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SPANISH VILLAS

DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

OCT 9 1981

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THIS DECLARATION is made this _____ day of _____, 19____, by Spanish Villas LTD., a Nevada Limited Partnership, hereinafter referred to as "Declarant".

WITNESSETH

WHEREAS, Declarant is the owner of that certain property located in the City of Las Vegas, County of Clark, State of Nevada, which is more particularly described as:

Lots 1 through 38 and Lots 55 through 70 inclusive and Common Area Lots A and K of Spanish Villas in the County of Clark, State of Nevada, as per amended plat recorded _____, in Book ___ at page ___ in the Office of the County Recorder of Clark County.

The development of the properties is the first phase of a ten phase planned unit development. The first phase is planned to be constructed on Lots 1 through 38 and 55 through 70 and all Common Area Lot A and K and consists of 54 residences. The second phase is planned to be constructed on Lots 39 through 54 inclusive and all Common Area Lot B and consists of 16 residences. The third phase is planned to be constructed on Lots 71 through 86 inclusive and all Common Area Lot C and consists of 16 residences. The fourth phase is planned to be constructed on Lots 87 through 106 inclusive and all Common Area Lot D and consists of 20 residences. The fifth phase is planned to be constructed on Lots 107 through 126 inclusive and all Common Area Lot E and consists of 20 residences. The sixth phase is planned to be constructed on Lot 127 through 146 inclusive and all Common Area Lot F and consists of 20 residences. The seventh phase is planned to be constructed on Lots 147 through 162 inclusive and all Common Area Lot G and consists of 16 residences. The eighth phase is planned to be constructed on Lots 163 through 180 inclusive and all Common Area Lot H and consists of 18 residences. The ninth phase is planned to be constructed on Lots 181 through 188 inclusive and all Common Area Lot I and consists of 8 residences. The tenth phase is planned to be constructed on Lots 189 through 198 inclusive and all Common Area Lot J and consists of 10 residences.

54
16
16
20
20
20
16
8
8
198
198
TOTAL

The declarant reserves the right to vary the sequence of the subsequent phases as circumstances might dictate.

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

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ARTICLE I

DEFINITIONS

SECTION 1.1 Association shall mean and refer to Spanish Villas Homeowners' Association, a Nevada nonprofit mutual-benefit Corporation, its successors and assigns.

SECTION 1.2 Board or Board of Directors shall mean and refer to the governing body of said Association.

SECTION 1.3 Common Area shall mean all real property (including improvements thereon) owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first Lot shall be Common Area Lot A and K.

SECTION 1.4 Declarant shall mean and refer to Spanish Villas, LTD., its successors and assigns, if such successors or assigns should acquire more than one (1) undeveloped Lot from Declarant for the purpose of development.

SECTION 1.5 Declaration shall mean and refer to this enabling Declaration of Covenants, Conditions and Restrictions.

SECTION 1.6 FHA shall mean and refer to the Federal Housing Administration.

SECTION 1.7 Lot shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Area.

SECTION 1.8 Member shall mean and refer to an owner as defined in Section 10, Article I herein.

SECTION 1.9 Mortgage shall mean and refer to a Deed of Trust as well as a mortgage.

SECTION 1.10 Owner shall mean and refer to the record owners, whether one (1) or more persons or entities, of fee simple title to any Lot which is part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation.

SECTION 1.11 Properties shall mean and refer to that certain real property located in Clark County, Nevada, hereinbefore described and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

SECTION 1.12 VA shall mean and refer to the Veterans Administration.

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ARTICLE II

PROPERTY RIGHTS IN COMMON AREA

SECTION 2.1 Title to the Common Area. Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area to the Association, free and clear of all encumbrances and liens, except easements, covenants, conditions and reservations then of record, including those set forth in this Declaration. Said conveyance shall be made to the Association prior to the conveyance of the first residential lot in the properties to an Owner.

SECTION 2.2 Owner's Easements of Enjoyment. Every Owner of a Lot shall have a right and easement of ingress, egress and of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every such Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;

(b) The right of the Association to suspend the voting rights and right to use of the recreational facilities by an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations after reasonable written notice and an opportunity for a hearing before the Board as set forth in the By-Laws which satisfies the minimum requirements of the Nevada Corporations Code.

(c) The right of the Association to dedicate or transfer all or substantially all of its assets, including all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. Notwithstanding any contrary provision in the Articles or By-Laws, so long as there is any Lot for which the Association is obligated to provide management, maintenance, preservation, or control, no such dedication or transfer shall be effective unless an instrument signed by one hundred percent (100%) of the members agreeing to such dedication or transfer has been recorded.

(d) The right of the Association, in accordance with its Articles of Incorporation and By-Laws, to borrow money for the purpose of improving the Common Area and in aid thereof, and with the assent of two-thirds (2/3) of each class of members, hypothecate any or all real or personal property owned by the Association. After conversion of the Class B membership to Class A membership, the action herein requiring membership approval shall require the vote or written consent of (i) two-thirds (2/3) of the voting power of members of the Association and (ii) for so long only as the Declarant holds or directly controls twenty-five percent (25%) or more of the voting power of members of the Association, two-thirds (2/3) or more of the voting power of members of the Association other than Declarant.

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(e) Subject to a concomitant obligation to restore, Declarant and its sales agents shall have:

- (1) a non-exclusive easement over the Common Area for the purpose of making repairs to the Common Area or to the residences provided access thereto is otherwise not reasonably available;
- (2) the right to the non-exclusive use of the Common Area for the purpose of maintaining model homes, sales offices and signs reasonably necessary to market the Lots, for a period of not more than four years after conveyance of the Common Area to the Association, or the sale of all residential lots within the Properties, whichever is first to occur. The use of the Common Area by Declarant and its agents shall not unreasonably interfere with the use thereof by the Class A members of the Association.

SECTION 2.3 Delegation of Use. Any owner delegate, in accordance with the By-Laws of the Association, his rights of enjoyment to the Common Area and facilities to the members of his family, his tenants or contact purchasers who reside on his lot.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS IN ASSOCIATION

SECTION 3.1 Membership. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

SECTION 3.2 Voting Rights. The Association shall have two (2) classes of voting membership:

Class A: Class A members shall be all owners, with the exception of Declarant, and shall be entitled to (1) vote for each Lot owned. When more than (1) person holds and interest in any Lot, all such persons shall be members. 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 Lot.

Class B. Class B member(s) shall be Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of the earliest of the following to occur:

(a) when total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership,
or

(b) on January 1, 1985.

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ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS TO THE ASSOCIATION

SECTION 4.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Lot owned within the properties, hereby covenants, and each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agrees to pay to the Association: (a) annual assessments or charges, which shall include an adequate reserve fund for the periodic maintenance, repair and replacement of the Common Area, and (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made, the lien to be effective upon recordation of a notice of delinquent assessment. Each such assessment, together with interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title, unless expressly assumed by them.

SECTION 4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents in the properties and for the improvement and maintenance of the Common Area. (and of the homes situated upon the properties.) (See note 1, page 13)

SECTION 4.3 Maximum Annual Assessment. Until January first of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be seventy-two and no/100 dollars (\$72.00) per Lot.

(a) From and after January first, of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased each year in an amount no more than the greater of (1) five percent (5%) or (2) the percentage by which the U.S. Bureau of Labor Statistics Western Region Group B Area Consumer Price Index for All Urban Consumers has increased as of the date of the increase over the level of the Index as of the date the annual assessment was last established without a vote of the membership.

(b) From and after January first, of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the amount provided in subparagraph (a) by the vote or written assent of fifty-one percent (51%) of each class of members; provided, however, that following the conversion of the Class B membership to Class A membership, the maximum annual assessment may not be increased more than the amount provided in subparagraph (a) above the maximum annual assessment for the previous year by the vote or written assent of (i) a majority of the voting power of the members of the

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Association and (ii) for so long only as Declarant holds or directly controls twenty-five percent (25%) or more of the voting power of members of the Association, at least a majority of the voting power of members of the Association other than Declarant.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.

SECTION 4.4 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the vote or written assent of fifty-one percent (51%) of each class of members; provided, however, that following the conversion of the Class B membership to Class A membership any such assessment shall have the vote or written assent of (i) a majority of the voting power of members of the Association, and (ii) for so long only as Declarant holds or directly controls twenty-five (25%) percent or more of the voting power of members of the Association, at least a majority of the voting power of members of the Association other than Declarant. The Association may also levy a special assessment against any member to reimburse the Association for costs incurred in bringing a member and his lot into compliance with the provisions of the Declaration, any amendments thereto, the Articles, the By-Laws, and the Association rules and regulations, which special assessment may be levied upon the vote of the Board after notice and opportunity for a hearing which satisfy the requirements of the Nevada Corporations Code, as set forth in the By-Laws.

SECTION 4.5 Notice and Quorum for Any Action Authorized Under Sections 3 and 4. Any action authorized under Section 3 and 4 shall be taken at a meeting called for that purpose, written notice of which shall be sent to all members not less than ten (10) nor more than ninety (90) days in advance of the meeting. A quorum for such meeting shall be fifty-one percent (51%) of each class of members entitled to vote on such action. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. If the proposed action is favored by a majority of the votes cast at such meeting but such vote is less than the requisite fifty-one (51%) percent of each class of members, members who were not present in person or by proxy may give their assent in writing, provided the same is obtained by the appropriate officer of the Association not later than thirty (30) days from the date of such meeting.

SECTION 4.6 Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all lots and may be collected on a monthly basis.

SECTION 4.7 Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all lots on the first day of the month following the conveyance of the first lot to an Owner or on the first day of the month following the conveyance of the Common Area to the

Association, whichever shall first occur. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto.

SECTION 4.8 Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment made in accordance with this Declaration shall be a debt of the Owner of the Lot from the time the assessment is due. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same, and in addition thereto, or in lieu thereof, may foreclose the lien against the Lot. No Owner may waive or otherwise escape the liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

At any time after any assessments levied by the Association affecting any Lot have become delinquent, and Board may file for recording in the Office of the Clark County Recorder a notice of delinquency as to such Lot, which notice shall state all amounts which have become delinquent with respect to such lot and the costs (including attorney's fees) and interest which have accrued thereon, the amount of any assessments relating to such lot which is due and payable although not delinquent a description of the Lot with respect to which the delinquent assessments are owed, and the name of the record Owner of such Lot. Such notice shall be signed by the President or Vice President and the Secretary or Assistant Secretary of the Association. In the event the delinquent assessments and all other assessments which have become due and payable with respect to the same Lot together with all costs (including attorney's fees) and interest which have accrued on such amounts are fully paid or otherwise satisfied prior to the completion of any sale held to foreclose the lien provided for in this Article, the Board shall record a further notice, similarly signed, stating the satisfaction and releasing the lien. Immediately upon recording of any notice of delinquency pursuant to the foregoing provisions of this Section, the amounts delinquent, as set forth in such notice, together with the costs (including attorney's fees) and interest accruing thereon, shall be and become a lien upon the Lot described therein, which lien shall also secure all other payments and/or assessments which shall become due and payable with respect to said Lot following such recording, and all costs (including attorney's fees) and interest accruing thereon. Said lien shall continue for a period of one (1) year unless extended for a period of an additional year by the recording of a written extension by the Association. When a notice of assessment has been recorded, such assessment shall constitute a lien on each respective lot prior and superior to all other liens, including property taxes and assessments recorded subsequent to the recordation of the notice of assessment except (i) all taxes, bonds, assessments and other liens which by law would be superior thereto, and (ii) the lien or charge of any first mortgage of record.

Each assessment lien must be foreclosed pursuant to Nevada Revised Statutes 278A.150 and 278A.160 and to that end a power of sale is hereby conferred upon the Association. The Association acting on behalf of the Lot Owners shall have the power to bid for the Lot at a foreclosure sale and to acquire and hold, lease, mortgage, and convey the same. Suit to recover a money judgment for

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unpaid assessments, rent and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

SECTION 4.9 Subordination of the Lien to First Deeds of Trust and First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage upon any Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a first Mortgage or any conveyance in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for an assessments thereafter becoming due. Where the Mortgagee of a first Mortgage of record or other purchaser of a Lot obtains title to the same as a result of foreclosure, such acquirer of title, his successors and assigns, shall not be liable for the share of the common expenses or assessments by acquisition of title to such Lot by such acquirer. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the Lots including such acquirer, his successors and assigns.

SECTION 4.10 Estoppel Certificate. The Association shall furnish or cause an appropriate officer to furnish, upon demand by any person, a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

SECTION 4.11 Personal Liability of Owner. No member may exempt himself from personal liability for assessments, nor any part thereof, levied by the association, nor release the Lot owned by him from the liens and charges hereof by waiver of the use and enjoyment of the Common Area and facilities thereon, or by abandonment of his Lot.

SECTION 4.12 Exempt Property. All properties dedicated to and accepted by a local public authority, and all properties owned by a charitable nonprofit organization exempt from taxation by the laws of the State of Nevada, shall be exempt from the assessment created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

SECTION 4.13 Capitalization of Association. Upon acquisition of record title to a Lot from Declarant, each Owner shall contribute to the capital of the Association an amount equal to one-sixth (1/6) the amount of the then annual assessment for that Lot as determined by the Board. This amount shall be deposited by the buyer into the purchase and sale escrow and disbursed from the escrow to the Association. Prior to expiration of six (6) months after receipt of the first reservation from a buyer, the Declarant shall deposit into escrow any amount equal to one-sixth (1/6) of the then annual assessment for any and all Lots not yet sold. Escrow shall remit these funds to the Homeowners Association. Upon the close of escrow of any lot for which the capitalization fund was prepaid by Declarant, escrow shall remit the capitalization fee collected from the buyer to the Declarant.

Section 2 mod to 4.11
to 4.11

ARTICLE V

ARCHITECTURAL CONTROL

No building, fence, wall or other structure or improvement shall be commenced, erected, placed or altered upon any Lot until the location and complete plans and specifications showing the nature, kind, shape, height and materials, including the color scheme, have been submitted to and approved in writing as to harmony of external design and location of surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee appointed by the Board of Directors and composed of three (3) or more, not to exceed five (5) representatives. In the event the Board or its designated committee failed to approve or disapprove such location, plans and specifications or other requests within thirty (30) days after the submission thereof to it, then such approval will not be required, provided that any structure or improvement so erected or altered, conforms to all of the conditions and restrictions herein contained, and is in harmony with similar structures erected within the properties. Grade, level or drainage characteristics of the Lot or any portion thereof, should not be altered without the prior written consent of The Board or its designated committee.

ARTICLE VI

GENERAL PROVISIONS

SECTION 6.1 Enforcement. The Association and any Owner shall have the right to enforce by any proceeding at law or in equity, all restrictions, conditions, covenants and reservations now or hereafter imposed by the provisions of this Declaration. Failure by the Association or any Owner to enforce any covenants or restrictions herein contained shall, in no event, be deemed a waiver of the right to do so thereafter.

SECTION 6.2 Severability. Should any provision in this Declaration be void or become invalid or unenforceable in law or equity by judgement or court order, the remaining provisions hereof shall be and remain in full force and effect.

SECTION 6.3 Amendments. During the period of time prior to conversion of the Class B membership to the Class A membership, this Declaration may be amended by an instrument in writing signed by seventy-five percent (75%) of the voting power of each class of members of the Association, which amendment shall become effective upon recording thereof by the Office of the County Recorder of Clark County, Nevada. After the conversion of the Class B membership in the Association to Class A membership, the Declaration may be amended by an instrument in writing signed by (i) seventy-five percent (75%) of the total voting power of the Association, and (ii) at least seventy-five percent (75%) of the voting power of members of the Association other than Declarant.

"No material amendment may be made to this Declaration without the prior written consent of seventy-five percent (75%) or more of the mortgages of first mortgagees encumbering Lots within the Properties (based upon one (1) vote

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for each such first mortgagee), provided however that each mortgagee has informed the Association in writing of its appropriate address."

SECTION 6.4 Extension of Declaration. Each and all of these covenants, conditions and restrictions shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which date they shall automatically be extended for successive periods of ten (10) years.

SECTION 6.5 FHA and VA Approval. So long as there is a Class B membership, the following shall require prior approval of FHA and VA: annexation of additional properties, mergers and consolidations, dedication or mortgaging of the Common Area, special assessments, and amendments to this Declaration.

SECTION 6.6 Encroachment Easement. In the event any improvement to a Lot encroaches upon the Common Area as a result of the initial construction, or as the result of repair, shifting, settlement or movement of any portion thereof, an easement for the encroachment and for the maintenance of same, shall exist so long as the encroachment exists. Further, each Lot Owner within the properties is hereby granted an easement over all adjoining Lots for the purpose of accommodating any minor encroachment not exceeding one foot, due to engineering errors, errors in original construction, settlement or shifting of the building, roof overhang, architectural or other appendants.

SECTION 6.7 Fidelity Bond. The Association shall maintain a fidelity bond in an amount equal to one hundred fifty percent (150%) of the Association's annual assessments plus reserves, which names the Association as obligee and insures against loss by reason of the acts of the members of the Board of Directors, officers and employees of the Association and any management agent and his employees, whether or not such persons are compensated for their services.

SECTION 6.8 Annexation of Additional Property by Association. Upon approval in writing of the Association, pursuant to two-thirds (2/3) of a majority of the voting power of its members, or the written assent of such members, excluding the voting power or written assent of Declarant, the Owner of any property who desires to add it to the scheme of this Declaration and to subject it to the jurisdiction of the Association, may file of record a Declaration of Annexation which shall extend the scheme of this Declaration to such properties.

SECTION 6.9 Annexation of Additional Property by Declarant. Additional land within the property described as Lots 39 through 54 inclusive, Lots 71 through 198 inclusive and Common Area Lots B., C., D., E., F., G., H., I., and J. according to amended Plat. of Spanish Villas, filed in the Office of the County Recorder of Clark County, Nevada on _____, 1981, may be annexed as Lots and Common Area to the Properties by the Declarant without the consent of the members of the Association within three (3) years following the recording of this Declaration, provided, however, that the Veterans Administration and the Federal Housing Administration determine that the annexation is in accordance with the general plan heretofore approved by them.

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ARTICLE VII

EXTERIOR MAINTENANCE

Association Routine Maintenance of Lots. In addition to maintenance upon the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replacement and care of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Such exterior maintenance shall not include glass surfaces. In the event that the need for maintenance or repair of a Lot or the improvements thereon is caused through the willful or negligent acts of its Owner, or through the willful or negligent acts of the family, guests or invitees of the Owner of the Lot needing such maintenance or repair, the cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject. In the event the need for repair of the Common Area is caused through the willful or negligent acts of a member or of his guests or invitees, the liability of the member for the cost of such repair shall be determined according to the laws of the State of Nevada.

ARTICLE VIII

PARTY WALLS

SECTION 8.1 General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the properties and placed on the dividing line between the Lots shall constitute a party wall, and to the extent not inconsistent with the provisions of this Article VIII the general rules of law regarding party walls and liability for damage due to negligence or willful acts or omissions, shall apply thereto.

SECTION 8.2 Sharing of Repair and Maintenance. The costs of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

SECTION 8.3 Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

SECTION 8.4 Weatherproofing. Notwithstanding any other provision of this Article VIII, and Owner who by his negligent or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

SECTION 8.5 Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article VIII shall be appurtenant to the land and shall pass to such Owner's successors in title.

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SECTION 8.6 Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Article VIII, each party shall choose one arbitrator, and such arbitrator shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

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IN WITNESS WHEREOF, the undersigned, being Declarant herein, has executed these covenants, conditions and restrictions this 30th day of October 1981

SPANISH VILLAS, a Limited Partnership
Declarant

REAL INVESTMENT CORP., General Partner

By Isidoro Lombrozo

SUBORDINATION AGREEMENT

Bank of America, N.T. & S.A., beneficiary under that certain Deed of Trust dated December 5, 1980 and recorded Dec. 10, 1980 with the Office of the County Recorder of Clark County, Nevada, as Doc. #1283183, hereby declares that the lien and charge of said Deed of Trust is and shall be subordinate and inferior to the Declaration of Restrictions to which this Subordination Agreement is attached.

Bank of America, N.T. & S.A.

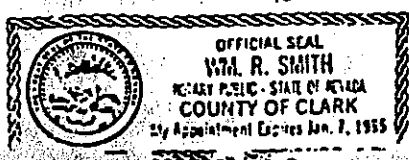
BY Lynn D. Musloyski
Lynn D. Musloyski

BY W.F. Peterson
W.F. Peterson

STATE OF NEVADA)
) 5
COUNTY OF CLARK)

On this 30th day of October, 1981, personally appeared before me, ISIDORO LOMBROZO, who acknowledged to me that he is the President of Real Investment Inc., which corporation is a general partner of Spanish Villas, a Limited Partnership; he acknowledged to me that he is authorized to execute on behalf of said limited partnership and that he executed the foregoing instrument freely and voluntarily and for the purposes therein mentioned.

CONFORMED COPY



Wm. R. Smith
Notary Public

*SPANISH VILLAS
HOMEOWNERS
ASSOCIATION*

RULES AND REGULATIONS

(Revised March, 2008)

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Rules and Regulations

(Revised March, 2008)

All homeowners should have a copy of the CC&R's (Covenants, Conditions, and Restrictions) which set forth certain rights and restrictions which apply to everyone. Copies of the By-Laws should have been included in your purchase packet. Each homeowner should be acquainted with and understand these provisions.

The CC&R's give the Spanish Villas Homeowners Association, acting through its Board of Directors, the responsibility and power to adopt rules and regulations which are consistent and incumbent upon all residents. The following Rules and Regulations have been adopted by the Board of Directors to insure the safety of residents and guests, to protect the value and desirability of the homeowners' assets and to enhance the quality and enjoyment of living for all.

Further, in accordance with our governing documents, residents may be assessed and/or have their common area privileges suspended or revoked for infraction of the rules. Homeowners are responsible for infractions of rules by family members, tenants and guests. Fines shall be levied on the homeowner. Appropriate penalties shall be levied against homeowners, tenants, guests and family members. (Authority: Articles V and IX Spanish Villas CC&R's)

These Rules and Regulations are not meant to be repressive or unfair. In cases where undue hardship is engendered, cooperation and understanding should rule.

Modification of Rules and Regulations

Effective at the close of business on March 14, 2008, the Board of Directors of Spanish Villas Homeowners Association had approved this revised set of Rules and Regulations.

HOMEOWNERS WHO RENT OUT THEIR HOMES AND OWNERS, WHO LIVE IN THEIR HOMES AND RENT OUT ROOMS, ARE RESPONSIBLE FOR GIVING THEIR TENANT A COPY OF THESE DOCUMENTS, AS WELL AS ENOUGH GATE/POOL KEYS, ALSO REMOTE GATE OPENERS AND MAIL BOX KEY. FOR THOSE WHO RESIDE IN ANY RENTAL UNIT. ALL HOMEOWNERS WILL SUBMIT A WRITTEN ACKNOWLEDGEMENT TO THE BOARD OF DIRECTORS THAT THEIR TENANTS HAVE READ AND UNDERSTAND THESE RULES AND REGULATIONS, AND WILL ABIDE BY THEM. THEY ARE CONSIDERED PART AND PARCEL OF THE GOVERNING DOCUMENTS OF THE HOMEOWNERS ASSOCIATION.

Management responsibilities:

- To provide copies as needed of the Rules and Regulations to the Spanish Villas Homeowners Association at a cost of \$15.00 (fifteen dollars) per copy.
- To provide keys as needed at a cost of \$30.00 (thirty dollars) per key.
- To provide the form of acknowledgement of understanding to be used by the homeowner and to be returned to the Association within 5 (five) business days of signing lease. (Two copies at homeowners expense)

Fines:

Failure to comply by December 31, 2004 will result in a \$100.00 (one hundred dollars) fine to be paid by the homeowner. Each additional month will result in a fine to be determined by the Board of Directors.

ARCHITECTURAL

No exterior addition to, nor alternation affecting the exterior appearance of any home, fence, wall, outside door or other structure, including paint or landscape, may be made without written approval of the Architectural Committee. All homeowners should contact the Committee for information as to the procedure to follow in obtaining such approval, and advice as to the guidelines which the Committee follows in acting upon requests for approval. (See Article V, CC&R's.)

Requests for alteration affecting atrium and/or patio, which call for utilization of common walls, must have the approval of the Committee and the Clark County Building Department.

Any additions of gates, awnings or changes to landscaping or entryways, antenna or solar systems must be pre-approved.

Satellite dishes are NOT to be placed in the common area. They are to be approved by the Committee BEFORE installation. If reception is not attainable with a standard installation on the balcony or patio, the Board must be notified immediately. Only a free standing apparatus will be allowed for installation of the dish.

All requests must be in writing to the Committee; failure by the Committee to respond within thirty (30) days of receipt of request by Secretary will constitute approval. In case of declination, the applicant is free to request reconsideration; final appeal may be made to the Board of Directors.

Storage of materials on the outside of units (driveways, walkways, planted areas) is strictly prohibited.

Negligent damage to exterior walls, doors, and windows will be repaired immediately by the homeowner. Failure to do so within fifteen (15) days following notification will allow the Association to take action and assess costs to the homeowner.

Windows visible from the streets and common areas will not have foil, sheets, paper, etc. for coverings. A reasonable time (four months) after move in shall be allowed before installation of window coverings must be completed.

9. All modification allowed by Committee and Board of Directors must be approved upon completion and maintained thereafter by the homeowner Authority: Article V, CC&R's)

ASSOCIATION FEES

HOA assessments are due on the first (1st) of each month. They are considered late after the thirtieth (30th) of the month and late fees MUST be included in the payments.

After sixty (60) days, unpaid assessments will be turned over to the collection agency and any cost incurred for this service will be passed on to the homeowner. At that time, you will receive a pre-lien letter. Any charges for these services will be passed on to the homeowner.

After ninety (90) days, you will receive a lien letter from the collection agency. Any cost for these services will be passed on to the homeowner.

After one hundred twenty (120) days, you will be placed into non-judicial foreclosure.

Once you are turned over to collections, you will no longer be able to make your payments to the management company. All payments and fees incurred MUST be paid to the Collection Agency.

DUTIES AND RESPONSIBILITIES

Inasmuch as all homeowners wish to maintain the value and desirability of our units, it is the duty of all homeowners to insure adherence, by all, to all Rules and Regulations. The Board of Directors has the primary responsibility to initiate, adopt and publish the regulations. Each homeowner/tenant has the duty to aid in the enforcement of these Rules and Regulations.

No member of the Board of Directors receives any pay for his efforts on behalf of the Association. He may only receive reimbursement for actual expenses incurred. Should any homeowner wish to help in any of the multitudinous duties, please contact any member of the Board of Directors.

All meeting dates and minutes (Homeowners and Board of Directors) will be published and posted in a newsletter mailed to the homeowner. Each homeowner is urged to attend and/or be involved in our activities and committees.

LANDLORDS/TENANTS

All tenants are required to adhere to the SVHOA Rules and Regulations. In addition, NRS 118 shall apply in all landlord/tenant relationships.

Responsibility for tenant's compliance with our regulations lies ultimately with the homeowner. Homeowners will furnish pertinent SVHOA documents necessary to ensure the understanding of, and compliance with, our Rules and Regulations. The homeowner MUST supply a written notice to the Property Manager and the Secretary of the SVHOA that his/her tenant has read and understood the SVHOA Rules and Regulations. Failure to comply with this rule upon occupancy of the unit may result in a fine of up to \$100.00 (one hundred dollars) to the homeowner.

The homeowner will furnish a copy of the lease, as well as the names and telephone number of tenants, to the Management Company and the Board of Directors. Failure to comply will result in a fine of up to \$100.00 (hundred dollars) (one upon occupancy of the unit).

The homeowner will assume financial responsibility for the conduct of all his/her tenants and their guests. Each incidence of damage to Spanish Villas property shall result in a fine of up to \$100.00 (one hundred dollars) and the homeowner will bear the cost of all repairs, per NRS 116 health and safety code enforcement.

All dealings between the tenant and the SVHOA shall be dealt with through the homeowner of the property. In case of non-compliance and/or damage, notification will be served to the homeowner only. It is the responsibility of the homeowner to contact their tenant.

GUESTS

Guests' behavior and compliance with the Rules and Regulations are the responsibility of the person visited; any damages incurred by guests will become the responsibility of the homeowner/tenant.

Guests who are partaking in any activities in the common area must be accompanied by a homeowner or resident tenant.

- 3 Further stipulations are discussed under pertinent categories such as Pool, Parking, etc.

LANDSCAPING

Landscape planting shall not be cut, pruned, transplanted or altered in any way by any homeowner/tenant except through a request to the Board of Directors who will insure landscape integrity and conformity.

Homeowners shall be responsible for damages to common areas caused by themselves, their tenants, residents, guests or their pets.

Destruction of landscape areas will lead to replacement/repair by the Board of Directors with the costs to be borne by the responsible homeowner.

Residents are to allow the use of their water supply in the performance of service to their unit.

Because Spanish Villas' "drip system" will not properly water new plants, homeowners/tenants are to be responsible for applying appropriate amount of moisture to any new plantings at their unit.

MANAGEMENT

It is the responsibility of the Board of Directors to hire the Management Company.

Owners of the units, as well as tenants, are to be respectful when it comes to conducting business with the Management Company and/or the Property Manager. Homeowners and tenants are to be civil, professional and courteous to the Manager at all times.

All complaints MUST be in writing. Management will not take complaints over the phone. They can be mailed to the Management Co. The homeowner should have the current address and phone numbers of the Manager and Management Company.

Emergencies on the property should constitute the following; fire, flood or blood.
PLEASE CALL 911 BEFORE CALLING THE MANAGER.

The Management Company has an after hours emergency number which all homeowners should have. This number is to be used for emergencies only. Regular Management Company hours are Monday – Thursday 9-4:30 and Friday 9am to 1 pm

Any damage to the pool/Jacuzzi area, dressing rooms, furniture, fence and anything applicable to the pool area shall be repaired or replaced and billed to the homeowner. This will include tenant and guest behavior.

NO infant or toddler will be permitted in the pool unless they are wearing the special swimming diapers. NO regular disposable diapers acceptable.

All bathers shall take a cleansing shower before entering or re-entering the pool/Jacuzzi enclosure.

Persons not dressed for bathing shall not be in the pool area except for service or official use.

Persons suffering from colds, fever, coughs, sore or inflamed eyes, any skin disease, communicable disease, open sores or bandages are excluded from the use of the pool/Jacuzzi area.

Spitting, soiling, or in any way contaminating the pool water, walkways, or dressing room areas is prohibited.

Eating, drinking and smoking within the pool enclosure is prohibited.

Bringing or throwing into the pool or onto walkways any object that may in any way contaminate, endanger safety or produce unsightliness is prohibited.

No boisterous or rough play will be allowed within the pool enclosure.

Persons under the influence of alcoholic beverages are not allowed in the pool enclosure.

Solo bathing is prohibited.

Life saving equipment is not to be used for play.

Gates MUST be kept locked at all times. Your key verifies your residency; if loaned, it may be confiscated. Our pool is maintained for residents of Spanish Villas ONLY!

Keys may be issued with lot number of unit imprinted thereon. Possession will signify the reading of these rules and agreement that keys may be confiscated, and/or suspension of privileges be revoked, upon flagrant or repeated disregard of rules. Fines will be levied for undue littering or damages of any kind.

Keys will be obtained by homeowners ONLY. For the first issuance, a deposit of \$15.00 (fifteen dollars) will be required. Replacements will require \$25.00

(twenty-five dollars) deposit. In case of a homeowner using his/her unit for a rental, a letter of authorization from the homeowner will be required.

18. For every child under ten (10) years of age in the pool area, there must be at least one (1) adult accompanying each child.

SAFETY

Gates are for the safe entry and exit to the town homes of Spanish Villas.

Vehicular traffic MUST be conducted as though on a public street.

Pedestrian traffic must be in accordance with ordinances governing public streets.

Recreational activities or any other activity interfering with safe vehicular flow is prohibited.

Recreational vehicles are to be no longer than 30 feet in length.

Unsupervised children will not be allowed to play in common areas or roadways of Spanish Villas. This is for the protection of the children, as well as for the drivers of motor vehicles.

The gate on Vivaldi MUST NOT BE used as an entry gate.

Speed limits MUST be observed within the Community. The maximum speed limit is 10 (ten) miles per hour.

VEHICLES AND PARKING

All motor vehicle laws covered by NRS 484 apply, unless otherwise modified in the rules below.

Reserved Fee parking spaces: vehicles/trailers and RV's, limited to 30 (thirty) feet in length at each space, are permitted in the designated area. Spanish Villas Residents shall pay a yearly fee for the use of a reserved space in the reserved fee area. Random parking shall not be permitted. The fees shall be \$100.00 (one hundred dollars) per year, per space.

No person shall be permitted to occupy any vehicles parked within the Community overnight.

Any vehicle which is inoperable, does not display a valid license, and/or is not insured, shall not be allowed on Spanish Villas common areas, including driveways.

Repairs will be permitted only within the enclosed garage.

Residents shall insure that members of their household and/or guests shall not block the driveways of others.

Homeowners are responsible for cost of cleanup of excessive fluid emissions on Spanish Villas community common areas and driveways. Failure to comply with this cleanup may result in a fine, in which case the Board will take the initiative to clean the fluid emission and thus bill the homeowner for the full cost.

Speed limited to 10 MPH within the Spanish Villas Community.

- 8. "For sale" signs may not be displayed on any vehicle in the common areas of Spanish Villas. In addition, any vehicle with advertising or logo affixed thereon or any vehicle carrying commercial tools shall be considered a commercial vehicle. No commercial vehicles are allowed on the property at any time other than a vendor working on a unit or common area. NO commercial vehicle is to be parked for more than 24 (twenty-four) consecutive hours in the common areas.**
- 9. Any vehicle rated one ton or more, having two axles or more, or riding on four wheels or more, or having six attaching wheel lug bolts or more, being used commercially, must be parked in a designated auxiliary (reserved fee) parking space, after being assigned by a rental agreement.**
- 10 All vehicles that parallel park on the streets of Spanish Villas shall have both wheels within one foot of the curb or front of the homeowners driveway. Violation will be addressed with a fine or towing.**

ENFORCEMENT

- 1 The Association shall place a citation on vehicles parked in violation of these rules and notify the homeowner and/or tenant citing the violation and levy a fine of \$50.00 (fifty dollars) for each day the violation continues after initial notification. These fines will be added to the homeowners regular monthly association fees. This provision may apply in any instance of non-compliance regarding SVHOA Rules and Regulations.**

Any unresolved citation may result in the homeowner/tenant member losing use of amenities and voting rights after appearing at a hearing with the Board. If the violator does not appear at the hearing, the Board will automatically win by default and impose necessary fines.

After the hearing, the result may be that the vehicle in violation will be towed away, at the homeowners/ tenants expense.

MISCELLANEOUS

Garage sales are prohibited with the exception of the Spanish Villas annual yard sale.

The conducting of business from a unit is prohibited. There is no public access.

Trash may be put out for collection on the day previous to posted trash pickup. All trash must be in a proper closed container. Trash or containers left out or put out early will not be tolerated. Continuous violation of this rule will result in a fine of up to \$100.00 (one hundred dollars). The storage of trash, trash containers or disposable items shall be within the garage or home where it is not visible to others.

Only a single sign may be visible from a window which would advertise "FOR SALE" or "FOR RENT". NO OTHER SIGNS ARE PERMITTED. Political signs are not allowed at any time.

Noise must be kept at a reasonable level at all times. Inasmuch as we have people working all hours within the 24 hour day, consequently sleeping during usual waking hours, residents must closely monitor the volume of radio, stereos, TV's and voices. NO NOISE IS TO BE MADE BETWEEN THE HOURS OF 11PM AND 7 AM. CALL 311, NOT THE MANAGER, FOR SUCH ISSUES!

Garage doors are to remain closed when not being used to enter or exit the garage area.

Suspected illegal activity will NOT be tolerated. Homeowners and tenants shall abide by the State of Nevada laws. Any illegal activities will be dealt with harshly and the proper authorities will be alerted. Homeowners are ultimately responsible for their tenants behavior and should regularly check on them, or with their own Property Managers for their rentals.

Abuse and/or damage of the entry, exit and walk gates will not be tolerated. All homeowners/tenants are responsible for the upkeep of our security system. All abuse and/or damage will be met by a fine of \$1,000.00 (one thousand dollars) along with the cost of repairs.

PETS

All laws of the State of Nevada pertaining to pets will apply, unless otherwise stated in the rules below.

1. Pets shall constitute dogs and cats. Birds (except for Macaws & Cockatoos) and fish are not considered pets.
2. Pets shall not create a nuisance to neighbors through noise, odor or otherwise.
3. Pets are to respect the Clark County "Containment Ordinance 10.360408" (Leash Law) while on common areas of Spanish Villas.
4. The owner of the pet is responsible for removal of pet droppings. Failure to remove pet waste in the proper manner by the owner/walker shall result in a \$100.00 (one hundred dollars) fine.
5. The Board can prohibit any animal that is found to be a nuisance to neighbors. The Clark County Animal Control Unit will be notified in circumstances of non-compliance.
6. Pets shall be limited to no more than two (2) per unit.
7. Pets MUST be accompanied by their owner at all times while using the common areas and the owner must be in COMPLETE control.
8. Breeds NOT allowed are the following: Doberman, Rottweiler, German Shepherd, Pit Bull, Mastiff and Newfoundland.
9. There are to be NO reptiles or amphibians.
10. New residents (homeowners and/or tenants) are to provide proof of compliance with shots and license for each pet.