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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR**

X-IT

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Exhibit "B" – Legal Description of the Annexable Property
Exhibit "C" – Common Elements

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
X-IT**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR X-IT (the "Declaration") is made as of this 18th day of January, 2007, by Rhodes Design & Development Corporation, a Nevada corporation, with an office at 4730 S. Fort Apache Road, Suite 300, Las Vegas, Nevada 89147 ("Declarant") for the purpose of submitting that certain real property located in the County of Clark, State of Nevada described below to the provisions of the Uniform Common Interest Ownership Act, Chapter 116 of the Nevada Revised Statutes, for the purpose of creating a condominium common interest community. Unless otherwise defined, all capitalized terms used herein shall have the meanings set forth in Article I.

RECITALS:

A. Declarant currently owns the Property and intends to develop the Property in up to 9 phases as a condominium common interest community under the Act, providing for separate title to living units appurtenant to which will be an undivided fractional interest in the Project other than living units and pursuant to a general plan for the maintenance, care, use and management of the Project. Therefore, Declarant intends to convey the real property within the Project subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all running with the real property as hereinafter set forth.

B. The Project shall initially contain a total of 24 Units, together with Common Elements and Limited Common Elements. Declarant anticipates that the Project will be further developed in a number of additional phases to include all or part of the Annexable Property. There is no guarantee that all phases will be completed, or that the contemplated number of Units or the recreational facilities will be developed as described above. The Project will be consistent with any overall development plan of the Project submitted to the U.S. Department of Veterans Affairs and Federal Housing Administration.

C. Each Unit shall have appurtenant to it a membership in the X-IT HOMEOWNERS' ASSOCIATION, a Nevada nonprofit corporation, which will be the management body for the overall Project.

D. Before selling or conveying any interest in the Property, Declarant desires to subject the Property in accordance with a common plan to certain covenants, conditions, and restrictions for the benefit of Declarant and any and all present and future owners of the Property.

NOW THEREFORE, Declarant hereby declares that the Property shall be held, sold, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the limitations, easements, restrictions, reservations, rights, covenants, and conditions contained in this Declaration, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title, or interest in the described properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each owner thereof.

**ARTICLE I
DEFINITIONS**

Section 1.1 Act: "Act" shall mean the Uniform Common Interest Ownership Act, NRS Chapter 116, as it may be amended from time to time.

Section 1.2 Allocated Interests: "Allocated Interests" shall mean the undivided interest in the Common Elements, the Liability for Common Expenses, and the votes in the Association which are allocated to Units in the Project. The Allocated Interests are described in Article VIII of this Declaration.

Section 1.3 Annexable Property: "Annexable Property" shall mean the real property described in Exhibit "B" which may hereafter be brought within the terms of this Declaration as part of the Project pursuant to Article VII.

Section 1.4 Architectural Committee: "Architectural Committee" shall mean the architectural committee created pursuant to Section 12.1 hereof.

Section 1.5 Architectural Rules: "Architectural Rules" shall mean the rules adopted by the Architectural Committee pursuant to Section 12.3 hereof.

Section 1.6 Articles: "Articles" or "Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as they may from time to time be amended.

Section 1.7 Assessment: "Assessment" shall mean any charge against an owner and his or her Unit representing amounts due to the Association hereunder, including without limitation Common Expense Assessments or Common Assessments, Capital Improvement Assessments, Special Assessments and Reconstruction Assessments.

Section 1.8 Association: "Association" shall mean X-IT HOMEOWNERS' ASSOCIATION, a nonprofit corporation organized under NRS Chapter 82 organized as the Association of Owners pursuant to the Act (NRS 116.3101).

Section 1.9 Association Maintenance Guide: "Association Maintenance Guide" shall mean the manual which may be prepared by Declarant or its agents and provided to the Association, specifying obligations for maintenance of the Common Elements and the Association Property, if any, by the Association, as updated and amended from time to time.

Section 1.10 Association Property: "Association Property" shall mean all real property, if any, owned or held by the Association for the use and benefit of the Members and which is not part of the Common Elements. The Association Property shall also include all personal property owned or held by the Association.

Section 1.11 Board of Directors: "Board" or "Board of Directors" shall mean the board of directors of the Association.

Section 1.12 Building: "Building" shall mean each structure situated on the Property in which Units are located.

Section 1.13 Bylaws: "Bylaws" shall mean the Bylaws of the Association, as they may be amended from time to time.

Section 1.14 Capital Improvement Assessment: "Capital Improvement Assessment" shall mean a charge against each Owner and his or her Unit representing a portion of the costs to the Association for installation or construction of any Improvements on any portion of the Common Elements which the Association may from time to time authorize, pursuant to the provisions of this Declaration.

Section 1.15 Common Elements: "Common Elements" shall mean all of the Project, except Units, and shall initially include the real property described in Exhibit "C" attached hereto, including without limitation, the following components:

(a) The Buildings (including, but not by way of limitation, the foundation, columns, girders, beams, supports, perimeter and supporting walls, chimneys, chimney chases, roofs, stairs, patios, terraces, entrances and exits, and the mechanical installations of a Building consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating and central air conditioning which exist for use by one or more of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith), except for the Units, and

(b) The sidewalks, walkways, paths, grass, shrubbery, trees, driveways, roadways, landscaping, parking areas, access gates, trash enclosures, swimming pool, recreation center with workout area, and related facilities upon the Property; and

(c) The pumps, tanks, motors, fans, storm drainage structures, compressors, ducts, and, in general, all apparatus, installations, and equipment of each Building existing for the use of one or more of the Owners; and

(d) Easements through Units for conduits, pipes, ducts, vents, plumbing, wiring and other facilities, equipment and/or fixtures for the furnishing of utility services and/or heating, cooling, ventilation, or other services to more than one (1) Unit or to the Common Elements, together with related property and installations;

(e) An easement of support in every portion of a Unit which contributes to the support of the Building, other Units and/or any part of the Common Elements;

(f) The property and installation required for the furnishing of utilities and other services to more than one (1) Unit or to the Common Elements;

(g) In general, all other parts of the Project designated by Declarant as Common Elements or Limited Common Elements and existing for the use of one or more of the Owners.

The Common Elements shall be owned by the Owners of the Units, each Owner of a Unit having an undivided interest in the Common Elements as provided below.

Section 1.16 Common Assessment or Common Expense Assessment: "Common Assessment or Common Expense Assessment" shall mean the annual charge against each Owner and his or her Unit representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing, insuring and operating the Association Property, the Common Elements and the Improvements located thereon, for which the Association may from time to time authorize, pursuant to the provisions of this Declaration, and/or any costs to the Association not included in the current budget as provided herein (other than Special Assessment and such other Assessments as may be levied pursuant to Section 18.5), together with any extraordinary expenses resulting from an Emergency Situation.

Section 1.17 Common Expenses: "Common Expenses" shall mean the expenses or financial liabilities for the operation of the Project together with any allocations to reserves and shall include:

(a) Expenses of administration, insurance, operation, maintenance, repair or replacement of the Common Elements and Association Property, except to the extent such repairs or replacements are the responsibility of an Owner pursuant to the terms of this Declaration;

(b) Expenses declared to be Common Expenses under the Documents or the Act;

(c) Sums lawfully assessed against the Units by the Board of Directors;

(d) Expenses agreed upon as Common Expenses by the Members of the Association;

(e) The costs of any utilities metered to more than one Unit (including without limitation, natural gas, sewer and water), other commonly metered charges for the Project, and trash collection and removal;

(f) The costs of maintenance, repair and operation of all controlled access facilities for the Project, all mailboxes, and address identification signs;

(g) The costs of managing and administering the Association, the Project, the Common Elements and the Association Property (including without limitation, the cost of compensating managers, accountants, attorneys, employees and other providers of services benefiting the Project and the Owners);

(h) The costs of fire, casualty and liability insurance, workers' compensation insurance, errors and omissions and director, officer and agent liability insurance, and other insurance covering the Project and the Board and the officers and agents of the Association;

(i) The costs of bonding of the members of the Board;

(j) Taxes paid by the Association;

(k) Amounts paid by the Association for discharge of any lien or encumbrance levied against the Project, or portions thereof;

(l) The cost of a master antenna television system or duly franchised cable television service, obtained pursuant to a bulk contract, if any;

(m) Any unpaid share of Common Expenses or Assessments extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure or by bankruptcy;

(n) Judgments against the Association;

(o) The costs associated with any litigation to which the Association is a party;

(p) The costs of any other item or items incurred by the Association, for any reason whatsoever in connection with the Project;

(q) Reserves established by the Association for repair, replacement and restoration of the major components of the Common Elements and the Association Property; and

(r) Expenses, fees, and other charges imposed upon the Association by any governmental entity because the Project is a community interest community pursuant to the Act.

Section 1.18 Declarant: "Declarant" shall mean Rhodes Design & Development Corporation, a Nevada corporation, or its successor as defined in the Act.

Section 1.19 Declarant Control Period: "Declarant Control Period" shall mean the period to time during which the Declarant is entitled to appoint a majority of the members of the Board of Directors pursuant to Section 7.9.

Section 1.20 Declaration: "Declaration" shall mean this document, including any amendments.

Section 1.21 Development Rights: "Development Rights" shall mean the rights reserved by the Declarant under Article VII of this Declaration to create Units, Common Elements and Limited Common Elements within the Project as well as other rights provided for herein.

Section 1.22 Director: "Director" shall mean a member of the Board of Directors.

Section 1.23 Documents: "Documents" shall mean the Declaration, the Articles, the Plat and Plans, the Bylaws and the Rules as they be amended from time to time. Any exhibit, schedule or certification accompanying a Document shall be deemed to be a part of that Document.

Section 1.24 Eligible Insurer: "Eligible Insurer" shall mean an insurer or guarantor of a first Security Interest in a Unit. An Eligible Insurer shall notify the Association in writing of its name and address and inform the Association that it has insured or guaranteed a first Security Interest in a Unit and must provide the Association with the Unit number and address of the Unit on which it is the insurer or guarantor of a Security Interest. Such notice shall be deemed to include a request that the Eligible Insurer be given the notices and other rights described in Article XVII.

Section 1.25 Eligible Mortgagee: "Eligible Mortgagee" shall mean the holder of a first Security Interest in a Unit, when the holder has notified the Association, in writing, of its name and address and that it holds a first Security Interest in a Unit. The notice must include the Unit number and address of the Unit on which it has a security interest. This notice shall be deemed to include a request that the Eligible Mortgagee be given the notices and other rights described in Article XVII.

Section 1.26 Emergency Situation: "Emergency Situation" shall mean those emergency situations set forth in Section 18.8(b) of this Declaration.

Section 1.27 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 Unit.

Section 1.28 Garage: "Garage" shall mean each garage located within a Unit, which is expressly designated in Section 4.3 of this Declaration to be appurtenant to and a part of the Unit in which it is located. A Garage shall consist of a fee simple interest bounded by the interior surfaces of the walls, floor, ceiling, and exterior door (and any exterior window) thereof, in like manner as a Unit is bounded. A Garage includes both the portions of the building so described and the airspace so encompassed. A Garage shall not be deemed independently to constitute a Unit, but shall be a part of and appurtenant to a Unit as designated by Declarant pursuant to this Declaration.

Section 1.29 HUD: "HUD" shall mean the U.S. Department of Housing and Urban Development.

Section 1.30 Improvements: "Improvements" shall mean any construction, structure, fixture, facilities and appurtenances existing or to be constructed on the real property which is included in the Project, including, but not limited to: Buildings, walkways, sprinkler pipes, recreational facilities, roads, driveways, parking areas, fences, screening walls, block walls, retaining walls, awnings, stairs, decks, landscaping, 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.

Section 1.31 Liability for Common Expenses: "Liability for Common Expenses" shall mean the liability for Common Expenses allocated to each Unit pursuant to Article VIII.

Section 1.32 Limited Common Elements: "Limited Common Elements" shall mean the portion of the Common Elements allocated for the exclusive use of one or more but fewer than all Owners under the Declaration or the Plat and are described in Article V of this Declaration.

Section 1.33 Majority of Owners or Majority of Members: "Majority of Owners" or "Majority of Members" shall mean the Owners of more than 50% of the total number of Units contained in the Project.

Section 1.34 Member: "Member" shall mean a Person entitled to membership in the Association as provided in the Documents. A "Member in Good Standing" shall mean a Member whose voting rights have not been suspended in accordance with Section 13.2 of the Bylaws.

Section 1.35 Manager: "Manager" shall mean a Person, firm or corporation possessing all licenses and certifications required by the Act, employed or engaged to perform management services for the Project and the Association.

Section 1.36 Notice and Comment: "Notice and Comment" shall mean the right of an Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to comment thereon, the procedure for which is set forth in Section 23.1 of this Declaration.

Section 1.37 Notice and Hearing: "Notice and Hearing" shall mean the right of an Owner to receive notice of an action proposed to be taken by or on behalf of the Association, and the right to be heard thereon, the procedure for which is set forth in Section 23.2 of this Declaration.

Section 1.38 NRS: "NRS" shall mean the Nevada Revised Statutes.

Section 1.39 Owner: "Owner" shall mean the Declarant or other Person who owns a Unit, however, Owner does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the initial owner of each Unit created by this Declaration.

Section 1.40 Owner Maintenance Guide: "Owner Maintenance Guide" shall mean the manual which may be prepared by Declarant or its agents and provided to each initial Owner of a Unit, specifying obligations for maintenance of the Units by each Owner, as updated and amended from time to time.

Section 1.41 Person: "Person" shall mean an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

Section 1.42 Phase 1: "Phase 1" shall mean the Property initially subject to this Declaration as described in Exhibit "A" together with the Common Elements and all Improvements constructed thereon.

Section 1.43 Plat and Plans: "Plat and Plans" means the Final Map of TRAVINA II – PHASE 2 (Spanish Hills Condominium), recorded in Book 127 of Plats, page 0058, in the Office of the County Recorder, Clark County, Nevada on October 25, 2005, together with such other diagrammatic plans and information regarding the Project as may be required by the Act or other applicable law, or as may be included in the discretion of Declarant, as each such may be amended and supplemented from time to time.

Section 1.44 Project: "Project" shall mean the Property, the Association Property, together with the Common Elements and all Improvements constructed thereon.

Section 1.45 Property: "Property" shall mean the real property described in Exhibit "A" together with the Common Elements and all Improvements, easements, rights, appurtenances which have been or are hereafter submitted to the provisions of the Act by this Declaration.

Section 1.46 Reconstruction Assessment: "Reconstruction Assessment" shall mean a charge against each Owner and his or her Unit, representing a portion of the cost to the Association for reconstruction of any portion of the Improvements on the Common Elements, pursuant to the provisions of this Declaration.

Section 1.47 Rules: "Rules" shall mean the rules and regulations for the use of Common Elements and the conduct of Persons in connection therewith within the Project as adopted by the Board of Directors pursuant to this Declaration and the Bylaws.

Section 1.48 Security Interest: "Security Interest" shall mean the interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in a Unit, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.49 Special Assessment: "Special Assessment" shall mean a charge against a particular Owner and his or her Unit, directly attributable to or reimbursable by the Owner, equal to the cost incurred by the Association for corrective action performed pursuant to the provisions of this Declaration (including, if applicable, the amount of any deductible payable in connection with an insured loss), or levied by the Board as a reasonable fine or penalty for non-compliance with the Rules, plus interest and other charges on such Special Assessment as provided for in this Declaration.

Section 1.50 Special Declarant Rights: "Special Declarant Rights" shall mean those rights reserved for the benefit of Declarant to (1) complete improvements indicated on the Plat and Plans and make such repairs or alterations to any Improvements as Declarant deems necessary or appropriate for the sale of one or more Units; (2) exercise any Development Right; (3) maintain sales offices, management offices, advertisement signs and models within the Project for the benefit of the Property and any other real property owned by Declarant; (4) use easements through the Common Elements for the purpose of making improvements within the Project, within real estate that may be added to the Project, and any other real property owned by Declarant; or (5) appoint or remove an officer of the Association or any Board of Directors member during the Declarant Control Period.

Section 1.51 Subsidy Agreement: "Subsidy Agreement" shall mean an agreement between Declarant and the Association of the type described in Section 18.14 of this Declaration.

Section 1.52 Trustee: "Trustee" shall mean the entity which may be designated by the Board of Directors as the Trustee for the receipt, administration and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses and other sources as defined in the Bylaws. If no Trustee has been designated, the Trustee shall be the Board of Directors acting by majority vote, as executed by the president and attested by the secretary.

Section 1.53 Unit: "Unit" shall mean the fee simple interest in and to a single unit depicted on the Plat and Plans designated for separate ownership and occupancy the boundaries of which are described in Section 4.2 of this Declaration, together with the Garage contained within that Unit, the Limited Common Elements appurtenant to the Unit as specified in Article V, and the undivided interest in the Common Elements appurtenant to the Unit as specified in Section 8.2.

Section 1.54 VA: "VA" shall mean and refer to the U.S. Department of Veterans Affairs.

ARTICLE II PROJECT AND ASSOCIATION

Section 2.1 Project: The name of the Project is X-it. X-it is a condominium common interest community under the Act.

Section 2.2 Association: The name of the Association is X-IT HOMEOWNERS' ASSOCIATION. The Association is charged with the duties and vested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed so as to be inconsistent with this Declaration. If there should exist any ambiguity in any provision of the Articles or Bylaws, then such provision shall be consistent with the provisions of this Declaration.

ARTICLE III DESCRIPTION OF PROPERTY

The Property is situated in Clark County, Nevada, and is more particularly described on Exhibit "A" attached hereto, and shall include the Common Elements and all Improvements constructed thereon.

ARTICLE IV UNIT AND BOUNDARY DESCRIPTIONS

Section 4.1 Maximum Number of Units: When created, the Project shall contain 24 Units. Declarant reserves the right to create up to a total of 178 Units pursuant to Article VII.

Section 4.2 Boundaries: The Boundaries of each Unit created by the Declaration are the unit lines shown on the Plat and Plans as numbered units, along with their identifying number, and are described as follows:

(a) Upper Boundary: The horizontal or sloping plane or planes of the unfinished lower surfaces of the uppermost ceiling bearing structure surfaces, beams and rafters, extended to an intersection with the vertical perimeter boundaries.

(b) Lower Boundary: The horizontal plane or planes of the undecorated or unfinished upper surfaces of the lowermost floors, extended to an intersection with the vertical perimeter boundaries and open horizontal unfinished surfaces of trim, sills and structural components.

(c) Vertical Perimeter Boundaries: The planes defined by the inner surfaces of the studs and framing of the perimeter walls; the unfinished inner surfaces of poured concrete walls; the unfinished surfaces of the interior trim, and thresholds along perimeter walls and floors; the unfinished (inner/outer) surfaces of closed windows and closed perimeter doors; and the innermost unfinished planes of all interior bearing studs and framing of bearing walls, columns, bearing partitions and partition walls between separate Units.

(d) Inclusions: Each Unit will include the spaces and Improvements lying within the boundaries described in (a), (b) and (c) above, and will also include the spaces and the Improvements within those spaces containing any space heating, water heating and air conditioning apparatus, all electrical switches, wiring, pipes, ducts, conduits, smoke detector systems and television, telephone, electrical receptacles and light fixtures and boxes serving that Unit exclusively. The surface of the foregoing items will be the boundaries of that Unit, whether or not those items are contiguous to the Unit.

(e) Exclusions: Except when specifically included by other provisions of this Section, the following are excluded from each Unit: (i) the spaces and Improvements lying outside of the boundaries described in (a), (b) and (c) above; and (ii) all chutes, pipes, flues, ducts, wires, conduits, skylights and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Units and Common Elements or both.

(f) Noncontiguous Portions: Certain Units may include special portions of a Building and/or pieces of equipment, such as air conditioning compressors, meter boxes, utility connection structures and storage portions situated in the Buildings or structures that are detached or semi-detached from the Buildings containing the principal occupied portion of the Units. Such special equipment and/or portions of the Building are a part of the Unit, even though they are not contiguous with the residential portions.

(g) Inconsistency with Plat and Plans: If this definition is inconsistent with the information contained in the Plat and Plans, then the Plat and Plans definition will control.

(h) Garages: Each Garage within the Project shall be appurtenant to the Unit in which it is located and shall not be deemed to independently constitute a Unit. Each Garage shall be forever deemed to be an inseparable part of the Unit to which it is appurtenant. In no event shall the Garage be conveyed, encumbered, or released from any lien except in conjunction with, and as an integral part of, the conveyance, encumbrance, or release of the Unit to which it is appurtenant. Any purported conveyance, encumbrance, or release of a Garage, separate from the entire Unit, shall be void and of no effect.

ARTICLE V LIMITED COMMON ELEMENTS

Section 5.1 Assigned Limited Common Elements: The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

(a) If a chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit and any portion serving more than one Unit or a portion of the Common Elements is a part of the Common Elements.

(b) Any shutters, awnings, window boxes, doorsteps, storage areas, entry areas, stoops, porches, terraces, patios and exterior doors and windows or other fixtures designed to serve a single Unit and identified on the Plat and Plans as Limited Common Areas, located outside the boundaries of the Unit, are Limited Common Elements allocated exclusively to the Unit and their use is limited to that Unit.

(c) Entry areas, stairs, stoops, steps and walls above door openings at the entrances to each Building which provide access to less than all Units, the use of which is limited to the Units to which they provide access.

(d) Exterior surfaces, trim, siding, doors and windows will be Limited Common Elements allocated to the Units sheltered.

(e) Mailboxes, name plates and exterior lighting affixed to the Building will be Limited Common Elements allocated to the Units served.

ARTICLE VI MAINTENANCE

Section 6.1 Owners' Rights in Common Elements: Every Owner and the Family members, guests, tenants and licensees of each Owner shall have a perpetual right and easement of access over, across and upon the Common Elements for the purpose of entering and exiting such Owner's Unit, the parking area of such Owner and the public ways for both pedestrian and vehicular travel, which rights and easements shall be appurtenant to and pass with the transfer of title to such Unit; provided, however, that such right and easement shall be subject to the following:

(a) The covenants, conditions, restrictions, easements, reservations, rights-of-way and other provisions contained in this Declaration and the Plat and Plans;

(b) The right of the Association to regulate on an equitable basis the use of the parking spaces located within the Common Elements, including without limitation, the right to restrict the use of such parking spaces to visitors;

(c) The right of the Association to adopt, from time to time, rules and regulations concerning vehicular traffic and travel upon, in, under the Project;

(d) The right of the Association to regulate the hours of Owner access to the Common Elements and grant Owners the right to exclusively use certain parts of the Common Elements as set forth in Section 6.7 hereof; and

(e) The right of the Association to adopt, from time to time, any and all rules and regulations concerning the Common Elements as the Association may determine are necessary or prudent, subject to the terms of this Declaration and the Act.

(f) Notwithstanding the foregoing, the Association shall take no action which unreasonably restricts any Owner's or his or her Family members', guests', tenants' and licensees' right and easement of access over, across and upon the Common Elements to his or her Unit.

Section 6.2 Owners' Rights in Limited Common Elements: Subject to the provisions of this Declaration, every Owner shall have the exclusive right to use and enjoy the Limited Common Elements appurtenant to such Owner's Unit. The Plat and Plans shall designate Limited Common Elements as may

be required by the Act and may specify to which Unit or Units each Limited Common Element is allocated. All Limited Common Elements are appurtenant to all Units unless the Plat and Plans specify to which Unit or Units the Limited Common Element is allocated or the exclusive use of the Limited Common Element has been conveyed and made appurtenant to a particular Unit.

Section 6.3 Owner's Maintenance Obligations:

(a) Units. Each Owner shall maintain, repair and replace the Improvements within his or her Unit boundaries in a manner consistent with the Owner Maintenance Guide, if any, or in a first class manner consistent with comparable properties in first class buildings in Las Vegas, Nevada, including the walls, floors, ceilings, doors and windows forming the boundaries of such Owner's Unit, and all walls, floors, ceilings, doors, and windows within such boundaries, including the fixtures and utilities located in the Unit to the extent current repair shall be necessary in order to avoid damaging other Units or any of the Common Elements. All fixtures, equipment and utilities installed and included in a Unit serving only that Unit, commencing at a point where the fixtures, equipment and utilities enter the Unit, shall also be maintained and kept in repair by the Owner of that Unit. In the event that any maintenance, repair or decoration of any wall within a Unit that forms the exterior boundary of such Unit shall alter the drywall attached to such wall, the Owner shall restore said wall to its previous structural condition, which specifically includes the previous sound transmission coefficient, fire rating and waterproofing. An Owner shall not allow any action or work that will impair the structural soundness of the Improvements, impair the proper functioning of the utilities, heating, ventilation or plumbing systems or integrity of any Building, or impair any easement or hereditament. Subject to the requirements in Article XII, each Owner shall be required to use a contractor that is licensed and bonded in Nevada to perform any maintenance, repair or alteration of any walls, floors, ceilings and the doors that form or are adjacent to the boundaries of such Owner's Unit.

(b) Limited Common Elements. Each Owner shall maintain, repair and replace those Limited Common Elements exclusively allocated to such Owner's Unit, in a manner consistent with the Owner Maintenance Guide, if any, or in a first class manner consistent with comparable properties in first class buildings in Las Vegas, Nevada, including without limitation, the interior of each Garage contained in the Unit, but specifically excluding any exterior surface of the Limited Common Elements (such as terraces) and such portions of the Limited Common Elements for which the Association is responsible to maintain under Section 6.4 or elsewhere in this Declaration.

Section 6.4 Association's Maintenance Obligations:

(a) Common Elements. Subject to the rights and obligations of Declarant and other Owners as set forth in this Declaration, the Association shall be responsible for the administration and operation of the Project and for the exclusive management, control, maintenance, repair, replacement and improvement of the Common Elements (including facilities, furnishings and equipment related thereto) and all other parts of the Project not otherwise required in this Declaration to be maintained by an Owner, and shall keep the same in good, clean, attractive and sanitary condition, order and repair in a manner consistent with the Association Maintenance Guide and the provisions of this Article VI. The expenses, costs and fees of such management, operation, maintenance, improvement and repair by the Association shall be a Common Expense included in the Assessments, and prior approval of the Owners shall not be required in order for the Association to pay any such expenses, costs and fees (other than through the budget approval procedures of Section 18.4 of this Declaration).

(b) Limited Common Elements. Except as otherwise set forth in this Declaration, the Association shall be responsible for the maintenance, repair, replacement and improvement of the

Limited Common Elements not otherwise required in this Declaration to be maintained by an Owner, and shall keep the same in good, clean, attractive and sanitary condition, order and repair. The expenses, costs and fees of such maintenance, improvement and repair by the Association shall be assessed to the Owners as follows:

(i) The Association shall be responsible for the maintenance of the structural and mechanical elements of all Common Elements regardless of whether a particular Common Element is assigned as a Limited Common Element, including without limitation the terraces. Provided, however, all such maintenance expenses that arise from or that are necessitated by the negligence, misuse or neglect of a specific Owner, shall be paid solely by such Owner.

(ii) Any Common Expense associated with the maintenance, repair or replacement of heat exchanger, heater outlet, enclosures and mechanical attachments will be assessed against the Unit or Units to which the Limited Common Element is assigned.

(iii) If any such Limited Common Element is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Element will be assessed equally among the Units to which it is assigned.

(iv) Common Expenses associated with the cleaning, maintenance, repair or replacement of any Limited Common Elements will be assessed against all Units in accordance with the Allocated Interests in the Common Expenses as provided in Section 8.2 of this Declaration.

(v) Each Owner shall be responsible for removing leaves and debris from all terraces which are Limited Common Elements appurtenant to the Unit. If any such Limited Common Element is appurtenant to two or more Units, the owners of those Units will be jointly responsible for such removal.

Section 6.5 Maintenance and Repair Responsibilities of Association: No Improvement, excavation or work which in any way alters the Common Elements shall be made or done by any Person other than initially by Declarant, or by the Association or its authorized agents after the completion of the construction or installation of the Improvements thereto by Declarant. Subject to this Declaration, upon the commencement of Common Expense Assessments under Section 18.10, the Association, acting through the Board and/or Manager, shall provide for the care, management, maintenance, and repair of the Common Elements (and of any other portions of the Property as expressly required hereunder), as set forth in this Section and in accordance with the Association Maintenance Guide. All of the foregoing obligations of the Association shall be discharged when and in such manner as the Board shall determine in its reasonable business judgment to be appropriate. Without limiting the foregoing, the Association's obligations hereunder shall include, but not necessarily be limited to, the following:

(a) Roof. The Board and/or Manager shall cause the roofs of all Buildings in the Property to be inspected semi-annually, and at least one such inspection each year shall be conducted by a licensed Nevada roofing contractor, who shall provide a written report to the Board. The Board shall cause any necessary or prudent repairs to be undertaken and completed without delay in a manner and to the extent necessary to prevent avoidable deterioration.

(b) Painting. The Board and/or Manager shall cause all Improvements in the Common Elements to be repaired and/or repainted in accordance with the Association Maintenance Guide or otherwise as necessary to maintain the original appearance thereof (normal wear and fading excepted).

(c) Utilities. The Board and/or Manager shall cause to be maintained properly and in good condition and repair all utilities and utility systems in the Common Elements. The Board and/or Manager shall cause all water and/or sewer infrastructure, as set forth herein, to be inspected at least quarterly, and at least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such water/sewer infrastructure, who shall provide a written report to the Board and/or Manager. Common Element sewer lines may be cleaned annually (or on such other periodic frequency as deemed reasonably prudent by the Board), from the Buildings to the street. Common Element water lines may be "exercised" once each year (or on such other periodic frequency as deemed reasonably prudent by the Board), by turning each valve off and on several times in succession. The Board and/or Manager shall cause any and all necessary or prudent repairs to be undertaken and completed without delay in a manner and to the extent necessary to prevent avoidable deterioration or property damage.

(d) Drainage and Landscaping. The Board and/or Manager shall cause all drainage systems within the Common Elements and all related landscape installations on the Property to be inspected at least monthly. In particular, the Board and/or Manager shall inspect for any blocked drainage grates, basins, lines, and systems, which could cause damage to Improvements on the Property. At least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such drainage and landscape installations, who shall be required to promptly provide a written report to the Board. The written reports shall identify any items of maintenance or repair which either require current action by the Association, or will need further review and analysis, and shall specifically include a review of all drainage systems on the Property. The Board and/or Manager shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration or property damage.

(e) Pool. The Board and/or Manager shall cause the pool to be inspected at least monthly. At least one such inspection each year shall be done by a licensed and qualified contractor with expertise in the construction and maintenance of pools, who shall be required to promptly provide a written report to the Board. The written reports shall identify any items of maintenance or repair which either require current action by the Association, or will need further review and analysis. The Board and/or Manager shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration or property damage. Without limiting the foregoing, the Board and/or Manager shall cause all caulking to be replaced at least once every two to three (2 - 3) years, or more frequently, around the coping and decking of the pool.

(f) Structures. The Board and/or Manager shall cause the Buildings and other structures and Improvements within the Property to be inspected at least quarterly. At least one such inspection each year shall be done by a licensed and qualified contractor or architect with expertise in the construction and maintenance of such structures, who shall be required to promptly provide a written report to the Board. The written reports shall identify any items of maintenance or repair which either require current action by the Association, or will need further review and analysis. The Board and/or Manager shall cause any and all necessary or prudent repairs to be promptly undertaken and completed, to prevent avoidable deterioration or property damage.

(g) Inspections. After the end of the Declarant Control Period, the Board and Manager shall conduct inspections of the Common Elements as set forth above, and shall provide Declarant with at least ten (10) days' prior written notice of each such inspection. Declarant shall have the option, in its sole discretion, without obligation, to attend each such inspection.

(h) Fire Lanes and No Parking Areas. The Board and/or Manager shall cause all red curbs and/or signage that designate fire lanes and "no parking" areas within the Project to be maintained, repaired and/or replaced in good condition, as originally established by Declarant within the Project.

(i) Reports. Throughout the term of this Declaration, the Board and the Manager shall promptly deliver to Declarant information copies of all written inspections and reports rendered pursuant to the Association's maintenance and repair responsibilities hereunder (without any obligation whatsoever of Declarant to review such documents or to take any action in connection therewith).

(j) Failure to Maintain. The Association shall be responsible for accomplishing its maintenance and repair obligations fully and timely from time to time, as set forth in this Declaration. Failure of the Association to fully and timely accomplish such maintenance and repair responsibilities may result in deterioration and/or damage to Improvements, and such damage and/or deterioration shall in no event be deemed to constitute a constructional defect.

Section 6.6 Inspection Responsibilities of Association: In January of 2008, and annually thereafter, the Board (and, so long as Declarant owns any portion of the Properties, a representative of Declarant) shall conduct a thorough walk-through inspection of the Common Elements and the Property (including, all interior portions of the Improvements). If, at the time of such inspection, there are no Directors other than those appointed by Declarant, up to two (2) Owners, other than Declarant, shall be permitted to accompany such inspection. Following the inspection, the Board shall prepare a detailed written description of the then-existing condition of all such areas, facilities and buildings, including a checklist of all items requiring repairs or special attention. A similar checklist shall be prepared and signed by the Board and/or Manager within ninety (90) days after the election of the first Board elected following the end of the Declarant Control Period. It shall at all times be an express obligation of the Association to properly inspect (as aforesaid), repair, maintain, and/or replace such items, facilities, structures, landscaping and areas as are required to maintain the Property in as good condition thereof as originally constructed by Declarant (reasonable wear and tear, settling and deterioration excepted). The Board shall report the contents of such written reports to the Members, at the next meeting of the Members following receipt of such written report, or as soon thereafter as reasonably practicable, and shall include such written reports in the minutes of the meeting. The Board shall promptly cause all matters identified as requiring attention to be maintained, repaired, or otherwise pursued in accordance with prudent business practices, and the recommendations of the inspectors. If requested by Declarant, copies of such reports shall also be delivered to Declarant. The foregoing notwithstanding, neither Declarant nor the Board shall be liable for any failure or omission under this Section, so long as Declarant and/or the Board (as may be applicable) has acted in good faith and with reasonable due diligence in carrying out its responsibilities hereunder.

Section 6.7 Right to Limit Hours and Grant Limited Use of Common Elements: The Declarant reserves, for itself, during the Declarant Control Period, and thereafter, to the Association, the right to reasonably regulate the hours that Owners may access certain areas the Common Elements, specifically including all or part of the recreation center. The Declarant further reserves, for itself, during the Declarant Control Period, and thereafter, to the Association, the right to permit certain areas designated as Common Elements, specifically including all or part of the recreation center, to be used exclusively by one or more Owners for private functions provided that such use is for a limited number of hours and is otherwise in accordance with the applicable provisions of the Rules.

Section 6.8 Right of Access: The Declarant and any person authorized by the Board of Directors shall have the right of access to all portions of the Project for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Project, for

the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing and replacing utility meters and related pipes, valves, wires and equipment, provided that requests for entry are made in advance and that any entry is at a time reasonably convenient to the affected Owner. In case of an emergency, no request or notice is required, and the right of entry shall be immediate and with as much force as is reasonably necessary to gain entrance, whether or not the Owner is present at the time.

Section 6.9 Repairs Resulting From Negligence: Each Owner will reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally, negligently or by his or her failure to properly maintain, repair or make replacements to his or her Unit or to those Limited Common Elements for which such Owner is responsible under this Declaration. The Association will be responsible for damage to Units which is caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements. If such damage is caused by misconduct, it will be assessed following Notice and Hearing.

Section 6.10 Repair by Association: In the event that portions of a Unit or other Improvements are not properly maintained and repaired, and if the maintenance responsibility for the unmaintained Improvement lies with the Unit Owner, or in the event that such Improvements are damaged or destroyed by an event of casualty caused by or for which the Owner is responsible, and the Owner does not take reasonable measures to diligently pursue the repair and reconstruction of the damaged or destroyed Improvements to substantially the same condition in which they existed prior to the damage or destruction, then the Association, after written notice to the Owner and the expiration of a 30-day cure period, and with the approval of the Board, shall have the right to enter upon the Unit to perform such work as is reasonably required to restore the Unit and other Improvements to a condition of good order and repair; provided, however, if such repair and reconstruction due to an event of casualty cannot be reasonably performed within such 30-day cure period, the Owner shall have such time as is reasonably required to perform such repair and reconstruction so long as the work has been commenced within such cure period and is diligently pursued to completion. All costs incurred by the Association in connection with the restoration shall be reimbursed to the Association by the Owner of the Unit upon demand. All unreimbursed costs shall be a lien upon the Unit until reimbursement is made. The lien may be enforced in the same manner as a lien for an unpaid Assessment levied in accordance with Article XVIII of this Declaration.

ARTICLE VII DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 7.1 Reservation of Development Rights: Declarant reserves the following Development Rights:

(a) The right, but not the obligation, by amendment to expand the Project to include all or part of the Annexable Property. Declarant shall have the unilateral right to transfer to any other Person the right to expand which is herein reserved. Declarant shall pay all taxes and other governmental assessments relating to the Annexable Property owned by Declarant until expansion.

Such expansion may be accomplished by recording a supplemental declaration or annexation amendment in the records of the County Recorder of Clark County, Nevada, describing the real property to be annexed, submitting it to the covenants, conditions, and restrictions contained herein, and providing for the readjustment of voting rights and assessment allocations provided for herein on the basis of formulas provided herein. Such supplemental declaration or annexation amendment shall not require the consent of the Owners. Any such expansion shall be effective upon the filing for record of such supplemental declaration or annexation amendment except as provided therein. The expansion may be

accomplished in stages by successive supplements or in one supplemental expansion. Upon the recording of any such supplemental declaration or annexation amendment, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Property as expanded. Such supplemental declaration or annexation amendment may add, delete, or modify provisions of this Declaration as it applies to all or any portion of the Annexable Property then being subjected to the Declaration, provided, however, that this Declaration may not be modified with respect to the Property previously subject to the Declaration except as provided herein for amendment.

(b) The right, but not the obligation, to amend the Plat and Plans, as may be necessary, to revise, reconfigure or modify any portion of the Annexable Property at any time prior to the annexation of such property into the Project. No approval, consent or certificate shall be required from any Owner or the Association to execute and/or record any such amendment to the Plat and Plans.

(c) The right, but not the obligation, by amendment to create Units, Common Elements and Limited Common Elements upon all or part of the Annexable Property.

(d) The right, but not the obligation, by amendment to subdivide Units located on the Property or convert such Units into Common Elements or Limited Common Elements.

(e) The right, but not the obligation, to construct underground utility lines, pipes, wires, ducts, conduits and other facilities upon the real property in the Project, for the purpose of furnishing utility and other services to Buildings and Improvements to be constructed in the Project. Declarant also reserves the right to withdraw and grant easements to public utility companies and to convey Improvements within those easements anywhere in the Project not occupied by Buildings, for the purposes mentioned above. If Declarant grants any such easements, the Plat and Plans will be amended to include reference to the recorded easement.

(f) The right, but not the obligation, to withdraw any Unit from this Declaration at any time prior to the sale or conveyance of that Unit by Declarant. Such withdrawal shall be accomplished by recording a declaration of withdrawal in the records of the Recorder of Clark County, Nevada, describing the real property to be withdrawn, and providing for the readjustment of voting rights and assessment allocations provided for herein. Such declaration of withdrawal shall not require the consent of the Owners. Any such withdrawal shall be effective upon the filing for record of such declaration of withdrawal except as provided therein. The withdrawal may be accomplished in stages by successive declarations or in one declaration of withdrawal.

(g) The right, but not the obligation, to unilaterally amend this Declaration at any time prior to the close of the first sale of a Unit.

(h) The right, but not the obligation, to create subassociations and supplemental declarations for the operation thereof.

Section 7.2 Limitations on Development Rights: The Development Rights reserved in Section 7.1 are limited as follows:

(a) The Development Rights may be exercised at any time within seven years after the recording of the initial Declaration;

(b) Not more than 154 additional Units may be created under the Development Rights;

(c) The construction of any Buildings and Improvements to be built and annexed into the Project shall be consistent with the quality of those Buildings and Improvements constructed in Phase 1 (this limitation shall not prevent Declarant from having the right to substitute materials of like durability and strength);

(d) All Units created pursuant to the Development Rights will be restricted to residential use in the same manner and to the same extent as the Units created under this Declaration as initially recorded;

(e) All taxes, assessments, mechanic's liens and other charges affecting the Project arising in connection with Declarant's ownership of, and construction of improvements upon, any of the Annexable Property or Common Elements which may adversely affect the rights of existing Owners, or the priority of the Security Interest of any Eligible Mortgagee on Units in the Project, are to be paid or otherwise satisfactorily provided for by Declarant; and

(f) To the extent necessary to meet any VA requirements which are applicable to the Project, Declarant shall not exercise any Development Rights unless approved by the VA.

Section 7.3 Phasing of Development Rights: With respect to the Annexable Property, no assurances are made by Declarant as to whether Declarant will exercise its Development Rights or the order in which such portions, or all of the areas, will be developed. The exercise of Development Rights as to some portions of the Annexable Property will not obligate Declarant to exercise its Development Rights as to other portions of the Annexable Property.

Section 7.4 Special Declarant Rights: Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Project:

(a) To complete any Improvements and make such repairs or alterations to the Improvements as Declarant deems necessary or appropriate for the sale of one or more Units;

(b) To exercise any Development Right reserved in this Declaration.

(c) To maintain sales offices, management offices, signs advertising the Project and models which are reasonably necessary to market the Units or any other real property owned by Declarant regardless of whether such real property is part of the Project;

(d) 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 or any other real property owned by Declarant regardless of whether such real property is part of the Project;

(e) To make the Project subject to a master association;

(f) To merge or consolidate the Project with another common interest community of the same form of ownership;

(g) To appoint or remove any officer of the Association or Board of Directors member during the Declarant Control Period; and

(h) At Declarant's sole discretion, to make reasonable repairs upon the Units, Common Elements or the Limited Common Elements.

Section 7.5 Models, Sales Offices and Management Offices: For so long as Declarant is an Owner, Declarant, its duly authorized agents, representatives and employees reserves the right to use any portion of the Project and/or the Common Elements, including without limitation the recreation center, for sales offices and/or management offices. Declarant further reserves the right to maintain any Unit owned by Declarant or any portion of the Common Elements as a model Unit, sales office or management office.

Section 7.6 Construction; Declarant's Easement: Declarant reserves the right to perform warranty work, repairs and construction work in Units and Common Elements, to store materials in secure areas, and to control and have the full right of access to perform work, repairs, construction and take any other actions within the Units, the Common Elements and the entire Project, as may be deemed to be appropriate by Declarant in the performance of its obligations hereunder to the Association or any Owner. All such work may be performed by Declarant without the consent or approval of the Board of Directors. Declarant has an easement through the Common Elements (including but not limited to that portion of the Common Elements consisting of the private streets and entry gates) as may be reasonably necessary for the purpose of discharging Declarant's obligations or exercising Special Declarant Rights, whether arising under the Act or reserved in this Declaration. This easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State of Nevada, riparian owners or upland owners to fulfill the plan of development.

Section 7.7 Signs, Marketing and Control of Parking Spaces: Declarant reserves the right to post signs and displays in the Common Elements in order to promote sales of Units. Declarant also reserves the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of Owners. Declarant further reserves the right to control parking spaces near the model units during Declarant's regular business or marketing hours, and to tow unauthorized vehicles at the owner's expense, for as long as Declarant is conducting marketing or sales activities in the Project.

Section 7.8 Declarant's Personal Property: Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the Project that has not been represented as property of the Association. Declarant reserves the right to remove from the Project (promptly after the sale and close of escrow of the last Unit) any and all goods and Improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 7.9 Declarant Control of the Association:

(a) Subject to Subsection 7.9(b), there shall be a Declarant Control Period during which the Declarant, or Persons designated by Declarant, may appoint and remove the officers and members of the Board of Directors. The Declarant Control Period terminates no later than the earlier of:

- (i) 60 days after conveyance of 75% of the Units that may be created to Owners other than a Declarant; or
- (ii) 5 years after Declarant has ceased to offer Units for sale in the ordinary course of business; or
- (iii) 5 years after any right to add new Units was last exercised.

Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before the termination of the Declarant Control Period. In that event, Declarant may require, for the duration of the Declarant Control Period, that specified actions of the Association or Board of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

(b) Not later than 60 days after conveyance of 25% of the Units that may be created to Owners other than a Declarant, at least one member and not less than 25% of the members of the Board of Directors shall be elected by Owners other than Declarant. Not later than 60 days after conveyance of 50% of the Units that may be created to Owners other than a Declarant, not less than 33-1/3% of the members of the Board of Directors must be elected by Owners other than Declarant.

(c) Not later than the termination of the Declarant Control Period, each member of the Board of Directors must have been elected by the Owners as provided in the Bylaws.

(d) Notwithstanding any provision of this Declaration to the contrary, the termination of the Declarant Control Period shall not affect Declarant's rights as an Owner to exercise the vote allocated to Units which Declarant owns.

Section 7.10 Limitations on Special Declarant Rights: Unless terminated earlier by an amendment to this Declaration executed by Declarant, any Special Declarant Right may be exercised by Declarant until the later of the following: (a) as long as Declarant is obligated under any warranty or obligation whether by statute or otherwise, (b) as long as Declarant holds a Development Right to create additional Units or Common Elements, (c) as long as Declarant owns any Unit; (d) as long as Declarant owns any Security Interest in any Units; or (e) fifteen years have elapsed after recording of this Declaration. Earlier termination of certain rights may occur by statute.

Section 7.11 Continuing Rights of Declarant: Declarant hereby retains and reserves the right, without obligation, to enforce the Documents (including, without limitation, the Association's duties of maintenance and repair, and reserve study and Reserve Fund obligations). After the end of Declarant Control Period, throughout the term of this Declaration, the Board shall deliver to Declarant notices and minutes of all Board meetings and Membership meetings, and Declarant shall have the right, without obligation, to attend such meetings, on a non-voting basis (unless Declarant then owns a Unit). Declarant shall also receive notice of, and have the right, without obligation, to attend, all inspections of the Property or any portion(s) thereof. The Board shall also, throughout the term of this Declaration, deliver to Declarant (without any express or implied obligation or duty on Declarant's part to review or to do anything) all notices and correspondence to Owners, all inspection reports, all reserve studies prepared in accordance with the Bylaws and the Act, and all audited or reviewed annual reports. Such notices and information shall be delivered to Declarant at its most recently designated address.

Section 7.12 Interference with Special Declarant Rights: Neither the Association nor any Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of Declarant.

Section 7.13 Lender Protection: During the Declarant Control Period, the following actions will require the prior approval of the VA and HUD to the extent necessary to meet any VA and/or HUD requirements which are applicable to the Project: annexation or de-annexation of any additional properties, any merger or consolidation of the Association, any special assessment, mortgaging of the Common Elements, dedication of the Common Elements, any amendment of the Declaration, any amendment to the Bylaws, and the removal of any portion of the Common Elements. Additional limitations on the right of Declarant to exercise Development Rights may be found in Article XVII of this Declaration.

Section 7.14 Declarant's Rights to Complete Development: No provision of this Declaration shall be construed to prevent or limit Declarant's rights to complete the development, construction, promotion, marketing, sale and leasing of properties within the boundaries of the area comprised of the

Property and the Annexable Property; to construct or alter Improvements on any property owned by Declarant within such boundaries; to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant or owned by the Association within such boundaries; or to post signs incidental to the development, construction, promotion, marketing, sale and leasing of property within such boundaries. Nothing contained in this Declaration shall limit the right of Declarant or require Declarant to obtain approval to: (a) excavate, cut, fill or grade any property owned by Declarant or to construct, alter, repair, remodel, demolish or replace any Improvements on any part of the Property or any property owned by Declarant; (b) use any structure on any part of the Property or any property owned by Declarant as a construction, model home or real estate sales or leasing office in connection with the sale of any property within such boundaries; or (c) require Declarant to seek or obtain the approval of the Board of Directors, the Architectural Committee or the Association for any such activity or Improvement to property by Declarant on any part of the Property or any property owned by Declarant. Nothing in this Section shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

Section 7.15 Priority of Declarant's Rights and Reservations: Declarant shall have, and hereby retains and reserves, certain rights as set forth in this Declaration with respect to the Association and the Project. The rights and reservations of Declarant set forth in this Declaration shall be deemed excepted and reserved in each recorded supplemental declaration or annexation amendment, in each conveyance of property by Declarant to the Association, and in each deed or other instrument by which any property encumbered hereby is conveyed by Declarant, whether or not specifically stated therein. The rights, reservations and easements of Declarant set forth in this Declaration shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration, including any amendment of this Section. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

Section 7.16 Assignment of Declarant's Rights and Duties: Any and all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person, corporation or association which will assume any or all of the duties of Declarant hereunder, and upon any such Person, corporation or association's evidencing its consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations and duties hereunder. Notwithstanding the foregoing, a transferee of any Special Declarant Rights which succeeded to those rights pursuant to a deed or other instrument of conveyance in lieu of foreclosure or a judgment or instrument conveying title pursuant to foreclosure of a Security Interest may hold such rights solely for transfer to another Person to the extent provided in NRS 116.31043(4), without assuming any obligations or liability under this Declaration except as provided in NRS 116.31043(4).

ARTICLE VIII ALLOCATED INTERESTS

Section 8.1 Allocation of Interests: The Allocated Interests attributable to each Unit are allocated and calculated in accordance with the formulas set forth in this Article.

Section 8.2 Formulas for the Allocation of Interests: The interests allocated to each Unit have been calculated by the following formulas:

(a) Undivided Interest in the Common Elements. The percentage of the undivided interest in the Common Elements allocated to each Unit is based on one share for each Unit compared with the total shares allocated to all the Units in the Project. The maximum possible percentage of the undivided interest in the Common Elements allocable to a Unit is equal to 1/24. The minimum possible percentage of the undivided interest in the Common Elements allocable to a Unit is equal to 1/178.

(b) Liability for Common Expenses. The percentage of Liability for Common Expenses allocated to each Unit is based on one share for each Unit compared with the total shares allocated to all the Units in the Project. The maximum possible percentage of Liability for Common Expenses allocable to a Unit is equal to 1/24. The minimum possible percentage of Liability for Common Expenses allocable to a Unit is equal to 1/178. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under this Declaration.

(c) Votes. Each Unit in the Project shall have one equal vote. Any specified percentage, portion or fraction of Owners, unless otherwise stated in the Documents, means the specified percentage, portion or fraction of all of the votes as allocated under this Article VIII.

Section 8.3 Assignment of Allocated Interests Pursuant to Exercise of Development Rights: The effective date for assigning Allocated Interests to Units created pursuant to Section 7.1 of this Declaration shall be the date on which the amendment creating the Units is recorded in the Recorder's Office for Clark County, Nevada.

ARTICLE IX RESTRICTION ON USE, ALIENATION AND OCCUPANCY

Section 9.1 Use Restrictions: Subject to the Special Declarant Rights reserved under Article VII, the following use restrictions apply to all Units and to the Common Elements:

(a) The use of each Unit is restricted to that of a single-family residence and accessory uses as permitted herein. Except for those activities conducted as a part of the marketing and development program of Declarant, no industry, business, trade or commercial activities shall be conducted, maintained or permitted in any part of a Unit, nor shall any Unit be used or rented for transient, hotel or motel purposes. The provisions of this Section shall not preclude a professional or administrative occupation, or an occupation of child care provided for not more than 5 non-Family children, provided that there is no external evidence of any such occupation, for so long as such occupations are conducted in conformance with all applicable governmental ordinances and are merely incidental to the use of the Unit as a residential home.

(b) No immoral, improper, offensive or unlawful use may be made of the Property; Owners shall comply with and conform to all applicable laws and regulations of the United States and of the State of Nevada and all applicable county ordinances, rules and regulations. The violating Owner shall hold harmless the Association and other Owners from all fines, penalties, costs and prosecutions for any violation or noncompliance.

Section 9.2 Occupancy Restrictions: Subject to the Special Declarant Rights reserved under Article VII, the following occupancy restrictions apply to all Units, Limited Common Elements and to the Common Elements:

(a) No electrical device creating overloading of standard circuits may be used without permission from the Board of Directors. Misuse or abuse of appliances or fixtures within a Unit which affects other Units or the Common Elements is prohibited. Any damage resulting from such

misuse shall be the responsibility of the Owner who caused such damage. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

(b) All Owners shall maintain their Units in a clean and well maintained condition. No storage of trash will be permitted in or outside any Unit in a manner which may permit the spread of fire, odors, seepage or encouragement of vermin. No bicycles, refrigerators, boxes, clothing, shoes, refuse or debris or any items which may be deemed storage items may be placed on terraces, patio areas or front entry area of the Unit where they can be seen. Laundry or towels may not be placed to dry on terrace or patio areas or front entry area of the Unit.

(c) No parking shall be permitted on any street or alley within the Project. Any parking spaces which are designated as visitor parking by the Board of Directors are for the sole use of visitors and guests only and may not be used by Owners. Such parking spaces may be used only for vehicles, but specifically excluding buses, commercial vehicles, motorhomes, boats, personal watercrafts, campers and trailers. Furthermore, no buses, commercial vehicles, motorhomes, boats, personal watercrafts, campers or trailers may be parked in any parking space within the Project, regardless of whether the parking space is designated for use by visitors or residents.

(d) No noxious, offensive, dangerous or unsafe activity shall be conducted in any Unit, nor shall anything be done, either willfully or negligently, which may be or become an annoyance or nuisance to the other Owners or occupants of Units. No Owner or occupant of a Unit shall make or permit any disturbing noises nor do or permit anything to be done by others that will interfere with the rights, comforts or convenience of other Owners or Unit occupants.

(e) No animals, birds or reptiles of any kind shall be kept in a Unit, except for a maximum of two household pets (exclusive of aquarium fish) of a gentle disposition which individually weigh not more than thirty-five (35) pounds at maturity, without the prior written consent of the Board of Directors. Pets may not be kept for any commercial purposes. Any pet causing or creating a nuisance or unreasonable disturbance or noise shall be permanently removed from the Project upon three days' written notice following Notice and Hearing from the Board of Directors. Each Owner shall hold the Association harmless from any claim resulting from any action of their pets. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity.

(f) Pets are allowed on the Common Elements only to the extent permitted by the Rules. Furthermore, the Board of Directors may require the registration of all pets within the Association and impose and levy a pet fee upon all Owners which have dogs and/or cats for the purpose of reimbursing the Association for the costs of additional maintenance of the Common Elements which may be reasonably necessary. Such a fee, if imposed must be imposed on a per pet basis.

(g) No signs, window displays or advertising visible from outside a Unit (except for a name plate or sign not exceeding nine square inches in area, on the main door to each Unit) shall be maintained or permitted in any part of a Unit. This restriction includes and is intended to prohibit "for sale" and "for rent" signs from being posted, erected or displayed within or on a Unit. All draperies which can be seen from the outside of the Unit must have a white or off-white backing.

(h) No clotheslines shall be placed, nor shall any clothes be hung in any manner whatsoever, on any Unit in a location, including, but not limited to, the garage door, patio, terrace, or the front or entry area of the Unit.

(i) No barbeques may be stored or used on the terraces, porches, front entries, or patios in the Project. Furthermore, no benches, chairs or other furniture may be stored or used on the front entry area of any Unit.

(j) Garages shall be used exclusively for the parking or storage of vehicles, and shall not be used solely for the storage of items other than vehicles. Ordinary household goods may be stored in addition to vehicles, provided that: (1) the Garage is maintained in a manner to accommodate the maximum number of vehicles for which it was originally constructed, (2) no flammable, dangerous, hazardous or toxic materials shall be kept, stored, or used in any Garage, and (3) doors to Garages shall be kept fully closed at all times except for reasonable periods during the removal or entry of vehicles or other items therefrom or thereto. No Garage may be used for a permanent or temporary dwelling, and no animal shall be housed or kept in any Garage.

(k) There will be no changes made to any Unit without permission of the Association under Article XII; provided, however, that in no event shall any change be made to a Unit that in any way changes the exterior appearance of the Unit or the Building in which the Unit is located. Furthermore, no security bars, security screen doors, security shutters or any other security device shall be installed to the exterior of any Unit.

(l) The Common Elements shall be improved and used only for the following purposes:

1. Affording vehicular passage and pedestrian movement within the Project, including access to the Units;

2. Recreation use by the Owners and occupants of Units in the Project and their guests, subject to rules established by the Board of Directors;

3. Beautification of the Common Elements and providing privacy to the residents of the Project through landscaping and such other means as the Board of Directors shall deem appropriate;

4. Parking of automotive passenger vehicles in areas provided therefor upon such terms and conditions as may from time to time be determined by the Board of Directors;

5. The following uses are hereby expressly prohibited:

(i) No garbage or refuse may be placed or left in the Common Elements except in receptacles provided for that use.

(ii) No planting may be done in the Common Elements by any Owner, except at the direction of the Board of Directors.

(iii) No buses, commercial vehicles, motorhomes, boats, personal watercrafts, campers and trailers may be parked within the Project.

(iv) No maintenance or repair of any vehicle shall be undertaken within the Project. No washing of any vehicle shall be permitted anywhere within the Project. No Person shall park, store or keep or use anywhere in the Project any unregistered or inoperable vehicle, except only within a fully closed garage.

(v) No skateboards may be used within the Project and no unlicensed motorized vehicles may be used or operated within the Project, regardless of the size of the motor. This prohibition is intended to include, without limitation, motorized scooters (including, Go-Peds), mini-motorcycles (including, Pocket Bikes), all terrain vehicles of any kind, and dirt bikes.

6. No part of the Common Elements shall be obstructed so as to interfere with its use for the purposes hereinabove permitted, nor shall any part of the Common Elements be used for storage purposes (except as incidental to one of such permitted uses, or for storage of maintenance equipment used exclusively to maintain the Common Elements or in storage areas designated by the Board of Directors), nor in any manner which shall increase the rate at which insurance against loss by fire, or the perils of the extended coverage endorsement to the Fire Policy Form, or bodily injury or property damage liability insurance covering the Common Elements and the Improvements situated thereon may be obtained, or cause such premises to be uninsurable against such risks or any policy or policies representing such insurance to be canceled or suspended or the company issuing the same to refuse renewal thereof.

Section 9.3 Laws and Insurance Requirements: Nothing shall be done to or kept on any Unit or Improvement thereon that might increase the rate of, or cause the cancellation of, insurance for the Project, or any portion of the Project, without the prior written consent of the Association. No Owner shall permit anything to be done or kept in his or her Unit or any Improvement thereon that violates any of the restrictions contained in this Declaration or any law, ordinance, statute, rule, or regulation of any local, county, state or federal body, including, without limitation, local ordinances relating to zoning and building codes.

Section 9.4 Antennae/Satellite Dish: Except as otherwise expressly permitted by law, no antennae, satellite dish, or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation, including, but not limited to, a dish or other device capable of transmitting or receiving signals for cable, satellite or pay-television systems, as well as any other pole or tower, shall be erected, used or maintained on any portion of the Common Elements (whether attached to a building or otherwise).

Section 9.5 Restrictions on Alienation: A Unit may not be conveyed pursuant to a time-sharing plan. A Unit may not be leased or rented for an initial term of less than sixty (60) days. All leases and rental agreements shall be in writing and subject to the requirements of the Documents and the Association. All leases shall be submitted to the Association no more than ten (10) days prior to the commencement of the tenancy.

All leases of a Unit shall include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Documents against the tenant, provided the Association gives the Owner notice of its intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action. Notwithstanding the foregoing, the Owner shall be responsible for the actions of any tenant, guest, invitee, contractor, employee, or any other Person on the Property at the Owner's request or for the Owner's benefit.

Section 9.6 Mold: Each Owner, by acceptance of a deed to a Unit, acknowledges and understands that there is, and will always be, the presence of certain biological organisms within the Unit. Most typically, this will include the common occurrence of mold and/or mildew. It is important to note that mold and mildew tend to proliferate in warm, wet areas. As such, it is each Owner's responsibility to maintain his or her Unit so as to avoid the accumulation of moisture and/or mold and mildew within the

Unit. Such mitigation matters should include, without limitation, the frequent ventilation of the Unit, removal of standing water on terrace, or patio areas, prompt repair of any leaks which permit water intrusion into the Unit, and prompt repair of plumbing leaks within the Unit (irrespective of who may have caused any such leaks). Each Owner also understands that the presence of indoor plants may also increase moisture and/or mold and mildew. Also, the propping of large pieces of furniture against wall surfaces may lead to mold or mildew accumulation. It is the responsibility of each Owner to monitor and maintain his or her Unit so as to mitigate and avoid the conditions which are likely to lead to the existence and/or growth of mold and/or mildew. In the event that mold does appear and/or grow within the Unit, it is also the Owner's responsibility to promptly and properly treat such mold to minimize the spreading thereof and/or unhealthy conditions likely to arise as a result thereof. Such measures frequently include, but are not limited to, cleaning mold-affected surfaces with chlorine bleach. Each Owner is responsible to learn how to clean any affected Improvements.

Section 9.7 Notice Regarding Water Intrusion: Notwithstanding any other provision herein, in the event that there shall be intrusion of water into any Unit (including, without limitation, as a result of any roof, window, siding or other leaks (including, without limitation, plumbing leaks), and whether or not the cause of such leak constitutes an Alleged Defect (as defined in Article XXVII hereof), the Owner of the affected Unit shall be obligated to immediately notify Declarant of such event, and Owner shall take all necessary and appropriate action to stop any such water intrusion. Declarant shall thereafter have the right to inspect the condition, including the right to assess the likelihood of mold or mildew, and to offer recommendations for mitigation of mold or mildew. Nothing herein shall obligate Declarant to take any action, nor shall any rights of Declarant under this subsection constitute an admission or acknowledgment that any causes of any water intrusion are the result of defective construction. Failure of any Owner to timely notify Declarant of any such water intrusion shall be cause to deny future claims against Declarant relating thereto, which claims could have been mitigated had earlier action been taken.

ANY AND ALL CONDITIONS WITHIN THE UNITS AND THE COMMON ELEMENTS WHICH INVOLVE WATER DAMAGE, OR THE POTENTIAL FOR WATER DAMAGE, WITHIN OR TO THE UNITS AND THE COMMON ELEMENTS, SUCH AS A PLUMBING LEAK, OR BREAK, OR ROOF, OR WINDOW LEAK, ARE EMERGENCIES. THE ASSOCIATION, THE BOARD, EACH OWNER, AND ALL PERSONS CLAIMING UNDER EACH OWNER, SHALL CONCLUSIVELY BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED, TO NOTIFY THE MANAGER AND THE DECLARANT IMMEDIATELY BY TELEPHONE AS TO ANY AND ALL SUCH CONDITIONS. UPON DISCOVERY OF ANY SUCH EMERGENCY CONDITION, THE ASSOCIATION, THE BOARD AND EACH OWNER ALSO AGREES TO ALLOW DECLARANT AND ITS EMPLOYEES, AGENTS, CONTRACTORS AND CONSULTANTS IMMEDIATE ACCESS TO THE UNIT AND THE COMMON ELEMENTS IN ORDER TO INSPECT AND/OR TEST AND TO TAKE ALL STEPS DECLARANT DEEMS NECESSARY TO REPAIR ANY SUCH CONDITION, AS WELL AS TO REMOVE AND/OR REPLACE ANY AND ALL COMPONENTS OR MATERIALS CAUSING DAMAGE OR DAMAGED BY SUCH CONDITION, INCLUDING WITHOUT LIMITATION, REMOVAL OF WET DRYWALL, SHEETROCK, TRIM, TACK STRIP, CARPET, CARPET PAD AND FLOORING MATERIAL. ANY WORK UNDER THIS PARAGRAPH THAT IS COVERED BY SELLER'S LIMITED WARRANTY (AS DEFINED IN SECTION 27.2) SHALL BE PERFORMED AT THE EXPENSE OF DECLARANT. ANY WORK UNDER THIS PARAGRAPH THAT IS NOT COVERED BY SELLER'S LIMITED WARRANTY SHALL BE PERFORMED AT THE EXPENSE OF OWNER (FOR WORK RELATING TO A UNIT) OR THE ASSOCIATION (FOR WORK RELATING TO THE COMMON ELEMENTS).

Section 9.8 Noise Attenuation: Floor Coverings:

(a) General Noise Guidelines. In the event that any Owner other than Declarant desires to modify any Improvement to such Owner's Unit, including, without limitation, the floor coverings in such Owner's Unit, then, in addition to all other requirements set forth herein, each Owner shall be, and remain, obligated to comply with the terms of this Section. Under all circumstances, whether as a result of modifications to the Unit, or actions of an Owner within such Owner's Unit, each Unit shall be required to meet a minimum field noise isolation class ("NIC") of not greater than 50 decibels. Such measurement is a general classification with respect to both airborne and impact-sound noise. In addition, each Unit shall maintain a minimum field impact isolation class ("FIIC") of not greater than 50 decibels, which standard applies specifically to noise associated with a Unit's floor/ceiling assembly. Flooring materials (including hard-surface flooring underlayment materials) are classified by such FIIC measurements reflecting the degree of noise likely to be created by use of such materials (and, as described more fully in this Section below, such information is among the information required to be provided by an Owner at such Owner's sole expense before any consideration will be given to permitting replacement of flooring materials). If testing is required to confirm compliance with the foregoing standards (or any other noise standards set forth herein) same shall be conducted at the Owner's sole expense by a laboratory that adheres to ASTM standards.

(b) Floor Coverings. With respect to carpeting installed in an Owner's Unit by any Owner, padding shall be used. With respect to hardwood, marble, ceramic tile or other hard floor coverings, if permitted, such flooring shall be installed only with appropriate acoustic underlayment; provided however, that no acoustic underlayment shall be required in the kitchen or bathroom areas of any Unit. The particular underlayment may be dictated by the nature of the floor covering. It shall remain the responsibility of each Owner to abide by the sound and noise reduction requirements set forth in this Declaration. It shall be required for any such Owner contemplating the installation of hardwood flooring, marble, ceramic tile or other hard floor coverings, to request the Association's approval to permit the Owner to install same. Under no circumstances shall any Owner modify, alter or impair the floor/ceiling assembly of any Unit. Any Owner desiring to install hard-surface flooring in any Unit to replace any originally-installed flooring shall provide at such Owner's sole expense the following information to the Association for its reference in connection with its review of any request to permit the installation of such hard-surface flooring (subject to the waiver by the Association of the requirement that any particular materials or information be submitted):

(i) Information, including, if appropriate, construction plans and/or drawings, clearly indicating the type of flooring to be installed and the underlayment to be provided to mitigate impact noises such as foot-falls. The information must clearly identify all materials, their composition, and thickness. This information, including any plans and/or drawings, must be approved, at Owner's sole expense, by the resilient underlayment manufacturer for acoustical and structural integrity and performance and compliance with the acoustical requirements of this Declaration;

(ii) A copy of the installation instructions from the resilient underlayment manufacturer, which instructions shall be followed by the installing contractor;

(iii) The name, qualifications, and experience of the contractor who will install the hard-surface flooring and resilient underlayment, with a listing of such contractor's experience in the installation of floors utilizing impact installation materials; and

(iv) Evidence that the newly-installed flooring will not create greater noise impacts than the test results for the floor/ceiling assembly yielded when tested as described above.

(c) Noise Reduction. Acoustical privacy is in the mutual interest and benefit of all Owners, lessees and other occupants of the Project. Acoustical privacy can only be achieved through understanding and compliance with certain limitations and restrictions. It is recognized that total isolation from an adjacent Unit in a manner comparable to a single-family residence is difficult if not impossible to attain. There will usually be some awareness of one's neighbors. Efforts have been made in the basic design of the Property to alleviate airborne noise, structure-borne noise and impact noise transmission from and to each Unit. The design and construction of this Project attempts to meet the standards and criteria imposed by the applicable governmental authorities related to sound insulation to the extent permitted by construction practices today. Modification of design of the structures or related components thereof by any Owner, or installation of noise generating instruments or equipment, could then alter the resultant expected isolation. The following restrictions are intended to maximize the acoustical privacy of all Owners, lessees and other occupants of the Property.

(i) Impacts from Improvements; Noise Study. Any improvement, equipment, or activity which may create noise impacts for any Unit or Common Elements (other than those related to Declarant's activities within the Project) shall be subject to the strict noise reduction requirements and guidelines set forth herein and/or in any guidelines adopted by the Association from time to time (the "**Noise Guidelines**"). The Board shall have the right to request that any Owner desiring to install any such improvements or equipment submit the results of a noise study prepared by a qualified consultant reasonably acceptable to the Architectural Committee or the Board, as applicable.

(ii) Sound System Loudspeakers and Pianos. Prior to attaching sound system loudspeakers to ceilings, walls, shelves or cabinets in a Unit, and prior to the placement of a piano in a Unit, the Owner, lessee or other occupant of said Unit shall submit a written description to the Association of the measures that the Owner intends to take to ensure that said equipment or instrument shall not disturb the Owners, lessees and other occupants of the Property (the "**Noise Reduction Measures**"). In regard to pianos, the concentrated weight on each caster leg of the piano can result in vibration energy transfer at these localized contact points that is disturbing to other Unit occupants. This is frequently the case, regardless of whether carpeting and padding exist. Therefore, appropriate Noise Reduction Measures may include, among other things, installing a 1/2" neoprene waffle load distribution plate or pad which has been a solution in many cases. The Association shall review the proposed Noise Reduction Measures submitted by an Owner, lessee or other occupant of a Unit and, if in its sole discretion, determines that said measures will be adequate to minimize noise, the Association shall provide written notice of approval to said Owner, lessee or occupant within 30 days of receipt of the Noise Reduction Measures. If the Association, in its sole discretion, determines that the Noise Reduction Measures are inadequate, then the Owner shall be prohibited from making the desired installation. If the Association fails to provide written notice to the Owner, lessee or occupant within said 60 day period, it shall be conclusively presumed that the Association has not approved the Noise Reduction Measures.

(iii) Washing Machines and Dishwashers. Resilient pads must be placed under all washing machines and dishwashers in order to avoid transmitting vibration to other Units. If the Association approves replacement of any plumbing lines and fixtures within a Unit, such plumbing lines and fixtures shall be vibration isolated consistent with the existing isolation.

(iv) Other Devices and Decorations. Many other devices and decorations or uses or misuses thereof, can likewise be the cause of unacceptable sound or vibration in adjacent (along side, above or below as the case may be) Units, including, but not limited to, garage door openers and rotating, oscillating or vibrating devices. The Unit Owners are forewarned and on notice that the criteria for acoustical privacy set forth herein, shall apply for any condition resulting in annoyance and complaint by other Unit occupants within the Property. Without limiting any other guidelines or restrictions now or hereafter affecting the Property, no Owner or other Person (other than Declarant) shall install or permit the installation of any garage door opener, therapeutic spa or similar device or equipment, whether portable or otherwise, without the prior written approval of the Architectural Committee. Any installed shelving or hanging pictures shall only be installed or hung with toggle bolts into the drywall. No Owner or other person shall fasten shelving or hanging pictures directly to studs.

(v) Indemnity. In the event that any flooring installation by an Owner does not comply with the sound attenuation requirements set forth herein, irrespective of any approval by the Association, the non-complying Owner shall indemnify, defend and hold harmless Declarant and the Association from any claims for defects, damages, liabilities, costs, and/or expenses (including reasonable attorneys' fees) arising out of, caused by, or associated with such non-compliance.

(vi) Noise Field Testing. In the event a complaint is made for non-compliance with the Noise Guidelines, the Board may retain the services of a recognized acoustical engineer to field test the area of complaint. The costs shall be chargeable to the complaining party in the event the field test shows that conditions meet the criteria of the applicable guidelines. If such field tests show non-compliance, then the costs of the testing shall be borne by the offending party. In the event an Owner fails to comply with the provisions of this Section or any Noise Guidelines (a "Noise Violation"), the Association shall have the right, after Notice and Hearing and reasonable opportunity to cure such Noise Violation as determined by the Board pursuant to this Section, to enter into the Owner's Unit for the purpose of remedying the Noise Violation. The Association shall not be liable for trespass in connection with such entry. At any hearing on a noise issue, the Owner will have an opportunity to discuss with the Board the merits of the claims set forth in the Association's original notice of Noise Violation, and the Board will determine what action, if any, needs to be taken by the Owner to remedy the Noise Violation and the time within which it must be accomplished. The cost to the Association of remedying such Owner's failure to comply with the provisions of this Section, as well as any damages suffered by the Association with respect thereto, shall be assessed to the Owner as a Special Assessment, enforceable in the manner provided in this Declaration.

Section 9.9 Weight Restriction: The installation of any Improvement or object having a load in excess of 40 pounds per square foot by any Owner other than Declarant must be compatible with the overall structural design of the Building. The Board may require a structural engineer to review certain of the proposed improvements with such a review to be at the sole cost and expense of the Owner of the Unit. In the event that an Owner violates the load limitations set forth in this Section, irrespective of any approval by the Association, the non-complying Owner shall indemnify, defend and hold harmless Declarant and the Association from any claims for defects, damages, liabilities, costs, and/or expenses (including reasonable attorneys' fees) arising out of, caused by, or associated with such non-compliance.

Section 9.10 Imposition and collection of Transfer Fee: After the initial conveyance of a Unit there shall be imposed on each subsequent Owner of a Unit upon each Chargeable Transfer of such Unit the obligation to pay to the Association a transfer fee in an amount of the established from time to time by

the Board but not to exceed the lesser amount of \$350 or one percent of the Transfer Price (the "Transfer Fee"). Such Transfer Fee shall be paid upon each Chargeable Transfer of the Unit on the occasion of each such Chargeable Transfer. The Transfer Fee is imposed not as a penalty and not as a tax, but as a means of supplementing the Assessments provided for in this Declaration and shall constitute a personal obligation of both the transferor and transferee to the Association.

(a) Definitions. As used in this Section 9.10, the capitalized terms shall be defined as follows:

(i) "Chargeable Transfer". Each of the following shall constitute a "Chargeable Transfer".

1. Any conveyance, assignment, or other disposition other than a Family Transfer of the ownership of all or any interest (other than a leasehold of 20 years or less) of a Unit, whether occurring in one transaction or a series of related transactions, and whether structured as a transfer of all right, title and interest or of beneficial ownership of all or a part or fractional share of a Unit.

2. A transfer of an equitable interest under an installment land contract, whether or not recorded and whether or not the purchaser has fulfilled all conditions which would entitle the purchaser to receipt of a deed, if such transaction would otherwise have been a Chargeable Transfer had a fee interest been transferred.

3. A transfer of more than 50% of the ownership of a corporation or of a partnership which, directly or indirectly, owns one or more Units shall constitute a transfer of such interest in each such Unit so owned.

4. A lease for a period of more than 20 years.

5. Any conveyance designed primarily for the avoidance of the payment of the Transfer Fee provided for in this Section 9.10.

6. Any transaction subject to payment of a state, county, school district or township real estate transfer or documentary stamp or similar tax.

(ii) "Family Transfer". A "Family Transfer" shall consist of a transfer of ownership or possession of a Unit solely to one or more parents, grandparents, children, grandchildren, siblings, or the spouse of the transferor.

(iii) "Transfer Price". In the case of a transfer for which a documentary fee or transfer tax is required to be paid, the "Transfer Price" for purposes of this Section 9.10 shall be deemed to be the purchase price evidenced by the amount of the documentary fee or transfer tax shown on the deed or other instrument of transfer. If no documentary fee or transfer tax is required to be paid, the "Transfer Price" shall be the fair market value of the interest transferred which, if the transaction is a bona fide "arms length" transaction, shall be rebuttably presumed to be the consideration recited in the instrument evidencing the transfer.

(b) Payment and Reports. The Transfer Fee shall be due and payable on the date of the Chargeable Transfer. Within 10 days after the date of the Chargeable Transfer, a report on forms provided by the Association must be filed by the transferee with the Secretary of the Association, and the payment of the Transfer Fee shall be delinquent and bear interest and otherwise be treated as a past due

Assessment if not paid within 30 days after the Chargeable Transfer. The report to be filed with the Association shall, at a minimum, describe the Chargeable Transfer and state the full amount of the Transfer Price, the names and addresses of the parties to the Chargeable Transfer, and the legal description of the Unit transferred. For the purposes of this Section 9.10(b), the date of the Chargeable Transfer shall be the effective date shown on the deed or other instrument evidencing the transfer; or if no date is shown, the date of its recording; or if neither appears, the actual date the Chargeable Transfer became effective as reasonably determined by the Association.

No right of first refusal to purchase a Unit in favor of any party or similar restriction on the ability of an Owner to sell the Owner's Unit shall be deemed to exist solely as a result of this Declaration or the inclusion of any Unit in the Project.

(c) Inspection. The Association at its own expense shall have the right for reasonable cause on reasonable notice at any time or times during regular business hours to inspect and copy all records and to audit all accounts of any Owner which is reasonably related to the payment of the Transfer Fee provided for in this Section 9.10.

Section 9.11 Declarant's Purchase Option.

(a) Right to Purchase. Declarant hereby reserves unto itself the right, but not the obligation, to purchase each Unit from the Owner thereof ("**Purchase Option**") on the terms and conditions set forth in this Section 9.11. Declarant's Purchase Option shall exist with respect to each Unit from the date this Declaration was originally recorded in the Official Records of the Clark County Nevada Recorder, through the date that is ten (10) years from the date that the deed which transferred title to the Unit from Declarant to an Owner other than Declarant was recorded in the Official Records of the Clark County Nevada Recorder (as applicable, the "**Purchase Period**"). Declarant shall have the right to exercise the Purchase Option by sending written notice to the then current Owner of the Unit at any time during the Purchase Period. All notices given under this Section shall be sent to the Owner: (1) at the street address of the Unit, (2) at the address of record for the Owner then on file with the Association (but only to the extent that the Association will release such address to Declarant), and (3) at the address on file with the Clark County Nevada Assessor for the delivery of real property tax statements for the Unit, if different from the applicable addresses obtained pursuant to clauses (1) and (2) of this sentence. If Declarant elects to exercise its Purchase Option under this Section 9.11, then the Owner of the applicable Unit shall be obligated to sell the Unit to Declarant (or to Declarant's designee) at the current fair market value of the Owner's Unit as reasonably determined by Declarant, and in connection with such sale the Owner: (i) shall pay the following closing costs in connection with same: state transfer taxes and the cost of officially recording the deed executed by the Owner in favor of Declarant (or to Declarant's designee), and (ii) shall convey the Unit free and clear of all monetary liens and encumbrances, with real property taxes prorated as of the date the deed is recorded.

(b) Binding Effect. BY ACQUIRING TITLE TO A UNIT, OR BY POSSESSION OR OCCUPANCY OF A UNIT, EACH OWNER FOR ITSELF AND FOR THE OWNER'S TENANTS, IF ANY, AND THEIR RESPECTIVE FAMILY, GUESTS AND OTHER INVITEES SHALL CONCLUSIVELY BE DEEMED TO UNDERSTAND, ACKNOWLEDGED AND AGREED TO THE DECLARANT'S RIGHT TO PURCHASE THE UNIT AS SET FORTH IN THIS SECTION 9.11.

(c) Additional Mortgagee Protection. The Purchase Option granted under this Section 9.11 shall not apply to or adversely impact the rights of any holder of a Security Interest to: (i) foreclose or take title to a Unit pursuant to the remedies in the documents which create and/or evidence the Security Interest, or (ii) accept a deed or assignment in lieu of foreclosure in the event of default by

debtor(s) under the documents which create and/or evidence the Security Interest, or (iii) sell or lease a Unit acquired by the holder of a Security Interest.

Section 9.12 Declarant's Rights: As long as Declarant is an Owner, Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by Declarant or any portion of the Common Elements, as model units or sales offices. Declarant may also maintain management offices and signs and displays advertising the Project.

Section 9.13 Declarant's Exemption: Each Unit owned by Declarant shall be exempt from the provisions of this Article IX, until such time as Declarant conveys title to the Unit, and activities of Declarant reasonably related to Declarant's development, construction, advertising, marketing and sales efforts, shall be exempt from the provisions of this Article IX. This Article IX may not be amended without Declarant's prior written consent.

ARTICLE X EASEMENTS AND LICENSES

Section 10.1 Easements of Record: The Project is presently subject to easements shown on the Plat and Plans, easements currently recorded against the Project in the Official Records of the Clark County Nevada Recorder, and such other easements contained herein. In addition, to those easements the Project may be subject to other easements or licenses granted by Declarant pursuant to its powers under Article VII of this Declaration, liens created under Article XVIII of this Declaration, and easements granted by the Association pursuant to its powers under Article XXIV of this Declaration.

Section 10.2 Declarant's Easements: The Declarant expressly reserves for the benefit of the Declarant and its affiliates, agents, officers and employees, non exclusive easements over the Project:

(a) Construction; Maintenance. A right to enter the Project and take all other action necessary or convenient for the purpose of exercising the rights reserved to Declarant set forth in Article X of this Declaration and undertaking and completing any Improvements located or to be located within the Units or the Project, and/or any improvements to be located adjacent thereto and/or for repair, replacement and maintenance or warranty purposes or where the Declarant, in its sole discretion, determines that it is required or desires to do so.

(b) Sales Activity. For as long as the Declarant owns any Unit the right to use any such Unit and parts of the Common Elements or the Project for model units and sales offices, to show model units and the Project to prospective purchasers, and to erect on the Project signs and other promotional material to advertise, among other things, Units for sale or lease.

(c) Warranty. For as long as Declarant remains liable under any warranty, whether statutory, express or implied, for act or omission of Declarant in the design, development, construction, sale and marketing of the Project or any part thereof, then Declarant and its contractors, agents and designees shall have the right, in Declarant's sole discretion and from time to time, to enter the Project and each Unit (upon reasonable notice) for the purpose of inspecting, testing and surveying same to determine the need for repairs, improvements and/or replacements, and effecting same, so that Declarant can fulfill any of any warranty obligations, whether statutory, express or implied. Nothing contained in this Section 10.2(c) shall be deemed or construed as the Declarant making or offering any warranty.

Section 10.3 Support: Each Unit shall have an easement of support and of necessity and shall be subject to an easement of support and necessity in favor of all other Units, the Common Elements, and any other structure or Improvement which abuts any Unit or any Improvement.

Section 10.4 Utility and Other Services: Easements are reserved under, through and over the Project as may be required from time to time for utility, communications and monitoring systems and other services and drainage in order to serve the Owners. No Owner shall do anything that interferes with or impairs, or may interfere with or impair, the provision of such utility, cable television, communications and security systems, or other service or drainage facilities or the use of these easements.

Section 10.5 Additional Easements: The Declarant expressly reserves the right of the Declarant to grant additional easements and rights of way over the Project to utility companies and public agencies, as necessary or desirable, for the proper development and disposal of the Property.

Section 10.6 Encroachment Easement: The Property, and all portions thereof, shall be subject to an easement of up to 1 foot from the Unit or Common Elements boundaries for the actual extent of encroachments created by construction as designed or constructed by Declarant and for settling, shifting, and movement of any portion of the Property, except that no such easement is created for an encroachment which is the result of willful conduct on the part of Declarant, an Owner, a tenant, the Association, or any other Person or entity. A valid easement for said encroachments and for the maintenance thereof shall exist. Such encroachments shall not be considered to be encumbrances upon any part of the Project. Encroachments referred to herein include, but are not limited to, encroachments caused by error in the original construction of improvements constructed on any Unit, by settling, rising, or shifting of the earth, or by changes in position caused by repair or reconstruction of any improvements on the Property.

Section 10.7 No Lease of Common Elements: No portion of the Common Elements including, without limitation, parking spaces, and other amenities contemplated as a part of the Project, are proposed to be leased by the Declarant to the Owners or to the Association.

Section 10.8 Right of Entry: The Association shall have a limited right of entry in and upon the Common Elements and the Units for the purpose of inspecting the Project, and taking whatever maintenance and/or corrective action may be deemed necessary or proper by the Board, consistent with the provisions of this Declaration. However, such entry upon the Units shall be made, except to effect emergency repairs or other emergency measures (which may be performed without notice), only after 3 days prior written notice to the Owner of such Unit and after authorization of a majority of the Board. In case of an emergency, such right of entry by or on behalf of the Association shall be immediate. 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. Nothing in this Article X shall in any manner limit the right of an Owner to exclusive occupancy and control over the interior of such Owner's Unit. However each Owner shall permit a right of entry to the Association or any other Person authorized by the Association as required by this Section 10.8. Any damage caused to a Unit by such entry by the Association or by any Person authorized by the Association shall be repaired by the Association as a Common Expense of the Association, unless the damage was caused by the negligence or misconduct of the Person authorized by the Association in which case the repair cost shall be paid by the Association.

Section 10.9 Owner's Easement:

(a) Garage. Each Owner of a Garage ("**Subject Garage**"), as and to the extent, if any, reasonably necessary, shall have an easement over the walls of the neighboring Unit and/or Garage adjacent to the Subject Garage for the purpose of attaching fixtures, shelves, cabinets and garage door openers to the walls of the Garage, and shall have an easement over portions of the adjoining Unit for purposes of reasonable access to and maintenance and repair of electrical, sewer, and other utility lines

servicing such Garage. Without limiting the foregoing, each Owner of a Unit shall have an easement over the adjoining Garage for purposes of reasonable access to and maintenance and repair of the staircase or upstairs area, or electrical, sewer, and other utility lines, and sewer cleanouts, servicing or related to such Unit, to the extent reasonably necessary or appropriate.

(b) Limited Common Elements. Subject to the rights of the Declarant and the Association, the Declarant expressly reserves for the benefit of certain Owners and their Units, exclusive easements over the Limited Common Elements.

(c) Common Elements. Subject to the provisions of this Declaration, each Owner and such Owner's Family, guests and invitees, shall have a non-exclusive 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 each Unit.

(d) Extent of Owners' Easements. The rights and easements of use and enjoyment of the Common Elements by the Owners created by this Declaration shall be subject to the Documents.

(e) Delegation of Use by Owner. Any Owner entitled to the right and easement of use and enjoyment of the Common Elements or such other easements granted hereunder, may delegate such right and easement to such tenants or prospective purchasers (pursuant to an executory contract of purchase and sale of a Unit) who reside in such Owner's Unit, subject to reasonable regulation by the Board. Said delegation must be in writing and delivered to a member of the Board. If an Owner delegates such rights as set forth herein, such Owner shall not be allowed the use and enjoyment of the Common Elements during the term of such delegation, but shall be liable for all charges and Assessments attributable to such Owner's Unit.

Section 10.10 Damage by Owner: To the fullest extent permitted by Nevada law, each Owner 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 such Owner, such Owner's Family members, guests, tenants or invitees, or any other Persons deriving their right and easement of use and enjoyment of the Common Elements from such Owner. 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 herein and in the Bylaws, to levy a Special Assessment equal to the increase, if any, in insurance premiums directly attributable to the damage caused by the Owner or the Person for whom the Owner may be liable as described above. In the case of joint ownership of a Unit, the liability of the co-Owners shall be joint and several, except to the extent that the Association shall have previously contracted in writing with the co-Owners to the contrary. After Notice and Hearing as provided herein and 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 Owner's Unit and may be enforced as provided herein.

ARTICLE XI ALLOCATION OF LIMITED COMMON ELEMENTS

A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to the provisions of this Article. All allocations will be made by amendments to the Declaration specifying to which Unit or Units the Limited Common Element is allocated.

Declarant has reserved the right, under Section 7.1(a) of this Declaration, to create Limited Common Elements as shown on the Plat and Plans. If created, such Limited Common Elements shall be

assigned to particular Units by amendment to this Declaration. Any Limited Common Elements which are not allocated by Declarant pursuant to the Development Rights reserved hereunder, may be so allocated by the Association by amendment to this Declaration.

All amendments shall specify to which Unit or Units the Limited Common Element is allocated. Such amendment shall require the approval of all holders of Security Interests in the affected Units. The Person executing the amendment shall provide an executed copy of the amendment to the Association, which shall record it, provided that the amendment complies with the provisions of this Declaration and the Act. The amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and the Project.

The parties executing the amendment shall be responsible for the preparation of the amendment and shall reimburse the Association for its reasonable attorneys' fees in connection with the review of the amendment and for the recording costs.

ARTICLE XII ADDITIONS, ALTERATIONS AND IMPROVEMENTS

Section 12.1 Requisite Approvals and Procedures for Owner Alteration: No Owner may make or commence any structural addition, alteration or Improvement in the Project, including without limitation, the alteration or construction of a Building, fence, wall or structure or the placement, erection or alteration of any Limited Common Element without the prior written consent of the Board of Directors or an architectural committee appointed by the Board of Directors composed of from one to three members ("Architectural Committee").

(a) Any request for approval of anything prohibited under Section 12.1 or Section 12.1(b)(i) or (ii) must be submitted in writing to the Board of Directors or the Architectural Committee, as applicable. The Board of Directors or the Architectural Committee shall answer any written request for approval within 60 days after the request. Failure to answer the request within this time shall not constitute a consent or approval by the Board of Directors or the Architectural Committee to the proposed action. Any such request shall be reviewed in accordance with any Architectural Committee Rules then in effect.

(b) Subject to this Section 12.1, an Owner:

(i) May make any improvements or alterations to the interior of their Units that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Project.

(ii) May not change the appearance of the Common Elements, the exterior appearance of a Unit or a Building.

(iii) After acquiring an adjoining Unit, may remove or alter any intervening partition or create apertures therein even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems, lessen the support of any portion of the Project or do not change the exterior appearance of the Unit or the Building in which the Unit is located. Removal of partitions or creation of apertures under this subsection is not an alteration of boundaries. If a part of an adjoining Unit is acquired, boundaries will be relocated in accordance with Article XIII.

(c) Any applications to any department or governmental authority for a permit to make any addition, alteration or improvement in or to any Unit shall be executed by the Association only. This execution will not, however, create any liability on the part of the Association or any of its members to any contractor, subcontractor or materialman on account of the addition, alteration or improvement or to any Person because of any claim for injury to person or damage to property arising from the permit.

(d) Any member or authorized consultant of the Board of Directors or the Architectural Committee, or any authorized officer, employee or agent of the Association may enter upon any Unit at any reasonable time after notice to the Owner, without being deemed guilty of trespass, in order to inspect any structural addition, alteration or Improvement constructed or under construction in the Unit to determine whether the work has been or is being built in compliance with the plans and specifications approved by the Board of Directors or the Architectural Committee.

(e) All additions, alterations and improvements to the Units and Limited Common Elements shall not, except pursuant to prior approval by the Board of Directors, cause any increase in the premiums of any insurance policies carried by the Association or by the Owners of any Units other than those affected by such change.

(f) The Architectural Committee may condition its review and/or approval of plans and specifications for any Improvement upon any one or more or all of the following conditions: (1) such changes therein as the Architectural Committee deems appropriate; (2) agreement by the applicant that all Persons providing contracting and remodeling services in connection with the proposed Improvements are licensed in the State of Nevada and have worker's compensation insurance as required by law and commercial general liability and property damage insurance insuring against loss, damage or liability for injury or death to persons and loss or damage to property occurring from any cause whatsoever naming the Association as an additional insured in an amount not less than reasonably determined by the Architectural Committee; (3) agreement of the applicant to submit "as-built" record drawings certified by a licensed architect or engineer which describe the Improvements in detail as actually constructed upon completion of the Improvement; (4) agreement by the applicant to furnish to the Architectural Committee a cash deposit or other security acceptable to the Architectural Committee in an amount reasonably sufficient to (A) assure the completion of such Improvement or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, and (B) to protect the Association and the other Owners against mechanic's liens or other encumbrances which may be created or recorded against their respective interests in the Property or damage to the Common Elements as a result of such work; (5) payment, by applicant, of the professional fees of a licensed architect or engineer to review the plans and specifications on behalf of the Architectural Committee, if such review is deemed by the Architectural Committee to be necessary or desirable; and/or (6) such other conditions as the Architectural Committee may reasonably determine to be prudent and in the best interests of the Association. The Architectural Committee may further require submission of additional plans and specifications or other information prior to approving or disapproving materials submitted.

(g) The Architectural Committee may establish and charge reasonable fees for review of applications and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, acoustical consultants or other professionals.

Section 12.2 Limitation on Liability of Architectural Committee: Provided that the Architectural Committee or a particular member of the Architectural Committee has acted in good faith on the basis of the information as may be possessed by the Architectural Committee or the member, as the

case may be, then neither the Architectural Committee nor any member thereof shall be liable to the Association, to any Owner, or any other Person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; (c) the development of any property subject to this Declaration. Without limiting the generality of the foregoing, the Architectural Committee and any member thereof may, but it is not required to, consult with knowledgeable outsiders with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Committee.

Section 12.3 Architectural Committee Rules: The Architectural Committee shall, upon request of the Board of Directors and subject to the approval of the Board of Directors, prepare and promulgate Architectural Committee Rules containing guidelines and review procedures on behalf of the Association. The Architectural Committee Rules shall be those of the Association, and the Architectural Committee shall have sole and full authority to prepare and to amend the Architectural Committee Rules, provided the Architectural Committee Rules are otherwise in compliance with the Articles, the Bylaws and this Declaration. The Architectural Committee shall make Architectural Committee Rules available to Owners.

Section 12.4 Board of Directors and Architectural Committee Discretion: Except as may be expressly provided in this Declaration, any consent or approval of the Board of Directors, Architectural Committee, or Association that is required under the provisions hereof may be granted or withheld in the sole and absolute discretion of the Board of Directors, Architectural Committee, or Association, as applicable. In that regard, the granting or withholding of such consent or approval shall not be subject to any objective standards of "reasonableness" or otherwise. Further, the approval of or consent to any matter shall not be deemed to be a waiver of the right to disapprove the same or similar matters in subsequent requests for consents or approvals from the same or other parties.

Section 12.5 No Applicability to Construction by Declarant: The provisions of this Article XII shall not apply to the limited initial construction or any additions, alterations, repairs, reconstruction, or other Improvements made by Declarant in the Project whether structural or non-structural in nature, and neither the Board of Directors nor any Architectural Committee appointed by the Board of Directors shall have any authority or right to approve or disapprove the limited initial construction or addition, alteration, repairs, reconstruction, or other Improvement made or to be made by Declarant in the Project.

Section 12.6 No Applicability to Board of Directors: Subject to the limitations of Sections 13.1 and 13.2 of this Declaration, the Board of Directors may make any additions, alterations or improvements to the Common Elements which, in its judgment, it deems necessary.

ARTICLE XIII BOUNDARIES

Section 13.1 Application and Amendment: The boundaries between adjoining Units may not be relocated without the approval of the Board of Directors or the Architectural Committee under Article XII. In addition to the plans and specifications required for approval under Section 12.1, a request for a boundary adjustment must be accompanied by the written consent of all Owners of the Units affected by the relocation. If the Owners of the adjoining Units have specified a reallocation between their Units of their Allocated Interests, the application shall state the proposed reallocation. In the event that the Board of Directors or the Architectural Committee approves the request for boundary adjustment, the Association shall prepare an amendment that identifies the Units involved, states the reallocations and indicates the Association's consent. The amendment must be executed by those Unit Owners affected and

contain words of conveyance between them. The approval of all holders of Security Interests in the affected Units shall be endorsed on the conveyance. On recordation, the amendment shall be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the Association.

Section 13.2 Recording Amendments: The Association shall prepare and record an amendment to the Plat and Plans as necessary to show the altered boundaries between adjoining Units, along with the Units' dimensions and identifying numbers. The applicants will pay for the costs of preparation of the amendment and its recording, as well as any reasonable consultant fees incurred by the Association.

ARTICLE XIV AMENDMENTS TO DECLARATION

Section 14.1 In General: Except in cases of amendments that may be executed (i) by Declarant under Section 29.10 and otherwise in the exercise of its Development Rights, (ii) by the Association under Article X of this Declaration and NRS 116.1107 or (iii) by certain Owners under Article XIII and Section 13.1 of this Declaration, and NRS 116.2118, this Declaration including the Plat and Plans, may be amended only by vote or agreement of a Majority of Owners, except as limited by Section 14.2, 14.5 and Article XVII of this Declaration. The procedure for amendment must follow the procedures set forth in NRS 116.2117.

Section 14.2 Consent of Declarant Required for Certain Amendments: Declarant has reserved and retained certain rights under the terms of this Declaration. In furtherance of the Declarant's rights hereunder, any amendment which operates to change or remove any of the provisions contained in Article VII, Article XXVII, Section 24.4 and/or this Section 14.2 of this Declaration may only occur if the requisite number of Owners have approved the amendment in accordance with Section 14.1, and the Declarant has approved the amendment.

Section 14.3 Limitation of Challenges: An action to challenge the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.

Section 14.4 Recordation of Amendments: Each amendment to this Declaration must be recorded in the Clark County Recorder's Office, and the amendment is effective only upon recording.

Section 14.5 Unanimous Consent: Except to the extent expressly permitted or required by other provisions of this Declaration or the Act, an amendment may not create, increase or decrease Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, or change the Allocated Interests of a Unit, except by unanimous consent of the Owners affected and the consent of a Majority of Owners.

Section 14.6 Execution of Amendments: An amendment to this Declaration required by the Act to be recorded by the Association, which has been adopted in accordance with this Declaration and the Act, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the president of the Association.

Section 14.7 Special Declarant Rights: Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of Declarant.

Section 14.8 Consent of Holders of Security Interests and VA: Amendments are subject to the consent requirements of Article XVII.

Section 14.9 Amendment to Create Units: To exercise any Development Right reserved under Section 7.1 of this Declaration, Declarant shall prepare, execute and record an amendment to this Declaration. Declarant shall also record new Plat and Plans to the extent as necessary to conform to the requirements of NRS 116.2109(1), (2) and (6).

The amendment to this Declaration shall assign an identifying number to each new Unit created and reallocate the Allocated Interests among all Units. The amendment shall describe any Common Elements and any Limited Common Elements created and designate the Unit to which each Limited Common Element is allocated to the extent required by NRS 116.2108(2).

ARTICLE XV AMENDMENTS TO BYLAWS

The Bylaws may be amended or repealed by the vote or written consent of a Majority of the Owners and in accordance with Article 12 of the Bylaws. Furthermore, any amendment of the Bylaws during the Declarant Control Period shall require the prior approval of the VA and HUD to the extent necessary to meet any VA and/or HUD requirements applicable to the Project.

ARTICLE XVI TERMINATION

Termination of the Project may be accomplished only upon the approval of the Owners of 80% of the total number of Units within the Project, and then in accordance with the provisions of the Act.

ARTICLE XVII MORTGAGEE PROTECTION

Section 17.1 Introduction: This Article establishes certain standards and covenants which are for the benefit of the holders, insurers and guarantors of certain Security Interests. This Article is supplemental to, not a substitution for, any other provisions of the Documents, but in the case of conflict, this Article shall control.

Section 17.2 Percentage of Eligible Mortgagees: Wherever in this Declaration the approval or consent of a specified percentage of Eligible Mortgagees is required, it shall mean the approval or consent of Eligible Mortgagees holding Security Interests in Units which in the aggregate have allocated to them that specified percentage of votes as compared to the total votes allocated to all Units in the Association then subject to Security Interests held by all Eligible Mortgagees.

Section 17.3 Notice of Actions: The Association shall give prompt written notice to each Eligible Mortgagee and Eligible Insurer of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or any Unit in which there is a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

(b) Any delinquency in the payment of Common Expense Assessments or in the payment of any fee, assessment or charge levied by the Association under this Declaration, owed by an

Owner which remains uncured for a period of 60 days and whose Unit is subject to a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified in Section 17.4 of the Declaration; and

(e) Any judgment rendered against the Association.

Section 17.4 Consent and Notice Required:

(a) Document Changes. Notwithstanding any requirement permitted by this Declaration or the Act, no amendment of any material provision of the Documents by the Association or Owners described in this Section 17.4(a) may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 17.3 above, without the vote of at least 67% of the Owners (or any greater Owner vote required in this Declaration or the Act) and without approval by at least 51% of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected by the exercise of any Development Rights reserved by Declarant hereunder. A change to any of the following would be considered material:

(i) Any provision of this Declaration pertaining to voting rights;

(ii) Any provision of this Declaration pertaining to assessments, assessment liens or priority of assessment liens;

(iii) Any provision of this Declaration pertaining to reserves for maintenance, repair and replacement of Common Elements;

(iv) Any provision of this Declaration pertaining to responsibility for maintenance and repairs;

(v) Any provision of this Declaration pertaining to expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;

(vi) Any provision of this Declaration pertaining to insurance or fidelity bonds;

(vii) Any provision of this Declaration pertaining to leasing of Units;

(viii) Any provision of this Declaration pertaining to imposition of any restrictions on Owners' right to sell or transfer their Units; or

(ix) Any provision of this Declaration that expressly benefits holders, insurers or guarantors of Security Interests.

(b) Actions. Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions, other than rights reserved to Declarant as Special Declarant Rights, without notice to all Eligible Mortgagees and Eligible Insurers, as

required by Section 17.3 above, and approval of at least 51% (or the indicated percentage, if higher) of the Eligible Mortgagees:

(i) Reallocation of interests in the Common Elements or Limited Common Elements, except that when Limited Common Elements are reallocated by agreement between Owners, only those Owners and only the Eligible Mortgagees holding Security Interests in those Units need approve the action;

(ii) Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, or a Unit is being subdivided, then only those Owners and the Eligible Mortgagees holding Security Interests in the Unit or Units need approve the action;

(iii) Convertibility of Units into Common Elements or Common Elements into Units;

(iv) A decision by the Association to establish self-management when professional management had been required previously by the Documents or any Eligible Mortgagee;

(v) Termination of the Project after occurrence of substantial destruction or condemnation;

(vi) Convey or encumber the Common Elements or any portion of the Common Elements, for which approval of at least 67% of the Eligible Mortgagees is required. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Project will not be deemed a transfer within the meaning of this clause);

(vii) The termination of the Project for reasons other than substantial destruction or condemnation, for which approval of at least 67% of Eligible Mortgagees is required;

(viii) The alteration of any partition or creation of any aperture between adjoining Units (when Unit boundaries are not otherwise being affected), for which only the Owners of Units affected and Eligible Mortgagees of those Units need approve the action;

(ix) The granting of any easements, leases, licenses or concessions through or over the Common Elements (excluding, however, any utility easements serving or to serve the Project and also excluding any leases, licenses or concessions lasting for no more than one year);

(x) The restoration or repair of the Project after hazard damage or a partial condemnation in a manner other than specified in the Documents;

(xi) The merger of the Project with any other common interest community, for which the prior written approval of the VA must also be obtained to the extent required under Section 7.12 hereof;

(xii) The assignment of the future income of the Association, including its right to receive Common Expense Assessments; or

(xiii) Any action taken not to repair or replace the Project in the event of substantial destruction of any part of a Unit or the Common Elements.

(c) Limitations. The Association may not change the period for collection of regularly budgeted Common Expense Assessments to other than monthly collection without the consent of all Eligible Mortgagees.

(d) VA Approval. The prior approval of the VA and HUD shall be required during the Declarant Control Period for those Association actions set forth in Section 7.12 to the extent necessary to meet any VA and/or HUD requirements which are applicable to the Project.

(e) Implied Approval. The failure of an Eligible Mortgagee or Insurer to respond within 30 days to any written request for approval of an addition or amendment to the Document wherever Eligible Mortgagee or Insurer approval is required, when such request is delivered by certified or registered mail, return receipt requested, shall constitute an implied approval of the addition or amendment.

Section 17.5 Special Declarant Rights: No Special Declarant Rights may be exercised, voluntarily abandoned or terminated by Declarant unless all Persons holding Security Interests in the Special Declarant Rights consent to the exercise, abandonment or termination. No provisions of this Declaration pertaining to Special Declarant Rights may be amended unless all Persons holding Security Interests in the Special Declarant Rights, or in any Units then owned by Declarant consents to such amendment.

Section 17.6 Inspection of Books: The Association must maintain current copies of the Declaration, Bylaws, Rules, the Articles of Incorporation, books, records and financial statements of the Association. The Association shall permit any Eligible Mortgagee or Eligible Insurer, or other first mortgagee of Units, to inspect the books and records of the Association during normal business hours.

Section 17.7 Financial Statements: The Association shall provide any Eligible Mortgagee or Eligible Insurer who submits a written request with a copy of an annual financial statement. It shall be provided within 120 days following the end of each fiscal year of the Association. This financial statement shall be audited by an independent certified public accountant if:

(a) The Project contains 50 or more Units, in which case the cost of the audit shall be a Common Expense; or

(b) Any Eligible Mortgagee or Eligible Insurer requests it, in which case the Eligible Mortgagee or Eligible Insurer shall bear the cost of the audit.

Section 17.8 Enforcement: The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors and may be enforced by any of them by any available means, at law or in equity.

Section 17.9 Attendance at Meetings: Any representative of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting which an Owner may attend.

Section 17.10 Appointment of Trustee: In the event of damage or destruction under Article XXII or condemnation of all or a portion of the Project, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to this Declaration. This Trustee may be required to be a corporate trustee licensed by the State of Nevada. Proceeds will then be distributed pursuant to

Article XXII or pursuant to a condemnation award. Unless otherwise required, the members of the Board of Directors, acting by majority vote through the president, may act as Trustee.

ARTICLE XVIII
ASSESSMENT AND COLLECTION OF COMMON EXPENSES

Section 18.1 Apportionment of Common Expenses: Except as provided in Section 18.2, all Common Expenses shall be assessed at a uniform rate for all Units in accordance with the percentage of Liability for Common Expenses as set forth in Article VIII of this Declaration.

Section 18.2 Common Expenses Attributable to Fewer than all Units; Exempt Property:

(a) Any Common Expense associated with the maintenance, repair or replacement of components and elements attached to, or a part of patios, terraces, entries, exterior surfaces, trim, siding, doors, and windows shall be assessed against the Unit or Units to which the Limited Common Element is assigned. If any such Limited Common Element is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Element shall be assessed equally among the Units to which it is assigned.

(b) Any Common Expense or portion thereof benefiting fewer than all of the Units shall be assessed exclusively against the Units benefited.

(c) The costs of insurance shall be assessed in proportion to risk and the cost of utilities shall be assessed in proportion to usage.

(d) An assessment to pay a judgment against the Association may be made only against the Units in the Project at the time the judgment was entered, in proportion to the respective Liability for Common Expense.

(e) If a Common Expense is caused by the misconduct of an Owner, the Association may assess that expense exclusively against that Owner's Unit.

(f) If the Liability for Common Expenses are reallocated, Common Expenses Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated liabilities.

(g) Fees, charges, late charges, fines, collection costs and interest charged against an Owner pursuant to the Documents and the Act are enforceable as Common Expense Assessments against that Owner's Unit.

Section 18.3 Lien:

(a) The Association has a lien on a Unit for an assessment levied against the Unit or fines imposed against its Owner from the time the assessment or fine becomes due. Fees, charges, late charges, fines and interest charged pursuant to the Act and the Documents are enforceable as assessments under this Section. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due.

(b) Except to the extent permitted under the Act (NRS 116.3116(2)), a lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of this Declaration; (2) a first Security Interest on the Unit recorded

before the date on which the assessment sought to be enforced became delinquent; and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. A lien under this Section is also prior to all Security Interests described in Subdivision (2) of this Subsection to the extent that the Common Expense Assessments are based on the periodic budget adopted by the Association pursuant to Section 18.4 and/or Section 18.5 of this Article and would have become due in the absence of acceleration, during the six months immediately preceding institution of an action to enforce the Association's lien. This Subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association.

(c) Recording of the Declaration constitutes record notice and perfection of the lien. Further recording of a claim of lien for assessment under this Section is not required.

(d) A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three years after the full amount of the assessment becomes due, except that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code, the time period for instituting proceedings to enforce the Association's lien shall be tolled until thirty days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

(e) This Section does not prohibit an action to recover sums for which Subsection (a) of this Section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

(f) A judgment or decree in any action brought under this Section shall include costs and reasonable attorney's fees for the prevailing party.

(g) The Association's lien must be foreclosed by the same procedure set forth in NRS 116.31162 and NRS 116.31164.

(h) In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver for the Owner to collect all sums alleged to be due to that Owner from third parties prior to or during the pendency of the action. The court may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense Assessments, based on a periodic budget adopted by the Association pursuant to Section 18.4 of this Declaration.

(i) If a holder of a first Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Unit which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection (b) of this section of this Declaration. Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Owners, including the purchaser.

(j) A request for notice of default and sale recorded in accordance with NRS 107.090 shall apply to the foreclosure of an Association lien.

(k) In the case of foreclosure under NRS 116.31162 and NRS 116.31164, the Association shall give reasonable notice of its intent to foreclose to each lien holder of the affected Unit known to the Association.

(l) Any payments received by the Association in the discharge of an Owner's obligation may be applied to the oldest balance due; provided, however, that the Association may not

apply any assessment, fee or other charge that is paid by an Owner toward a fine imposed against the Owner by the Association unless otherwise directed by the Owner or as permitted by law.

Section 18.4 Budget Adoption and Ratification: Each year the Board of Directors shall adopt a proposed budget of the Common Expenses of the Project, which shall include the budget for the daily operation of the Association and adequate reserves (the "**Reserve Funds**") for the repair, replacement and restoration of the major components of the Common Elements. Such budget must be adopted by the Board of Directors before the beginning of each fiscal year and distributed to the Members in accordance with the Bylaws and the Act. Within 30 days after adoption of a proposed budget for the Project, the Board of Directors shall provide a summary of the budget to each Owner and shall set a date for a meeting of the Owners to consider ratification of the budget. The meeting shall be not less than 14 or more than 30 days after mailing of the summary. Unless at that meeting a Majority of 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 Owners continues until the Owners ratify a subsequent budget proposed by the Board of Directors.

Section 18.5 Capital Improvement Assessments: If the Board of Directors votes to levy a Capital Improvement Assessment the Board of Directors shall submit the assessment to the Owners for ratification in the same manner as a proposed budget under Section 18.4. A Capital Improvement Assessment levied pursuant to this Section 18.5 shall include (i) an assessment not included in the current budget, other than one enumerated in Section 18.2 of this Declaration, in an amount greater than 15% of the current annual operating budget, or (ii) an assessment for the cost of construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements.

Section 18.6 Certificate of Payment of Common Expense Assessments: The Association, upon written request, shall furnish an Owner with a statement, in recordable form, setting out the amount of unpaid assessments against the Unit. The statement must be furnished within 10 business days after receipt of the request and is binding on the Association, the Board of Directors and each Owner.

Section 18.7 Monthly Payment of Common Expenses: All Common Expenses assessed under Sections 18.1 and 18.2 of this Declaration shall be due and payable monthly, at 1/12th of the annual total (in cases where an annual total is applicable).

Section 18.8 Limitations on Maximum Annual Assessment.

(a) **Limitation Increases.** From and after January 1st of the year immediately following the first conveyance of a Unit to an Owner other than Declarant, the maximum annual Common Expense Assessment may not be increased by more than 20% of the annual budget for the previous year unless approved by the vote or written assent of a Majority of Owners.

(b) **Emergency Situation Exemptions.** Notwithstanding the foregoing, this Section shall not operate to limit increases in the Common Expense Assessments that are necessary due to any "**Emergency Situation.**" As used in this Section 18.8(b), an Emergency Situation shall mean the occurrence of any one of the following:

- (i) An extraordinary expense required by an order of a court;
- (ii) An extraordinary expense necessary to repair or maintain the Project or any portion thereof for which the Association is responsible when a threat to personal safety on the Property or the Project is discovered; and

(iii) An extraordinary expense necessary to repair or maintain the Property, the Project, or any portion thereof for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the budget pursuant to Section 18.4 hereof.

The Board shall have the power to increase the Common Expense Assessments above the amount set forth in the budget adopted pursuant to Section 18.4, if prior to the imposition or collection of an Common Expense Assessment increase pursuant to this Section 18.8(b), the Board passes a resolution containing written findings that the extraordinary expense involved is necessary and, for any increases made under Section 18.8(b)(iii) an additional finding that expense was not or could not have been reasonably foreseen in the budgeting process. The resolution shall be distributed to the Members with a notice of Common Expense Assessment increase not less than 30 nor more than 60 days prior to the increased Common Expense Assessment becoming due.

Section 18.9 Acceleration of Common Expense Assessments: In the event of default in which any Owner does not make the payment of any Common Expense Assessment levied against his or her Unit within 10 days after the date due, the Board of Directors shall have the right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year immediately due and payable.

Section 18.10 Commencement of Common Expense Assessments: The Common Expense Assessments provided for herein shall begin as to all Units in each phase of the Project (other than unsold Units owned by Declarant if a Subsidy Agreement is in effect) on the first day of the month following the first conveyance of a Unit to an Owner other than Declarant in that phase. The first assessment shall be adjusted according to the number of months remaining in the calendar year. If a Subsidy Agreement is in effect, regular assessments as to all unsold Units owned by Declarant shall commence upon termination or expiration of the Subsidy Agreement.

Section 18.11 No Waiver of Liability for Common Expenses: No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 18.12 Personal Liability of Owners: The Owner of a Unit, at the time a Common Expense Assessment, or portion of the assessment is due and payable, is personally liable for the assessment. Additionally, the Owner of a Unit, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in such deed or such other instrument, is deemed to covenant and agree to pay all (1) annual Common Expense Assessments, (2) Capital Improvement Assessments, (3) Special Assessments, and (4) Reconstruction Assessments; such assessments to be established and collected as herein provided. All Assessments, together with interest, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Unit against which such assessment is made.

(a) No Owner may exempt himself from the personal liability for assessments levied by the Association, nor release the Unit owned by him from the liens and charges thereof by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his/her Unit.

(b) Personal liability for the assessment shall not pass to a successor in title to the Unit unless the successor agrees to assume the obligation. The successor in title shall be personally liable for any Common Expense Assessments thereafter due.

Section 18.13 Capitalization of Association: A working capital fund is to be established in the amount of 2 months' regularly budgeted initial Common Expense Assessments, measured as of the date of the first assessment on the first phase, for all Units as they are created in proportion to their respective Allocated Interests in Common Expenses. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by Declarant at the time the sale of the Unit is closed or at the termination of the Declarant Control Period, if earlier. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment, with a lien on Declarant's unsold Units pursuant to the Act. Until termination of the Declarant Control Period, the working capital shall be deposited without interest in a segregated fund. During the Declarant Control Period, Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions or construction costs or to make up budget deficits.

Section 18.14 Subsidy Agreements; Declarant Advances. To the maximum extent not prohibited from time to time by applicable Nevada law:

(a) The Association is specifically authorized to enter into an agreement (a "Subsidy Agreement") with the Declarant or other entities under which such party agrees to subsidize, directly or indirectly, the operating costs of the Association in exchange for a temporary suspension of Common Expense Assessments which would otherwise be payable by Declarant with respect to Units owned by Declarant and/or those Units owned by any Declarant affiliate, holding company, finance company or other third party, while the Unit is used by Declarant as model home and/or sales office.

(b) During the Declarant Control Period, Declarant shall have the right, but not the obligation, to advance funds and/or make loan(s) to the Association ("Declarant Advances") from time to time for the sole purpose of paying Common Expenses in excess of Association funds then reasonably available to pay Common Expenses. The aggregate amount of any Declarant Advances outstanding from time to time, together with interest at a reasonable rate established by Declarant, shall be repaid by Association to Declarant as soon funds are reasonably available therefor (or, at Declarant's sole and absolute discretion, may be set off and applied by Declarant from time to time against any and all past, current, or future Annual Assessments and/or contributions to Reserve Funds, to such extent, if any, Declarant is obligated to pay any such amounts under this Declaration, any Subsidy Agreement, or under applicable Nevada law).

(c) Each Owner, by acceptance of a deed to his or her Unit, shall be conclusively deemed to have acknowledged and agreed to all of the foregoing provisions of this Section 18.14, whether or not so stated in such deed.

Section 18.15 No Other Liens: Except for Assessment liens as provided in this Declaration, mechanic's liens (except as provided in Article XIX below), tax liens and judgment liens and other liens validly arising by operation of law and liens arising under Security Interests, there shall be no other liens obtainable against the interest of the Owner of any Unit in the Common Elements.

ARTICLE XIX ENCUMBRANCES AND MECHANIC'S LIENS

Section 19.1 Right to Assign Future Income: The Association may assign its future income, including its right to receive Common Expense Assessments, only upon the approval of a Majority of Owners, at a meeting called for that purpose, and with the Eligible Mortgagee consent described in Article XVII.

Section 19.2 Mechanic's Liens: Subsequent to the recordation of this Declaration, no labor performed or materials furnished for use and incorporated in any Unit with the consent of or at the request of the Owner of the Unit or the Owner's agent, contractor or subcontractor shall be the basis for the filing of a lien against a Unit of any other Owner not expressly consenting to or requesting the same, or against any interest in the Common Elements, except as to the undivided interest therein appurtenant to the Unit of the Owner for whom such labor shall have been performed or such materials shall have been furnished.

(a) Indemnity. Each Owner shall indemnify and hold harmless each of the other Owners and the Association from and against any liability or loss arising from the claim of any mechanic's lien for labor performed or for materials furnished in work on such Owner's Unit against the Unit of another Owner, or against the Common Elements, or any part thereof.

(b) Enforcement by the Association. At its own initiative or upon the written request of any Owner (if the Association determines that further action by the Association is proper), the Association shall enforce the indemnity provided by the provisions of Section 19.2(a) above by collecting from the Owner of the Unit on which the labor was performed or materials furnished the amount necessary to discharge by bond or otherwise any such mechanic's lien, including all costs and reasonable attorneys' fees incidental to the lien, and obtain a release of such lien. In the event that the Owner of the Unit on which the labor was performed or materials furnished refuses or fails to so indemnify within 7 days after the Association shall have given notice to such Owner of the total amount of the claim, or any portions thereof from time to time, then the failure to so indemnify shall be a default by such Owner under the provisions of this Section, and such amount to be indemnified shall automatically become a default assessment determined and levied against such Unit and enforceable by the Association in accordance with Article XVIII.

ARTICLE XX PERSONS AND UNITS SUBJECT TO DOCUMENTS

Section 20.1 Membership in the Association: Every Owner of a Unit shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Unit. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale of a Unit to which it is appurtenant, and then only to the purchaser of such Unit. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his or her name to the purchaser of his or her Unit, the Association shall have the right to record the transfer upon its books and thereupon the old membership outstanding in the name of the seller shall be null and void.

Section 20.2 Compliance with Documents: All Owners, tenants, mortgagees and occupants of Units shall comply with the Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the occupancy of a Unit constitutes agreement that the provisions of the Documents are accepted and ratified by that Owner, tenant, mortgagee or occupant. All provisions of the Documents recorded in the Clark County Recorder's Office are covenants running with the land and shall bind any Persons having at any time any interest or estate in any Unit. Owners are responsible for any violations of this Declaration or any other Document committed by any tenant, occupant of the Owner's Unit, invitee, employee, Family member, agent, or any other Person on the Property at the request or for the benefit of Owner (collectively, "**Owner's Invitees**"). An Owner may be assessed fines for violations of the Documents committed by Owner's Invitees, as if the Owner committed the violation.

Section 20.3 Adoption of Rules: The Board of Directors may adopt Rules regarding the use and occupancy of Units, the Common Elements, and the Limited Common Elements, and the conduct of Persons within the Units, the Common Elements, the Limited Common Elements and the Project, subject to Notice and Comment. In no event shall any provisions of the Rules be less restrictive than the provisions of this Declaration, and in the event of any inconsistency between the Rules and the provisions of this Declaration, the provisions of this Declaration shall control.

Section 20.4 Declarant Reservation of Right to Notice and Participate. Declarant hereby reserves for itself, the rights set forth in this Section 20.4, to the fullest extent permitted under the Act, from the date of this Declaration and continuing for a term of twenty (20) years thereafter.

(a) Notice. Declarant shall be given written notice of all meetings and proposed actions to be approved at meetings (or by written consent in lieu of a meeting) or any correspondence pertaining to any meetings or actions of the Association, the Board, or any committee, including but not limited to all correspondence and notices of all meetings of the Members or the Board. Such notice shall be given to Declarant either personally or by sending a copy of the notice through the mail or by telecopy to the address of Declarant appearing on the books of the Association or supplied in writing by Declarant to the Association for purpose of notice. Such notice shall be given in the same manner and be of the same content as required to be given to Members in accordance with the requirements contained in the Documents and as required by the Act. Any representative of Declarant may attend any meeting at which a Member may attend. This Section may not be amended without the prior written consent of Declarant.

(b) Participation. Declarant shall be given the opportunity at any meeting of the Association, including Board and committee meetings, to join in or to have its representatives, or agents join in discussion from the floor of any prospective action, policy, or program. Declarant and its representatives, or agents may make its concerns, thoughts, and suggestions known to the Board and/or members of the subject committee, either during or outside of the meeting. This Section may not be amended without the prior written consent of Declarant.

ARTICLE XXI INSURANCE

Section 21.1 Coverage: To the extent reasonably available, the Board of Directors shall obtain and maintain insurance coverage as set forth in this Article. If such insurance is not reasonably available, and the Board of Directors determines that any insurance described in this Article will not be maintained, the Board of Directors shall promptly cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners and Eligible Mortgagees at their respective last known addresses.

Section 21.2 Property Insurance Coverage:

(a) Coverage. Property insurance will cover:

(i) All insurable fixtures, equipment and other Improvements and betterments within the Property or a Common Element, (but excluding the Units, the personal property of the Owners, and such other items normally excluded from property policies); and

(ii) All personal property owned by the Association.

(iii) To the extent that the Board, in its reasonable judgment, affirmatively elects, such other property, whether real or personal, owned by the Association or located within the Property (including, but not limited to the Units).

(b) Amounts. The insurance will be for an amount (after application of any deductions) not less than 100% of the replacement value of the covered items at the time the insurance is purchased and at each renewal date.

The Board of Directors is authorized to obtain appraisals periodically for the purpose of establishing replacement cost of the insured items, and the cost of such appraisals shall be a Common Expense.

(c) Risks Insured Against. The insurance shall afford protection against "all risks" of direct physical loss commonly insured.

(d) Other Provisions. Insurance policies required by this Section shall provide that:

(i) (i) 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.

(ii) The insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner.

(iii) An act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will not void the policy or be a condition of recovery under the policy.

(iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner which covers the same risk covered by the policy, the Association's policy provides primary insurance.

(v) Losses must be adjusted with the Association.

(vi) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Owner and the Owner's mortgagee.

(vii) The insurer may not cancel or refuse to renew the policy until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, to each Owner and to each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

(viii) The name of the insured shall be substantially as follows:

X-IT HOMEOWNERS' ASSOCIATION, for the use and benefit of the individual Owners.

Section 21.3 Liability Insurance: Liability insurance, including medical payments insurance, will be maintained as determined by the Board of Directors. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association.

Insurance policies carried pursuant to this Section shall provide that:

(i) 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;

(ii) The insurer waives the right to subrogation under the policy against an Owner or member of the household of an Owner.

(iii) An act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.

(iv) If, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.

(v) Losses must be adjusted with the Association.

(vi) Insurance proceeds shall be paid to any insurance trustee designated in the policy for that purpose, and otherwise to the Association, but, in any case, it is to be held in trust for each Owner and the Owner's mortgagee.

(vii) The insurer issuing the policy may not cancel or refuse to renew it until 30 days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 21.4 Flood Insurance: If HUD/FHA or FNMA is a holder or insurer of first mortgages on Units within the Project, and if the Project or portions thereof are identified as being within a flood hazard area and if flood hazard insurance is available under the National Flood Insurance Program, the Association shall be required to acquire such insurance, as a Common Expense, in an amount not less than: (a) the maximum coverage available; or (b) 100% of the replacement costs of all Buildings and other property. The maximum deductible allowed with such policy shall be the lesser of \$5,000 or one percent (1%) of the face amount of coverage.

Section 21.5 Fidelity Bonds: A blanket fidelity bond shall be provided for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services. The bond shall name the Association as obligee and shall cover the maximum funds that will be in the custody of the Association or the Manager at any time while the bond is in force. In no event shall the bond be for an amount less than the sum of three months' assessments plus reserve funds. The bond shall include a provision that calls for 10 days' written notice to the Association, each holder of a Security Interest in a Unit, each servicer that services a FNMA-owned or FALMC-owned mortgage on a Unit and the insurance trustee, if any, before the bond can be canceled or substantially modified for any reason. The bond shall be in an amount equal to the maximum amount of funds in the custody and control of the Association when the bond is in effect. When either: (a) separate bank accounts for working funds and reserves are maintained and monthly checks are sent directly to the Association, (b) a management company maintains separate records and bank accounts for each reserve account of the Association, or (c) two Directors must sign any check written on the reserve account, then the fidelity bond may be in an amount equal to three months Common Expense Assessments on all Units.

Section 21.6 Owner Policies: Each Owner shall be responsible for payment of any and all deductible amount for loss to such Owner's Unit. Each Owner shall further be responsible for obtaining and maintaining (a) insurance on his or her personal property, on all property, fixtures, and improvements

within his or her Unit, for which the Association is not required to carry insurance, (b) a loss assessment endorsement, or such reasonably equivalent coverage, for coverage of Assessments levied by the Association for deductibles and/or uninsured loss due under the policies obtained by the Association, and (c) such public liability insurance as the Owner deems prudent to cover his or her individual liability for bodily injury or property damage occurring inside his or her Unit or elsewhere upon the Property; provided, however, that no Owner may carry any insurance in any manner which would cause any diminution in insurance proceeds from any insurance carried by 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. Notwithstanding the foregoing, or any other provision herein, each Owner shall be solely responsible for full payment of any and all premiums and deductible amounts under such Owner's policy or policies of insurance.

Section 21.7 Workers' Compensation Insurance: The Board of Directors shall obtain and maintain Workers' Compensation Insurance to meet the requirements of the laws of the State of Nevada.

Section 21.8 Directors' and Officers' Liability Insurance: The Board of Directors shall obtain and maintain directors' and officers' liability insurance, if available, covering all of the directors and officers (including without limitation the members of the Architectural Committee) of the Association. This insurance will have limits determined by the Board of Directors.

Section 21.9 Other Insurance: The Association may carry other insurance which the Board of Directors considers appropriate to protect the Association and/or the Owners.

Section 21.10 Premiums: Insurance premiums for insurance carried or to be carried by the Association shall be a Common Expense.

Section 21.11 Right and Duty if Owners to Insure: It is the responsibility of each Unit Owner to provide insurance on his or her personal property and upon all other property and Improvements within or constituting his or her Unit. Nothing herein shall preclude any Owner from carrying any liability insurance as he deems desirable to cover his or her individual liability for damage to person or property occurring inside his or her individual Unit or elsewhere upon the Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association, and duplicate copies of such other policies shall be deposited with the Board upon request. If any loss intended to be covered by insurance carried by or on behalf of the Association shall occur and the proceeds payable thereunder shall be reduced by reason of insurance carried by any Owner, such Owner shall assign the proceeds of such insurance carried by him to the Association, to the extent of such reduction, for application by the Board to the same purposes as the reduced proceeds are to be applied.

Section 21.12 Trustee for Policies: The Trustee 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 under this Article. All insurance proceeds under any such policies shall be paid to the Trustee and the Trustee 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. 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.

Section 21.13 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 and sufficiency of the insurance obtained and maintained by the Association under this Article.

ARTICLE XXII
DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 22.1 Duty to Restore: Any portion of the Project for which insurance is required under the Act (NRS 116.31135) that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- (a) The Project is terminated; or
- (b) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or
- (c) The Owners of 80% of the total number of Units in the Project, including each Owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

Section 22.2 Cost: The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Section 22.3 Plans: The Property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Board of Directors, a Majority of Owners and 51% of Eligible Mortgagees.

Section 22.4 Replacement of Less Than Entire Property:

(a) The insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Project.

(b) Except to the extent that other Persons will be distributees:

(i) The insurance proceeds attributable to a Unit and Limited Common Elements that are not rebuilt must be distributed to the Owner of the Unit and the Owner of the Unit to which the Limited Common Elements were allocated, or to lien holders, as their interests may appear; and

(ii) The remainder of the proceeds must be distributed to each Owner or lien holder, as their interests may appear, in proportion to the Common Element interests of all the Units.

(c) If the Owners vote not to rebuild a Unit, the Allocated Interests shall be automatically reallocated upon the vote as if the Unit had been condemned under the Act (NRS 116.1107(1)), and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocation of the Allocated Interests.

Section 22.5 Insurance Proceeds: The Trustee, or if there is no Trustee, then the Board of Directors of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Owners and lien holders as their interests may appear. Subject to the provisions of Subsection 22.1(a) through Subsection 22.1(c) of this Declaration, the proceeds shall be disbursed first for

the repair or restoration of the damaged Property. The Association, Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the Property has been completely repaired or restored, or unless the Project is terminated.

Section 22.6 Certificates By Board of Directors: The Trustee, if any, may rely on the following certifications in writing made by the Board of Directors:

- (a) Whether or not damaged or destroyed Property is to be repaired or restored; and
- (b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

Section 22.7 Certificates by Title Insurance Companies: If payments are to be made to Owners or mortgagees, then the Board of Directors and the Trustee, if any, shall obtain and may rely on a title insurance company's certificate or a title insurance policy based on a search of the Records in the Clark County Recorder's Office from the date of the recording of the original Declaration, stating the names of the Owners and the mortgagees.

ARTICLE XXIII NOTICE AND HEARING

Section 23.1 Right to Notice and Comment: Before the Board of Directors amends the Bylaws or the Rules, whenever the Documents require that an action be taken after "Notice and Comment," and at any other time the Board of Directors determines, the Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action either shall be given to each Owner in writing, delivered personally or by mail to all Owners at such address as appears in the records of the Association, or it shall be published in a newsletter or similar publication which is routinely circulated to all Owners. The notice shall be given not less than five days before the proposed action is to be taken. It shall invite comment to the Board of Directors orally or in writing before the scheduled time of the meeting.

Section 23.2 Right to Notice and Hearing: Whenever the Documents require that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, and if the notice relates to a proposed violation of the Documents, a statement of the alleged violation. At the hearing, the affected Person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but is not binding in making the decision. The affected Person shall be notified of the decision in the same manner in which notice of the meeting was given. No fine for a violation of the Documents may be imposed until after a hearing before the Board or committee authorized by the Board, and the requirements of the Act are followed. The Board or committee authorized by the Board may impose an initial fine for the violation of the Documents in such amounts as may be established by the Board, and may impose additional fines in accordance with the Act. If a violation goes uncured, the Board or the committee may consider the violation a continuing violation and proceed with additional fines in such amounts as may be established by the Board for each seven-day period the violation remains uncured, to the fullest extent permitted by the Act. After the initial Notice and Hearing, no further notice or hearings are required for the Board or

the committee to assess additional fines for the continuing violation. In all actions by the Board or by a committee authorized by the Board to enforce the provisions of the Documents the minimum standards set forth in the Act, as amended, shall be followed.

Section 23.3 Appeals: Any person having a right to Notice and Hearing shall have the right to appeal to the Board of Directors from a decision of persons other than the Board of Directors by filing a written notice of appeal with the Board of Directors within 10 days after being notified of the decision. The Board of Directors shall conduct a hearing within 30 days, giving the same notice and observing the same procedures as were required for the original meeting.

ARTICLE XXIV BOARD OF DIRECTORS

Section 24.1 Association Records and Minutes of Board of Directors Meetings: The Board of Directors shall maintain and make available, subject to the provisions of the Bylaws and the Act, to any Owner, or holder, insurer or guarantor of a first mortgage secured by a Unit, current copies of this Declaration, the Articles, the Bylaws, the Rules, and all other books, records and other papers of the Association, including but not limited to the financial statements, budgets and reserve studies.

Section 24.2 Powers and Duties: The Board of Directors may act in all instances on behalf of the Association, except as provided in this Declaration, the Bylaws or the Act. The Board of Directors shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Project, which shall include, but not be limited to, the powers set forth in the Bylaws.

Section 24.3 Board of Directors Limitations: The Board of Directors may not act on behalf of the Association to amend this Declaration, to terminate the Project or to elect members of the Board of Directors or determine the qualifications, powers and duties or terms of office of Board of Directors members, but the Board of Directors may fill vacancies in its membership for the unexpired portion of any term, subject to the terms of the Bylaws and the provisions of the Act.

Section 24.4 Legal Proceedings: The Association, acting through the Board, shall have the power and the duty to reasonably defend the Association (and, in connection therewith, to raise counterclaims) in any pending or potential lawsuit, arbitration, mediation or governmental proceeding (collectively hereinafter referred to as a "**Proceeding**"). The Association, acting through the Board, shall, based on the standards imposed under the business judgment rules, have the power, but not the duty, to reasonably institute, prosecute, maintain and/or intervene in a Proceeding, in its own name, but only on matters affecting or pertaining to this Declaration or the Common Elements and as to which the Association is a proper party in interest, and any exercise of such power shall be subject to full compliance with the following provisions:

(a) Any Proceeding commenced by the Association: (i) to enforce the payment of an assessment or an assessment lien or other lien against an Owner as provided for in this Declaration, or (ii) to otherwise enforce compliance with the Governing Documents by, or to obtain other relief from, any Owner who has violated any provision thereof, or (iii) to protect against any matter which imminently and substantially threatens or effects the health, safety and welfare of not less than 75% of the Owners based upon a physical inspection by a third party licensed professional with expertise in the area, or (iv) against a supplier, vendor, contractor or provider of services, pursuant to a contract or purchase order with the Association and in the ordinary course of business, or (v) for money damages wherein the total amount in controversy for all matters arising in connection with the action is not likely to exceed Ten Thousand

Dollars (\$10,000.00) in the aggregate; shall be referred to herein as an "**Operational Proceeding.**" The Board from time to time may cause an Operational Proceeding to be reasonably commenced and prosecuted, without the need for further authorization.

(b) Any and all pending or potential Proceedings other than Operational Proceedings shall be referred to herein as a "**Non-Operational Controversy**" or "**Non-Operational Controversies.**" To protect the Association and the Owners from being subjected to potentially costly or prolonged Non-Operational Controversies without full disclosure, analysis and consent; to protect the Board and individual Directors from any charges of negligence, breach of fiduciary duty, conflict of interest or acting in excess of their authority or in a manner not in the best interests of the Association and the Owners; and to ensure voluntary and well-informed consent and clear and express authorization by the Owners, strict compliance with all of the following provisions of this Section 24.4 shall be mandatory with regard to any and all Non-Operational Controversies commenced, instituted or maintained by the Board:

(i) The Board shall first endeavor to resolve any Non-Operational Controversy by good faith negotiations with the adverse party or parties. In the event that such good faith negotiations fail to reasonably resolve the Non-Operational Controversy, the Board shall then endeavor in good faith to resolve such Non-Operational Controversy by mediation, provided that the Board shall not incur liability for or spend more than Five Thousand Dollars (\$5,000.00) in connection therewith (provided that, if more than said sum is reasonably required in connection with such mediation, then the Board shall be required first to reasonably seek approval of a majority of the voting power of the Members for such additional amount for mediation before proceeding to either arbitration or litigation). In the event that the adverse party or parties refuse mediation, or if such good faith mediation still fails to reasonably resolve the Non-Operational Controversy, the Board shall not be authorized to commence, institute or maintain any arbitration or litigation of such Non-Operational Controversy until the Board has fully complied with the following procedures:

(1) The Board shall first investigate the legal merit, feasibility and expense of prosecuting the Non-Operational Controversy, by obtaining the written opinion of a licensed Nevada attorney regularly residing in Clark County, Nevada, with a Martindale-Hubbell rating of "av", expressly stating that such attorney has reviewed the underlying facts and data in sufficient, verifiable detail to render the opinion, and expressly opining that the Association has a substantial likelihood of prevailing on the merits with regard to the Non-Operational Controversy, without substantial likelihood of incurring any material liability with respect to any counterclaim which may be asserted against the Association. The Board shall be authorized to spend up to an aggregate of Five Thousand Dollars (\$5,000.00) to obtain such legal opinion, including all amounts paid to said attorney therefor, and all amounts paid to any consultants, contractors and/or experts preparing or processing reports and/or information in connection therewith. The Board may increase said \$5,000.00 limit, with the express consent of more than seventy-five percent (75%) or more of all of the Members of the Association, at a special meeting called for such purpose.

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

Board shall nevertheless obtain the Quoted Litigation Costs with respect to all costs other than legal fees, and shall also obtain a written draft of the attorney's proposed contingent fee agreement. (Such written legal opinion, including the Quoted Litigation Costs, and also including any proposed fee agreement, contingent or non-contingent, are collectively referred to herein as the "Attorney Letter"). The Attorney Letter shall also set forth the expected length of the civil proceeding and the expected impact on the Members of the Association.

(3) Upon receipt and review of the Attorney Letter, if two-thirds (2/3) or more of the Board affirmatively vote to proceed with the institution or prosecution of, and/or intervention in, the Non-Operational Controversy, the Board thereupon shall duly notice and call a special meeting of the Members. The written notice to each Member of the Association shall include a copy of the Attorney Letter, including the Quoted Litigation Costs and any proposed fee agreement, contingent or non-contingent, together with a written report ("**Special Assessment Report**") prepared by the Board: (A) itemizing the amount necessary to be assessed to each Member ("**Special Litigation Assessment**"), on a monthly basis, to fund the Quoted Litigation Costs, and (B) specifying the probable duration and aggregate amount of such Special Litigation Assessment. At said special meeting, following review of the Attorney Letter, Quoted Litigation Costs, and the Special Assessment Report, and full and frank discussion thereof, including balancing the desirability of instituting, prosecuting and/or intervening in the Non-Operational Controversy against the desirability of accepting any settlement proposals from the adversary party or parties, the Board shall call for a vote of the Members, whereupon: (x) if not more than seventy-five percent (75%) of the total voting power of the Association votes in favor of pursuing such Non-Operational Controversy and levying the Special Litigation Assessment, then the Non-Operational Controversy shall not be pursued further, but (y) if more than seventy-five percent (75%) of the total voting power of the Association (i.e., more than seventy-five percent (75%) of all of the Members of the Association) affirmatively vote in favor of pursuing such Non-Operational Controversy, and in favor of levying a Special Litigation Assessment on the Members in the amounts and for the duration set forth in the Special Assessment Report, then the Board shall be authorized to proceed to institute, prosecute, and/or intervene in the Non-Operational Controversy. In such event, the Board shall engage the attorney who gave the opinion and quote set forth in the Attorney Letter, which engagement shall be expressly subject to the Attorney Letter. The terms of such engagement shall require (i) that said attorney shall be responsible for all attorneys' fees and costs and expenses whatsoever in excess of one hundred twenty percent (120%) of the Quoted Litigation Costs, and (ii) that said attorney shall provide, and the Board shall distribute to the Members, not less frequently than quarterly, a written update of the progress and current status of, and the attorney's considered prognosis for, the Non-Operational Controversy, including any offers of settlement and/or settlement prospects, together with an itemized summary of attorneys fees and costs incurred to date in connection therewith.

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

(c) In no event shall any Association Reserve Fund be used as the source of funds to institute, prosecute, maintain and/or intervene in any Proceeding (including, but not limited to, any Non-Operational Controversy). Association Reserve Funds, pursuant to Section 18.4, are to be used only for

the specified replacements, painting and repairs of Common Elements, and for no other purpose whatsoever.

(d) Any provision in this Declaration notwithstanding: (i) other than as set forth in this Section 24.4, the Association shall have no power whatsoever to institute, prosecute, maintain, or intervene in any Proceeding, (ii) any institution, prosecution, or maintenance of, or intervention in, a Proceeding by the Board without first strictly complying with, and thereafter continuing to comply with, each of the provisions of this Section 24.4, shall be unauthorized and ultra vires (i.e., an unauthorized and unlawful act, beyond the scope of authority of the corporation or of the Person(s) undertaking such act) as to the Association, and shall subject any Director who voted or acted in any manner to violate or avoid the provisions and/or requirements of this Section 24.4 to personal liability to the Association for all costs and liabilities incurred by reason of the unauthorized institution, prosecution, or maintenance of, or intervention in, the Proceeding; and (iii) this Section 24.4 may not be amended or deleted at any time without the express prior written approval of both: (1) Members representing not less than seventy-five percent (75%) of the total voting power of Association, and (2) not less than seventy-five percent (75%) of the total voting power of the Board of Directors; and any purported amendment or deletion of this Section 24.4, or any portion hereof, without both of such express prior written approvals shall be void.

ARTICLE XXV OPEN MEETINGS

Section 25.1 Access: All meetings of the Board of Directors will be open to the Owners, except as hereinafter provided.

Section 25.2 Executive Sessions: Meetings of the Board of Directors may be held in executive session, without giving notice and without the requirement that they be open to Owners, only if the action taken at the executive session involves (i) consultation with the Association's attorney regarding proposed or pending litigation which consultation involves privileged attorney-client information; (ii) personal matters; (iii) alleged violations of the Documents committed by an Owner; or (iv) any other matter permitted by law to be discussed in an executive session.

ARTICLE XXVI CONDEMNATION

If part or all of the Project is taken by any Person or entity having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with the Act (NRS 116.1107).

ARTICLE XXVII AS-IS SALE AND ARBITRATION OF DISPUTES

Section 27.1 As-Is Sale: By accepting a deed conveying an interest in a portion of the Property, each Owner agrees that each Unit has been sold by Declarant without any warranties, expressed or implied, unless specifically agreed to by Declarant in a separate agreement or unless specifically implied by law. All express and implied warranties of quality under NRS 116.4113 and 116.4114 are specifically excluded from the sale of a Unit by Declarant and by accepting a deed conveying an interest in any portion of the Property each Owner expressly waives any such express or implied warranty of quality.

Section 27.2 Arbitration of Disputes: ANY AND ALL CLAIMS, CONTROVERSIES, BREACHES OR DISPUTES BY OR BETWEEN THE ASSOCIATION, THE DECLARANT AND/OR

ITS AFFILIATES, AND ANY OWNER, AND/OR THE RESPECTIVE SUCCESSORS-IN-INTEREST OF EACH, ARISING OUT OF OR RELATED TO A UNIT, THE PROPERTY, THE PROJECT, THE SALE OF A UNIT BY DECLARANT, OR ANY TRANSACTION RELATED HERETO, WHETHER SUCH DISPUTE IS BASED ON CONTRACT, TORT, STATUTE, OR EQUITY, INCLUDING WITHOUT LIMITATION, ANY DISPUTE OVER (1) BREACH OF CONTRACT, INCLUDING DISPUTES SUBJECT TO ARBITRATION PURSUANT TO THE WARRANTY DELIVERED IN CONNECTION WITH THE INITIAL SALE OF EACH UNIT ("**SELLER'S LIMITED WARRANTY**"), (2) NEGLIGENCE OR INTENTIONAL MISREPRESENTATION OR FRAUD, (3) NONDISCLOSURE, (4) BREACH OF ANY ALLEGED DUTY OF GOOD FAITH AND FAIR DEALING, (5) ALLEGATIONS OF LATENT OR PATENT DESIGN OR CONSTRUCTION DEFECTS, (6) A UNIT AND/OR ANY OTHER PART OF THE PROPERTY, INCLUDING WITHOUT LIMITATION, THE PLANNING, SURVEYING, DESIGN, ENGINEERING, GRADING, SPECIFICATIONS, CONSTRUCTION OR OTHER DEVELOPMENT OF THE PROPERTY OR THE PROJECT, OR (7) ANY OTHER MATTER ARISING OUT OF OR RELATED TO THE INTERPRETATION OF ANY TERM OR PROVISION OF THE PURCHASE AGREEMENT FOR A UNIT, OR ANY DEFENSE GOING TO THE FORMATION OR VALIDITY OF SUCH PURCHASE AGREEMENT, OR ANY PROVISION OF THIS PURCHASE AGREEMENT, OR THIS ARBITRATION PROVISION, INCLUDING, WITHOUT LIMITATION, ALLEGATIONS OF UNCONSCIONABILITY, FRAUD IN THE INDUCEMENT, OR FRAUD IN THE EXECUTION, SHALL BE SUBMITTED TO BINDING ARBITRATION PURSUANT TO THE ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION. EACH PARTY TO ANY ARBITRATION PROCEEDING SHALL BEAR ITS OWN COSTS OF THE ARBITRATION, INCLUDING ATTORNEY FEES. FURTHER, IN THE EVENT OF ANY ARBITRATION PROCEEDINGS PURSUANT TO THIS SECTION, EACH PARTY SHALL MAINTAIN SUCH PROCEEDINGS AND ALL OTHER MATTERS RELATED WITH OR CONNECTED TO THE SUBJECT OF THE ARBITRATION PROCEEDING, ANY UNIT, THE PROPERTY, THE PROJECT, OR THE SALE OF A UNIT BY DECLARANT, CONFIDENTIAL.

ARTICLE XXVIII
ADDITIONAL DISCLOSURES; DISCLAIMERS AND RELEASES

Section 28.1 Additional Disclosures: WITHOUT LIMITING ANY OTHER PROVISION IN THIS DECLARATION, THE ASSOCIATION AND, BY ACQUIRING TITLE TO A UNIT, OR BY POSSESSION OR OCCUPANCY OF A UNIT, EACH OWNER FOR ITSELF AND FOR THE OWNER'S TENANTS, IF ANY, AND THEIR RESPECTIVE FAMILY, GUESTS AND OTHER INVITEES ("**OWNER**"), SHALL CONCLUSIVELY BE DEEMED TO UNDERSTAND, AND TO HAVE ACKNOWLEDGED AND AGREED TO, ALL OF THE FOLLOWING:

(a) Living in a condominium building entails living in very close proximity to other persons with attendant limitations on solitude and privacy. Owners will hear noise from adjacent Units within the Project, including, but not limited to, noise from showers, bathtubs, sinks, toilets, other sources of running water and/or plumbing fixtures, vacuum cleaners, stereos or televisions, from people running, walking, exercising and socializing, or from garage doors being opened and closed.

(b) Each Owner acknowledges that (i) there are no protected views in the Project, and no Unit is assured the existence or unobstructed continuation of any particular view, and (ii) any construction, landscaping or other installation of Improvements by Declarant, other Owners or owners of other property in the vicinity of the Project may impair the view from any Unit, and the Owners consent to such view impairment.

(c) The Unit and other portions of the Project from time to time are or may be located within or nearby certain airplane flight patterns, and/or subject to significant levels of airplane traffic and noise; and that Owner hereby releases Declarant from any and all claims arising from or relating to airplane flight patterns, and/or airplane noise.

(d) Installation and maintenance of any traffic access device, operation, or method, shall not create any presumption or duty whatsoever of Declarant or Association (or their respective officers, directors, managers, employees, agents, and/or contractors) with regard to security or protection of person or property within or adjacent to the Project; and each Owner, by acceptance of a deed to a Unit, whether or not so stated in the deed, shall be deemed to have agreed to take any and all protective and security measures and precautions which such Owner would have taken if the Project had been located within public areas and not gated.

(e) The Las Vegas Valley contains a number of earthquake faults, and that the Project or portions thereof may be located on or nearby an identified or yet to be identified seismic fault line; and that Owner hereby releases Declarant from any and all claims arising from or relating to earthquakes or seismic activities.

(f) The Unit and other portions of the Project from time to time may, but need not necessarily, experience problems with scorpions, bees, ants, spiders, termites, pigeons, snakes, rats, and/or other insect or pest problems (collectively, "pests"); and Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to any pest, and each Owner must make its own independent determination regarding the existence or non-existence of any pest(s) which may be associated with the Unit or other portions of the Project.

(g) There are and/or will be various molds present within the Unit and other portions of the Project. Molds occur naturally in the environment, and can be found virtually everywhere life can be supported. Units are not and cannot be designed or constructed to exclude mold spores. Not all molds are necessarily harmful, but certain strains of mold may result in adverse health effects in susceptible persons.

(h) The Las Vegas Valley currently is undergoing severe drought conditions, and relevant water districts and authorities have announced certain water conservation measures and restrictions on outdoor watering and/or outdoor water features. It is possible that these drought conditions may continue or worsen, and/or that the relevant water districts and authorities may announce further water conservation measures and restrictions, which may affect Units, the Common Elements, and landscaping and water features within the Project, and the appearance and/or use of same. Each Owner must make its own independent determination regarding such matters, and hereby releases Declarant and/or Association from any and all claims arising from or relating to drought or water conservation measures or restrictions, and/or the effects respectively thereof.

(i) Water and/or sewer for the Project may but need not necessarily, be master metered and paid by the Association, subject to monthly or other periodic assessment of allocated amounts to the Owners of Units in the Project either directly by the Association or by a third party service. Each Owner shall be required to promptly pay such allocated water assessments.

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

minor flaws or corrective work; and like items) and not constructional defects. Owner hereby releases Declarant from any and all claims arising from or relating to such expected minor flaws.

(k) The finished construction of the Unit, Common Elements and any Association Property, while within the standards of the industry in the greater Las Vegas Valley area, will be subject to variations and imperfections and expected minor flaws; and that Owner hereby releases Declarant from any and all claims arising from or relating to such variations, imperfections and flaws.

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

(m) Even with a "slip sheet" underneath, certain hard surface flooring may still be subject to hairline cracks, and grout may crack and/or deteriorate, and furthermore, cracks in the walls may result from normal settlement and shifting around doors, windows, walls and ceilings; and that each Owner shall be solely responsible for any such cracking or deterioration.

(n) Other matters, limitations, and restrictions, uniquely applicable to this Project, are set forth in the Declaration, and may be supplemented from time to time by the Rules.

Section 28.2 Release: THE ASSOCIATION AND, BY ACCEPTANCE OF A DEED TO A UNIT, EACH OWNER, FOR ITSELF AND ALL PERSONS CLAIMING UNDER SUCH OWNER, SHALL CONCLUSIVELY BE DEEMED TO HAVE ACKNOWLEDGED AND AGREED, TO RELEASE DECLARANT AND ITS AFFILIATES, AND ALL OF THEIR RESPECTIVE OFFICERS, MANAGERS, AGENTS, EMPLOYEES, SUPPLIERS, AND CONTRACTORS, FROM ANY AND ALL CLAIMS, CAUSES OF ACTION, LOSS, DAMAGE OR LIABILITY (INCLUDING, BUT NOT LIMITED TO, ANY CLAIM FOR NUISANCE OR HEALTH HAZARD, PROPERTY DAMAGE, BODILY INJURY, AND/OR DEATH) ARISING FROM OR RELATED TO ALL AND/OR ANY ONE OR MORE OF THE CONDITIONS, ACTIVITIES, OCCURRENCES, OR OTHER MATTERS DESCRIBED IN THE FOREGOING SECTION 28.1.

ARTICLE XXIX MISCELLANEOUS PROVISIONS

Section 29.1 Enforcement:

(a) The Association and any Owner shall have the right to enforce by any proceedings at law or in equity, each covenant, condition, restriction and reservation now or hereafter imposed by the provisions of this Declaration, except that any proceeding by the Association or an Owner against Declarant shall be limited by Article XXVII of this Declaration. Each Owner shall have a right of action against the Association for any failure by the Association to comply with the provisions of the Documents. Failure by the Association or any Owner to enforce any covenant, condition, restriction or reservation contained herein shall not be deemed a waiver or the right to do so thereafter.

(b) In the event the Association, Declarant, or any Owner shall commence litigation to enforce any of the covenants, conditions, restrictions or reservations herein contained, the prevailing party in such litigation shall be entitled to costs of suit and such attorney's fees as the Court may adjudge reasonable and proper, except that any proceeding by the Association or an Owner against Declarant shall be limited by Article XXVII of this Declaration. The "prevailing party" shall be the party in whose favor a final judgment is entered.

Section 29.2 Captions: The captions contained in the Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Documents or the intent of any provision thereof.

Section 29.3 Gender: The use of the masculine gender refers to the feminine gender, and vice versa, and the use of the singular includes the plural, and vice versa, whenever the context of the Documents so require.

Section 29.4 Waiver: No provision contained in the Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 29.5 Invalidity: The invalidity of any provision of the Documents does not impair or affect in any manner the validity, enforceability or effect of the remainder, and if a provision is invalid, all of the other provisions of the Documents shall continue in full force and effect.

Section 29.6 Severability: The illegality, invalidity or unenforceability under law of any covenant, restriction or condition or any other provision of this Declaration shall not impair or affect in any manner the validity, enforceability or effect of the remaining provisions of this Declaration .

Section 29.7 Incorporation: Each provision of the Recitals to this Declaration and each Exhibit attached hereto is hereby incorporated in this Declaration and is an integral part hereof.

Section 29.8 Compliance with Applicable Laws; Conflicts: The Documents are intended to comply with the requirements of the Act and such other laws applicable to common interest communities, as well as the Rules promulgated thereunder ("**Applicable Laws**"). The Documents shall be interpreted, if at all possible, so as to be consistent with the Applicable Laws. If any provision of this Declaration or the other Documents is found to irreconcilably violate any applicable provision of the Applicable Laws, then such violating provision of the relevant Document shall be deemed automatically modified (or deleted, if necessary) to the maximum extent necessary to conform with the Applicable Laws. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

Section 29.9 Notices: Any notice permitted or required to be given under the provisions of this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third day (other than a Sunday or a legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the Person at the address given by such Person to the Association for the purpose of service of notices, or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such Person to the Association.

Section 29.10 Unilateral Amendment By Declarant: Declarant may unilaterally amend this Declaration if such amendment is (i) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) required by an institutional or governmental lender or purchaser of mortgage loans, to enable such lender or purchaser to make or purchase mortgage loans on the Units; (iv) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; or (v) otherwise necessary to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as Declarant still owns property described in Exhibit "A" or Exhibit "B" for development as part of the Project, it may

unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon right of any Owner.

Section 29.11 Term: This Declaration, including all of the covenants, conditions and restrictions hereof, shall run with and bind the Property for a term of 30 years from the date this Declaration is recorded. After such time, the covenants, conditions and restrictions contained herein, shall be automatically extended for successive periods of 10 years, unless an instrument is signed by the Owner of at least 2/3 of the total number of Units in the Project and recorded in the Clark County, Nevada Recorder's Office within the year preceding the beginning of each successive period of 10 years, agreeing to change the terms of this Declaration, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified herein.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the date set forth above.

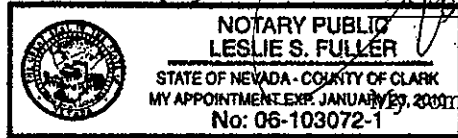
"DECLARANT"

RHODES DESIGN & DEVELOPMENT CORPORATION, a Nevada corporation

By: [Signature]
Name: Keith Mosley
Title: Secretary

STATE OF NEVADA
COUNTY OF CLARK

This instrument was acknowledged before me on January 18, 2007, by C. Keith Mosley as Secretary of Rhodes Design & Development Corporation.



[Signature]
Notary Public
Commission expires: 1-23/10

EXHIBIT "A"

Legal Description of the Property

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

That portion of the real property shown on the Final Map of TRAVINA II – PHASE 2 (Spanish Hills Condominium), recorded in Book 127 of Plats, page 0058, in the Office of the County Recorder, Clark County, Nevada on October 25, 2005 ("Final Map"), described as follows:

All of the land shown on the Final Map, together with Buildings 16, 21 and 30 but excluding all other Buildings and further excluding all Units (except those contained in Buildings 16, 21 and 30); and

Building Sixteen (16), including Units 1090 through 1097, inclusive, as shown on the Final Map.

Building Twenty-One (21), including Units 1120 through 1127, inclusive, as shown on the Final Map; and

Building Thirty (30), including Units 1171 through 1178, inclusive, as shown on the Final Map.

EXHIBIT "B"

Legal Description of Annexable Property

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

That portion of the real property shown on the Final Map of TRAVINA II – PHASE 2 (Spanish Hills Condominium), recorded in Book 127 of Plats, page 0058, in the Office of the County Recorder, Clark County, Nevada on October 25, 2005 ("Final Map"), described as follows:

Phase 2:

Building Twenty-Seven (27), including Units 1158 through 1162, inclusive, as shown on the Final Map; and

Building Twenty-Eight (28), including Units 1167 through 1170, inclusive, as shown on the Final Map; and

Building Twenty-Nine (29), including Units 1163 through 1166, inclusive, as shown on the Final Map.

Phase 3:

Building Seventeen (17), including Units 1098 through 1102, inclusive, as shown on the Final Map; and

Building Twenty (20), including Units 1115 through 1119, inclusive, as shown on the Final Map; and

Building Twenty-Two (22), including Units 1128 through 1131, inclusive, as shown on the Final Map.

Phase 4:

Building Nineteen (19), including Units 1111 through 1114, inclusive, as shown on the Final Map; and

Building Twenty-Three (23), including Units 1132 through 1136, inclusive, as shown on the Final Map; and

Building Twenty-Five (25), including Units 1145 through 1149, inclusive, as shown on the Final Map.

Phase 5:

Building Eighteen (18), including Units 1103 through 1110, inclusive, as shown on the Final Map.

Building Twenty-Four (24), including Units 1137 through 1144, inclusive, as shown on the Final Map; and

Building Twenty-Six (26), including Units 1150 through 1157, inclusive, as shown on the Final Map.

Phase 6:

Building Five (5), including Units 1026 through 1029, inclusive, as shown on the Final Map; and

Building Six (6), including Units 1030 through 1037, inclusive, as shown on the Final Map; and

Building Fifteen (15), including Units 1082 through 1089, inclusive, as shown on the Final Map.

Phase 7:

Building One (1), including Units 1001 through 1008, inclusive, as shown on the Final Map; and

Building Three (3), including Units 1017 through 1021, inclusive, as shown on the Final Map; and

Building Four (4), including Units 1022 through 1025, inclusive, as shown on the Final Map.

Phase 8:

Building Seven (7), including Units 1038 through 1042, inclusive, as shown on the Final Map; and

Building Nine (9), including Units 1051 through 1055, inclusive, as shown on the Final Map; and

Building Ten (10), including Units 1056 through 1059, inclusive, as shown on the Final Map; and

Building Eleven (11), including Units 1060 through 1064, inclusive, as shown on the Final Map; and

Building Twelve (12), including Units 1065 through 1068, inclusive, as shown on the Final Map.

Phase 9:

Building Two (2), including Units 1009 through 1016, inclusive, as shown on the Final Map; and

Building Eight (8), including Units 1043 through 1050, inclusive, as shown on the Final Map; and

Building Thirteen (13), including Units 1069 through 1076, inclusive, as shown on the Final Map; and

Building Fourteen (14), including Units 1077 through 1081, inclusive, as shown on the Final Map.

EXHIBIT "C"

Common Elements

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

That portion of the real property shown on the Final Map of TRAVINA II – PHASE 2 (Spanish Hills Condominium), recorded in Book 127 of Plats, page 0058, in the Office of the County Recorder, Clark County, Nevada on October 25, 2005 ("**Final Map**"), described as follows:

All of the land shown on the Final Map, together with Buildings 21, 30 and 28 but excluding all other Buildings and further excluding all Units.