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(17)

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND GRANT AND RESERVATION OF EASEMENTS
FOR
THE ESTATES AT SEVEN HILLS OWNERS ASSOCIATION

*Seven Hills Master Design Criteria
Section 5 - Construction Fences & Cleanliness.*

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
AND GRANT AND RESERVATION OF EASEMENTS
FOR
THE ESTATES AT SEVEN HILLS 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 24th day of June, 1997, and is made by Silver Canyon Partnership, a Nevada general Partnership ("Declarant").

PREAMBLE:

WHEREAS, Declarant has an interest in the real property all of which is located in Henderson, Clark County, Nevada, as is more fully described in Article I below as the Original Property and the 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, consisting of 260 units in a "planned community" as defined in Section 116.110368 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/or 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 Lot 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 Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot. Any conveyance by an Owner of a Lot, or any portion thereof, shall be presumed to convey the entire Lot, 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 17 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 17 hereof.

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

1.3 Annual Assessment. "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.

1.4 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.

1.5 Association. "Association" (sometimes the "Estates Association") shall mean The Estates at Seven Hills 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.

1.6 Association Maintenance Funds. "Association Maintenance Funds" shall mean the accounts created for receipts and disbursements of the Association, pursuant to Article 6 hereof.

1.7 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.

1.8 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.

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

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

1.11 City. "City" shall mean the City of Henderson, State of Nevada, and its various departments, divisions, employees and representatives.

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 or other party.

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 and shall have the same meaning contained in Section 116.110318 of the Nevada Revised Statutes, as may be amended from time to time. The Common Elements for the common use and enjoyment of the Association in the Original Property, as well as all Owners, Residents and Guests are described on the Development Site Plan attached as Exhibit "C" hereto. Common Elements also include the No Build Common Elements as described in Section 1.41 hereof except that the non-exclusive easement over the Common Element as described in the Section 1.14 shall only apply in the No Build Common Elements to the extent set forth in Section 10.11 below. As additional portions of the Annexable Area are annexed to and made part of the Project, the Annexation Amendment shall describe the Common Elements which are a part of such Annexed Property.

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 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 and other services benefitting the Common Elements, if any; the costs of fire, casualty and liability insurance, workers' compensation insurance, errors and omissions and director's, officer's 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 the Silver Canyon Partnership, a Nevada general partnership, 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 Declaration of Covenants, Conditions and Restrictions and Grant and Reservation of Easements for The Estates at Seven Hills Owners Association, 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 Architectural Review Committee. "Architectural Committee" or "Committee" shall mean the Architectural Review Committee created pursuant to Article 5 hereof.

1.20 Developmental Rights. "Developmental Rights" shall mean those rights reserved to the Declarant as set forth in Article 16 hereof.

1.21 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.

1.22 Drainage and Sewer Easements. "Drainage and Sewer Easements" shall mean all portions of the Property designated as Drainage Easements or Drainage and Sewer Easements on the Plat. The Drainage and Sewer Easements are part of the Lots

and an easement is given to the Association as well as all other Owners, Families and Guests over the Drainage and Sewer Easements.

1.23 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.

1.24 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.

1.25 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.

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

1.27 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.

1.28 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.

1.29 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.

1.30 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, patio covers, satellite dishes, basketball poles or related apparatus, 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.

1.31 Landscape Strip. "Landscape Strip" shall mean all portions of the Property designated as Landscape Strip on the Plat or Development Site Plan. The Landscape Strip is part of the Common Elements and an easement is given to the Owners of Lots which are adjacent to the Landscape Strip for the installation and maintenance of the

landscape strip and irrigation thereof as more fully set forth in Article 3 Section 3.2 of this Declaration.

1.32 Lot. "Lot" shall mean each and every individual, physical portion of the Project designated for separate Ownership. Each Lot is intended as the site for one Residence and may include portions of the Property designated as Drainage and Sewer Easements, Irrigation Easements as set forth on the Plat or the Development Site Plan. In the event Lot is combined to make one Lot with one residence thereon, the owner(s) of the original two Lots shall still be obligated as if there are two Lots.

1.33 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.

1.34 Map. "Map" shall mean a Recorded map or plat covering all or any portion of the Association.

1.35 Master Association. "Master Association" shall mean the Seven Hills Master Community Association, a Nevada nonprofit corporation and the master association for the Estates at Seven Hills Owners Association as more fully set forth in Article 19 hereof.

1.36 Master Declaration. "Master Declaration" shall mean the Declaration of Covenants, Conditions, Restrictions and Easements dated April 18, 1994 and recorded in the office of the Clark County Recorder on April 29 1994 in Book No. 940429 as Instrument No. 00717 (the "Ranch Declaration"). The Master Declaration, the Bylaws, Articles of Incorporation and other attendant documents of the Master Association are the enabling and governing documents for the Master Association.

1.37 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.

1.38 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.

1.39 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."

1.40 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.

1.41 No Build Common Elements. "No Build Common Elements" shall mean those areas of real property owned by the Association which divide the Golf Course from certain Lots within the Project. The No Build Restricted Common Elements for the Original Property are set forth in Exhibit "C" (No Build Restricted Common Elements). No Build Restricted Common Elements for any Annexed Property shall be as described in the applicable Annexation Amendment.

1.42 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.

1.43 Owner. "Owner" shall mean the Person or Persons, including Declarant, holding fee simple interest to all or any interest in 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.

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

1.45 Plans. "Plans" shall mean those drawings of those items set forth in Subparagraph 3 of Section 116.2109 of the Nevada Revised Statutes, which items are set forth on drawings only to the extent not shown on the Development Site Plans or Plat.

1.46 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.

1.47 Private Streets. "Private Streets" in the Original Property shall mean all that portion of the Common Elements designated as Imperia Drive, Taro Lane, and Carina Way as set forth on the Developmental Site Plan attached hereto as Exhibit "C". the Private Streets may also be shown on the Plat. "Private Streets" for the Annexed Property shall be as set forth on the Plat of such Annexed Property and as set forth on the applicable annexation amendment.

1.48 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.

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

1.50 **Residence.** "Residence" shall mean the structure or physical portion of the Lot used for living quarters and held as a separate freehold estate, as separately shown, numbered and designated on the applicable Development Site Plan and intended for use by a single Family. In interpreting deeds, Declarations, Development Site Plans and Maps, the existing physical boundaries of the Residence constructed or reconstructed in substantial accordance with the applicable Development Site Plan or 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, Development Site Plan, Map or Declaration, regardless of settling or lateral movement of the building and regardless of minor variances between boundaries, as shown on the applicable Development Site Plan, Map or defined in the deed and Declaration, and the boundaries of a building as constructed or reconstructed.

1.51 **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.

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

1.53 **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, as may be amended from time to time.

1.54 **Special Declarant Rights.** "Special Declarant Rights" shall mean those rights reserved to the Declarant as set forth in Article 16 hereof

1.55 **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 The Association

2.1 **Organization of Association.** The Association is or shall be incorporated under the name of The Estates at Seven Hills 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 or any accepted modification thereof for 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 Lot has been transferred, and every Membership in the Association shall be appurtenant to and may not be separated from the fee ownership of such Lot. 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 Declarant's Control; Termination of Declarant's Control. Initially, there shall be a period of Declarant control of the Association, during which a Declarant, or persons designated by the Declarant, may appoint and remove the officers and members of the Board 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.

2.7 Voluntary Termination. 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's 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.

2.8 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.

2.9 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.

2.9.1 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.

2.9.2 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.

2.9.3 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.

ARTICLE 3

Rights and Obligations of and Within the Association

3.1 Repair and Maintenance by the Association.

3.1.1 Maintenance Standards. Subject to Article 12 pertaining to destruction of Improvements and Article 13 pertaining to eminent domain, the Association shall 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. The Association shall be obligated to maintain the trees and shrubs placed within the Landscape Strip.

3.1.2 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. 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.

3.2 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 which are to be maintained by the Association pursuant to Section 3.1.1 and Section 3.1.3, respectively. If any Owner fails to maintain or repair

his Residence as required by this Section 3.2, 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 3.1.2. Each Owner shall be obligated, at the Owners sole cost and expense, to install, pursuant to Article 5 of this Declaration, the landscaping within that portion of the Landscape Strip adjacent to and part of the Owner's Lot including any necessary irrigation system attendant thereto. After initial installation of the landscaping within that portion of the Landscape Strip adjacent to and part of the Owner's Lot, the Owner of such Lot shall be obligated to replace, repair and maintain at the Owner's sole cost and expense, the grass or ground cover, other than trees and shrubs, within that portion of the Landscape Strip adjacent to the Owners Lot.

3.3 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.

3.4 Association Functions. The Association shall have all of the powers set forth in Nevada Revised Statutes 116.3102, as may be amended from time to time, and may undertake or contract for any lawful activity, function or service for the benefit of the Owners. In addition to the Annual and Special Assessments described in Article 6, all costs and expenses of activities, functions or services undertaken by the Association for the benefit of fewer than all of the Owners may, at the discretion of the Board, be levied as Special Assessments assessed to the Owners benefitted thereby and their respective Lots and shall be enforceable and collectible as Special Assessments in accordance with the provisions of Article 6. The Association shall obtain from applicable governmental authorities any permits and licenses necessary or appropriate to carry out its functions hereunder.

3.5 Enforcement of Restrictions and Obligations. The Association shall have the right to enforce the obligations of any Owner or Resident under this Declaration or any provision of its Articles, Bylaws or Rules and Regulations by assessing a reasonable penalty or fine against such Owner or Resident and/or suspending the right of such Owner to vote at meetings of the Association, after Notice and Hearing as set forth in the Association's Declaration, Bylaws or Rules and Regulations; provided that suspension of any Owner's voting privilege may not be imposed for a period longer than thirty (30) days

for any non-continuing infraction, but in the case of a continuing infraction (including nonpayment of any assessment after the same becomes delinquent) may be imposed for so long as the violation continues.

If any such penalty or fine imposed on an Owner or Resident by the Association is not paid by said Owner or Resident within thirty (30) days after written notice of the imposition of such penalty or fine then the amount of such penalty or fine shall be assessed as a Special Assessment charged to the Lot of said Owner or Resident and shall be enforceable and collectible as a Special Assessment in accordance with Article 6.

No penalty or fine may be imposed until the Owner or Resident accused of such violation has been afforded a Notice and Hearing, which shall include the right to be heard in person, by submission of a written statement, or through a representative at a meeting of the Board, as is more fully set forth in the Bylaws. Should the Board believe grounds may exist for any such penalty or fine or for the suspension of an Owner's voting privileges or right to use the Common Elements, the Board shall give notice as is more fully set forth in the Bylaws. The fifteen (15) day period shall begin to run the day after the notice is hand delivered to the Owner or Resident or three (3) days after the notice is mailed to the Owner or Resident.

The Association, Declarant and any Owner may also take judicial action against any Owner or Resident to enforce or enjoin compliance with this Declaration, to enjoin non-compliance with this Declaration or to obtain damages for non-compliance, all to the extent permitted at law or in equity. Should any Resident violate any provision of this Declaration, such violation shall also be considered and treated as a violation by the Owner of the Lot on which the Resident resides. Likewise, should any Guest of any Owner or Resident violate any provision of this Declaration, such violation shall also be considered and treated as a violation of the Owner or Resident (as well as the Owner of the Lot whereupon the Resident resides).

3.6 Rules and Regulations.

The Association shall, from time to time, adopt, establish and publish such general Rules and Regulations and penalties thereof, as the Association may deem reasonable in connection with the use of the Common Elements and any Improvements thereon or therein. A copy of such Rules and Regulations shall be:

- (i) Maintained in the office of the Association and be available for inspection at all reasonable times.
- (ii) Given to each Owner upon written request within a reasonable time after the Association has written notice of his ownership of the Residence upon any of the Lots.

The Rules and Regulations shall be binding upon each and every Owner. No changes or amendments in said Rules and Regulations shall be effective, until forty-eight (48) hours after the distribution of such changes and amendments in the manner provided for in Article 3, Section 3.6.

3.7 Implied Rights. The Association shall have and may exercise any right or privilege given to it expressly by this Declaration, or reasonably to be implied from the provisions of this Declaration, or given or implied by law, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges.

3.8 Rights Within the Common Elements. The Association shall have the right to grant permits and licenses as respects its easement in all Common Elements for purposes relating to the performance of its obligations set forth in Section 3.1.

3.9 Right to Restrict Access. The Board shall have the right to restrict access to and use of Common Elements and any Improvements or personal property located thereon, for purposes of performing any obligation or authorized act of the Association set forth in this Declaration or for purposes of exercising any right of the Association set forth in this Declaration. Any such restrictions shall be reasonable in scope and duration. No such restrictions shall restrict the rights of an Owner or Resident to ingress to and egress from his Lot.

3.10 Additional Duties of Association. In addition to the foregoing powers delegated to the Association, as well as the powers delegated to it by its Articles, Bylaws and Rules and Regulations, and without limiting the generality thereof, the Association shall:

- (a) Pay any and all real and personal property taxes and other charges assessed against the Common Elements.
- (b) Have the authority to obtain, for the benefit of all the Common Elements all water, gas, electric power, gardening service and refuse collection.
- (c) Grant easements where necessary for utilities and sewer facilities and sewer facilities over the Common Elements to serve the Common Elements and the Lots.
- (d) Maintain a policy or policies of liability insurance, insuring the Association, as well as any Owners, Residents or Guests of the Lots against liability to the public or to said Owners, Residents or Guests incident to their ownership or use of the Common Elements as is more fully set forth in Article 10.

ARTICLE 4
Owners' Property Rights

4.1 Legal Description of Lot. The components of each Lot in the Original Property shall be substantially as follows:

PARCEL NO. 1: Fee title to the applicable Lot as shown on the Map covering such Lot. The Lots are numbered as follows:

Block One (1), Lots One (1) through Nineteen (19);

Block Two (2), Lots One (1) through Eighteen (18); and

Block Three (3), Lots One (1) through Four (4).

PARCEL NO. 2: Nonexclusive easements for access, ingress, egress, and use with respect to the Common Elements as described in the Declaration.

Legal Description for the Lot in the Annexed Property shall be as described in the applicable Annexation Amendment.

4.2 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.

4.3 Partition. Consistent with 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.

4.4 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.

4.5 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;
- (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.

4.6 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 Residence, subject to reasonable regulation by the Board.

4.7 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.

4.8 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 against such Members 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 5 Design Review Committee

5.1 Members of Committee. The Architectural Review Committee, sometimes referred to herein as the "Architectural Committee" or the "Committee," shall be comprised of three (3) members. The initial members of the Committee shall be representatives of Declarant until one (1) year after the first Close of Escrow in the Property ("Second Anniversary"). After the Second Anniversary the Board may appoint and remove one (1) member of the Committee, and Declarant shall have the right and power at all times to appoint and remove a majority of the members of the Committee or to fill any vacancy of such majority, until three (3) years after Close of Escrow has occurred for the sale of all of the Lots in the Property, after which the Board shall have the power to appoint and remove all of the members of the Committee. Committee members appointed by the Board shall be from the Membership of the Association, but Committee members appointed by Declarant need not be Members of the Association. The 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 Property. Board members may also serve as Committee members.

5.2 Rule Making Authority. The Committee shall adopt Bylaws, together with rules and Architectural and Design Standards (i) regulating construction on the Properties, including, without limitation, dust and noise abatement requirements, use of temporary construction trailers, construction offices, supply and equipment shelters and screening, hours of construction activity, and construction equipment routes, and (ii) interpreting, applying, supplementing and implementing the provisions of this Declaration pertaining to the design of buildings and other improvements, including, without limitation, building height, minimum square footage requirements for improvements, types of building materials, permissible exterior colors, landscaping and aesthetic requirements. Said rules and regulations shall be called the "The Estates at Seven Hills Design Criteria" (hereinafter the "Design Criteria"). In the event there is a violation of the Design Criteria the Association shall have the right, in addition to all other rights at law or in equity, to post a "Stop Construction" notice on a Lot in a form approved by the Association. The Design Criteria may be amended or revised by the unanimous vote of the Committee.

A copy of the Design Criteria as from time to time adopted, amended, or repealed, certified by a Representative of the Committee, shall be maintained in the Association office and shall be available for inspection during normal business hours by any Owner or prospective Owner and any architect or agent of any Owner. The Design Criteria, as they may from time to time be amended or revised, are incorporated into this Declaration by this reference, as if set forth in full.

5.3 Review of Plans and Specifications. The 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 Committee. No construction, alteration, removal, relocation, repainting, demolishing, addition, installation, modification, decoration, redecoration or reconstruction of any Improvement, including residences and landscaping, in the Property 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 Committee and approved in writing by the Committee; provided, however, that any Improvement may be repainted without Committee approval so long as the Improvement is repainted the identical color which it was last painted and providing that the construction, alteration, removal, relocation, repainting, demolishing, addition, installation, modification, decoration, redecoration or reconstruction of any Improvement which cannot be seen from any public street within the Project shall not require the submittal of plans or prior approval of the Committee.

It shall be the responsibility of the Owner to submit the written plans and specifications (the "Applicant") to an authorized agent of the 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 Committee shall approve plans and specifications submitted for its approval only if it deems that such plans and specifications comply with the Design Criteria promulgated by the committee, the installation, construction, alterations or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or the Property as a whole, that the appearance of any structure affected thereby will be in harmony with the surrounding structures, that the quality of the construction will be consistent with the construction in the surrounding area, 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 will be compatible with Design styles in the surrounding area, 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 Design Committee approval of any Improvements constructed on the Property by Declarant or such Person, as the case may be.

The 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 Property as a result of such work, (2) on such changes therein as it deems appropriate, (3) upon the Applicant's agreement to complete the proposed work within a stated period of time, or (4) all of the above, and may require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The 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. Any portion of the fee not used in the application process may be used by the Association as part of the Association's reserve fund account. The 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. All plans and specifications for any new building structure including a residence or other Improvement (other than walls, fences, curbs, asphalt or cement areas, landscaping and non-structural alterations, modifications or additions) shall be prepared by a designer or licensed architect and shall include a site development plan showing existing and proposed topographic elevations, the pattern of surface water drainage on and over the Lot, proposed construction staging areas, the location of the residence or other Improvements on the Lot (including proposed front, rear and side setback lines, relationship to other Improvements, the location thereof with reference to structures on adjoining Lots, the number and location of all driveways on the Lot and all exterior trash container areas to be utilized by the Residents on the Lot); a building floor plan; a building elevation and roof plan showing dimensions, exterior color scheme and specification of the principal exterior materials for all outside walls and the roof of the structure; a detailed landscape and exterior lighting plan, which shall include designation of the number, location, type, size and maturity level of all landscaping to be placed on the Lot; floor plan; and a detailed description of the location of all utility lines and connections, as may be applicable to the proposed construction, Improvement or Residence.

Notwithstanding the foregoing provisions of this Section, Improvements which are damaged or destroyed may be repaired, restored, replaced and/or reconstructed in conformance with previously approved plans, specifications and materials without the necessity of submitting additional plans and specifications to the Board or obtaining the Board's approval.

Until receipt by the Committee of any required plans and specifications, the Committee may postpone review of any plans submitted for approval. Decisions of the Committee and the reasons therefor shall be transmitted by the Committee to the Applicant at the address set forth in the application for approval within forty-five (45) days after receipt by the Committee of all materials required by the Committee. Any application submitted pursuant to this Section 5.3 shall be deemed approved unless

written disapproval or a request for additional information or materials by the Committee shall have been transmitted to the Applicant within forty-five (45) days after the date of receipt by the Committee of all required materials. The Applicant shall meet any review or permit requirements of the Architectural Committee as well as the City and/or County prior to making any alterations or Improvements permitted hereunder.

5.4 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder. The Committee may from time to time, by resolution unanimously adopted in writing, designate a 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 Committee, except the granting of variances pursuant to Section 5.9. In the absence of such designation, the vote or written consent of a majority of the Committee shall constitute an act of the Committee.

5.5 No Waiver of Future Approvals. The approval of the 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 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.

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

5.7 Inspection of Work. The Committee or its duly authorized representative may at any time inspect any work for which approval of plans is required under this Article 5 ("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 Committee-approved plans for the work or with the requirements of this Declaration ("Noncompliance").

5.7.1 Time Limit. The 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 Committee for its approval as provided in this Article 5; (ii) completion of the Work as provided in the Committee-approved plans; and (iii) written notice from the Owner to the Committee that the Work has been completed. This time limit for inspection and notification by the Committee shall be extended indefinitely if any of these conditions has not occurred. If the 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.

5.7.2 Remedy. If an Owner fails to remedy any Noncompliance within thirty (30) days from the date of notification from the Committee, the 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 thirty (30) 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.

5.8 **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, on the basis of aesthetic considerations, quality of construction, compatibility with the Architectural design of the surrounding area, consistency with this Declaration, and the overall benefit or detriment which would result to the immediate vicinity and the Property generally. The 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 Committee's approval or disapproval shall be based solely on the considerations set forth in this Article 5, and the 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. Declarant does not warrant any protected views and no Residence is guaranteed the existence or unobstructed continuation of any particular view. However, 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.

5.9 **Variances.** The Committee may authorize 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 Committee, and shall become effective upon Recordation. After Declarant has lost the right to appoint a majority of the members of the Committee, the Board must approve any variance recommended by the Committee before any such variance shall become effective. 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.

5.10 Appeals. For so long as Declarant has the right to appoint and remove a majority of the members of the Committee, decisions of the Committee shall be final, and there shall be no appeal to the Board of Directors. When Declarant is no longer entitled to appoint and remove a majority of the members of the Committee the Board may, at its discretion, adopt policies and procedures for the appeal of Committee decisions for reconsideration by the Board. The Board shall have no obligation to adopt or implement any such appeal procedures, and in the absence of Board adoption of appeal procedures, all decisions of the Committee shall be final.

ARTICLE 6 Commencement and Completion of Construction

6.1 Time Limits. The date which Declarant originally transfers title to a Lot to a party other than Declarant without a Dwelling Unit constructed thereon shall, for such Lot, be hereinafter referred to as the "Transfer Date". Within Eighteen (18) months after a Lot's Transfer Date, the Owner of said Lot shall submit to the Committee for approval plans and specifications for a Dwelling Unit which conform to the requirements of this Declaration and the Design Criteria. The then-Owner of a Lot must commence construction of a Dwelling Unit on the Lot in accordance with plans and specifications approved by the Committee within twenty-four (24) months after the Transfer Date and perform such construction diligently and continuously thereafter until completed. Said date by which construction must be commenced shall hereinafter be referred to as the "Commencement Date". The then Owner of a Lot must complete construction and obtain an unconditional Certificate of Occupancy from the City of Henderson for a Dwelling Unit, constructed in full accordance with plans and specifications approved by the Committee, within thirty-six (36) months following the Transfer Date. Within ninety (90) days of obtaining the unconditional Certificate of Occupancy, the Owner of a Lot must complete installation of landscaping within the front yard portion (including the Landscape Strip adjacent to his Lot) of the Lot and within one (1) year of the issuance of the Certificate of Occupancy, all rear yard landscaping must be completed. Construction of all other structures, alterations, additions or improvements on a Lot, must, in any event, be completed within twelve (12) months of the Commencement Date. [Example: Declarant deeds a Lot to a purchaser on December 12, 1997, the Transfer Date. The deadline for submitting plans and specifications to the Committee is June 12, 1999. The "Commencement Date" is December 12, 1999. The deadline for obtaining an unconditional Certificate of Occupancy is June 12, 2000.] For the purposes of this Section 6.1, construction of a Dwelling Unit shall be deemed to have commenced when the pouring of the slab for the Dwelling Unit is completed. In no event shall the construction of any building, structure, addition, alteration, or improvement be commenced prior to approval by the Committee of the plans and specifications therefor. The Committee's duly appointed agents may enter upon any Lot at any reasonable time or times to inspect the progress or status of any such construction, alteration or other work. The Committee may record a notice reflecting the fact that any such work has not been approved or is not being done in accordance with approved plans.

6.2 **Remedy of Association for Failure to Comply.** If an Owner fails to comply with any of the time limitations set forth above, Declarant states and all Owners by acquiring title to any interest in a lot agree, that the damage to other Owners and the Association from such failure shall be difficult to determine. If, after expiration of any of the foregoing time periods, a required performance has not been completed, the Association may assess an Owner and Lot up to Fifty Dollars (\$50.00) per day for each day after the applicable deadline that such performance has not been completed. Each Owner by acquiring title to any interest in a Lot thereby acknowledges that said Fifty Dollar sum represents a reasonable estimation of said damages. Any sum so assessed shall be a Special Assessment against the applicable Owner and Lot enforceable in accordance with Article 7.7 hereof. If, after construction has commenced, the Committee finds that construction is not progressing continuously on any Lot, as evidenced by a cessation of labor on such Lot for a period in excess of twenty (20) days, the Committee may initiate the accrual of the foregoing Special Assessment against such Lot and its then-Owner. The accrual of such Special Assessment may be initiated regardless of whether the deadline for completion of construction has passed. Such Special Assessment shall continue to accrue until the Committee finds that construction is again progressing in a duly diligent manner.

6.3 **Declarant's Repurchase Option.** If construction has not commenced on any Lot on or before the Commencement Date, Declarant shall have the right (but not the obligation) to repurchase said Lot from its then-Owner. Declarant shall have a period of six (6) months from the expiration of the Commencement Date (the "Repurchase Period") in which to give written notice to the then-Owner shall notify Declarant in writing of such intent. Declarant shall have twenty (20) days from the receipt of such notice from Owner in which to deliver its Notice of Repurchase. If Declarant fails to deliver its Notice of Repurchase within that ten (10) day period, Owner may then proceed to commence construction and Declarant's right to repurchase shall be terminated. Each Owner, by acquiring title to any interest in a Lot agrees that, should Declarant decide to repurchase, said repurchase shall be at the price Declarant originally sold said Lot to a party other than Declarant. The foregoing Special Assessment set forth in Subsection 6.2 shall continue to accrue against such Lot until the date construction is commenced or the closing of the repurchase, and the total accrued amount shall be payable to the Association. If, after the transfer of a Lot from the Declarant to a party other than Declarant, fee title to the Lot is revested in the Declarant by operation of this Section 6.3, or by foreclosure, operation of law or any other means, any and all Special Assessments accruing against such Lot shall cease to accrue, any accrued Special Assessments and any liens therefor against such Lot shall be extinguished, null and void, and Declarant shall in no way be liable therefor. Upon any subsequent transfer of the reacquired Lot by Declarant, such Lot shall be subject to all Special Assessments as provided in this Declaration in the same manner as when Declarant first conveyed the Lot.

6.4 **Repair Bonds.** In addition to the responsibilities for repair of the Common Elements set forth elsewhere in this Declaration, during the course of construction and/or

landscaping installation on a Lot, the Owner thereof shall be responsible, at its expense, for the prompt repair and/or replacement of the Common Elements (including, without limitation, sidewalks, curbs, street paving and Declarant installed walls, landscaping and irrigation systems) damaged or destroyed by the Owner, its agents, contractors or employees. No Owner shall commence construction on a Lot until it has deposited with the Association either cash, a letter of credit, bond or other security instrument in an amount and in such form as may be required by the Committee. The amount thereof shall not, however, be less than Three Thousand Dollars (\$3,000). Said cash or security instrument shall be held by the Association as security for the repair by the Owner of any Common Elements damaged during the course of construction and landscape installation. Should the Lot Owner fail to satisfactorily and promptly replace or repair any such damage upon request by the Committee, the Association may effect repair or replacement at the expense of Owner and utilize the cash or security in payment or partial payment therefor. If the amount of such cash or security instrument is insufficient to reimburse the Association for the full cost of such repair or replacement, any such deficiency shall be charged to the Owner and applicable Lot as a Special Assessment, the payment of which shall be enforceable in accordance with the provisions of Article 7. The Committee may require the deposit of additional sums or bonds in such amounts as it may, from time to time, deem desirable to ensure repair of the Common Elements during the course of construction and landscape installation.

6.5 Inspection of Construction. In order to ensure that a residence and all other Improvements constructed upon a Lot by an Owner are constructed in accordance with the approved plans and specifications and the Design Criteria, the Architectural Committee shall have the right to inspect the construction of such residence and other Improvements as they progress and as more fully set forth in the Design Criteria. Each Owner agrees that the Association and the Architectural Committee shall have no obligation or liability regarding the actual construction of the residence or Improvements on any Lot and that the Association's inspection of the construction of the residence and Improvements upon a Lot are to ensure that they have been built in accordance with the Design Criteria only.

6.6 Damage to Property of Others. As more fully set forth in the Design Criteria, the repair and the costs to repair any damage caused to the Association's Common Elements or other Lots by any Owner or such Owner's contractors or other agents shall be the obligations of such Owner. In the event an Owner fails to make repairs after the Owner or the Owner's contractors or agents cause damage to the Association's Common Elements, the Association shall have the right to make such repairs and charge back any amount expended making such repairs to the Owner as an Assessment which is collectible in accordance with Article 7 of this Declaration. Such costs may also be withheld from the repair bond set forth in Section 6.4 above.

ARTICLE 7 Association Maintenance Funds and Assessments

7.1 **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 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 4, 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.

7.2 **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 11.1 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.

7.3 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the 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 6. 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.

7.4 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:

7.4.1 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.

7.4.2 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.

7.5 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.

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

7.6.1 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 17 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 7.4 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.

7.6.2 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 Article II, Section 2.3 of the Bylaws.

7.7 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 3; (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 1.5, may be levied after Notice and Hearing as set forth in the Bylaws.

7.8 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, unless the Board agrees otherwise. Special Assessments shall be paid and collected as determined by the Board.

7.9 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.

7.10 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) 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.

7.11 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 Residence, and the defaulting Owner shall be required to pay the reasonable rental value for such Residence 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.

7.12 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 Hundred Fifty Dollars (\$150.00). 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 8

Project Easements and Rights of Entry

8.1 Easements.

8.1.1 Access. Declarant expressly reserves for the benefit of the Owners reciprocal, nonexclusive easements for access, ingress and egress over all of the Common Elements, including the Landscape Strips. 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, reasonably necessary for use and enjoyment of a Lot in the Project.

8.1.2 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.

8.1.3 Utility Easements. Declarant expressly reserves, grants and conveys to all utility companies, as well as their successors and assigns, easements over on and above the Property located within the Project as is more fully set forth on the Development Site Plan, Unit Site Plans, Plats or Plans. 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.

8.1.4 Encroachments. Declarant, the Association and Owners of contiguous Residences shall have a reciprocal easement appurtenant to each of the Lots over the Lots 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 Residences. 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.

8.1.5 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.

8.2 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 7 shall in any manner limit the right of the Owner to exclusive occupancy and control over his Lot. Any damage caused to a Lot 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 9
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. 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 Lot, 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 which comprise Landscape Strips and walkways 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 9 shall terminate on the seventh (7th) anniversary of the first Close of Escrow for the sale of a Lot in the Project.

ARTICLE 10 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.

10.1 Single Family Residences. Each Lot shall be used as a Residence for a single family and for no other purpose. An Owner may rent his Residence to a single family provided that the Residence 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.

10.2 Parking and Vehicular Restrictions. It is the intent of these restrictions to limit on street parking within the Project. The garages for all residences within the Project shall be maintained clear of debris so as to allow for parking of the maximum number of vehicles within the Garage (if a residence has a three (3) car garage and the Owner has three (3) cars, all cars should be parked wholly within the garage area) In the event an Owner has more cars than maximum potential garage space, the Owner shall be required to first park within the wholly enclosed garage and then on the Owner's drive way. Only after all parking areas first within the garage and then within the driveway are full shall an Owner be allowed to park a vehicle on the street within the Project. Additionally, all garages doors must be operable by remote control devices (not solely manually operated) and unless such garage doors are in use they must be kept closed. Notwithstanding the above, in no event shall an Owner 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 Residence or behind the forward most portion of the block wall on the Lot, so long as said vehicle is adequately shielded from view, as approved by the Board. 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, which approval must at least include those provisions set forth in the original Design Criteria or as amended. 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 City and/or County may, but need not, enforce such regulations in accordance with state and local laws and ordinances.

10.3 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 and such alarm devices shall not be used in an abusive manner by any occupant.

10.4 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 Project monument signs and other Project sale signs in the Common Elements and nothing herein shall restrict an Owner or Resident from placing political signs on their respective Lot provided that the Committee may restrict the number and size of such signs.

10.5 Antennae, Solar Panels. No pole, mast, solar panel, radio antenna, satellite dish or receiver shall be allowed on any Lot except that a standard size, outdoor television antenna for the reception of standard television signals may be installed on a Lot without prior approval of the Board, and a satellite dish may be installed without prior approval of the board under the following conditions:

- (a) ground mounted;
- (b) located and installed in a fully enclosed back yard;
- (c) adequately and reasonably screened from view from the streets.

Notwithstanding anything in this Subsection 10.5, 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.

10.6 Unsightly Articles and Sports Apparatus. No sports apparatus of any kind shall be allowed in the Project except as approved by the Board. Additionally, 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. 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).

10.7 Animals. No animals, fowls, reptiles, poultry 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. Notwithstanding the above, no dog(s) shall be kept within the Property which constitute a nuisance.

10.8 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 8 hereof. The provisions of this Section 10.8 shall not preclude any of the above-described activities so long as there is no external evidence or signs of doing business and 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 park automobiles or other vehicles within the Property; (c) no such activity increases the liability or casualty insurance obligation or premium of the Association; and (d) 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.

10.9 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.

10.10 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.

10.11 No Build Common Elements. There shall be no improvement of any kind whatsoever installed, constructed or maintained on the No Build Common Elements except as may be required for draining of a Lot adjacent thereto. It is the intent of this Declaration to cause the No Build Common Elements to remain in their natural state with little alternation from their condition as existed at the time the Lots adjacent thereto are initially transferred from the Declarant to an Owner. While some alteration to these areas may be required to allow for electrical, gas water, cable TV and other utility installations and for adjacent Lot drainage configurations, such alternation is discourage and in any event such alternation must have the prior approval the Design Committee and the Design Committee may only approve changes to the No Build Common Elements when such changes relate to one of the alterations enumerated in this Section 10.11. The No Build Common Elements shall not be accessible for pedestrian or vehicular use of any kind and no Owner, Guest, or Resident or other person shall be allowed to go on to or use the No Build Common Elements for any reason except for maintenance, repair and replacement of any utility or drainage system installed pursuant to this Section 10.11, which entry shall require the prior approval of the Association's Board of Directors and the Declarant (until the Declarant owns no Lots within the Project). Additionally, and notwithstanding the above, the Association's Board of Directors or authorized maintenance company shall be allowed to enter the No Build Common Elements to cause the removal of trash and debris or for other maintenance purposes related to maintaining the No Build Common Elements in its original condition or repairing, maintaining or replacing any approved utility or drainage installation located thereon.

10.12 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 and to charge the Owner of the Lot as a Special Assessment for any costs incurred for performing or having such work performed. 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.

10.13 Residence Alterations. Subject to the provisions of Article 5 of this Declaration and other provisions of law, each Owner shall have the right to modify his Residence at his sole cost and expense and without the prior written approval of the Architectural Committee, 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 Residence or any other portion of the Property.

10.14 Boundary Wall Reimbursement. The reasonable construction costs of installation of those block walls which separate Lots from adjoining Lots but not the cost of walls which separate Lots from Common Elements ("Boundary Walls"), shall be divided equally between adjoining Lot Owners. There shall only be one Boundary Wall between Lots. As part of construction of a residence on a Lot, the Lot Owner shall be required to have a Boundary Wall constructed. If both adjoining Lot Owners have begun construction of their residence, payment for the costs of the Boundary Wall separating their Lots shall be made by both Lot Owners prior to the construction of the Boundary Wall. If only one Lot Owner has commenced construction of a residence, the Lot Owner not yet constructing a residence must pay to the adjoining Lot Owner that portion of the cost, excluding interest, of the Boundary Wall for which the non-building Owner is responsible within thirty (30) days after commencement of construction of the non-building Owner's residence. The cost to be shared between adjoining Lot Owner for Boundary Walls shall not include additional items such as decorative planters, or retaining wall portions of the Boundary Wall requested or required for only one of the Lot Owners. Notwithstanding the above, Declarant shall not be obligated to pay for any portion of a Boundary Wall between a Lot owned by Declarant and any other Owner.

ARTICLE 11 Insurance

11.1 Duty to obtain Insurance; Types.

11.1.1 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.

11.1.2 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.

11.1.3 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.

11.1.4 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.

11.1.5 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.

11.1.6 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.

11.2 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.

11.3 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 Lot. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association. 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.

11.4 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 11.6 and to each FNMA servicer who has filed a written request with the carrier for such notice.

11.5 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.

11.6 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 11.1 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 11 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 12.4 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.

11.7 **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 11.4. 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.

11.8 **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 11.1 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.

11.9 **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 set-off, 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 12 Destruction of Improvements

12.1 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 10 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 15.2(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 Development Site Plan, Unit Site Plans or Map and the original construction plans if they are available, unless changes recommended by the Design 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.

12.2 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 Lots 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.

12.3 **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 11, 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.

12.4 **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 Lot, shall promptly notify any Beneficiary, insurer or guarantor of any Mortgage encumbering such Lot who has filed a written request for such notice with the Board.

ARTICLE 13 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 Lot Owners and their Mortgagees, and shall be distributed to such Owners and Mortgagees as provided in this Article 12.

13.1 **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.

13.2 **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 Lot, or any threat thereof, shall promptly notify any Beneficiary, insurer or guarantor of a Mortgage encumbering such Lot who has filed a written request for such notice with the Association.

ARTICLE 14

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 Lot(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 Lot(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 Residence; 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 architecture, the exterior appearance or the maintenance of the Residences 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 10 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 11 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 6 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 15 Duration and Amendment

15.1 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 14.2 is Recorded. There shall be no severance by sale, conveyance, encumbrance or hypothecation of an interest in any Lot 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 11 and 12 of this Declaration.

15.2 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, all of which may be amended from time to time.

- (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 6, 10, 11, 12, 13 and 14 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 10 hereof, or to the application of insurance proceeds as set out in Article 11 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 Residence 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 Residences;
 - (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 15.2, 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 15.2, 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 City, County, VA, FHA, FNMA, GNMA or FHLMC then in effect, if any.

15.3 Protection of Declarant. Until the seventh (7th) 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 Article 14; or
- (b) Any significant reduction of Association maintenance or other services.

ARTICLE 16

Developmental Rights and Special Declarant Rights

16.1 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:

16.1.1 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.

16.1.2 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.

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

16.1.4 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.

16.1.5 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.

16.1.6 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.

16.2 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.

16.3 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.

16.4 **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.

16.5 **Sale to Participating Builder.** Notwithstanding anything in this Declaration or other governing documents for the Association to the contrary, Declarant reserves the right to sale one (1) or more Lots to another builder (a person who purchases such Lot(s) with the intent to sale any residence thereon on to a third party) who may develop homes on such Lots as the developer so desires.

ARTICLE 17 ANNEXATION.

17.1 **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

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- (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.

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

17.2 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, including any private streets, created by the annexation of the Annexed Property.

17.3 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.

17.4 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.

ARTICLE 18 General Provisions

18.1 Enforcement of Restrictions.

18.1.1 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 6.

18.1.2 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 13 of the Bylaws before the complaining Owner may resort to a court of law for relief with respect to the alleged violation.

18.1.3 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.

18.1.4 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 9 hereof, (ii) enforce the architectural control provisions contained in Article IV hereof, or (iii) collect any unpaid assessments levied pursuant to this Declaration.

18.1.5 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.

18.1.6 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.

18.1.7 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.

18.1.8 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.

18.2 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.

18.3 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.

18.4 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.

18.5 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.

18.6 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.

18.7 Nonliability and Indemnification.

18.7.1 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.

18.7.2 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 18.7.2 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.

18.8 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 Residence. 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.

18.9 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.

18.10 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 19 The Master Association

19.1 Relationship with the Master Association. The Estates Association is a subassociation within the Master Association. As such, it is subject to the Master Declaration and the Master Association. . .

19.2 Master Association Approvals. Approvals which Owners receive from the Association's Board of Directors are also be subject to review and approval from the Master Association's board of directors and/or architectural review committee as set forth in the Master Declaration. The Master Association has the right, but not the obligation to allow an exemption to any review or approval process which the Master Association deems appropriate in its sole discretion. If an exemption is allowed, the Master Association may, thereafter, revoke such exemption.

19.3 Payment of Dues. The payment of dues to the Master Association is in addition to those dues paid to the Estates Association.

19.4 Master Association Covenants\Rules. The covenants, conditions, restrictions and easements including the use restrictions set forth in this Declaration are in addition to those covenants, conditions, restrictions and easements set forth in the Master Declaration. Additionally, the Master Association may impose rules and regulations upon Owners in addition to those rules and regulations which the Estates Association may impose. The Owners of Lots within the Estates Association shall abide by both the Master Declaration, the Master Association Bylaws and Articles of Organization, any Master Association development guidelines and the rules and regulations which may be promulgated under any of these documents.

19.5 Membership. The Owners of Lots within the Project shall be members of the Estates Association and the Master Association.

19.6 Conflicts. Any conflicts between the Master Declaration and this Declaration shall be interpreted consistent with the Master Declaration.

ARTICLE 20
The
Golf Course

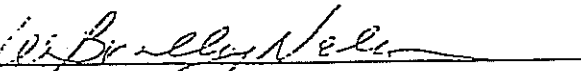
20.1 Golf Course. The golf course within the Seven Hills Master Planned Community is separately owned and its operating policies will be established by the golf course owner in its sole discretion. The Master Association, Association, and the owners in the Community, including those Owners within the Association will not have any ownership interest or rights in the golf course and/or responsibility for its operation or maintenance or have the right to use the golf course. The Declarant makes no representation or warranty that the golf course will be built. The golf course owner, if it opens the golf course at all, has the right to open the golf course as either a public or private golf course in its sole discretion. Further, the golf course owner has the right to convert the golf course between public and private use at any time and from time to time, and no representations are made that the golf course is or shall ever be open for public play. Easements are set forth in the Master Association Declaration which allow the golf course owner and those playing the course and others to enter certain portions of the Community to retrieve golf balls and to perform other activities as more fully set forth therein. The easements and other matters set forth in the Master Association Declaration shall apply to the Owners within the Association and to the Association as if fully set forth herein.

20.2 Waiver of Liability for Errant Golf Balls. By acceptance of a deed to a Lot within the Project, the Association and each Owner, for himself and on behalf of his Family and Guests release Declarant, and its respective lessees, agents, employees, directors, officers, shareholders, partners, and contractors, from all claims, demands, expenses, damages, costs, causes of action, obligations and liabilities, including, without limitation, damage to his Residence or Lot and damages for personal injury or death, which in any way may arise from or relate to the impact of a golf ball which enters upon the Association Property or within any Residence or a Lot from the Golf Course Property, whether or not the golf ball is struck in a negligent manner.

This Declaration is dated for identification purposes June __, 1997.

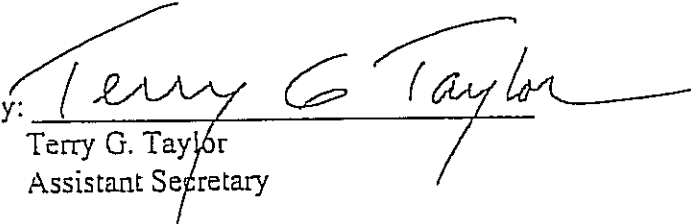
"Declarant"

SILVER CANYON PARTNERSHIP,
a Nevada general partnership
By: American Nevada Seven Hills Limited
Partnership, a Nevada limited partnership,
General Partner
By: SS Seven Hills, Inc., a Nevada
corporation--General Partner

By: 
Name/Title W. Bradley Nelson/Senior Vice Presiden

970624.00873

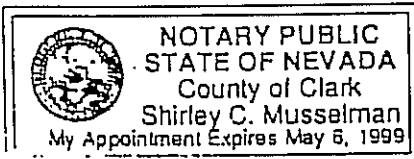
By: Silver Canyon Corporation

By: 
Terry G. Taylor
Assistant Secretary

STATE OF NEVADA)
)
COUNTY OF CLARK)

On this 24th day of June 1997, personally appeared before me, a notary public, W. Bailey Nelson, 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.

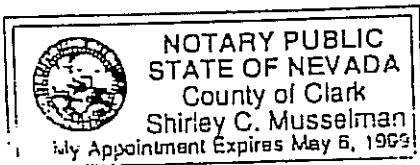


Shirley C. Musselman
Notary Public in and for said State

STATE OF Nevada)
)
COUNTY OF Clark)

On this 23rd day of June 1997, personally appeared before me, a notary public, Terry D. Taylor, 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.



Shirley C. Musselman
Notary Public in and for said State

EXHIBT "A"
LEGAL DESCRIPTION
SEVEN HILLS - PARCEL J

BEING ALL OF PARCEL J OF LOT AA OF SEVEN HILLS FORMERLY SILVER CANYON AS SHOWN IN BOOK 73 OF PLATS, PAGE 95 OF OFFICIAL RECORDS. SITUATED IN A PORTION OF THE NORTHEAST QUARTER (NE 1/4) OF SECTION 1, TOWNSHIP 23 SOUTH, RANGE 61 EAST, M.D.M., CITY OF HENDERSON, CLARK COUNTY, NEVADA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE NORTHWEST CORNER OF THE NORTHEAST QUARTER (NE 1/4) OF SAID SECTION 1; THENCE SOUTH 18°47'31" EAST, A DISTANCE OF 1468.04 FEET TO THE POINT OF BEGINNING; THENCE NORTH 66°13'59" EAST, A DISTANCE OF 162.12 FEET; THENCE SOUTH 58°48'22" EAST, A DISTANCE OF 478.44 FEET TO THE BEGINNING OF TANGENT CURVE; THENCE ALONG SAID CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 98.85 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 155°19'15", AN ARC LENGTH OF 267.97 FEET; THENCE NORTH 34°07'37" WEST, A DISTANCE OF 491.17 FEET; THENCE NORTH 51°12'44" WEST, A DISTANCE OF 194.47 FEET; THENCE NORTH 08°41'08" WEST, A DISTANCE OF 531.02 FEET; THENCE SOUTH 83°21'43" EAST, A DISTANCE OF 109.65 FEET TO THE BEGINNING OF A TANGENT CURVE; THENCE ALONG SAID CURVE, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 200.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 61°39'32", AN ARC LENGTH OF 215.23 FEET; THENCE NORTH 34°58'46" EAST, A DISTANCE OF 117.05 FEET; THENCE SOUTH 64°46'36" EAST, A DISTANCE OF 466.45 FEET; THENCE SOUTH 72°11'47" EAST, A DISTANCE OF 119.02 FEET; THENCE SOUTH 14°57'13" EAST, A DISTANCE OF 214.56 FEET; THENCE SOUTH 32°59'28" WEST, A DISTANCE OF 58.21 FEET; THENCE SOUTH 15°38'07" EAST, A DISTANCE OF 788.26 FEET TO THE BEGINNING OF A NON-TANGENT CURVE; THENCE ALONG SAID CURVE, WHOSE RADIUS BEARS SOUTH 19°49'54" EAST, CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 650.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 06°50'06", AN ARC LENGTH OF 77.54 FEET; THENCE SOUTH 63°20'00" WEST, A DISTANCE OF 566.91 FEET TO THE BEGINNING OF A TANGENT CURVE; THENCE ALONG SAID CURVE, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 500.00 FEET, ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 89°40'00", AN ARC LENGTH OF 782.49 FEET; THENCE NORTH 27°00'00" WEST, A DISTANCE OF 154.26 FEET TO THE POINT OF BEGINNING.

CONTAINING APPROXIMATELY 27.07 ACRES.

BASIS OF BEARING

NORTH 89°57'43" WEST - BEING THE SOUTH LINE OF SECTION 1, TOWNSHIP 23 SOUTH, RANGE 61 EAST, M.D.M., CITY OF HENDERSON, CLARK COUNTY, NEVADA AS SHOWN ON THE MAP THEREOF IN FILE 50 OF SURVEYS, PAGE 49, OFFICIAL RECORDS, CLARK COUNTY, NEVADA.

EXHIBIT "B"
ANNEXABLE PROPERTY
SEVEN HILLS - PARCELS M, N-1, N-2 & P-1

BEING A PORTION OF SECTION 1, TOWNSHIP 23 SOUTH, RANGE 61 EAST, M.D.M., CITY OF HENDERSON, CLARK COUNTY, NEVADA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID SECTION 1; THENCE ALONG THE SOUTHERLY LINE THEREOF, NORTH 89°57'43" WEST, A DISTANCE OF 2764.17 FEET; THENCE DEPARTING SAID SOUTHERLY LINE, NORTH 00°02'17" EAST, A DISTANCE OF 252.37 FEET; THENCE NORTH 35°02'48" WEST, A DISTANCE OF 426.09 FEET; THENCE NORTH 55°29'43" WEST, A DISTANCE OF 476.28 FEET TO A TANGENT CURVE; THENCE ALONG A CURVE CONCAVE NORTHEASTERLY HAVING A RADIUS OF 141.00 FEET, ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 18°45'01", AN ARC LENGTH OF 46.14 FEET; THENCE NORTH 36°44'42" WEST, A DISTANCE OF 541.85 FEET; THENCE NORTH 44°47'54" WEST, A DISTANCE OF 259.78 FEET; THENCE NORTH 38°27'32" WEST, A DISTANCE OF 145.64 FEET; THENCE NORTH 48°12'09" WEST, A DISTANCE OF 101.46 FEET; THENCE NORTH 31°32'06" WEST, A DISTANCE OF 142.44 FEET; THENCE NORTH 38°27'32" WEST, A DISTANCE OF 216.87 FEET; THENCE NORTH 50°32'17" EAST, A DISTANCE OF 613.76 FEET; THENCE NORTH 02°36'23" EAST, A DISTANCE OF 263.41 FEET; THENCE NORTH 50°10'43" EAST, A DISTANCE OF 125.46 FEET TO A TANGENT CURVE; THENCE ALONG A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 25.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 80°38'59", AN ARC LENGTH OF 35.19 FEET TO A POINT OF CUSP; THENCE ALONG A CURVE WHOSE RADIUS POINT BEARS NORTH 59°31'44" EAST, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 450.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 19°22'44" , AN ARC LENGTH OF 152.20 FEET; THENCE SOUTH 40°09'00" WEST, A DISTANCE OF 58.73 FEET TO A TANGENT CURVE; THENCE ALONG A CURVE CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 250.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 66°12'42", AN ARC LENGTH OF 288.90 FEET; THENCE SOUTH 26°03'42" EAST, A DISTANCE OF 297.16 FEET; THENCE SOUTH 30°57'48" EAST, A DISTANCE OF 124.39 FEET; THENCE SOUTH 27°26'47" EAST, A DISTANCE OF 148.92 FEET; THENCE SOUTH 43°04'40" EAST, A DISTANCE OF 107.18 FEET; THENCE SOUTH 26°28'31" EAST, A DISTANCE OF 123.36 FEET; THENCE SOUTH 33°48'22" EAST, A DISTANCE OF 138.37 FEET; THENCE SOUTH 42°08'20" EAST, A DISTANCE OF 129.35 FEET; THENCE SOUTH 43°48'18" EAST, A DISTANCE OF 110.39 FEET; THENCE SOUTH 42°03'58" EAST, A DISTANCE OF 107.91 FEET; THENCE SOUTH 32°03'52" EAST, A DISTANCE OF 101.51 FEET; THENCE SOUTH 39°41'35" EAST, A DISTANCE OF 121.48 FEET; THENCE SOUTH 35°26'29" EAST, A DISTANCE OF 128.02 FEET; THENCE SOUTH 39°08'35" EAST, A DISTANCE OF 514.69 FEET; THENCE SOUTH 50°55'53" EAST, A DISTANCE OF 231.62 FEET TO A TANGENT CURVE; THENCE ALONG A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 50.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 39°05'24", AN ARC LENGTH OF 34.11 FEET; THENCE NORTH 89°58'43" EAST, A DISTANCE OF 300.66 FEET TO A TANGENT CURVE;

ANNEXABLE PROPERTY
SEVEN HILLS - PARCELS M, N-1, N-2 & P-1
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THENCE ALONG A CURVE CONCAVE NORTHWESTERLY HAVING A RADIUS OF 50.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC LENGTH OF 78.54 FEET; THENCE NORTH 00°01'17" WEST, A DISTANCE OF 224.19 FEET TO A TANGENT CURVE; THENCE ALONG A CURVE CONCAVE SOUTHWESTERLY HAVING A RADIUS OF 100.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 20°08'57", AN ARC LENGTH OF 35.17 FEET; THENCE NORTH 20°10'14" WEST, A DISTANCE OF 561.89 FEET; THENCE NORTH 31°08'56" WEST, A DISTANCE OF 808.95 FEET; THENCE NORTH 60°35'41" EAST, A DISTANCE OF 216.99 FEET; THENCE NORTH 25°15'07" EAST, A DISTANCE OF 146.68 FEET; THENCE NORTH 80°20'58" EAST, A DISTANCE OF 139.48 FEET; THENCE SOUTH 37°25'43" EAST, A DISTANCE OF 1094.43 FEET; THENCE SOUTH 32°52'14" EAST, A DISTANCE OF 496.24 FEET; THENCE SOUTH 40°57'31" EAST, A DISTANCE OF 362.93 FEET; THENCE NORTH 88°26'40" EAST, A DISTANCE OF 83.81 FEET; THENCE SOUTH 11°33'10" EAST, A DISTANCE OF 259.02 FEET TO A NON-TANGENT CURVE; THENCE ALONG A CURVE, WHOSE RADIUS POINT BEARS NORTH 79°26'57" EAST, CONCAVE NORTHERLY HAVING A RADIUS OF 200.14 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 172°15'22", AN ARC LENGTH OF 601.71 FEET; THENCE NORTH 04°10'02" EAST, A DISTANCE OF 16.22 FEET; THENCE NORTH 01°50'34" EAST, A DISTANCE OF 128.71 FEET; THENCE NORTH 00°29'19" EAST, A DISTANCE OF 608.60 FEET; THENCE NORTH 00°33'50" EAST, A DISTANCE OF 287.70 FEET; THENCE NORTH 11°57'53" WEST, A DISTANCE OF 367.50 FEET; THENCE NORTH 06°35'58" WEST, A DISTANCE OF 98.27 FEET TO A TANGENT CURVE; THENCE ALONG A CURVE CONCAVE SOUTHERLY HAVING A RADIUS OF 117.12 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 157°11'42", AN ARC LENGTH OF 321.32 FEET; THENCE SOUTH 16°12'20" WEST, A DISTANCE OF 29.52 FEET; THENCE SOUTH 10°03'41" WEST, A DISTANCE OF 435.15 FEET; THENCE SOUTH 00°39'32" WEST, A DISTANCE OF 330.00 FEET; THENCE SOUTH 76°37'09" WEST, A DISTANCE OF 94.70 FEET; THENCE NORTH 28°25'36" WEST, A DISTANCE OF 493.43 FEET; THENCE NORTH 37°42'53" WEST, A DISTANCE OF 1024.81 FEET; THENCE NORTH 22°12'41" WEST, A DISTANCE OF 125.92 FEET; THENCE NORTH 49°19'48" EAST, A DISTANCE OF 103.27 FEET; THENCE NORTH 36°40'42" EAST, A DISTANCE OF 342.57 FEET; THENCE NORTH 22°43'51" EAST, A DISTANCE OF 375.26 FEET; THENCE NORTH 23°42'10" WEST, A DISTANCE OF 154.00 FEET TO A NON-TANGENT CURVE; THENCE ALONG A CURVE, WHOSE RADIUS POINT BEARS NORTH 15°39'32" WEST, CONCAVE NORTHEASTERLY HAVING A RADIUS OF 60.00 FEET, ALONG SAID CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 94°07'21", AN ARC LENGTH OF 98.56 FEET; THENCE NORTH 11°32'10" WEST, A DISTANCE OF 3.74 FEET TO A NON-TANGENT CURVE; THENCE ALONG A CURVE, WHOSE RADIUS POINT BEARS NORTH 11°32'10" WEST, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 600.00 FEET, ALONG SAID CURVE TO THE LEFT THROUGH A CENTRAL ANGLE OF 15°07'50", AN ARC LENGTH OF 158.45 FEET; THENCE NORTH 63°20'00" EAST, A DISTANCE OF 493.05 FEET; THENCE SOUTH 29°24'33" EAST, A DISTANCE OF 100.00 FEET;

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THENCE SOUTH 07°10'50" WEST, A DISTANCE OF 222.58 FEET; THENCE SOUTH 09°01'45" EAST, A DISTANCE OF 143.15 FEET; THENCE SOUTH 34°52'55" EAST, A DISTANCE OF 70.69 FEET; THENCE SOUTH 07°22'32" EAST, A DISTANCE OF 77.57 FEET; THENCE SOUTH 19°25'29" EAST, A DISTANCE OF 70.89 FEET; THENCE SOUTH 03°34'41" EAST, A DISTANCE OF 153.89 FEET; THENCE SOUTH 30°46'57" EAST, A DISTANCE OF 154.66 FEET; THENCE SOUTH 45°09'09" EAST, A DISTANCE OF 106.25 FEET; THENCE SOUTH 17°14'27" EAST, A DISTANCE OF 233.80 FEET; THENCE SOUTH 43°56'38" EAST, A DISTANCE OF 184.41 FEET; THENCE SOUTH 49°19'03" EAST, A DISTANCE OF 224.45 FEET; THENCE SOUTH 70°41'36" EAST, A DISTANCE OF 180.95 FEET; THENCE NORTH 62°40'58" EAST, A DISTANCE OF 99.37 FEET; THENCE SOUTH 85°05'54" EAST, A DISTANCE OF 31.40 FEET TO THE EASTERLY LINE OF AFOREMENTIONED SECTION 1; THENCE ALONG SAID EASTERLY LINE, SOUTH 00°06'31" EAST, A DISTANCE OF 2140.87 FEET TO THE POINT OF BEGINNING.

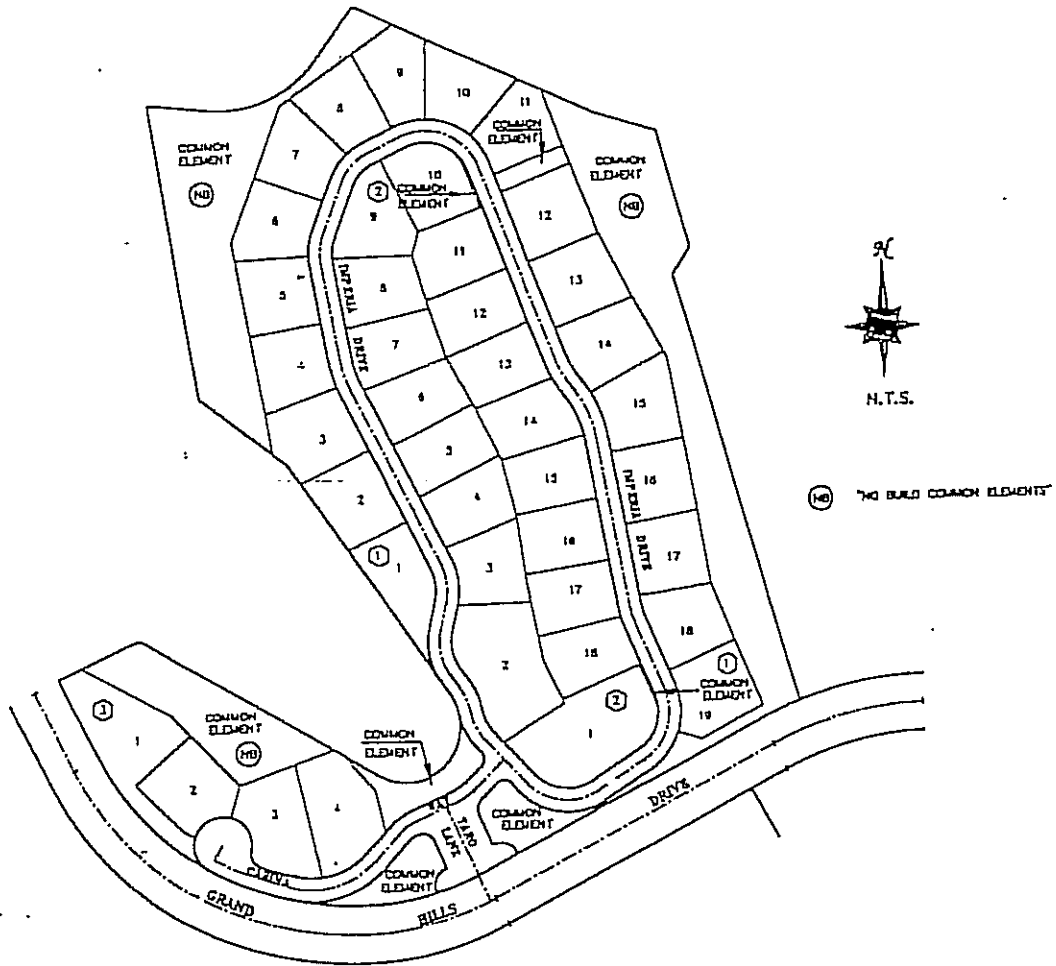
SAID PARCEL CONTAINS APPROXIMATELY 139.36 ACRES.

BASIS OF BEARING

NORTH 89°57'43" WEST - BEING THE SOUTH LINE OF SECTION 1, TOWNSHIP 23 SOUTH, RANGE 61 EAST, M.D.M., CITY OF HENDERSON, CLARK COUNTY, NEVADA AS SHOWN ON THE MAP THEREOF IN FILE 50 OF SURVEYS, PAGE 49, OFFICIAL RECORDS, CLARK COUNTY, NEVADA.

EXHIBIT "C"

DEVELOPMENT SITE PLAN
AND
DEVELOPMENT SITE PLAN FOR COMMON AREAS



Common area improvements:

- a. Guard Gate Facility*
- b. Park*

* May not be built

Note:

Private interior streets are also part of the common elements.

CLARK COUNTY, NEVADA
 JUDITH A. VANDEVER, RECORDER
 RECORDED AT REQUEST OF:
 WOODBURN AND WEDGE

When Recorded Return To:

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

APN:

191-01-316-001 through 191-01-316-023
191-01-318-001 through 191-01-318-005
191-01-417-001 through 191-01-417-026
191-01-511-002 through 191-01-511-005
191-01-511-008 through 191-01-511-010
191-01-511-012 through 191-01-511-034
191-01-513-004 through 191-01-513-005
191-01-513-008 through 191-01-513-011
191-01-611-005 through 191-01-611-008
191-01-613-001 through 191-01-613-006
191-01-615-001 through 191-01-615-018
191-01-617-005

191-01-617-017 through 191-01-617-021
191-01-712-001 through 191-01-712-033
191-01-712-037 through 191-01-712-039
191-01-714-001 through 191-01-714-021
191-01-716-001 through 191-01-716-002
191-01-717-001 through 191-01-717-004
191-01-721-001 through 191-01-721-012
191-01-812-001 through 191-01-812-002
191-01-812-005 through 191-01-812-039
191-01-815-001 through 191-01-815-032

**FIRST STATUTORILY MANDATED AMENDMENT
TO THE DECLARATION OF COVENANTS, CONDITIONS, & RESTRICTIONS OF
THE ESTATES AT SEVEN HILLS OWNERS' ASSOCIATION**

AMENDMENT TO THE DECLARATION

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FIRST STATUTORILY MANDATED AMENDMENT TO THE DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR THE ESTATES AT SEVEN HILLS OWNERS' ASSOCIATION

THIS AMENDMENT TO THE DECLARATION is made on this ____ day of _____
2000, by the Estates at Seven Hills Owners' Association, a Nevada non-profit corporation (the
"Association").

RECITALS

WHEREAS, the Declaration of Covenants Conditions and Restrictions for the Estates at
Seven Hills Owners' Association (The "Declaration") created the Association a Nevada non-profit
corporation and vested the Board of Directors (the "Board") with the power to govern and control
the Estates at Seven Hills Community (the "Community"); and

WHEREAS, the Declaration was recorded in the office of the Clark County Recorder on June
24, 1997 in Book No. 970624 Instrument No. 00873 which Declaration provides for a method to
make amendments to the Declaration;

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

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

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

DEFINITIONS

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

Section 1.0 Act

"Act" shall mean the Common-Interest Community Act as set forth in Chapter 116 of the Nevada Revised Statute.

DEFINITIONS

Article I Section 1.1A is hereby added to read as follows:

Section 1.1A Administrator

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

DEFINITIONS

Article I Section 1.22A is hereby added to read as follows:

Section 1.22A Emergency

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

- a. Could not have been reasonably foreseen;
- b. Affects the health, welfare, and safety of the units' owners of the Association;
- c. Requires the immediate attention of, and possible action by, the Board; and
- d. Makes it impracticable to comply with the notice, agenda, or Owner comment requirements applicable to meetings of either the Members or the Board, as the case may be.

THE ASSOCIATION

Article II Section 2.0 is hereby added to read as follows:

Section 2.0 Turnover by Declarant

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

1. The original or a certified copy of the recorded Declaration as amended, the Articles of Incorporation, if applicable, the By-Laws, Rules and Regulations, if applicable, minute books, and other books and records of the Association; and

2. An accounting of the money of the Association and financial statements from the date the Association received money to the date the period of the Declarant's control ends. The financial statements must fairly and accurately report the Association's financial condition prepared in accordance with generally accepted accounting principles; and
3. A complete study of the reserves of the Association, conducted by a person qualified by the Administrator, and at the time the control of the Declarant ends, the Declarant shall:
 - a. Deliver to the Association a reserve account that contains the Declarant's share of the amounts then due, and control of the account.
 - b. Disclose, in writing, the amount by which the Declarant has subsidized the Association's dues on a per unit or per lot basis; and
4. The Association's money or control thereof; and
5. All of the Declarant's tangible personal property that has been represented by the Declarant as property of the Association or, unless the Declarant has disclosed in the public offering statement that all such personal property used in the Association will remain the Declarant's property, all of the Declarant's tangible personal property that is necessary for, and has been used exclusively in, the operation and enjoyment of the common elements, and inventories of these properties; and
6. A copy of any and all plans and specifications used in the construction of the improvements in the Association which were completed within 2 years before the Declaration was recorded; and
7. All insurance policies, then in force, in which the Members, the Association, or the Directors and Officers are named as insured persons; and
8. Copies of any certificates of occupancy that may have been issued with respect to any improvements comprising the Association other than units in a planned community; and
9. Any renewable permits and approvals issued by governmental bodies applicable to the Association which are in force and any other permits and approvals so issued and applicable which are required by law to be kept on the premises of the Community; and

10. Written warranties of the contractor, subcontractors, suppliers and manufacturers that are still effective; and
11. A roster of Members and Mortgagees of units and their addresses and telephone numbers, if known, as shown on the Declarant's records; and
12. Contracts of employment in which the Association is a contracting party; and
13. Any contract for service in which the Association is a contracting party or in which the Association or the Members have any obligation to pay a fee to the persons performing the services.

THE ASSOCIATION

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

Section 2.2 Duties and Powers

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

THE ASSOCIATION

Article II Section 2.2A is hereby added to read as follows:

Section 2.2A Requirements for Rules and Regulations

Pursuant to the Association's power to adopt Rules and Regulations:

1. Purpose: The Rules and Regulations must be reasonably related to the purpose for which they are adopted and sufficiently explicit in their prohibition, direction, or limitation to inform a Member or other individual of any action or omission required for compliance. In addition, the Rules and Regulations must not be adopted to evade any obligation of the Association and they must be consistent with the Declaration and By-Laws. They may not arbitrarily restrict conduct or require the construction of any capital improvement by a Member that is not required by the Declaration or By-Laws.

2. Enforcement: The Rules and Regulations must be uniformly enforced under the same or similar circumstances against all Members.
3. Fines: A fine may be imposed for the violation of any Rule or Regulation if, at least 30 days before the violation, the Member and/or individual received notice of the Rule or Regulation and then, after the violation, the Member or individual received notice of the right to request a hearing and be heard regarding the alleged violation.

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

Article VII Section 7.2 is hereby amended to include the following:

Section 7.2 Maintenance Funds of Association

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

7. Individual Actions If any common expense is caused by the misconduct of any Member or tenant, guest, or invitee of a Member, the Association may assess that expense exclusively against the Member.
8. Reallocated Costs: If liabilities for common expenses are reallocated, assessments for common expenses and any installment thereof not yet due must be recalculated in accordance with the reallocated liabilities.

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

Article VII Section 7.7A is hereby added to read as follows:

Section 7.7A Special Assessment for Violations

1. Sanctions: If a Member or tenant, family member, guests, or invitee of a Member violates a provision of the governing documents, the Board may, after written notice and opportunity to be heard:
 - a. Prohibit, for a reasonable time, the individual from voting on matters related to the Association and using the common elements, except for any vehicular or pedestrian ingress or egress to go to or from the unit, including any area used for parking;
 - b. Require the individual or Member to pay a fine for each failure to comply, the amount of which shall be commensurate with the severity of the violation and otherwise consistent with the Act.
2. Amount and Frequency of Fines: If a fine is imposed pursuant to subsection 1b, above, and the violation is not cured within 14 days or a longer period as may be established by the Board, the violation shall be deemed a continuing violation. If a continuing violation is established, the Board may:
 - a. Impose an additional fine for the violation for each 7-day period or portion thereof that the violation is not cured, the amount of which shall be commensurate with the severity of the violation and consistent with the Act. Any additional fine for a continuing violation may be imposed without notice and an opportunity to be heard.
3. Inconsistent Provisions If this provision is inconsistent with any other provision of the Declaration or By-Laws of the Association, this provision shall govern only those portions which shall be determined to be inconsistent.

ASSOCIATION MAINTENANCE FUNDS AND ASSESSMENTS

Article VII Section 7.11 is hereby amended to include the following:

Section 7.11 Enforcement of Liens

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

- c. Liens for real estate taxes and other governmental assessments or charges against the Lot

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

GENERAL PROVISIONS

Article XVIII Section 18.11 is hereby added to read as follows:

Section 18.11 Commencement of Civil Actions

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

GENERAL PROVISIONS

Article XVIII Section 18.12 is hereby added to read as follows:

Section 18.12 Inconsistent Provisions

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

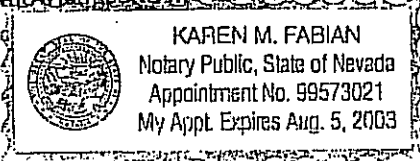
IN WITNESS WHEREOF, this First Statutorily Mandated Amendment has been executed by the Association as of the date first above written. The undersigned hereby certify that this First Statutorily Mandated Amendment has been adopted and approved in accordance with the Act.

By: [Signature]
President Michael Etter

By: [Signature]
Director Daniel J. Naef

STATE OF NEVADA)
)ss
COUNTY OF CLARK)

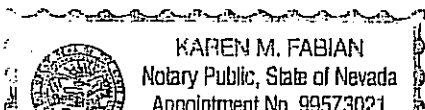
On the 13th day of June, 2001, before me, the undersigned, a Notary Public in and for said County and State, personally appeared MICHAEL ETTER, known to me to be the person whose name is subscribed to the within FIRST STATUTORILY MANDATED AMENDMENT and who acknowledged to me that she/he executed the same.



[Signature]
NOTARY PUBLIC

STATE OF NEVADA)
)ss
COUNTY OF CLARK)

On the 13th day of June, 2001, before me, the undersigned, a Notary Public in and for said County and State, personally appeared DANIEL J. NAEF, known to me to be the person whose name is subscribed to the within FIRST STATUTORILY MANDATED AMENDMENT and who acknowledged to me that she/he executed the same.



[Signature]
NOTARY PUBLIC