budget for the Association for such fiscal year in the following manner:

5.4.1 Operating Budget. The Board shall prepare or cause to be prepared and approve an "Operating Budget" for the fiscal year showing, in reasonable detail, the financial plan for the day-to-day operation of the Association, plus the contribution of funds required by the Capital Replacement Reserve.

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

Upon determination of the Budget for a fiscal year, the Board shall, within 30 days, furnish a copy of the Budget to each Owner (which Budget shall separately identify amounts attributable to the Operating Budget and to the Capital Replacement Reserve) together with a written statement of the amount of the Annual Assessment to be assessed

against the Owner's Lot for the applicable fiscal year. The Board shall set a date for a meeting of the Lot Owners to consider ratification of the Budget not less than 14 nor more than 30 days after the mailing of the Budget. Unless at that meeting a majority of all Lot Owners reject the Budget, the Budget is ratified, whether or not a quorum is present. If the proposed Budget is rejected, the periodic budget last ratified by the Lot Owners must be continued until such time as the Lot Owners ratify a subsequent Budget proposed by the board.

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

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

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

5.6 Maximum Annual Assessment; First Annual Assessment and Maximum Annual Increases.

5.6.1 First Annual Assessment. The first Annual Assessment provided for herein shall commence as to each Lot in the Original Property on the first day of the month following the first conveyance by Declarant of a Lot in the Original Property to an Owner. Annual Assessments shall so commence on each Lot in the Annexable Property on the first day of the month following the first conveyance by Declarant of any such Lot in that portion of the Annexable Property which is added to the Properties by the recordation of an Annexation Amendment as provided in Article 16 of this Declaration.

Upon Recordation of this Declaration for the remainder of that year only, and thereafter, prior to January 1, of each year, the Board shall estimate and prepare a Budget for the costs and expenses to be incurred by the Association for the following year, as is more fully set forth in Section 5.4 of this Declaration. All costs and expenses incurred (i) in fulfilling the financial obligations of the Association prior to the date when the first Assessment installments are to be paid or (ii) ordinarily and necessarily by the Association in excess of Assessment installments to be paid during that first partial fiscal year shall be

the responsibility of Declarant, and Declarant hereby covenants to bear and to pay or otherwise satisfy such financial obligations.

5.6.2 Maximum Annual Increase. The Annual Assessments for the Association following the first year may be increased as provided herein. However, the Annual Assessment for a particular fiscal year shall not, without approval of the Members, be increased by an amount which is more than 115% of the last installment of Annual Assessments levied in the last quarter (or other installment period) of the immediately preceding fiscal year, annualized over an entire year, without approval of the Members. An Annual Assessment may be increased above such maximum if, but only if, such increase is approved at a meeting of Members by the vote of Members holding two-thirds (2/3) of the votes cast at said meeting in each class of voting rights then in existence, with the quorum at such meeting to be as set forth in Section 2.3 of the Bylaws.

5.7 Special Assessments. In addition to Annual Assessments, the Association may levy Special Assessments, payable over the period of an Association fiscal year (i) for the purpose of defraying, in whole or in part, the costs of any acquisition, construction, reconstruction, maintenance, repair or replacement provided for or required pursuant to Article II; (ii) for the purpose of defraying any other expense incurred or to be incurred by the Association as provided in this Declaration; or (iii) to cover any deficiency in the event that, for whatever reasons, the amount received by the Association from Annual Assessments is less than the amount determined to be necessary and assessed by the Board. Special Assessments for these purposes may not be levied unless approved by Members holding a majority of the votes held by all Members. Otherwise, Special Assessments, as defined in Section 1.4(a), may be levied after Notice and Hearing as set forth in the Bylaws.

5.8 Time for Payments. The amount of any Assessment, charge, fine, penalty or other amount payable by an Owner or Resident with respect to such Owner's or Resident's Lot shall become due and payable as specified herein and if said payment is not received, then said Owner or Resident shall also be responsible for any late charges, interest, fines, penalties or attorneys fees related thereto. Unless paid, when due, any such amount shall bear interest at a rate specified by the Board but in no event greater than the maximum amount permitted by law from its original due date until date of payment. Annual Assessments shall be paid and collected on a quarterly basis. Special Assessments shall be paid and collected as determined by the Board.

5.9 Delinquency. Any installment of an assessment provided for in this Declaration shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board of Directors of the Association. Upon such delinquency, the full amount of the Assessment (i.e., not simply the delinquent installment) immediately become due and payable. The Board shall be authorized to adopt a system pursuant to which the full amount of any Annual Assessments or Special Assessments not paid within thirty (30)

days after the due date, plus all reasonable charges, penalties, fines, or other costs of collection (including attorneys' fees) and late charges as provided herein, shall bear interest commencing thirty (30) days from the due date until paid at the rate of up to eighteen percent (18%) per annum, but in no event more than the maximum rate permitted by law. The Board may also require the delinquent Owner to pay a late charge. The Association need not accept any tender of a partial payment of an installment of an assessment and all costs and attorneys fees attributable thereto, and any acceptance of any such tender shall not be deemed to be a waiver of the Association's right to demand and receive full payments thereafter.

5.10 Creation and Release of Lien. All sums assessed in accordance with the provisions of this Declaration shall constitute a lien on the respective Lot from the time such sums become due prior and superior to all other liens and encumbrances thereon except (a) liens and encumbrances Recorded before Recordation of this Declaration; (b) a first Mortgage on the Lot Recorded before the date on which the assessment sought to be enforced became delinquent, except the Association lien shall have priority for six (6) months' Annual Assessments and related charges including late charges, interest, and attorneys fees, pursuant to Section 116.3116.2(c) of the Nevada Revised Statutes; and (c) liens for real estate taxes and other governmental assessments or charges against the Lot. The Association may enforce the lien after (aa) Recordation by the Board or its authorized agent of a Notice of Assessment ("Notice of Lien") which states (i) the amount of the assessment and other authorized charges and interest, including the cost of preparing and Recording the Notice of Lien, (ii) a sufficient description of the Lot against which the same has been assessed, and (iii) the name of the Owner thereof; (bb) the Association or other Person enforcing the lien has executed and caused to be Recorded a Notice of Default and Election to Sell ("Notice of Default") the Lot to satisfy the lien, which contains the same information as the Notice of Default plus a description of the deficiency in payment and the name and address of the person authorized to enforce the lien by sale; and (cc) the Owner or his successor-in-interest has failed to pay the amount of the lien (including costs, fees and expenses incident to its enforcement) for sixty (60) sixty days following Recordation of the Notice of Default. The Notice of Default shall be signed by any authorized officer or agent of the Association. The Association or other Person conducting the sale shall also, after the expiration of said sixty (60) day period and before selling the Lot, give notice of the time and place of the sale in the manner and for a time not less than that required by law for the sale of real property by execution, except that a copy of the notice of sale must be mailed, on or before the date of first publication or posting, by certified or registered mail, return receipt requested, to the Lot Owner or his successor-in-interest at his address if known, otherwise to the address of the Lot. The lien shall relate only to the individual Lot against which the assessment was levied and not to the Property as a whole. Upon payment to the Association of the full amount claimed in the Notice of Lien, or other satisfaction thereof, the Board of Directors shall cause to be Recorded a Notice of Satisfaction and Release of Lien ("Notice of Release") stating the satisfaction and release of the amount claimed. The Board of

Directors may demand and receive from the applicable Owner a reasonable charge, to be determined by the Board, for the preparation and Recordation of the Notice of Release before Recording it. Any purchaser or encumbrancer who has acted in good faith and extended value may rely upon the Notice of Release as conclusive evidence of the full satisfaction of the sums stated in the Notice of Lien. A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the full amount of the assessment becomes due.

5.11 Enforcement of Liens. It shall be the duty of the Board of Directors to enforce the collection of any amounts due under this Declaration by one (1) or more of the alternative means of relief afforded by this Declaration or in any other matter permitted by law. The lien on a Lot may be enforced by sale of the Lot by the Association, the Association's attorneys, any title insurance company authorized to do business in Nevada, or other persons authorized to conduct the sale as a trustee, or in any other manner permitted by law, after failure of the Owner to pay any Annual or Special Assessment, or installments thereof, as well as any charges, penalties, fines, late charges, interest or attorneys fees as provided herein. The sale shall be conducted in accordance with the provisions of the Nevada Uniform Common-Interest Ownership Act, or in any other manner permitted by law. The Association, through its agents, shall have the power to enter a credit bid on the Lot at the foreclosure sale, and to acquire and hold, lease, mortgage and convey the same. Upon completion of the foreclosure sale, an action may be brought by the Association or the purchaser at the sale in order to secure occupancy of the defaulting Owner's Unit, and the defaulting Owner shall be required to pay the reasonable rental value for such Unit during any period of continued occupancy by the defaulting Owner or any persons claiming under the defaulting Owner. Suit to recover a money judgment for unpaid assessments, charges, penalties, fines, late charges, interest or attorneys fees, shall be maintainable without foreclosing or waiving any lien securing the same, but this provision or any institution of suit to recover a money judgment shall not constitute an affirmation of the adequacy of money damages. Any recovery resulting from a suit at law or in equity initiated pursuant to this Section may include reasonable attorneys' fees as fixed by the court.

5.12 Capital Contributions to the Association. Upon acquisition of record title to a Lot from Declarant, each Owner of a Lot shall contribute to the capital of the Association an amount equal to one sixth (1/6) of an Annual Assessment then in effect. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed therefrom to the Association or to Declarant if Declarant has previously advanced such funds to the Association.

ARTICLE 6

PROJECT EASEMENTS AND RIGHTS OF ENTRY

6.1 Easements.

(a) **Access.** Declarant expressly reserves for the benefit of the Owners reciprocal, nonexclusive easements for access, ingress and egress over all of the Common Elements on the Property. Subject to the provisions of this Declaration governing use and enjoyment thereof, the easements may be used by all Owners or Residents and their Families or Guests residing on or temporarily visiting the Property, for walkways, vehicular access and such other purposes reasonably necessary for use and enjoyment of a Lot in the Project.

(b) **Maintenance and Repair.** Declarant expressly reserves for the benefit of the Board of Directors and all agents, officers and employees of the Association, nonexclusive easements over the Common Elements as necessary to maintain and repair the Common Elements, and to perform all other tasks in accordance with the provisions of this Declaration. Such easements over the Common Elements shall be appurtenant to, binding upon, and shall pass with the title to, every Lot conveyed.

(c) **Utility Easements.** Declarant expressly reserves for the benefit of the Association the right of Declarant to grant additional easements and rights-of-way over the Property to utility companies and public agencies, as necessary, for the proper development and disposal of the Property. Such right of Declarant shall expire upon Close of Escrow for the sale of all Lots in the Association by Declarant.

(d) **Encroachments.** Declarant, the Association and Owners of contiguous Residences shall have a reciprocal easement appurtenant to each of the Residences over the Residences and the Common Elements for the purpose of (1) accommodating any existing encroachment of any wall of any Improvement, and (2) maintaining the same and accommodating authorized construction, reconstruction, repair, shifting, movement or natural settling of the Improvements or any other portion of the Project housing their respective Units. Easements and reciprocal negative easements for utility services and repairs, replacement and maintenance of the same over all of the Common Elements are specifically reserved for the benefit of the Owners. Declarant expressly reserves for the benefit of the Common Elements, and for the benefit of the Owners and the Association, reciprocal nonexclusive easements for drainage of water over, across and upon the Common Elements. The foregoing easements shall not unreasonably interfere with each Owner's use and enjoyment of adjoining Residences. No portion of the Common Elements, including any amenities

contemplated as a part of the Property, are proposed to be leased by Declarant to the Owners or to the Association.

(e) **Completion of Improvements.** Declarant expressly reserves for its benefit the right and easement to enter the Property to complete any Improvement which Declarant deems desirable to implement Declarant's development plan.

6.2 Rights of Entry. The Association shall have a limited right of entry in and upon the Common Elements for the purpose of inspecting the Project, and taking whatever corrective action may be deemed necessary or proper by the Board of Directors, consistent with the provisions of this Declaration. Nothing herein shall be construed to impose any obligation upon the Association to maintain or repair any property or Improvements required to be maintained or repaired by the Owners or Residents. Nothing in this Article VI shall in any manner limit the right of the Owner to exclusive occupancy and control over his Unit. Any damage caused to a Unit by such entry by the Association or by any person authorized by the Association shall be repaired by the Association as a Common Expense of the Association.

ARTICLE 7

DECLARANT'S RIGHTS AND RESERVATIONS.

Nothing in the Restrictions shall limit, and no Owner or the Association shall do anything to interfere with, the right of Declarant to complete Improvements to and on the Common Elements or any portion of the Property owned solely or partially by Declarant. Any material alteration of Declarant's construction plans shall require the prior approval of all Owners, if such alteration is inconsistent with the general plan of development for the Property. The rights of Declarant hereunder shall include, but shall not be limited to, the right to install and maintain such structures, displays, signs, billboards, flags and sales offices as may be reasonably necessary for the conduct of its business of completing the work and disposing of the Lots by sale, resale, lease or otherwise.

Each Owner by accepting a deed to a Lot hereby acknowledges that the activities of Declarant may temporarily or permanently impair the view of such Owner and may constitute an inconvenience or nuisance to the Owners, and hereby consents to such impairment, inconvenience or nuisance. This Declaration shall not limit the right of Declarant at any time prior to acquisition of title to a Lot in the Project by a purchaser from Declarant to establish on that Lot additional licenses, easements, reservations and rights-of-way to itself, to utility companies, or to others as may from time to time be reasonably necessary to the proper development and disposal of the Property. Declarant may use any Lots owned or leased by Declarant in the Project as model home complexes or real estate

sales or leasing offices. Declarant need not seek or obtain Architectural Committee approval of any Improvement constructed or placed on any portion of the Property by Declarant. The rights of Declarant hereunder and elsewhere in these Restrictions may be assigned by Declarant to any successor in interest to any portion of Declarant's interest in any portion of the Property by a written assignment. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant, as developer of the Property, will be required before any amendment to this Article shall be effective. Each Owner, with the exception of the Secretary, Department of Veterans Affairs, an officer of the United States of America, hereby grants, upon acceptance of his deed to his Unit, an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article. Declarant and its prospective purchasers of Lots shall be entitled to the nonexclusive use of the Common Elements without further cost for access, ingress, egress, use or enjoyment, in order to show the Property to its prospective purchasers, to dispose of the Property as provided herein, and to develop and sell the Property. Declarant, its successors and tenants, shall also be entitled to the nonexclusive use of any portions of the Property for the purpose of ingress, egress and accommodating vehicular and pedestrian traffic to and from the Property. The use of the Common Elements by Declarant shall not unreasonably interfere with the use thereof by the other Members. The Association shall provide Declarant with all notices and other documents to which a Beneficiary is entitled pursuant to this Declaration, provided that Declarant shall be provided such notices and other documents without making written request therefor. The rights and reservations of Declarant set forth in this Article VII shall terminate on the seventh (7th) anniversary of the first Close of Escrow for the sale of a Lot in the Project.

ARTICLE 8

RESIDENCE AND USE RESTRICTIONS

All of the Property shall be held, used and enjoyed subject to the following limitations and restrictions and the exemptions of Declarant set forth in this Declaration.

8.1 Single Family Residences. Each Unit shall be used as a Residence for a single family and for no other purpose. An Owner may rent his Unit to a single family provided that the Unit is rented pursuant to a lease or rental agreement which is (a) in writing, (b) for a term of at least thirty (30) days, and (c) subject to all of the provisions of this Declaration, the Bylaws, Articles and any Rules and Regulations adopted by the Board.

8.2 Parking and Vehicular Restrictions. No Owner shall park, store or keep within the Property any inoperable or commercial type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck) unless said inoperable or commercial vehicle can be stored in the garage of the Unit. No Owner shall

park, store or keep on his Lot 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 other similar vehicle, without the approval of the Board, unless the recreational vehicle is not visible from any streets within the Property and is stored behind the most forward point of the Residence or Unit. The above excludes camper trucks and similar vehicles up to and including three-quarter (3/4) ton when used for everyday-type transportation and subject to approval by the Board. In addition, no Owner shall park, store, or keep anywhere within the Property any vehicle or vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board. The Board shall have the power to enforce all parking and vehicle use restrictions applicable to the Property, including the power to remove violating vehicles from any of the Property to the extent permitted by applicable law. If the Board fails to enforce any of the parking or vehicle use regulations, the County may, but need not, enforce such regulations in accordance with state and local laws and ordinances. Further, the streets within the Project shall not be used for parking of any vehicle belonging to any Owner except that invitees of an Owner may use the streets during brief and limited visits to such Owner's Lot.

8.3 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Property, and no odor shall be permitted to arise therefrom so as to render the Property 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 Lot so as to be offensive or detrimental to any other Lot in the Property or to its occupants. Without limiting the generality of any of the foregoing provisions, no speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably disturb other Owners or Residents or their Guests shall be located, used or placed on any portion of the Property without the prior written approval of the Board. Alarm devices used exclusively to protect the security of a Lot and its contents shall be permitted, provided that such devices do not produce annoying sounds or conditions as a result of frequently occurring false alarms.

8.4 Signs. No sign, poster, billboard, advertising device or other display of any kind shall be displayed without the approval of the Architectural Committee, except the Owner or Resident may place one (1) customary 18" x 24" for sale or for lease sign on the Lot. Any other signage shall require Board approval. Nothing herein contained shall restrict the right of Declarant or its successors to place and the Association to maintain street signs, Project monument signs and other Project sale signs in the Common Elements.

8.5 Antennae, Solar Panels. No pole, mast, solar panel, satellite dish, receiver, or other outdoor antenna or related device shall be allowed on any Lot without the prior written consent of the Board, which consent will only be given in response to a written request for approval by the Owner. However, in order to receive approval from the Board, a satellite dish must, at a minimum:

- (a) be ground mounted;
- (b) be located and installed in a fully enclosed back yard;
- (c) be screened from view from the streets in the Property; and
- (d) be no taller than the lowest point of the top of any rear yard property wall.

Notwithstanding anything in this Subsection 8.5, the restrictions set forth herein are intended to comply with any Federal or Nevada state laws regarding the installation and maintenance of satellite dishes or other antennae for the reception of television signals and to the extent the provision of this Subsection conflict therewith, the Association shall only be obligated to enforce such provisions to the extent allowed under Federal and Nevada state law.

8.6 Unsightly Articles. No unsightly articles, including clotheslines, shall be permitted to remain on any Lot so as to be visible from any other portion of the Property. 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. There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles designed therefor, such that they do not create a fire hazard and except as specifically authorized in writing by the Association (and subject to applicable ordinances and fire regulations).

8.7 Animals. No animals, fowls, reptiles, poultry, fish or insects of any kind ("animals") shall be raised, bred or kept within the Property, except that a reasonable number of dogs, cats or other household pets may be kept within a Residence, provided that they are not kept, bred or maintained for any commercial purpose, nor in unreasonable quantities nor in violation of any applicable local ordinance or any other provision of the Restrictions and such limitations as may be set forth in the Rules and Regulations. As used in this Declaration "unreasonable quantities" shall ordinarily mean more than two (2) pets per household; provided, however, that the Board of Directors may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board of Directors, shall have the right to prohibit maintenance of any animal which constitutes, in the opinion of the Board, a nuisance to other Owners in the Property. Animals belonging to Owners, Residents, or their Guests within the Property must be either kept within an enclosure or on a leash or other restraint being held by a person capable of controlling the animal. Furthermore, to the extent permitted by law, any Owner shall be liable to each and all remaining Owners, Residents, their Families and Guests, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Property by an Owner or Resident or by members of their Family or Guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Elements.

8.8 Business or Commercial Activity. No part of the Property shall ever be used for any business, commercial (including auctions or similar events),

manufacturing, mercantile, storage, vending or other nonresidential purposes, including without limitation any activity for which the provider is compensated in any way or receives any form of consideration, regardless of whether the activity is engaged in full or part-time, generates or does not generate a profit, or requires or does not require a license; except Declarant, its successors and assigns may use any portion of the Property for a model home site and display and sales offices in accordance with Article VII hereof. The provisions of this Section 8.8 shall not preclude any of the above-described activities without external evidence thereof provided that all of the following conditions are fulfilled: (a) such activities are conducted in conformance with all applicable governmental ordinances; (b) the patrons or clientele of such activities do not visit the Unit or park automobiles or other vehicles within the Property; (c) the existence or operation of such activities is not apparent or detectable by sight, sound or smell from outside of the boundaries of the Unit; (d) no such activity increases the liability or casualty insurance obligation or premium of the Association; and (e) such activities are consistent with the residential character of the Property and conform with the provisions of this Declaration.

Nothing contained herein is intended to restrict the Declarant in the construction, sale or advertising of homes. The Declarant may in its sole discretion construct, sell, and conduct related businesses upon the Property for a period up to and including seven (7) years after the first Lot is conveyed to an Owner other than Declarant.

8.9 No Further Subdivision. No Lot may be further subdivided without the prior written approval of the Board; provided, however, that nothing in this Section shall be deemed to prevent an Owner from, or require the approval of the Board for: (1) selling a Lot; or (2) transferring or selling any Lot to more than one (1) person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property; or (3) the leasing or renting by any Owner of all of his Lot, provided that any such lease or rental shall be subject to the Restrictions.

8.10 Drainage. There shall be no interference with the established drainage in the Property unless an adequate alternative provision, previously approved in writing by the Architectural Committee, is made for proper drainage. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time a Lot is conveyed to an Owner by Declarant or later grading changes which are shown on plans approved by the Architectural Committee.

8.11 View Obstructions. No vegetation, improvement or other obstruction shall be planted, constructed, or maintained on any Lot in such location or of such height as to unreasonably obstruct the view from any other Lot. Each Owner or Resident of a Lot shall be responsible for periodic trimming, pruning and thinning of all hedges, shrubs and trees located on that portion of his Lot which is subject to his control or maintenance, so as to not unreasonably obstruct the view of other Owners or Residents. If an Owner or Resident fails to perform necessary trimming, pruning or thinning, the Association shall have the right, after Notice and Hearing, to enter upon such Lot for purposes of performing such work. Each Owner, by accepting a deed to a Lot, hereby acknowledges that any

construction or installation by Declarant may impair the view of such Owner, and hereby consents to such impairment.

8.12 Unit Alterations. Subject to the provisions of Article IV of this Declaration and other provisions of law, each Owner shall have the right to modify his Residence at his sole cost and expense, so long as (a) such modifications do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Property; And (b) such modifications do not change the appearance of the Common Elements or the exterior appearance of a Unit or any other portion of the Property without the prior written approval of the Architectural Committee.

8.13. Landscaping. Within ninety (90) days of conveyance of the Lot from Declarant to an Owner, each Owner shall install landscaping improvements on those portions of the front and side yards of such Owner's Lot which are visible from the Common Area or any street in the Property. Prior to installation, the landscaping improvements described herein as well as all other landscaping improvements on any other portion of a Lot must be approved by the Architectural Committee.

ARTICLE 9

INSURANCE.

9.1 Duty to obtain Insurance; Types.

(a) **Public Liability.** The Board shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as may be considered acceptable to FNMA (not less than \$1 million covering all claims for personal injury and property damage arising out of a single occurrence), insuring against liability for bodily injury, death and property damage arising out of or in connection with the use, Ownership or maintenance of the Common Elements.

(b) **Fire and Casualty Insurance.** The Board shall also cause to be obtained and maintained fire and casualty insurance with extended coverage without deduction for depreciation, in an amount as near as possible to the full replacement value of the Common Elements.

(c) **Fidelity Bonds.** Fidelity bond coverage which names the Association as an obligee must be obtained by or on behalf of the Association for any person or entity handling funds of the Association, including, but not limited to, officers, directors, trustees, employees and agents of the Association and employees of the Manager of the Association, whether or not such Persons are compensated for their services, in an amount not less than the estimated maximum of funds, including reserve

funds, in the custody of the Association or the Manager, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than the sum equal to one-fourth (1/4) of the Annual Assessments on all Lots in the Project, plus reserve funds.

(d) Insurance Required by FNMA, GNMA and FHLMC.

The Association shall continuously maintain in effect such casualty, flood and liability insurance and fidelity bond coverage meeting the insurance and fidelity bond requirements for a common-interest community project established by FNMA, GNMA and FHLMC, so long as any of which is a Mortgagee or Owner of a Lot within the Project, except to the extent such coverage is not available or has been waived in writing by FNMA, GNMA and FHLMC, as applicable.

(e) Other Insurance. The Board of Directors shall purchase such other insurance, as necessary, including but not limited to, errors and omissions, directors, officers and agents liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and worker's compensation, and such other risks as shall customarily be covered with respect to common-interest community projects similar in construction, location and use.

(f) Beneficiaries. Such insurance shall be maintained for the benefit of the Association, the Owners, and the Mortgagees, as their interests may appear as named insured, subject, however, to loss payment requirements as set forth herein.

9.2 Waiver of Claim Against Association. As to all policies of insurance maintained by or for the benefit of the Association and the Owners, the Association and the Owners hereby waive and release all claims against one another, the Board of Directors and 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 said Persons.

9.3 Right and Duty of Owners to Insure. It is the responsibility of each Owner or Resident to provide insurance on his Residence and personal property. Nothing herein shall preclude any Owner or Resident from carrying any public liability insurance as he deems desirable to cover his individual liability for damage to person or property occurring inside his Residence or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the 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 Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

9.4 Notice of Expiration Requirements. If available, each of the policies of insurance maintained by the Association shall contain a provision that said policy shall not be canceled, terminated, materially modified or allowed to expire by its terms, without ten (10) days' prior written notice to the Board and Declarant, and to each Owner and Beneficiary, insurer and 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 such notice of the insurer. In addition, fidelity bonds shall provide that they may not be canceled or substantially modified without ten (10) days prior written notice to any insurance trustee named pursuant to Section 9.6 and to each FNMA servicer who has filed a written request with the carrier for such notice.

9.5 Insurance Premiums. Insurance premiums for any blanket insurance coverage obtained by the Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included in the Annual Assessments levied by the Association and collected from the Owners.

9.6 Trustee for Policies. The Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Association. All insurance proceeds under any such policies as provided for in Section 9.1 of this Article shall be paid to the Board of Directors as trustees. The 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 Association for the repair or replacement of the property for which the insurance was carried or otherwise disposed of as provided in Article X of this Declaration. The 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 as provided in Section 10.4 of this Declaration. Any two (2) officers of the Association 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. A representative chosen by the Board may be named as an insured, including a trustee with whom the Association may enter into an insurance trust agreement or any successor to such trustee, who shall have exclusive authority to negotiate losses under any policy providing property or liability insurance and to perform such other functions necessary to accomplish this purpose.

9.7 Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board, acting on behalf of the Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to Beneficiaries of seventy-five

percent (75%) of the first Mortgages held by first Mortgagees who have filed requests under Section 9.4. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Association to all Owners and Mortgagees who have requested the same in writing.

9.8 Annual Insurance Review. The Board shall review the insurance carried by or on behalf of the Association at least annually, for the purpose of determining the amount of the casualty and fire insurance referred to in Section 9.1 above. If economically feasible, the Board shall obtain a current appraisal of the full replacement value of the Improvements on the Property except for foundations and footings, without deduction for depreciation, from a qualified independent insurance appraiser, prior to each such annual review.

9.9 Required Waiver. All policies of physical damage and liability insurance shall provide, if reasonably possible, for waiver of the following rights, to the extent that the respective insurers would have the rights without such waivers:

- (a) subrogation of claims against the Owners and tenants of the Owners;
- (b) any defense based upon coinsurance;
- (c) any right of setoff, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Association;
- (d) any invalidity, other adverse effect or defense on account of any breach of warranty or condition caused by the 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;
- (e) any right of the insurer to repair, rebuild or replace, and, if the 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;
- (f) notice of the assignment of any Owner of his interest in the insurance by virtue of a conveyance of any Lot; and
- (g) any right to require any assignment of any Mortgage to the insurer.

Each such policy shall also provide that each Owner is an insured person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or Membership in the Association.

ARTICLE 10

DESTRUCTION OF IMPROVEMENTS

10.1 Restoration of the Property. Except as otherwise provided in this Declaration, in the event of any destruction of any portion of the Common Elements, the repair or replacement of which is the responsibility of the Association, it shall be the duty of the Association to restore and repair the same to its former condition, as promptly as practical. The proceeds of any insurance maintained pursuant to Article IX hereof for reconstruction or repair of the Common Elements shall be used for such purpose, unless (a) the Project is terminated, in which case Section 13.2(c) of this Declaration shall apply; (b) repair or restoration would be illegal under any state or local statute or ordinance governing health or safety; or (c) eighty percent (80%) of the Owners' vote not to rebuild.

The Board shall be authorized to have prepared the necessary documents to effect such reconstruction as promptly as practical. The Common Elements shall be reconstructed or rebuilt substantially in accordance with the applicable Map and the original construction plans if they are available, unless changes recommended by the Architectural Committee have been approved in writing by sixty-seven percent (67%) of the Owners and by the Beneficiaries of fifty-one percent (51%) of first Mortgages upon the Lots. A Reconstruction Assessment shall be levied by the Board of Directors to provide the necessary funds for such reconstruction, over and above the amount of any insurance proceeds available for such purpose. If the entire Project is not repaired or replaced, then the proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project.

10.2 Partition. No Owner shall have the right to partition of his interest in the Lot and there shall be no judicial partition of the Project, or any part thereof. Nothing herein shall be deemed to prevent partition of a cotenancy in any Lot. Except as provided above, each Owner and the successors of each Owner, whether by deed, gift, devise, or by operation of law, for their own benefit and for the Units and for the benefit of all other Owners, specifically waive and abandon all rights, interests and causes of action for a judicial partition of the tenancy in common Ownership of the Project and do further covenant that no action for such judicial partition shall be instituted, prosecuted or reduced to judgment.

10.3 Residence Damage. Restoration and repair of any damage to any individual Residence shall be made by and at the individual expense of the Owner of the Residence so damaged. In the event of a determination to rebuild the Property after partial or total destruction, as provided in this Article X, such repair and restoration shall be completed as promptly as practical and in a lawful and workmanlike manner, in accordance with plans approved by the Architectural Committee as provided herein.

10.4 Notice to Owners and Listed Mortgagees. The Board, immediately upon having knowledge of any damage or destruction affecting a material portion of the Common Elements, shall promptly notify all Owners and Beneficiaries, insurers and guarantors of first Mortgages on Lots in the Project, who have filed a written request for such notice with the Board. The Board, immediately upon having knowledge of any damage or destruction affecting a Unit, shall promptly notify any Beneficiary, insurer or guarantor of any Mortgage encumbering such Unit who has filed a written request for such notice with the Board.

ARTICLE 11

EMINENT DOMAIN

The term "taking" as used in this Article shall mean condemnation by exercise of the power of eminent domain or by sale under threat of the exercise of the power of eminent domain. The Board shall represent the Owners, with the exception of the Secretary, Department of veterans Affairs, an officer of the United States of America, in any proceedings, negotiations, settlements, or agreements regarding takings. All takings proceeds shall be payable to the Association for the benefit of the Unit Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article XI.

11.1 Condemnation of Common Elements. If there is a taking of all or any portion of the Common Elements, or any interest therein, other than the taking of an undivided interest therein taken as a result of the taking of a Lot, then the award in condemnation shall be paid to the Association and 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.

11.2 Notice to Owners and Mortgagees. The Board, upon learning of any taking affecting a material portion of the Common Elements, or any threat thereof, shall promptly notify all Owners and those Beneficiaries, insurers and guarantors of Mortgages on Lots in the Project who have filed a written request for such notice with the Association. The Board, upon learning of any taking affecting a Unit, or any threat thereof, shall promptly notify any Beneficiary, insurer or guarantor of a Mortgage encumbering such Unit who has filed a written request for such notice with the Association.

ARTICLE 12

RIGHTS OF MORTGAGEES

Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any Deed of Trust upon one (1) or more Lots made in good faith and for value,

provided that after the foreclosure of any such Deed of Trust such Lot(s) shall remain subject to this Declaration, as amended. For purposes of this Declaration, "first Mortgage" shall mean a Mortgage with first priority over other Mortgages or Deeds of Trust on a Lot, and "first Mortgagee" shall mean the Beneficiary of a first Mortgage. For purposes of any provision of this Declaration or the other Restrictions which require the vote or approval of a specified percentage of first Mortgagees, such vote or approval shall be determined based upon one (1) vote for each Lot encumbered by each such first Mortgage. In order to induce VA, FHA, FHLMC, GNMA and FNMA to participate in the financing of the sale of Lots within the Project, the following provisions are added hereto (and to the extent these added provisions conflict with any other provisions of this Declaration or any other of the Restrictions, these added provisions shall control):

(a) Each Beneficiary, insurer and guarantor of a first Mortgage encumbering one (1) or more Lots, upon filing a written request for notification with the Board, is entitled to written notification from the Association of: (1) any condemnation or casualty loss which affects either a material portion of the Project or the Unit(s) securing the respective first Mortgage; and (2) any delinquency of sixty (60) days or more in the performance of any obligation under the Restrictions, including without limitation the payment of assessments or charges owed by the Owner(s) of the Unit(s) securing the respective first Mortgage, which notice each Owner hereby consents to and authorizes; and (3) a lapse, cancellation, or material modification of any policy of insurance or fidelity bond maintained by the Association; and (4) any proposed action of the Association which requires consent by a specified percentage of first Mortgagees.

(b) Each Owner, including each first Mortgagee of a Mortgage encumbering any Lot who obtains title to such Lot pursuant to the remedies provided in such Mortgage, or by foreclosure of the 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 the Restrictions.

(c) Each first Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot, pursuant to the remedies provided in such Mortgage or by foreclosure of such Mortgage, shall take title to such Lot free and clear of any claims for unpaid assessments or charges against such Lot which accrued prior to the time such Mortgagee acquires title to such Lot.

(d) Unless at least sixty-seven percent (67%) of the first Mortgagees or sixty-seven percent (67%) of the Owners (other than Declarant) have given their prior written approval, neither the Association nor the Owners shall:

- (1) by act or omission seek to abandon or terminate the Property;
or

- (2) change the method of determining the obligations, assessments, dues or other charges which may be levied against any Owner; or
- (3) partition or subdivide any Lot or Unit; or
- (4) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause); or
- (5) by act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design, the exterior appearance or the maintenance of the Units or the Common Elements; or
- (6) fail to maintain or cause to be maintained Fire and Extended Coverage insurance on insurable Common Elements as provided in Article IX of this Declaration; or
- (7) use hazard insurance proceeds for losses to any Association Property (i.e., Improvements to the Common Elements) for other than the repair, replacement or reconstruction of such Association Property, subject to the provisions of Article X of this Declaration; or
- (8) change the pro rata interest or obligations of any Lot in order to levy assessments or charges, allocate distributions of hazard insurance proceeds or condemnation awards or determine the pro rata share of Ownership of each Lot in the Common Elements.

(e) All Beneficiaries, insurers and guarantors of first Mortgages, upon written request to the Association, shall have the right to:

- (1) examine current copies of the Association's books, records and financial statements and the Restrictions during normal business hours; and
- (2) require the Association to submit an annual audited financial statement without expense to the entity requesting the statement; and

- (3) receive written notice of all meetings of Owners; and
- (4) designate in writing a representative who shall be authorized to attend all meetings of Owners.

(f) All Beneficiaries, insurers and guarantors of first Mortgages, upon written request, shall be given thirty (30) days' written notice prior to the effective date of (1) any proposed material amendment to the Restrictions or Maps; (2) any termination of an agreement for professional management of the Property following any decision of the Owners to assume self-management of the Project; and (3) any proposed termination of the Property as a common-interest community.

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

(h) The Board shall secure and cause to be maintained in force at all times a fidelity bond for any Person handling funds of the Association, including, but not limited to, employees of the professional Manager.

(i) The Board may enter into such contracts or agreements on behalf of the Association as are required in order to satisfy the guidelines of VA, FHA, FHLMC, FNMA or GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of first Mortgages encumbering Lots. Each Owner hereby agrees that it will benefit the Association and the membership of the Association, as a class of potential Mortgage borrowers and potential sellers of their residential Lots, if such agencies approve the Property as a qualifying subdivision under their respective policies, rules and regulations, as adopted from time to time. Each Owner hereby authorizes his Mortgagees to furnish information to the Board concerning the status of any Mortgage encumbering a Lot.

(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 Association shall require the approval of sixty-seven percent (67%) of the voting power of the Association and the Beneficiaries of fifty-one percent (51%) of the first Mortgages of Lots in the Project.

ARTICLE 13

DURATION AND AMENDMENT.

13.1. Duration. This Declaration shall continue in full force for a term of fifty (50) years from the date of Recordation hereof, after which the term shall be automatically extended for successive periods of ten (10) years, unless a Declaration of Termination satisfying the requirements of an amendment to this Declaration as set forth in Section

13.2 is Recorded. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Unit from the concomitant Membership in the Association, as long as this Declaration shall continue in full force and effect. The provisions of this Article are subject to the provisions of Articles X and XI of this Declaration.

13.2 Termination and Amendment.

(a) Notice of the subject matter of a proposed amendment to this Declaration in reasonably detailed form shall be included in the notice of any meeting or election of the Association at which a proposed amendment is to be considered. The resolution shall be adopted by the vote, in person or by proxy, or written consent of Members representing not less than sixty-seven percent (67%) of the voting power of the Association, provided that the specified percentage of the voting power of the Association necessary to amend a specified Section or provision of this Declaration shall not be less than the percentage of affirmative votes prescribed for action to be taken under that Section or provision. In the event VA or FHA is a First Mortgagee or insurer of a First Mortgagee, a draft of the proposed amendment shall be submitted to VA and FHA for approval prior to its approval by the Membership of the Association. The Member approval described above shall not be required for amendments that may be executed by Declarant under Sections 116.2109 and 116.2110 of the Nevada Revised Statutes, by the Association under Sections 116.1107 and 116.2108(3) of the Nevada Revised Statutes, or by certain Owners under Sections 116.2108(2) and 116.2118 of the Nevada Revised Statutes.

(b) In addition to the required notice and consent of VA, FHA, Members and Declarant provided above, the Beneficiaries of fifty-one percent (51%) of the first Mortgages on all the Lots in the Project who have requested the Association to notify them of proposed action requiring the consent of a specified percentage of first Mortgagees must approve any amendment to this Declaration which is of a material nature, as follows:

- (1) Any amendment which affects or purports to affect the validity or priority of Mortgages or the rights or protection granted to Beneficiaries, insurers or guarantors of first Mortgages as provided in Articles V, IX, X, XI, XII and XIII hereof.
- (2) Any amendment which would necessitate a Mortgagee after it has acquired a Lot through foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure.

- (3) Any amendment which would or could result in a Mortgage being canceled by forfeiture, or in a Lot not being separately assessed for tax purposes.
- (4) Any amendment relating to the insurance provisions as set out in Article IX hereof, or to the application of insurance proceeds as set out in Article X hereof, or to the disposition of any money received in any taking under condemnation proceedings.
- (5) Any amendment which would or could result in partition or subdivision of a Lot or Unit in any manner inconsistent with the provisions of this Declaration.
- (6) Any amendment which would subject any Owner to a right of first refusal or other such restriction, if such Lot is proposed to be sold, transferred, or otherwise conveyed.
- (7) Any amendment concerning:
 - a. Voting rights;
 - b. Rights to use the Common Elements;
 - c. Reserves and responsibility for maintenance, repair and replacement of the Common Elements;
 - d. Boundaries of any Lot;
 - e. Owners' interests in the Common Elements;
 - f. Leasing of Units;
 - g. Establishment of self-management by the Association where professional management has been required by any Beneficiary, insurer or guarantor of a first Mortgage;
 - h. Assessments, assessment liens, or the subordination of such liens.

(c) Termination of this Declaration shall require approval by Members representing at least eighty percent (80%) of the Association's voting

power. No such termination shall be effective unless it is also approved in advance either by fifty-one percent (51%) of the Beneficiaries of the first Mortgages on all of the Lots in the Project (if said termination is proposed by reason of the substantial destruction or condemnation of the Project) or by sixty-seven percent (67%) of such Beneficiaries (if said termination is for reasons other than such substantial destruction or condemnation).

(d) Each Beneficiary of a first Mortgage on a Lot in the Project which receives proper written notice of a proposed amendment or termination of this Declaration by certified or registered mail with a return receipt requested shall be deemed to have approved the amendment or termination if the Beneficiary fails to submit a response to the notice within thirty (30) days after the Beneficiary receives the notice.

(e) A copy of each amendment shall be certified by at least two (2) officers of the Association, and the amendment shall be effective when a Certificate of Amendment is Recorded. The Certificate, signed and sworn to by two (2) officers of the Association that the requisite number of Owners and mortgagees have either voted for or consented in writing to any amendment adopted as provided above, when Recorded, shall be conclusive evidence of that fact. The 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 Beneficiaries of first Mortgages shall include a certification that the requisite approval of such first Mortgagees has been obtained.

(f) Notwithstanding any other provisions of this Section 13.2, at any time prior to the first Close of Escrow for the sale of a Lot, Declarant may unilaterally amend or terminate this Declaration by Recording a written instrument which effects the amendment or termination and is signed and acknowledged by Declarant.

(g) Notwithstanding any other provisions of this Section 13.2, for so long as Declarant owns any portion of the Property, Declarant may unilaterally amend this Declaration by Recording a written instrument signed by Declarant in order to conform this Declaration to the requirements of the County, VA, FHA, FNMA, GNMA or FHLMC then in effect.

13.3 Protection of Declarant. Until the tenth (10th) anniversary of the first Close of Escrow for the sale of a Lot in the Project, the prior written approval of Declarant, as developer of the Property, will be required before any amendment which would impair or diminish the rights of Declarant to complete the Property or sell or lease Lots therein in accordance with this Declaration shall become effective. Notwithstanding any other provisions of the Restrictions, until such time as Declarant no longer owns any Lots in the

Property, the following actions, before being undertaken by the Association, shall first be approved in writing by Declarant:

(a) Any amendment or action requiring the approval of first Mortgagees pursuant to this Declaration, including without limitation all amendments and actions specified in Sections 13.2; or

(b) Any significant reduction of Association maintenance or other services.

ARTICLE 14

GENERAL PROVISIONS

14.1 Enforcement of Restrictions.

(a) **Violations Identified by the Association.** If the Board determines that there is a violation of any provision of the Restrictions, or the Architectural Committee determines that an Improvement which is the maintenance responsibility of an Owner or Resident is in need of installation, maintenance, repair, restoration or painting, then the Board shall give written notice to the responsible Owner or Resident identifying (i) the condition or violation complained of, and (ii) the length of time the Owner or Resident has to remedy the violation including, if applicable, the length of time the Owner has to submit plans for approval by the Architectural Committee to the Architectural Committee and the length of time the Owner has to complete the work proposed in the plans submitted to the Architectural Committee.

If an Owner does not perform such corrective action as is required by the Board and the Architectural Committee within the allotted time, the Board, after Notice and Hearing, may undertake to remedy such condition or violation complained of, and the cost thereof shall be charged to the Owner as a Special Assessment. Such Special Assessment shall be subject to enforcement and collection by the Board in accordance with the procedures provided for in this Declaration.

If the violation involves nonpayment of any type of Assessment, then the Board shall be entitled to collect such delinquent Assessment pursuant to the procedures set forth in Article V.

(b) **Violations Identified by an Owner.** In the event that an Owner or Resident alleges that another Owner or Resident, or his Guests, are violating the Restrictions (other than nonpayment of any type of Assessment), the Owner or Resident must first submit the matter to the Board pursuant to the Notice and Hearing procedure established in Article XII of the Bylaws before the

complaining Owner may resort to a court of law for relief with respect to the alleged violation.

(c) Legal Proceedings. Failure to comply with any of the terms of the Restrictions by an Owner, Resident, or his or their Guests, shall be grounds for relief which may include, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of any lien, or any combination thereof; provided, however, that the procedures established in Sections 14.1(a) and (b) above must first be followed, if they are applicable.

(d) Limitation on Expenditures. The Association shall not incur litigation expenses, including without limitation attorneys' fees, where the Association initiates legal proceedings or is joined as a plaintiff in legal proceedings without the approval of a majority of the voting power of the Association, excluding the voting power of any Owner who would be a defendant in such proceedings. Such approval shall not be necessary if the legal proceedings are initiated to (i) enforce the use restrictions contained in Article VIII hereof, (ii) enforce the architectural control provisions contained in Article IV hereof, or (iii) collect any unpaid assessments levied pursuant to this Declaration.

(e) Schedule of Fines. The Board may adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess against an Owner for the failure of such Owner, Resident or Guest of an Owner or Resident, to comply with any provisions of the Restrictions. Such fines or penalties may only be assessed by the Board after Notice and Hearing.

(f) No Waiver. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision, or any other provision hereof.

(g) Right to Enforce. The Board, any Owner (not at the time in default hereunder), or Declarant (so long as Declarant is an Owner) shall be entitled to enforce the Restrictions as described in this Article. Each Owner shall have a right of action against the Association for the Association's failure to comply with the Restrictions. Each remedy provided for in this Declaration shall be cumulative and not exclusive or exhaustive.

(h) Attorneys Fees. Any judgment rendered in any action or proceeding pursuant to this Declaration 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 costs of court.

14.2 Severability. The provisions hereof shall be deemed independent and severable, and a determination of invalidity or partial invalidity or unenforceability of

any one provision or portion hereof by a court of competent Jurisdiction shall not affect the validity or enforceability of any other provisions hereof.

14.3 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the creation and operation of a residential common-interest community and for the maintenance of Common Elements, and any violation of this Declaration shall be deemed to be a nuisance. 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. As used herein, the singular shall include the plural and the plural the singular; and the masculine, feminine and neuter shall each include the other, unless the context dictates otherwise.

14.4 Mergers or Consolidations. Upon a merger or consolidation of the Association with another association, its properties, rights and obligations may, by operation of law, be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association may, by operation of law, be added to the properties, rights and obligations of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer and enforce the covenants, conditions and restrictions established by this Declaration governing the Property, together with the covenants and restrictions established upon any other property, as one (1) plan. Any such merger or consolidation shall be accomplished pursuant to Nevada Revised Statutes Section 116.2121 and shall also require the prior written approval of VA.

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

14.6 No Representations or Warranties. No representations or warranties of any kind, express or implied, other than the standard warranty required by VA and FHA, have been given or made by Declarant or its agents or employees in connection with the Property or any portion thereof, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof as a common-interest community, except as specifically and expressly set forth in this Declaration and except as may be filed by Declarant from time to time with any governmental authority.

14.7 Nonliability and Indemnification.

(a) **General Limitation.** Except as specifically provided in the Restrictions or as required by law, no right, power, or responsibility conferred on the Board or the Architectural Committee by this Declaration, the Articles or the Bylaws shall be construed as a duty, obligation or disability charged upon the Board, the Architectural Committee, any member of the Board or of the Architectural

Committee, or any other officer, employee or agent of the Association. Such Persons are subject to the insulation from liability provided for directors of corporations by the laws of the State of Nevada. Members of the Board are not personally liable to the victims of crimes occurring on the Property.

(b) Indemnification. When liability is sought to be imposed on a member of the Board for actions undertaken in such Person's role as a member of the Board or Architectural Committee, the Association shall indemnify him for his losses or claims, and undertake all costs of defense, unless and until it is proven that he acted with willful or wanton misfeasance or with gross negligence. After such proof the Association is no longer liable for the cost of defense, and may recover costs already expended from the member of the Board or Architectural Committee who so acted. Punitive damages may not be recovered against the Association, but may be recovered from Persons whose activity gave rise to the damages. This Section 14.7(b) shall be construed to authorize payments and indemnification to the fullest extent now or hereafter permitted by applicable law. The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any person entitled to such indemnification.

14.8 Notices. Except as otherwise provided in this Declaration, notice to be given to an Owner shall be in writing and may be delivered personally to the Owner. Personal delivery of such notice to one (1) or more co-Owners of a Lot or to any general partner of a partnership owning a Lot shall be deemed delivery to all co-Owners or to the partnership, as the case may be. Personal delivery of such notice to any officer or agent for the service of process on a corporation shall be deemed delivery to the corporation. In lieu of the foregoing, such notice may be delivered by regular United States mail, postage prepaid, addressed to the Owner at the most recent address furnished by such Owner to the Association or, if no such address shall have been furnished, to the street address of such Owner's Unit. Such notice shall be deemed delivered three (3) business days after the time of such mailing, except for notice of a meeting of Members or of the Board of Directors in which case the notice provisions of the Bylaws shall control. Any notice to be given to the Association may be delivered personally to any member of the Board, or sent by United States mail, postage prepaid, addressed to the Association at such address as shall be fixed from time to time and circulated to all Owners.

f

14.9 Priorities and Inconsistencies. If there are conflicts or inconsistencies between this Declaration and either the Articles of Incorporation or the Bylaws of the Association, the terms and provisions of this Declaration shall prevail.

14.10 Constructive Notice and Acceptance. Every person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or other portion of the Property 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 Property, or any portion thereof.

ARTICLE 15

DEVELOPMENTAL RIGHTS AND SPECIAL DECLARANT'S RIGHTS

15.1 Reservation of Special Declarant's Rights. Pursuant to N.R.S. §116.2105(1), Declarant reserves the following special declarant's rights, on the terms and conditions and subject to the expiration deadlines set forth below:

15.1.1 Right to Complete Improvements and Construction Easement. Declarant reserves the right, for a period of sixty (60) months following the recordation of this Declaration, to complete the construction of Improvements on the properties, and an easement over the Properties for the purpose of doing so. Any damage caused to a Unit or the Common Elements by Declarant or its agents in the use or exercise of said right and/or easement shall be repaired by and at the expense of Declarant.

15.1.2 Exercise of Development Rights. Declarant reserves the right to annex the Annexable Property to the Common Interest Community, pursuant to the provisions of Article XV hereof, for a period of sixty (60) months following the recordation of this Declaration.

15.1.3 Offices and Promotional Signs. Declarant reserves the right to maintain offices for sales and management and signs on the Common Area for so long as Declarant owns any Unit.

15.1.4 Use of Easements Through Common Elements. Declarant reserves the right to use easements through the common elements for the purpose of making improvements within the Project or within real estate which may be added to the Project.

15.1.5 Merger and Consolidation. The Declarant reserves the right to consolidate or merge the Project with another common-interest community of the same form of ownership.

15.1.6 Appoint and Remove Directors. Declarant reserves the right to appoint and remove a majority of the Board, as set forth in Section 2.6.1 hereof, for the time period set forth therein.

15.2 Limitations on Special Declarant Rights. Unless terminated earlier by an amendment to this Declaration executed by the Declarant, any Special Declarant Right may be exercised by the Declarant so long as: (a) Declarant is obligated under any warranty or obligation; (b) Declarant owns any Lot; or (c) Declarant owns any security interest in any Lot. Earlier termination of certain rights may occur by statute.

15.3 Developmental Rights Within Common Interest Community. Declarant hereby reserve the following development rights, as the same are defined by N.R.S. §116.11034, over the Original Property and the Annexable Property after the same has been duly annexed to the Common Interest Community.

- (a) The right to add real estate to the Project;
- (b) The right to create Lots, Residences, or Common Elements in the Project;
- (c) The right to subdivide Lots or Residences or convert Lots or Residences into Common Elements; and
- (d) The right to withdraw real estate from the Project.

15.4 Limitation of Developmental Rights. Unless terminated earlier by an amendment to this Declaration executed by the Declarant, the Developmental Rights retained herein may be exercised by the Declarant so long as: (a) Declarant is obligated under any warranty or obligation; (b) Declarant owns any Lot; or (c) Declarant owns any security interest in any Lot. Earlier termination of certain rights may occur by statute. No assurance are made with regard to any order in which any of the Developmental Rights set forth in this Declaration will be exercised, if at all. The Developmental Rights retained in this Declaration may be exercised at different time as to Phases of Development as they are duly annexed to the Project. The Developmental Right shall only pertain to the Phase of Development so annexed.

ARTICLE 16

ANNEXATION

16.1 Annexation of Property. Declarant may, but shall not be required to, at any time or from time to time, add to the Properties covered by this Declaration all or any portion of the property described in Exhibit B hereto (the "Annexable Property") then owned by Declarant by recording an Annexation Amendment ("Annexation Amendment") with respect to the real property to be annexed ("Annexed Property").

Upon the recording of an Annexation Amendment covering any portion of the Annexable Property and containing the provisions set forth herein, the covenants, conditions and restrictions contained in this Declaration shall apply to the annexed Property in the same manner as if it were originally covered in this Declaration and originally constituted a portion of the Properties; and thereafter, the rights, privileges, duties and liabilities of the parties to this Declaration with respect to the Annexed Property shall be the same as with respect to the Original Property and the rights, obligations, privileges, duties and liabilities of the Owners and occupants of Units with the Annexed Property shall be the

same as those of the Owners and Occupants of Units originally affected by this Declaration.

16.2 Annexation Amendment. Each Annexation Amendment shall conform to the provisions of N.R.S. §116.2110, and shall include:

- (a) A reference to this Declaration, which reference shall state the date of recordation hereof and the instrument number and other relevant recording data of the Clark County Recorder's Office; and
- (b) A statement that the provisions of this Declaration shall apply to the Annexed Property as set forth therein; and
- (c) An exact description of the Annexed Property; and
- (d) Assignment of an Identifying Number to each new Unit created; and
- (e) A reallocation of the allocated interests among all Units; and
- (f) A description of any Common Elements created by the annexation of the Annexed Property.

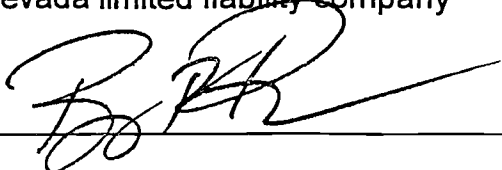
16.3 Disclaimer. Portions of the Annexable Property may be annexed at any time by Declarant, and no assurances are made with respect to the boundaries or sequence of annexation of such portions. Annexation of a portion of the Annexable Property shall not necessitate annexation of any other portion of the remainder of the Annexable Property.



16.4 Other Additions. Subject to the limitations of N.R.S. §116.2112, and in addition to the provisions for annexation set forth above, additional real property may be annexed to the Properties by Declarant and brought within the general plan and scheme of this Declaration.

This Declaration is dated for identification purposes _____, 1998.

"DECLARANT"

AZURE ESTATES L.L.C., a
a Nevada limited liability company

By:  _____

Name: 
Its: 

STATE OF NEVADA)
)
COUNTY OF CLARK)

On this 25th day of August 1998, personally appeared before me, a notary public, BRADLEY BLAS, personally known (or proved) to me to be the person whose name is subscribed to the above instrument and acknowledged to me that he executed the above instrument.

WITNESS my hand and official seal.



DEZANN G. REY
Notary Public - Nevada
Clark County
My appt. exp. Feb. 4, 1999

Dezann G. Rey
Notary Public in and for said State

EXHIBIT "A"

LEGAL DESCRIPTION OF ORIGINAL PROPERTY

That certain real property located in the County of Clark, State of Nevada, more particularly described as follows:

Azure Estates Unit 1

Lots 111-117, Block 2

Lots 148 – 163, Block 2

Lots 164-172, Block 3

EXHIBIT "B"

LEGAL DESCRIPTION OF ANNEXABLE PROPERTY

That certain real property located in the County of Clark, State of Nevada, more particularly as follows:

Azure Estates Unit 1

Lots 118 - 131, Block 2
Lots 132 - 147, Block 2

Azure Estates Unit 2

Lots 23 - 29, Block 1
Lots 46 - 60, Block 1
Lots 61 - 76, Block 1
Lots 30 - 37, Block 1
Lots 38 - 45, Block 1
Lots 173 - 190, Block 3
Lots 191 - 199, Block 3

Azure Estates unit 3

Lots 93 - 110, Block 1
Lots 77 - 92, Block 1
Lots 1 - 22, Block 1

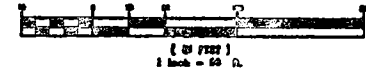
FINAL MAP OF AZURE ESTATES UNIT 1

(A COMMON INTEREST COMMUNITY)

LOT 1 OF PARCEL MAP FILE _____ PAGE _____ IN THE OFFICE OF THE CLARK COUNTY RECORDER
A PORTION OF THE SOUTHWEST QUARTER (SW 1/4) OF THE NORTHWEST QUARTER (NW 1/4) OF SECTION 27,
TOWNSHIP 19 SOUTH, RANGE 81 EAST, M.D.M., CITY OF NORTH LAS VEGAS, CLARK COUNTY, NEVADA.



GRAPHIC SCALE



LINE	BEARING	DISTANCE
L1	S 89°41'00" E	48.00'
L2	N 01°18'31" E	43.33'
L3	S 89°41'00" E	30.00'
L39	S 01°31'06" W	48.00'
L40	S 01°31'06" W	10.00'
L41	S 01°31'06" W	40.00'
L42	S 89°41'00" E	23.43'
L43	S 89°41'00" E	31.53'
L48	N 89°41'00" E	8.46'
L50	S 01°18'31" W	4.33'
L51	S 89°41'00" W	33.56'
L52	N 89°41'00" E	8.96'
L53	S 44°24'26" W	31.64'
L54	N 00°31'10" E	31.74'
L55	N 89°41'00" W	8.50'
L70	S 01°18'31" W	38.56'
L77	S 42°15'21" E	33.36'
L78	S 00°38'31" E	24.22'
L79	N 89°41'00" W	10.49'
L80	S 01°18'31" W	33.40'

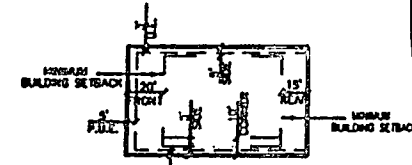
RADIAL BEARING TABLE

NO.	BEARING
R3	S 58°08'52" E
R4	S 07°08'25" W
R5	N 73°37'26" E
R6	S 21°22'17" W
R7	N 30°00'33" E
R8	S 41°29'46" E
R9	N 42°07'28" E

CURVE TABLE

CURVE	DELTA	RADIUS	LENGTH	TANGENT
C3	88°7'43"	16.50'	23.46'	18.06'
C6	88°7'43"	15.00'	23.16'	14.60'
C7	81°32'17"	15.00'	23.96'	15.41'
C8	81°32'17"	26.50'	42.34'	27.22'
C9	80°00'00"	20.00'	29.84'	11.55'
C10	31°32'11"	20.00'	11.01'	3.63'
C11	81°32'17"	20.00'	31.95'	20.54'
C12	11°48'02"	58.00'	11.95'	5.99'
C13	28°09'26"	28.50'	13.07'	8.63'
C14	47°43'45"	58.00'	44.30'	23.29'
C15	38°50'30"	58.00'	38.37'	20.63'
C16	44°48'35"	58.00'	43.36'	23.81'
C17	08°38'17"	58.00'	8.74'	4.36'
C18	147°51'06"	58.00'	148.87'	204.25'

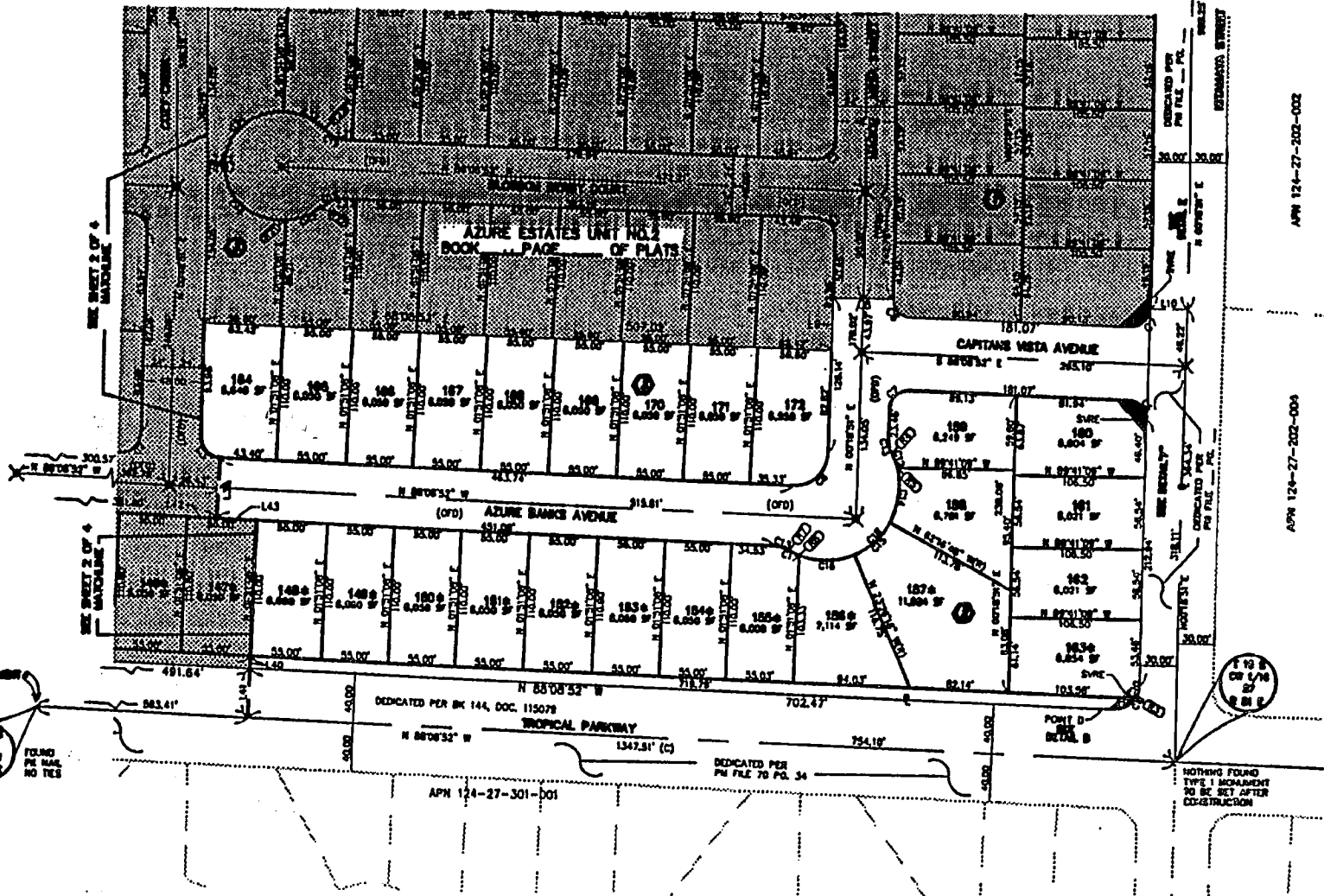
NOTE: ALL LOT CORNERS MUST BE SET WITH A TYPE B MONUMENT. IN THOSE INSTANCES WHERE OFFSITE IMPROVEMENTS EXIST (I.E., REAR PROPERTY WALLS AND FRONT CURB), A MARK AND TAG SHALL BE SET IN THE WALL AT THE BACK PROPERTY CORNER AND A BENCHMARK SHALL BE MADE IN THE TOP OF THE FRONT CURB AT THE PROLONGATION OF THE SIDE PROPERTY LINE.



TYPICAL BUILDING FOOTPRINT, PAGES 2 & 3, P.L.S.

LEGEND

- FOUND MONUMENT AS INDICATED
- ⊗ SET TYPE B MONUMENT, P.L.S. BOOK WITH THIS
- ⊙ SET REBAR AND AL. CAP, P.L.S. BOOK
- (M) MEASURED BEARING AND/OR DISTANCE
- (C) CALCULATED BEARING AND/OR DISTANCE
- (R) RECORD BEARING AND/OR DISTANCE
- CENTERLINE
- PROPERTY LINE
- CURVE SEGMENT NUMBER
- LINE SEGMENT NUMBER
- RADIAL LINE NUMBER
- LOT NUMBERS
- ⊙ BLOCK DESIGNATION
- SUBDIVISION BOUNDARY LINE
- ROW LINE
- LOT LINE
- CENTERLINE
- SETBACK LINE FRONT 20' REAR 15', CORNER 10', SIDE 5'
- EASEMENT LINE
- MATCH LINE
- RIGHT VISIBILITY RESTRICTION EASEMENT
- P.O.B. POINT OF BEGINNING
- SF SQUARE FEET
- O/A OVERALL DISTANCE ALONG LINE OR CURVE
- SVLZ RIGHT VISIBILITY RESTRICTION EASEMENT NO LANDSCAPING OR IMPROVEMENTS (SUCH AS WALL OR FENCES) IN THIS AREA SHALL EXCEED 30 INCHES IN HEIGHT (AREA TO BE PRIVATELY MAINTAINED)
- (OFD) PUBLIC STREET OFFERED FOR DEDICATION
- 1110 DIRECT VEHICULAR AND/OR PEDESTRIAN ACCESS TO REVERSE STREET, AND TROPICAL PARKWAY FROM ADJUTING LOTS IS PROHIBITED.
- THESE ARE 62 LOTS IN THIS SUBDIVISION WITH 1 COMMON LOT



APN 124-27-202-002

APN 124-27-202-004

APN 124-27-301-001

DEDICATED PER PM FILE 70 PG. 34

DEDICATED PER BK 144, DOC. 115078

NOTHING FOUND TYPE I MONUMENT TO BE SET AFTER CONSTRUCTION

54.