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AHUSA Series 1 LLC
10300 W. Charleston Blvd., #13-59
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DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
RESERVATIONS AND EASEMENTS
FOR
INSPIRATION

TABLE OF CONTENTS

ARTICLE I DEFINITIONS 2

 Section 1.1 Act..... 2

 Section 1.2 Allocated Interests..... 2

 Section 1.3 Annexable Property..... 2

 Section 1.4 Annexation Amendment..... 2

 Section 1.5 ARC 2

 Section 1.6 ARC Rules..... 2

 Section 1.7 Articles 2

 Section 1.8 Assessment 2

 Section 1.9 Assessment, Capital Improvement..... 2

 Section 1.10 Assessment, Common or Common Expense 2

 Section 1.11 Assessment, Reconstruction 2

 Section 1.12 Assessment, Special 3

 Section 1.13 Association 3

 Section 1.14 Association Walls 3

 Section 1.15 Board of Directors or Board 3

 Section 1.16 Bylaws..... 3

 Section 1.17 Collection Policy..... 3

 Section 1.18 Common Elements..... 3

 Section 1.19 Common Expenses..... 3

 Section 1.20 Declarant 4

 Section 1.21 Declarant Control Period..... 4

 Section 1.22 Declaration 4

 Section 1.23 Development Rights..... 4

 Section 1.24 Director..... 4

 Section 1.25 Dwelling..... 4

 Section 1.26 Eligible Insurer 4

 Section 1.27 Eligible Mortgagee..... 4

 Section 1.28 Emergency Situation 4

 Section 1.29 Governing Documents..... 4

 Section 1.30 HUD 4

 Section 1.31 Improvements 5

 Section 1.32 Law Enforcement Vehicle 5

 Section 1.33 Liability for Common Expenses 5

 Section 1.34 Limited Common Elements..... 5

 Section 1.35 Majority of Members or Majority of Owners 5

 Section 1.36 Manager..... 5

 Section 1.37 Member 5

 Section 1.38 Notice and Comment..... 5

 Section 1.39 Notice and Hearing 5

 Section 1.40 NRS..... 5

 Section 1.41 Owner..... 5

 Section 1.42 Owner/Common Walls..... 5

 Section 1.43 Pedestrian Access Easement..... 6

 Section 1.44 Party Walls 6

 Section 1.45 Person..... 6

Section 1.46	Plat	6
Section 1.47	Private Street.....	6
Section 1.48	Project	6
Section 1.49	Real Property	6
Section 1.50	Residential Use	6
Section 1.51	Restrictions	6
Section 1.52	Rules.....	6
Section 1.53	Security Interest	6
Section 1.54	Special Declarant Rights	6
Section 1.55	Subsidy Agreement	7
Section 1.56	Trustee.....	7
Section 1.57	Utility Services Vehicle.....	7
Section 1.58	Unit.....	7
Section 1.59	VA.....	7
Section 1.60	Walls	7
ARTICLE II PROJECT AND ASSOCIATION		7
Section 2.1	Project and Association.....	7
Section 2.2	Association	7
ARTICLE III DESCRIPTION OF REAL PROPERTY.....		7
ARTICLE IV UNIT AND BOUNDARY DESCRIPTIONS.....		8
Section 4.1	Maximum Number of Units.....	8
Section 4.2	Boundaries.....	8
ARTICLE V COMMON ELEMENTS		8
Section 5.1	Use	8
Section 5.2	Limitation on Construction.....	8
Section 5.3	Declarant's Plans and Specifications	9
Section 5.4	Owner's Easement of Enjoyment	9
Section 5.5	Delegation of Enjoyment.....	9
Section 5.6	Nuisances.....	9
Section 5.7	Declarant's Exemption.....	9
Section 5.8	Owner's Liability for Damages to Common Elements.....	9
Section 5.9	Duties of Association	10
Section 5.10	Mineral Exploration; Toxic Substances	10
Section 5.11	Automatic Irrigation Systems	10
Section 5.12	Security.....	10
Section 5.13	Declarant's Maintenance of Certain Common Elements	10
Section 5.14	Limited Common Elements.....	10
ARTICLE VI MAINTENANCE		11
Section 6.1	By Association.....	11
Section 6.2	By Owners	12
Section 6.3	Wall Obligations for Association and Owners	12
Section 6.4	Right of Access	14
Section 6.5	Repairs Resulting From Negligence	14
Section 6.6	Association Easement	15

ARTICLE VII DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS	15
Section 7.1 Reservation of Development Rights	15
Section 7.2 Limitations on Development Rights	16
Section 7.3 Construction of Units; Addition of Property	16
Section 7.4 Special Declarant Rights	16
Section 7.5 Models, Sales Offices and Management Offices	17
Section 7.6 Construction; Declarant's Reserved Easement for Work and Sales/Marketing	17
Section 7.7 Signs and Marketing	17
Section 7.8 Declarant's Personal Property	17
Section 7.9 Declarant Control of the Association	18
Section 7.10 Limitations on Special Declarant Rights	18
Section 7.11 Interference with Special Declarant Rights	18
Section 7.12 VA/HUD Approval	18
Section 7.13 Declarant's Rights to Complete Development	19
Section 7.14 Approval of Guidelines	19
Section 7.15 Continuing Rights of Declarant	19
Section 7.16 Priority of Declarant's Rights and Reservations	19
Section 7.17 Assignment of Declarant's Rights and Duties.....	20
ARTICLE VIII ALLOCATED INTERESTS	20
Section 8.1 Allocation of Interests	20
Section 8.2 Formulas for the Allocation of Interests.....	20
Section 8.3 Assignment of Allocated Interests Pursuant to Exercise of Development Rights	20
ARTICLE IX RESTRICTION ON USE	20
Section 9.1 Residential Area.....	20
Section 9.2 Improvements; Limitations.....	21
Section 9.3 Oil, Water and Mineral Operations; Hazardous and Toxic Materials	21
Section 9.4 Laws and Insurance Requirements.....	21
Section 9.5 Antennae; Satellite Dishes.....	21
Section 9.6 Landscaping.....	22
Section 9.7 Maintenance of Units	22
Section 9.8 Walls	23
Section 9.9 Nuisances.....	23
Section 9.10 Repair of Improvement	23
Section 9.11 Signs.....	23
Section 9.12 Animals	24
Section 9.13 Easements	24
Section 9.14 Unightly Articles; Garbage Cans; Exterior Fires.....	25
Section 9.15 Solar Equipment; Wind Energy Systems	25
Section 9.16 Garages	26
Section 9.17 Restricted Access	26
Section 9.18 Clotheslines	26
Section 9.19 Post-Construction Entry Rights	26
Section 9.20 Construction of Walls.....	26
Section 9.21 Restrictions on Alienation; Leasing	26
Section 9.22 Parking Restrictions	27
Section 9.23 Declarant's Rights	28
Section 9.24 Declarant's Approval of Conveyances or Changes in Use of Project	28

Section 9.25	Board of Directors and ARC Discretion.....	28
Section 9.26	Slopes	28
Section 9.27	Drainage	29
Section 9.28	Declarant’s Access	29
ARTICLE X EASEMENTS AND LICENSES		30
Section 10.1	Easements of Record.....	30
Section 10.2	Encroachment Easement	30
Section 10.3	Utility Easement.....	30
Section 10.4	Easement for Construction	30
Section 10.5	Reservation of Easements, Exceptions, and Exclusions.....	31
Section 10.6	Drainage Easement	31
Section 10.7	Maintenance Easement.....	31
Section 10.8	Maintenance Easement for Units and Common Elements	31
Section 10.9	Airplane Traffic Noise.....	32
Section 10.10	Pedestrian Access Easement.....	32
Section 10.11	Easements Deemed Created	32
ARTICLE XI ALLOCATION OF LIMITED COMMON ELEMENTS		32
ARTICLE XII ARCHITECTURAL CONTROL		33
Section 12.1	Creation of the ARC.....	33
Section 12.2	Provision for Architectural Approvals	33
Section 12.3	ARC	33
Section 12.4	Procedure for Approval of Committee	33
Section 12.5	Guidelines.....	34
Section 12.6	Liability of Committee Members.....	34
Section 12.7	Painting.....	34
Section 12.8	Limitation	34
Section 12.9	No Impairment of Declarant Rights	34
ARTICLE XIII BOUNDARIES		34
ARTICLE XIV AMENDMENTS TO DECLARATION.....		34
Section 14.1	In General	34
Section 14.2	Consent of Declarant Required for Certain Amendments	35
Section 14.3	Limitation of Challenges	35
Section 14.4	Recordation of Amendments	35
Section 14.5	Execution of Amendments	35
Section 14.6	Special Declarant Rights	35
Section 14.7	Consent of Holders of Security Interests and VA.....	35
Section 14.8	Amendments to Create Units.....	35
ARTICLE XV AMENDMENTS TO BYLAWS		35
ARTICLE XVI TERMINATION		35
ARTICLE XVII MORTGAGEE PROTECTION.....		36
Section 17.1	Introduction	36
Section 17.2	Percentage of Eligible Mortgagees	36
Section 17.3	Notice of Actions	36

Section 17.4	Consent and Notice Required	36
Section 17.5	Development Rights.....	38
Section 17.6	Inspection of Books.....	38
Section 17.7	Financial Statements	38
Section 17.8	Enforcement.....	38
Section 17.9	Attendance at Meetings	38
Section 17.10	Appointment of Trustee.....	39
ARTICLE XVIII ASSESSMENT AND COLLECTION OF COMMON EXPENSES		39
Section 18.1	Apportionment of Common Expenses	39
Section 18.2	Common Expenses Attributable to Fewer than all Units; Exempt Property	39
Section 18.3	Lien	40
Section 18.4	Budget Adoption and Ratification	41
Section 18.5	Capital Improvement Assessments	42
Section 18.6	Statement of Demand	42
Section 18.7	Payment of Common Expense Assessments	42
Section 18.8	Limitations on Maximum Annual Assessment.....	42
Section 18.9	Acceleration of Common Expense Assessments	43
Section 18.10	Commencement of Common Expense Assessments.....	43
Section 18.11	No Waiver of Liability for Common Expenses	43
Section 18.12	Personal Liability of Owners	43
Section 18.13	Capital Assessments.....	44
Section 18.14	Subsidy Agreements and Declarant Advances	45
Section 18.15	Administrative Set-up Fee	45
ARTICLE XIX RIGHT TO ASSIGN FUTURE INCOME		45
ARTICLE XX PERSONS AND UNITS SUBJECT TO DOCUMENTS		45
Section 20.1	Membership in the Association; Administrative Transfer Fee	45
Section 20.2	Compliance with Governing Documents	46
Section 20.3	Adoption of Rules	46
ARTICLE XXI INSURANCE.....		46
Section 21.1	Coverage.....	46
Section 21.2	Property Insurance Coverage.....	46
Section 21.3	Liability Insurance	47
Section 21.4	Crime Insurance	48
Section 21.5	Owner Policies.....	48
Section 21.6	Workers' Compensation Insurance.....	48
Section 21.7	Directors' and Officers' Liability Insurance.....	48
Section 21.8	Other Insurance	48
Section 21.9	Premiums.....	48
ARTICLE XXII DAMAGE TO OR DESTRUCTION OF PROPERTY.....		48
Section 22.1	Duty to Restore	48
Section 22.2	Cost	49
Section 22.3	Plans	49
Section 22.4	Replacement of Less Than Entire Property	49
Section 22.5	Insurance Proceeds.....	49
Section 22.6	Certificates By Board of Directors.....	49

Section 22.7	Certificates by Title Insurance Companies.....	49
ARTICLE XXIII	NOTICE AND HEARING.....	49
Section 23.1	Right to Notice and Comment	49
Section 23.2	Right to Notice and Hearing.....	50
Section 23.3	Appeals.....	50
ARTICLE XXIV	BOARD OF DIRECTORS.....	50
Section 24.1	Association Records and Minutes of Board of Directors Meetings.....	50
Section 24.2	Powers and Duties; Limitations	50
Section 24.3	Rule Making Authority of the Board of Directors	51
Section 24.4	Imposition of Admission and/or Fees	51
Section 24.5	Manager.....	51
Section 24.6	Board of Directors Limitations	52
ARTICLE XXV	CLAIMS AGAINST DECLARANT: RIGHT TO CURE AND ARBITRATION	52
Section 25.1	Declarant’s Right to Cure Alleged Defects	52
Section 25.2	Arbitration	54
Section 25.3	Bench Trial; Waiver of Jury Trial.....	57
ARTICLE XXVI	CONDEMNATION.....	57
ARTICLE XXVII	ADDITIONAL DISCLOSURES: DISCLAIMER AND RELEASE	57
Section 27.1	Additional disclosures	57
Section 27.2	Release	61
Section 27.3	Declarant Consent	61
ARTICLE XXVIII	MISCELLANEOUS PROVISIONS	61
Section 28.1	Enforcement.....	61
Section 28.2	Captions.....	62
Section 28.3	Gender	62
Section 28.4	Waiver	62
Section 28.5	Invalidity	62
Section 28.6	Conflict.....	62
Section 28.7	Notices.....	62
Section 28.8	No Public Right or Dedication.....	62
Section 28.9	Term	62
EXHIBIT "A" – REAL PROPERTY - LEGAL DESCRIPTION		
EXHIBIT "B" – COMMON ELEMENTS - LEGAL DESCRIPTION		
EXHIBIT "C" – ANNEXABLE PROPERTY – LEGAL DESCRIPTION		

DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
RESERVATIONS AND EASEMENTS FOR
INSPIRATION

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, RESERVATIONS AND EASEMENTS FOR INSPIRATION (the "Declaration") is made as of _____, 2021, by AHUSA Series 1 LLC, a Nevada limited liability company ("Declarant"), for the purpose of submitting the Real Property (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 common interest community. All capitalized terms used herein shall have the meaning set forth in Article II or elsewhere herein.

R E C I T A L S:

A. Declarant is the owner of all that certain real property described on Exhibit "A" attached hereto and incorporated herein by this reference (the "Real Property").

B. Declarant proposes to develop the Real Property as a planned community, to be known as Inspiration (the "Project") under the provisions of the Nevada Common Interest Ownership Act pursuant to a general plan for the maintenance, care, use and management of the Project and 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.

C. The Real Property which shall be subject to this Declaration contains three (3) Units (defined below), together with Common Elements. Declarant may add all or part of the Annexable Property to the Project pursuant to the terms of this Declaration; however, there is no guarantee that any part of the Annexable Property will be added to the Project. Furthermore, all portions of the Real Property and Annexable Property are not contiguous with or adjacent to other parts of the Project.

D. The Project will be consistent with any development plans submitted to the U.S. Department of Veterans Affairs and Federal Housing Administration.

E. Each Unit shall have appurtenant to it a membership in the Association, which will be the management body for the overall Project.

F. Before selling or conveying any interest in the Real Property, Declarant desires to subject the Real 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 Real Property.

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

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 Liability for Common Expenses and 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 "C" which may hereafter be brought within the terms of this Declaration as part of the Project pursuant to Article VII. The Annexable Property need not be contiguous with or adjacent to the Real Property.

Section 1.4 Annexation Amendment: "Annexation Amendment" shall mean deeds, notices, declarations, or supplements hereto whereby Declarant exercises its right to expand the Project to include all or part of the Annexable Property pursuant to Section 7.1(a).

Section 1.5 ARC: "ARC" shall mean the Architectural, Design and Landscaping committee created pursuant to Article XII hereto.

Section 1.6 ARC Rules: "ARC Rules" shall mean the Guidelines and Procedures adopted pursuant to Article XII hereof.

Section 1.7 Articles: "Articles" shall mean the Articles of Incorporation of the Association as may be amended from time to time.

Section 1.8 Assessment: "Assessment" shall mean any charge against an owner and his Unit representing costs due to the Association hereunder, including without limitation Common Expense Assessments, Capital Improvement Assessments, Reconstruction Assessments and Special Assessments.

Section 1.9 Assessment, Capital Improvement: "Assessment, Capital Improvement" shall mean a charge against each Owner and his 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 1.10 Assessment, Common or Common Expense: "Assessment, Common or Common Expense" shall mean the annual charge against each Owner and his Unit representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing, insuring and operating the Common Elements or other Common Expenses (together with allocations to the reserves established by the Association, for repairs, replacements or additions to the Common Elements and any other portion of the Project that the Association is obligated to maintain, repair, replace or restore), which are to be paid by each Owner to the Association, as provided herein and shall also include any extraordinary expenses resulting from an Emergency Situation.

Section 1.11 Assessment, Reconstruction: "Assessment, Reconstruction" shall mean a charge against each Owner and his 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 1.12 Assessment, Special: "Assessment, Special" shall mean a charge against a particular Owner and his Unit, directly attributable to or reimbursable by the Unit 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 Restrictions, plus interest and other charges on such Special Assessment as provided for in this Declaration, to the fullest extent not prohibited by the Act.

Section 1.13 Association: "Association" shall mean the Inspiration Community Association, a nonprofit corporation organized under NRS Chapter 82 organized as the Association of Owners pursuant to the Act (NRS 116.3101).

Section 1.14 Association Walls: "Association Walls" shall have the meaning set forth in Section 6.3 below.

Section 1.15 Board of Directors or Board: "Board of Directors" or "Board" shall mean the board of directors of the Association.

Section 1.16 Bylaws: "Bylaws" shall mean the Bylaws of the Association, as may be amended from time to time.

Section 1.17 Collection Policy: "Collection Policy" shall mean the policy for the Association concerning the collection of fees, fines, assessments, or costs imposed against Owners adopted by the Board of Directors in compliance with NRS 116.31151(4), as such policy may be amended from time to time.

Section 1.18 Common Elements: "Common Elements" shall mean all (i) real property, other than Units, owned or leased by the Association; (ii) real property over which the Association holds an easement for the use and enjoyment of the Owners; (iii) any other personal property owned by the Association for the use and enjoyment of the Owners, and (iv) any other property or Improvements owned or held by the Association for the use and enjoyment of the Owners, including without limitation, monument signage for the Project, the Private Streets, landscape areas, and parks, together with the Improvements located thereon. The Common Elements shall additionally initially consist of the real property (together with the improvements constructed thereon) described on Exhibit "B" attached hereto and incorporated herein by reference.

Section 1.19 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:

(i) Expenses of administration, maintenance, repair or replacement of the Common Elements; including without limitation, the obligations of the Association set forth on the Plat;

(ii) Expenses declared to be Common Expenses under the Governing Documents or the Act (including without limitation, expense for the maintenance, repair and replacement of the sidewalks located in the Pedestrian Access Easement);

(iii) Expenses relating to the maintenance, repair, replacement of all water facilities necessary for the delivery of water services to the Common Elements, together with the payment of all charges for water services supplied to such areas;

(iv) Expenses agreed upon as Common Expenses by the Association;

(v) Reserves established by the Association, for repairs, replacements or additions to the Common Elements and any other portion of the Project that the Association is obligated to maintain, repair, replace or restore; and

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

Section 1.20 Declarant: "Declarant" shall mean AHUSA Series 1 LLC, a Nevada limited liability company, or its successor as defined in the Act, subject to the limitations contained in Section 7.17 of this Declaration.

Section 1.21 Declarant Control Period: "Declarant Control Period" shall mean the period of 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 1.22 Declaration: "Declaration" shall mean this document, including any amendments.

Section 1.23 Development Rights: "Development Rights" shall mean the rights reserved by the Declarant under Article VII of this Declaration to create Units and Common Elements within the Project as well as other rights provided for herein.

Section 1.24 Director: "Director" shall mean a member of the Board of Directors.

Section 1.25 Dwelling: "Dwelling" shall mean a residential building located on a Unit designed and intended for use and occupancy as a residence by a single family.

Section 1.26 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 1.27 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 1.28 Emergency Situation: "Emergency Situation" shall mean those emergency situations set forth in Section 18.8 of this Declaration.

Section 1.29 Governing Documents: "Governing Documents" shall mean this Declaration, the Plat, the Articles, the Bylaws, the Rules and Regulations, the Architectural Standards and Guidelines and other documents as provided by the Board of Directors, to include any amendments thereto. Any exhibit, schedule or certification accompanying a Document shall be deemed to be a part of that Document.

Section 1.30 HUD: "HUD" shall mean the U.S. Department of Housing and Urban Development.

Section 1.31 Improvements: "Improvements" shall mean any construction, structure, fixture or facilities existing or to be constructed on the real property which is included in the Project, including, but not limited to: buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility wires, streetlights, pipes, fire hydrants and Walls. As used herein, the term Improvement shall also include all additions and/or modifications to the exterior of an Improvement, including, but not limited to: (i) painting or staining the exterior surface of any Improvement; (ii) changing the roofing material on any Improvement; and/or (iii) building, constructing, installing, altering, or replacing, as the case may be, any of the aforesaid.

Section 1.32 Law Enforcement Vehicle: "Law Enforcement Vehicle" shall mean a vehicle owned by any governmental agency or political subdivision of the State of Nevada and identified by the entity which owns the vehicle as a vehicle used to provide law enforcement services.

Section 1.33 Liability for Common Expenses: "Liability for Common Expenses" shall mean the liability for common expenses allocated to each Unit pursuant to Article XVIII.

Section 1.34 Limited Common Elements: "Limited Common Elements" shall mean the portion of the Common Elements allocated for the exclusive use of fewer than all Unit Owners under the Declaration or the Act.

Section 1.35 Majority of Members or Majority of Owners: "Majority of Members" or "Majority of Owners" shall mean the Owners of Units to which at least a majority of the votes in the Association are allocated.

Section 1.36 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 1.37 Member: "Member" shall mean a person entitled to membership in the Association as provided in the Governing 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 1.38 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 1.39 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 1.40 NRS: "NRS" shall mean the Nevada Revised Statutes.

Section 1.41 Owner: "Owner" shall mean Declarant or any 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 any Unit created by this Declaration.

Section 1.42 Owner/Common Walls: "Owner/Common Walls" shall have the meaning set forth in Section 6.3 below.

Section 1.43 Pedestrian Access Easement: "Pedestrian Access Easement" means those certain pedestrian access easements (if any) created pursuant to Section 10.10 which burden certain Common Element lots as shown on the Plat.

Section 1.44 Party Walls: "Party Walls" shall have the meaning set forth in Section 6.3 below.

Section 1.45 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 1.46 Plat: "Plat" shall mean that certain final map which creates the Real Property, as recorded in the Office of the County Recorder, Clark County, Nevada, together with such other final maps, diagrammatic plans and information regarding the Real Property, or any part of the Annexable Property hereafter added to the Real Property, as each may be required by the Act or other applicable law, as each may be amended and supplemented from time to time.

Section 1.47 Private Street: "Private Street" shall mean all private streets, rights of way and vehicular ingress and egress easements located on portions of the Units and/or within certain areas of the Common Elements, for which the Association is responsible to maintain hereunder, including without limitation, curbs, gutters, sidewalks and any traffic or emergency access gates.

Section 1.48 Project: "Project" shall mean the Real Property, the Common Elements and all Improvements erected or to be erected thereon.

Section 1.49 Real Property: "Real Property" shall mean that certain real property described on Exhibit "A" attached hereto and incorporated herein by this reference, any additional real property that is annexed hereto under Article VII, and together with all Improvements, easements, rights, appurtenances and additions which have been or hereafter are submitted to the provisions of the Act by this Declaration.

Section 1.50 Residential Use: "Residential Use" shall mean use as a Dwelling for personal family or household purposes by ordinary customers.

Section 1.51 Restrictions: "Restrictions" shall mean this Declaration, the Articles, the Bylaws and the Rules from time to time in effect.

Section 1.52 Rules: "Rules" shall mean the regulations governing the conduct of persons within the Project as adopted by the Board of Directors pursuant to this Declaration, including without limitation the Collection Policy.

Section 1.53 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 an Association, and any other consensual lien or title retention contract intended as security for an obligation.

Section 1.54 Special Declarant Rights: "Special Declarant Rights" shall mean those rights reserved for the benefit of Declarant to (1) complete improvements indicated on the Plat; (2) exercise any Development Right; (3) maintain sales offices, management offices, advertisement signs, flags, banners and models (if any) within the Project for the benefit of the Real 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 within 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 1.55 Subsidy Agreement: "Subsidy Agreement" shall mean an agreement of the type described in Section 18.14 of this Declaration.

Section 1.56 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 1.57 Utility Services Vehicle: "Utility Services Vehicle" shall mean any motor vehicle used in the furtherance of repairing, maintaining or operating any structure or any other physical facility necessary for the delivery of public utility services, including the furnishing of electricity, gas, water, sanitary sewer, telephone, cable or community antenna service and, except for any emergency use, operated primarily within the service area of a utility's subscribers or consumers, without regard to whether the motor vehicle is owned by or leased or rented to the utility.

Section 1.58 Unit: "Unit" shall mean the physical portion of the Project designated for separate ownership and occupancy which shall include a single family house on a separately platted lot, the boundaries of which are described in Section 4.2 of this Declaration.

Section 1.59 VA: "VA" shall mean and refer to the U.S. Department of Veterans Affairs.

Section 1.60 Walls: "Walls" shall mean any wall or fence located in the Project, including without limitation, Party Walls, Owner/Common Walls and Association Walls.

ARTICLE II PROJECT AND ASSOCIATION

Section 2.1 Project and Association: The name of the Project is Inspiration. Inspiration is a planned community under the Act.

Section 2.2 Association: The name of the Association is Inspiration Community 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 REAL PROPERTY

The Project is situated in the County of Clark, State of Nevada, and initially consists of the Real Property.

ARTICLE IV
UNIT AND BOUNDARY DESCRIPTIONS

Section 4.1 Maximum Number of Units: When created, the Project shall contain three (3) Units. Declarant has reserved the right under Article VII to create up to a total maximum of thirty-three (33) Units in the Project.

Section 4.2 Boundaries: The Boundaries of each Unit created by the Declaration are the lot lines shown on the Plat as numbered lots, along with their identifying number.

ARTICLE V
COMMON ELEMENTS

Section 5.1 Use:

(a) Use. Except as otherwise provided herein and subject to such specific limitations as may otherwise be imposed upon any portion of the Common Elements, the Common Elements shall be improved and used for the purposes of (i) providing open space areas and facilities to or for the benefit of the Owners and occupants of Units; (ii) affording pedestrian and vehicular movement within the Project subject to Rules established by the Board and easements provided for in the Governing Documents; and (iii) beautification of the Common Elements and the Project through landscaping and such other means as the Board shall deem appropriate. Furthermore, the Common Elements may be used for any lighted or unlighted entry monument structure and sign(s) and/or open space landscaping and Improvements which may be installed or constructed by Declarant within the Project for the common enjoyment of the Owners.

(b) Restriction on Change. The right and easement to the Common Elements shall be held, maintained and used by the Association to enhance the Owners' enjoyment of the environment within the Project and for no other purposes. No Improvement, excavation or work which in any way alters any Common Elements from its natural or existing state on the date such area was transferred to or otherwise came under the jurisdiction of the Association shall be made or done by anyone other than Declarant, except upon strict compliance with, and within the restrictions and limitations of, this Declaration.

Section 5.2 Limitation on Construction: Subject to Articles VII and XII, no person other than the Declarant or the Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall make or create any excavation or fill upon, or shall change the natural or existing drainage of, or shall destroy or remove any tree, shrub, or other vegetation from any Common Elements. The Association may, at any time, as to any Common Elements:

(a) Reconstruct, replace or refinish any Improvement or portion thereof upon any such Common Elements (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area), in accordance with the plans filed by Declarant with the Board pursuant to Section 5.3.

(b) Construct, reconstruct, replace or refinish any road improvement or surface upon any portion of the Common Elements used as a road or driveway in accordance with the plans filed by Declarant with the Board pursuant to Section 5.3.

(c) Replace injured or diseased trees, shrubs or other vegetation in any Common Elements, and plant trees, shrubs and other vegetation to the extent that the Association deems necessary for the conservation of water and soil or for aesthetic purposes; and

(d) Place and maintain upon any Common Elements such signs as the Association may deem appropriate for the proper identification, use and regulation thereof.

Section 5.3 Declarant's Plans and Specifications: Declarant shall from time to time file with the Board such plans and specifications as it may have in its possession for the purpose of maintaining a permanent record of Improvements constructed by Declarant on any Common Elements. If Declarant, for any reason, has not delivered such plans and specifications to the Board, the references to such "plans and specifications" shall mean the Improvements as originally constructed by Declarant.

Section 5.4 Owner's Easement of Enjoyment: Every Owner is hereby granted a right and easement of enjoyment of the Common Elements and such easement shall be appurtenant to and shall pass with title to every Unit subject to the following provisions:

(a) The right of the Association to establish and enforce Rules.

(b) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his or her Unit remains unpaid and delinquent, and for a period not to exceed thirty (30) days for any single infraction of the Declaration, Bylaws or Rules provided that any suspension of such voting rights except for failure to pay assessments, shall be made only by the Association after notice and hearing given and held in accordance with Section 8.4 of the Bylaws.

(c) The Special Declarant Rights described in Article VII.

(d) No Owner shall allow his or her furniture, furnishings, or other personal property to remain within any portion of the Common Elements except as may otherwise be permitted by the Association.

Section 5.5 Delegation of Enjoyment: Any Owner may delegate, in accordance with the Governing Documents his or her rights of enjoyment to the Common Elements to the members of his or her family, social invitees, tenants or contract purchasers subject to reasonable regulations and procedures established by the Board. The Board may extend permission to recognized community leagues to use appropriate portions of the Common Elements subject to such terms and conditions as the Board may impose.

Section 5.6 Nuisances: No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to the Common Elements, and no odors shall be permitted to arise therefrom, so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No nuisance shall be permitted to exist or operate upon the Common Elements so as to be offensive or detrimental to any other property in the vicinity thereof or the occupants of such other property.

Section 5.7 Declarant's Exemption: Nothing contained in this Declaration shall be construed to prevent the exercise by Declarant or its duly authorized agents within the Common Elements of any Special Declarant Rights.

Section 5.8 Owner's Liability for Damages to Common Elements: Each Owner shall be legally liable to the Association for all damages to the Common Elements or to any Improvements thereof or thereto, including, but not limited to, curbs, sidewalks, paved surfaces, lighting, monuments or community signage, any buildings and landscaping, caused by such Owner, his or her licensees, guests or any occupant of such Owner's Unit, as such liability may be determined under Nevada law.

Section 5.9 Duties of Association: The Association shall be obligated to adhere to the standards of maintenance for the Common Elements established as provided in Section 5.3. Subject to the foregoing limitations, the Board shall have the right to establish standards of maintenance for the Common Elements more stringent than those initially established by Declarant but not less stringent than those established by Declarant.

Section 5.10 Mineral Exploration; Toxic Substances: No property within the Common Elements shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, or any earth substance of any kind, or for the storage or disposal of "hazardous waste" or other hazardous or toxic materials, as such terms are defined by federal, state or local laws now or hereafter in effect.

Section 5.11 Automatic Irrigation Systems: Any and all irrigation systems installed within the Common Elements shall be automatic.

Section 5.12 Security:

(a) The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than it otherwise might be. Neither the Association (including the Board, the Directors and any committees) nor Declarant shall in any way be considered insurers or guarantors of security within the Project, nor shall any of the above-mentioned parties be held liable for any loss or damage by reason of (i) failure to provide adequate security, or (ii) ineffectiveness of security measures undertaken, or (iii) inability of emergency vehicles to access the Project. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Project cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended.

(b) Each Owner acknowledges, understands and covenants to inform all residents of its Unit, and their respective families and invitees, that neither the Association (including the Board and any committees) nor all other person involved with the governance, maintenance, and management of the Project, including Declarant, are insurers of safety or security within the Project. All Owners and residents, and their respective families and invitees, assume all risks of personal injury and loss or damage to persons, units, and the contents of units, and further acknowledge that neither the Association (including the Board and any committees), the Board nor Declarant have made representations or warranties regarding any traffic access gate, patrolling of the Real Property, any fire protection system, burglar alarm system, or other security systems recommended or installed or any security measures undertaken within the Project. All Owners and residents, and their respective families and invitees, further acknowledge that they have not relied upon any such representations or warranties, expressed or implied.

Section 5.13 Declarant's Maintenance of Certain Common Elements: Any or all of the Common Elements may be conveyed to the Association subject to easements in favor of Declarant for purposes of maintenance.

Section 5.14 Limited Common Elements: There are currently no Limited Common Elements within the Project.

ARTICLE VI
MAINTENANCE

Section 6.1 By Association:

(a) Common Elements. The Association shall maintain, repair and replace all of the Common Elements within the Project, including without limitation planting, replacing, repairing and maintaining all landscaped areas, irrigation systems, drainage areas, monument signs, sidewalks, streetlights (if any) and the Private Streets (together with any existing parking restriction signs) located within the Common Elements of the Project, and shall keep all Improvements of whatever kind and for whatever purpose from time to time located within the Common Elements in good order and repair. In addition to the foregoing, the Association shall be responsible to perform all of the maintenance obligations of the "H.O.A." or the "Homeowner's Association" set forth on the Plat with respect to the Property and Common Elements hereunder. Furthermore, the Association shall maintain, repair, replace and/or otherwise preserve all red curbs and/or signage originally established by Declarant for the purposes of designating fire lanes and no parking areas within the Project, specifically including all Private Streets.

(b) Walls. The obligations of the Association with respect to Walls are set forth in Section 6.3 below.

(c) Exterior Maintenance. Notwithstanding any other provision to the contrary contained herein, if the holder of a Security Interest in a Unit (i) has filed an action for the recovery of the debt or enforcement of any right secured or evidenced by the Security Interest, or (ii) has recorded a notice of breach and election to sell the Unit, then, to the fullest extent permitted under the Act, the Association after Notice and Hearing shall have the right (but not the obligation), if the Unit's Owner refuses or fails to do so, to:

- (A) maintain the exterior of the Dwelling on the Unit and maintain the landscaping and other Improvements on the Unit in accordance with the standards set forth in this Declaration and the other Governing Documents; and/or
- (B) remove or abate a public nuisance on the exterior of the Dwelling and any landscaping or other Improvements on the Unit.

Following any such election by the Association, the Association shall notify the Owner in writing of the cost thereof, and in the event that Owner fails to reimburse the Association for its costs and expenses, such charges (including the costs of collection) shall constitute a lien on that Owner's Unit, which may be enforced by the Association in accordance with the provisions of Article XVIII of this Declaration and any such lien shall have the priority specified in Section 18.3(c).

(d) Standards. In the maintenance of the Common Elements and Units (to the extent permitted or required under Section 6.1(c)), the Association shall at all times strictly comply with the conditions of all applicable federal, state and local laws, including any applicable city or county laws and ordinances. In addition, the Association may maintain and keep in good repair rights-of-way owned by any political subdivision of the State (subject to the approval or consent of the political subdivision), so long as the rights-of-way are within the Common Elements or within the Project. This maintenance may include, but not be limited to, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and other flora, structures and improvements situated upon such areas.

Section 6.2 By Owners.

(a) Each Owner shall maintain, repair and replace, at his or her own expense, all portions of his or her Unit, including all Walls, pavers and concrete located thereon, except as otherwise required to be performed by the Association or other Person pursuant to Section 6.3.

(b) Without limiting the generality of the provisions of Section 6.2(a), and subject to all applicable laws and ordinances from time to time in effect, the Owner shall maintain all landscaping on the Owner's Unit that is visible from the Common Elements in a healthy and attractive condition, furthermore, the Owner shall provide adequate water to all landscaping on the Owner's Unit.

(c) Without limiting the generality of the provisions of Section 6.2(a), and subject to all applicable laws and ordinances from time to time in effect, the Owner of each Unit shall have the responsibility and obligation with respect to all Units to maintain, repair and replace the exterior light fixtures installed by Declarant on the front of the home on each Unit or the front lawn of the Unit, which are designed to provide street lighting for the Project as well as lighting for the Unit, including the repair and/or replacement of the light bulbs.

Section 6.3 Wall Obligations for Association and Owners.

(a) Generally. All Walls located on a Unit, other than Party Walls, Owner/Common Walls and Association Walls, shall be maintained, repaired and replaced by the Owner of the Unit at its sole cost and expense. The rights, responsibilities and duties with respect to Party Walls, Owner/Common Walls and Association Walls are set forth below in this Section 6.3.

(b) Party Walls. The rights, responsibilities and duties with respect each Wall which serves and/or separates any adjoining Units ("Party Walls") are set forth below in this Section 6.3(b).

(i) The Owners of the Units that are separated by a Party Wall shall both equally have the right to use such Party Wall, provided that such use by one Owner does not interfere with the use and enjoyment by the other Owner or Owners.

(ii) If any Party Wall is damaged or destroyed through the act of an Owner and/or its residents, and their respective families and invitees (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the Party Wall without cost to the Owner or Owners of the adjoining Units served and/or separated by the Party Wall.

(iii) If any Party Wall is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time) other than by the act of an adjoining Owner and/or its residents, and their respective families and invitees, it shall be the obligation of the Owners of the Units served and/or separated by such Party Wall to rebuild and repair such Party Wall at their joint and equal expense.

(iv) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Wall by any Owner and/or its residents, and their respective families and invitees, without the prior consent of all of the Owners of the adjoining Units served and/or separated by the Party Wall. Additionally, all changes to a Party Wall shall require the prior approval of the ARC in accordance with the provisions of Article XII.

(v) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of any Party Wall, or with respect to the sharing of the cost thereof, such adjoining Owners

shall have the right to initiate any proceeding at law or in equity against the Owners of the adjoining Unit and in the event of litigation, the prevailing party shall be entitled to all litigation costs and reasonable attorneys' fees. The Association shall have no responsibility for any repair and/or maintenance of any Party Wall.

(vi) Each Owner sharing a Party Wall shall permit the Owners of the adjoining Units, or their respective representative, when reasonably required, to enter its Unit for the purpose of repairing or maintaining the Party Wall or for the purpose of performing installation, alterations or repairs to the property of such adjoining Owners, provided that requests for entry are at a time reasonably convenient to the Owner. In case of an emergency, such right to entry shall be immediate. An adjoining Owner making entry pursuant to the terms of this Section shall not be deemed guilty of trespass by reason of such entry.

(vii) It shall be the responsibility of the Owner of each Unit served and/or separated by a Party Wall to obtain and maintain in force property and casualty insurance on a current replacement cost basis on such portion of the Party Wall that is immediately adjacent to such Owner's Unit. The Association shall have no responsibility for the maintenance or insurance of any Party Walls.

(c) Owner/Common Walls. The rights, responsibilities and duties with respect to each Wall that separates a Unit from a Common Element lot, a sidewalk, or a street ("Owner/Common Walls") are set forth below in this Section 6.3(c).

(i) The Association is responsible for the aesthetic maintenance (such as graffiti removal) on the Association's Common Element side of each Owner/Common Wall. Additionally, if any Owner/Common Wall is damaged or destroyed through the act of the Association or any of its agents (whether or not such act is negligent or otherwise culpable), then it shall be the obligation of the Association to rebuild and repair the Owner/Common Wall to its original condition without cost to the Owner of the adjoining Unit, and the Owner of the adjoining Unit shall have no right to make such repairs. The Association's obligations under this paragraph shall not include the obligation to restore any modifications or upgrades made by the Owner of the adjoining Unit to the Owner/Common Wall from its originally installed condition (for example, aesthetic changes such as decorative painting or stucco to the Unit Owner's side of the Owner/Common Wall).

(ii) If any Owner/Common Wall is damaged or destroyed as the result of the intentional acts or negligence of the Owner of the adjoining Unit (or any of its residents, and their respective families and invitees) or from the result of an unknown third party, the Owner of the adjoining Unit, after Notice and Hearing, shall be liable to the Association for all costs and fees to rebuild and repair the Owner/Common Wall. Unless otherwise decided by the Board, the Association shall rebuild and/or repair such Owner/Common Wall and the Owner of the adjoining Unit shall have no right to undertake such repairs. The Association's obligations under this paragraph shall not include the obligation to restore any modifications or upgrades made by the Owner of the adjoining Unit to the Owner/Common Wall from its originally installed condition (for example, aesthetic changes such as decorative painting or stucco to the Unit Owner's side of the Owner/Common Wall).

(iii) If any Owner/Common Wall requires maintenance, repair or replacement as the result of ordinary wear and tear as determined by the Board, then the Owner of the adjoining Unit shall be liable to the Association for the costs and fees related to such maintenance, repair or replacement. Unless otherwise decided by the Board, the Association shall undertake such maintenance, repair or replacement, and the Owner of the adjoining Unit shall have no right to make such repairs. Any maintenance, repair or replacement undertaken by the Association pursuant to this paragraph shall not include the restoration of

any modifications or upgrades made by the Owner of the adjoining Unit to the Owner/Common Wall from its originally installed condition (for example, aesthetic changes such as decorative painting or stucco to the Unit Owner's side of the Owner/Common Wall).

(iv) If any Owner/Common Wall or view fences located on top of the Owner/Common Wall requires maintenance, repair or replacement as the result of ordinary wear and tear as determined by the Board, then the Owner of the adjoining Unit shall be liable to the Association for the costs and fees related to such maintenance, repair or replacement. Unless otherwise decided by the Board, the Association shall undertake such maintenance, repair or replacement, and the Owner of the adjoining Unit shall have no right to make such repairs.

(v) In the event that any Owner/Common Wall or view fences located on top of an Owner/Common Wall is in need of routine painting as the result from ordinary wear and tear as determined by the Board, it shall be the obligation of the Association to paint these fences and the Owner shall have no right to make such repairs.

(vi) It shall be the responsibility of the Owner of each Unit adjacent to an Owner/Common Wall to obtain and maintain in force property and casualty insurance on a current replacement cost basis on such portion of the Owner/Common Wall that is immediately adjacent to such Owner's Unit. The Association shall have no responsibility to maintain insurance for any Owner/Common Walls.

(d) Association Walls. Each Wall within the Project that is located wholly on the Common Elements and otherwise does not constitute an Owner/Common Walls (collectively, "Association Wall") shall be the responsibility of the Association to maintain, repair or replace, unless an Association Wall is damaged or destroyed as the result of the intentional acts or negligence of an Owner (or the residents and respective families and invitees of an Owner). If, an Association Wall is damaged or destroyed as the result of the intentional acts or negligence of an Owner (or the residents and respective families and invitees of an Owner), then such Owner after Notice and Hearing, shall be liable to the Association for the costs and fees related to the repair or replacement and the Owner shall have no right to make such repairs. The Association shall maintain insurance of all Association Walls.

(e) Easements. Declarant hereby reserves and grants an easement in favor of the Association and each Owner over the Real Property to the extent necessary to perform its respective obligations set forth in this Section 6.3.

Section 6.4 Right of Access: Any person authorized by the Board of Directors shall have the right of access to all portions of the Real Property 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 maintenance required or permitted under Section 6.1, 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 6.5 Repairs Resulting From Negligence: Notwithstanding the provisions of Section 6.3 above, each Owner will reimburse the Association for any damages to any other Unit or to the Common Elements and any other Improvements for which the Association is responsible to maintain under

Section 6.1, (a) caused intentionally or negligently by the Owner or its occupants, or the guests, invitees, agents or contractors of each, or (b) caused by the failure to properly maintain, repair or make replacements to the Unit by the Owner or its occupants, or (c) caused by excessive watering or overspray. 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 6.6 Association Easement: Declarant hereby reserves an easement in favor of the Association over all of the Real Property and each Unit for the purpose of maintaining Common Elements, the Walls and the Units to the extent required under Section 6.1 of the Declaration. The easement granted under this Section shall be in addition to, and not a limitation of, the rights of the Association under NRS 116.310312.

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; provided, however, that the Annexable Property added to the Project by Declarant need not be contiguous with or adjacent to the Project or the Real Property contained in the Project. 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 one or more deeds, notices, declarations, or supplements hereto (which forms of recorded instruments are each referred to herein as an "Annexation Amendment") in the records of the County Recorder of Clark County, Nevada, (i) describing the real property to be annexed, (ii) submitting it to the covenants, conditions, and restrictions contained herein, and (iii) providing for the readjustment of voting rights and assessment allocations provided for herein on the basis of formulas provided herein. Each Annexation Amendment shall not require the consent of the Owners. Any such expansion shall be effective upon the filing for record of the Annexation Amendment except as provided therein. The expansion may be accomplished in stages by successive Annexation Amendments or in one expansion through an Annexation Amendment. Upon the recordation of any Annexation Amendment, the definitions used in this Declaration shall be expanded automatically to encompass and refer to the Real Property as expanded. Such 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 Real Property previously subject to the Declaration except as provided herein for amendment.

(b) The right, but not the obligation, by amendment to create Units and Common Elements upon all or parts of the Annexable Property as well as any real property adjacent thereto that shall be annexed into the Project.

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

(d) The right, but not the obligation, by amendment to convert Units into 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 will be amended to include reference to the recorded easement.

(f) 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.

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 twenty (20) years after the recording of the initial Declaration; and

(b) Not more than the maximum number of Units provided in Section 4.1 may be created under the Development Rights; and

(c) The quality of the construction of any buildings and improvements to be created on the Annexable Property may be different from the buildings and improvements of those Units initially constructed on the Real Property described in Exhibit "A" and Declarant may modify the shape, size, elevation, floor plan, and lot size of Units; and

(d) All Units and Common Elements 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, subject however to the rights reserved to Declarant under this Declaration, including without limitation, Section 7.5 below; and

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

(f) During the exercise of the Developmental Rights, Declarant (at Declarant's own expense) shall maintain a general liability insurance policy in an amount not less than one million dollars (\$1,000,000.00) for each occurrence, to cover any damages or injuries incurred by Owners of previously sold Units as a result of further development.

Section 7.3 Construction of Units; Addition of Property: No assurances are made by Declarant as to the time within which Dwellings will be constructed on all Units or the order in which such residential dwellings will be developed. Furthermore, no assurances are made by Declarant as to whether Declarant will exercise its Development Rights with respect to all or any 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 indicated on the Plat;
- (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 that Declarant (or any of its affiliates) owns or has the right to acquire, regardless of whether such real property is part of the Project;
- (d) To use easements through the Common Elements for the purpose of (i) making Improvements and repairs or modifications to any Improvements within the Project or within real estate which may be added to the Project or (2) making any Improvements to any other real property owned or leased by Declarant regardless of whether such real property is part of the Project; and
- (e) To appoint or remove any officer of the Association or a Board of Directors member during the Declarant Control Period.

Section 7.5 Models, Sales Offices and Management Offices: For so long as Declarant is an Owner or a lessee of a Unit or the owner of any part of the Annexable Property, Declarant, its duly authorized agents, representatives and employees may maintain any Unit owned by Declarant or any portion of the Common Elements as a model Unit, sales office, management office or construction office.

Section 7.6 Construction; Declarant's Reserved Easement for Work and Sales/Marketing: Declarant reserves the right to perform warranty work, repairs and construction work in Units and Common Elements, to store materials, and to control and have the right of access to work and repairs until completion. All work may be performed by Declarant without the consent or approval of the Board of Directors. Declarant has an easement through the Common Elements 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, riparian owners or upland owners to fulfill the plan of development. Without limiting the generality of the foregoing, Declarant reserves an easement over the Private Streets until such time as Declarant no longer holds title to any Unit, or no longer holds title to any part of the Annexable Property, or for so long as Declarant utilizes sales and/or management offices and/or model homes in connection with Declarant's marketing and/or sale of the Project or any other real property owned or developed by Declarant, and neither the Association nor any one or more of the Owners shall at any time or in any way impede, hinder, obstruct, or interfere with Declarant's marketing, sales, and/or construction activities.

Section 7.7 Signs and Marketing: For so long as Declarant is an Owner or a lessee of a Unit or the owner of any part of the Annexable Property, 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.

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 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) Sixty (60) days after conveyance of seventy-five percent (75%) of the Units to Owners other than Declarant; or
- (ii) Five (5) years after Declarant has ceased to offer Units for sale in the ordinary course of business; or
- (iii) Five (5) years after any right to add new Units is last exercised by Declarant.

Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before termination of that 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 sixty (60) days after conveyance of twenty-five percent (25%) of the Units that may be created to Owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units that may be created to Owners other than Declarant, not less than thirty-three and one-third percent (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 under this Section 7.9 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: (i) for so long as Declarant (a) is obligated under any warranty or obligation, (b) holds a Development Right to create additional Units or Common Elements; (c) owns or leases any Unit; or (d) owns any Security Interest in any Units; or (ii) within fifteen (15) years have elapsed after recording of this Declaration, whichever period is longer. Earlier termination of certain rights may occur by statute.

Section 7.11 Interference with Special Declarant Rights: Neither the Association nor any Unit 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 7.12 VA/HUD Approval: During the Declarant Control Period, the following actions will require the prior approval of the VA and/or HUD to the extent necessary to meet any VA and/or HUD requirements 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 7.13 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 Real Property and the Annexable Property; to construct or alter Improvements on any property owned or leased by Declarant or owned by the Association; to maintain and modify model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned or leased by Declarant or owned by the Association; 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, within the Project (including without limitation any portion of the Common Elements that is real property) owned or leased by Declarant or to construct, alter, remodel, demolish or replace any Improvements on any of the Real Property or any property owned by Declarant; (b) use any structure on any of the Real 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 ARC or of the Association for any such activity or Improvement to property by Declarant on any of the Real Property or any property owned or leased by Declarant. Nothing in this Section shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

Section 7.14 Approval of Guidelines: For so long as Declarant owns or leases a Unit in the Project, the ARC Guidelines promulgated under Section 12.5 of this Declaration may not be terminated, modified, revised, amended or restated by either the Board or the ARC, unless and until the proposed termination, revision or change, shall have been submitted to and approved in writing as to harmony within the Project by the Declarant. Nothing in this Section shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

Section 7.15 Continuing Rights of Declarant: Declarant hereby retains and reserves the right, without obligation, to enforce the Governing 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 7.16 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 by Declarant in each conveyance of property 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 7.17 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.

ARTICLE VIII ALLOCATED INTERESTS

Section 8.1 Allocation of Interests: The Allocated Interests shall be allocated and calculated in accordance with the formulas set forth in this Article. The same formulas are to be used in reallocating interests if Units are added to the Project pursuant to Section 7.1 of this Declaration.

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

(a) Liability for Common Expenses. The Liability for Common Expenses allocated to each Unit shall be one (1) equal share for each Unit. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article XVIII of this Declaration.

(b) Votes. Each Unit in the Project shall have one (1) equal vote in Association matters pursuant to the Governing Documents. Any specified percentage, portion or fraction of Owners, unless otherwise stated in the Governing Documents, shall be deemed to require the specified percentage, portion or fraction of all of the votes allocated to Units in the Project.

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

Section 9.1 Residential Area: Except as provided in Article VII with respect to Declarant, each Unit shall be used for private, single-family residence purposes exclusively. No part of the Project shall be used or caused, allowed or authorized to be used in any way whatsoever, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending or other non-residential purpose, without the prior written consent of the Board. No short term rental or Airbnb use of a Unit is allowed. In deciding whether or not to permit an otherwise nonconforming use hereunder, the Board shall consider the potential effect upon traffic in the Project and interference with or annoyance of neighbors; notwithstanding the foregoing, a nonconforming use shall never be permitted unless such use is incidental to the Residential Use of the Unit and is permitted by applicable law.

Section 9.2 Improvements; Limitations:

(a) Size and Improvements. No structure whatsoever, other than one single-family private residence may be erected or maintained on a Unit at any one time. No building, structure or other Improvement of any kind shall be erected, constructed, altered or maintained on any Unit in excess of one-story; other than those Units upon which Declarant (or any entity owned or controlled by Declarant) has previously erected a two-story residential dwelling, in which case alone, no such dwelling or other Improvement shall be erected, constructed, altered or maintained thereon more than two stories. Every single-family dwelling erected upon a Unit shall contain not less than six hundred (600) square feet of floor space, exclusive of porches, patios, garages and carports. No garage or carport shall be used for a living area or used for other purposes other than those uses normally attendant to a garage or carport. All lavatories and toilets shall be built indoors and connected with the sewer system. No balconies shall be attached to or constructed on any dwelling now or hereafter constructed on any Unit other than those constructed by Declarant.

(b) No Violation. There shall be no violation of the setback, side yard or other requirements of local governmental authority, notwithstanding any approval of the ARC.

(c) Exemption. This Section shall not apply to any activities of Declarant.

Section 9.3 Oil, Water and Mineral Operations; Hazardous and Toxic Materials: No tools or equipment and no derrick or other structure designed for use in boring for oil, gas, or other kindred substances, or designed for use in boring for water, or designed for use in any mining operation or exploration shall hereafter be erected or placed upon the Real Property or any portion thereof; and no Owner of any Unit shall ever consent to the use of the surface of the land, or any portion of the subsurface thereof, by any lessee under any lease to be negotiated or under any lease now of record affecting any Unit, which lease pertains to the exploration, mining, or operating for oil, gas or other hydrocarbon substances and the taking, storing, removing and disposition of same. No Unit or any portion thereof shall ever be used for the storage or disposal of "hazardous waste" or other hazardous or toxic materials, as such terms are defined by federal, state or local laws now or hereafter in effect.

Section 9.4 Laws and Insurance Requirements: Nothing shall be done to or kept on any Unit or Improvement thereon or in the Common Elements 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 9.5 Antennae; Satellite Dishes: 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 outdoors above ground within the Project whether attached to a building or otherwise, unless such antenna or device (a) is in compliance with all applicable ARC Rules as may be adopted from time to time by the ARC pursuant to Section 12.5 hereof, and (b) shall have been approved by the ARC.

Section 9.6 Landscaping:

(a) Installation. If Declarant has not provided a ground cover for a Unit as of the recordation date of the deed conveying title to the Unit to the Owner from Declarant, then the Owner of that Unit shall have installed thereon a ground cover acceptable to the ARC. The Owner shall have three (3) months from the recordation date of the deed conveying title to the Unit to the Owner from Declarant, in which to submit plans and specifications to and obtain ARC approval for, and cause to be installed landscaping in the front yard portion of the Unit, in accordance with the ARC approved plans and specification. The Owner shall have twelve (12) months from the recordation date of the deed conveying title to the Unit to the Owner from Declarant, in which to submit plans and specifications to and obtain ARC approval for, and cause to be installed landscaping in the rear yard portion of the Unit, in accordance with the ARC approved plans and specification. If requested by the Owner, one or both of the foregoing time periods may be extended by the ARC on a case-by-case basis. Nothing herein shall operate to permit the Association or ARC to prevent the use of water-efficient landscaping, as defined by the applicable water district, solely on the basis that such design makes use of water-efficient landscaping. It is the responsibility of each Owner to consider, examine and select trees and plant materials for the Owner's Unit with growth characteristics that do not have the potential to create root, branch or other intrusion problems. Each Owner will plant trees only in locations at a sufficient distance from structures, hardscape, Walls, other Improvements and the property lines of such Owner's Unit to minimize possible branch and root intrusion and damage. Each Owner shall consider the mature size of all plant material in choosing plants and their locations on such Owner's Unit.

(b) Restrictions.

(i) Plants selected for landscaping should be light weight types which require little water and are capable of surviving the prevailing climate. Only the amount of irrigation necessary to sustain plant life should be provided. Overwatering the landscape areas could adversely affect the Dwelling and other Improvements on or near the Unit, and is therefore prohibited.

(ii) Without limiting the provisions of this Declaration requiring prior ARC approval, no planters, landscaping, and/or other surface features which could retain water may be installed or maintained adjacent to the Dwelling and/or other permanent structures located on or immediately adjacent to the Unit except a sealed planter with grades draining away from the Dwelling or structure at a minimum slope of two percent (2%).

(iii) Irrigation timers should be adjusted on a monthly basis in accordance with the Southern Nevada Water Authority's posted "Water Schedule" for a low use condition.

Section 9.7 Maintenance of Units: No rubbish, brush, weeds, undergrowth, debris of any kind or character shall ever be placed or permitted to accumulate upon any Unit, or any portion thereof, so as to render it a fire hazard, unsanitary, unsightly, offensive or detrimental to the Common Elements, any other Unit in the Project or to any occupants in the Project. The Owner of each Unit shall (a) care for, water, cultivate, prune and maintain in good condition any and all trees, shrubs and other landscaping (including without limitation acceptable desert or water-efficient landscaping) growing on the Owner's Unit and (b) provide only the amount of irrigation necessary to sustain plant life on the Unit because over watering the landscape areas could adversely affect the Improvements on or near the Unit and is therefore prohibited. Furthermore, the Owner of each Unit shall maintain any and all trees, shrubs and other landscaping growing on his or her Unit in a manner consistent with the restrictions set forth in this Declaration and the standards originally established by Declarant or the ARC for the Real Property. The Association may assume all or any portion of the landscaping duties set forth in this Section but the Association shall in no event be

obligated to undertake such work, except with respect to Common Elements. Should an Owner fail to perform his or her obligations under this Section or Section 9.6, or fail to keep his or her Unit free from rubbish, brush, weeds, dead or dying shrubbery, overgrown landscaping, undergrowth or debris of any character, the Association may, at any time, (i) initiate legal proceedings to enforce compliance with either of such Sections or (ii) upon thirty (30) days' written notice to such Owner of its intention to do so, enter upon that Unit and (A) remove such rubbish, brush, weeds, dead or dying shrubbery, overgrown landscaping, undergrowth or debris or (B) cause any required ground cover acceptable to the Association, together with any necessary sprinklers and irrigation facilities to be completed and, in either event, assess that Owner for the cost thereof. The Association shall notify the Owner in writing of the cost thereof, and in the event that Owner fails to reimburse the Association for its costs and expenses, such charges (including the costs of collection) shall constitute a lien on that Owner's Unit, which may be enforced by the Association in accordance with the provisions of Article XVIII of this Declaration.

Section 9.8 Walls: It shall be the duty of every Owner to maintain and repair Walls abutting or located on the Owner's Unit to the extent provided in Section 6.3 above, all at such Owner's sole cost and expense.

Section 9.9 Nuisances: No odors shall be permitted to arise from any Unit so as to render any Unit unsanitary, unsightly, offensive or detrimental to the Common Elements or any other Unit; and no nuisance shall be permitted to exist or operate upon any Unit so as to be offensive or detrimental to any other Unit or to the Owner thereof. Without limiting the generality of the foregoing provision, no horns, whistles, bells or other sound devices, except devices used exclusively for security purposes, shall be located, used or placed upon any Unit; no Owner shall permit anything or condition to exist upon any Unit which shall induce, breed or harbor infectious plant diseases or noxious insects, and no noxious or offensive trade or activity shall be carried on upon any Unit, nor shall anything be done thereon which is or may become an annoyance or nuisance to the Project.

Section 9.10 Repair of Improvement: No Improvement to a Unit (including, but not limited to, Dwellings, garages, carports, driveways, and Walls) shall be permitted to fall into disrepair and all Improvements shall be kept at all times in good condition and repair and, if appropriate, painted or otherwise finished. Any and all repairs, redecorations, modifications or additions, interior or exterior, shall fully comply with all applicable building code and other governmental requirements; the Governing Documents (including without limitation, the provisions of Section 6.3 above) and, for exterior repairs, redecorations, modifications or additions only, shall comply with the all applicable ARC Rules as may be adopted from time to time by the ARC pursuant to Section 12.5 hereof.

Section 9.11 Signs:

(a) Generally. Except with respect to the Special Declarant Rights reserved to Declarant in Article VII, no billboards, signs, flags, banners, or advertising of any kind, shall be posted, erected or maintained upon any Unit without the prior written consent of the ARC; provided, however, that the following signs may be posted on a Unit without the prior written consent of the ARC: (a) one (1) "for sale" sign or one (1) "for rent" sign no larger than eighteen inches (18") by twenty-four inches (24") and (b) one or more political signs no larger than twenty-four inches (24") by thirty-six inches (36"), but only in the manner and to the extent that the Act and other applicable law provides for the right of persons to display such political signs. Notwithstanding the foregoing, except as may be erected by Declarant within the Project, no billboards, signs, flags, banners, or advertising of any kind (including without limitations any "for sale" or "for rent" signs), shall be posted, erected or maintained upon any Unit or Wall in the Project.

(b) Flag of United States and Nevada. Notwithstanding any provision of the Governing Documents to the contrary, an Owner is entitled to display the flag of the United States and/or the State of Nevada, provided that the location, size, pole or staff, and display is consistent with all applicable Rules and/or any applicable ARC Rules as may be adopted from time to time by the ARC pursuant to Section 12.5 hereof, and the provisions of the Act.

Section 9.12 Animals: No animals or fowl, other than commonly recognized household pets, shall be kept or maintained on a Unit or any portion thereof; no animal shall be kept, bred or maintained for any commercial purpose; and no animals or fowl, including household pets, which, after Notice and Hearing are determined by the Board of Directors to be dangerous, may be kept or maintained anywhere within the Project. At any one time the total number of household pets shall not exceed four (4) unless otherwise approved by the Board of Directors; provided, however, that the total number of household pets may not in any instance include more than three (3) dogs or three (3) cats. If an animal is not confined within the Unit, the animal must be leashed and under direct control of the Owner. It shall be the absolute duty and responsibility of each Owner or tenant to clean up any animal waste after such animals which have used any portion of the Real Property or any public property in the vicinity of the Real Property. No pet shall be permitted to be kept within any portion of the Real Property if it makes excessive noise or is otherwise determined to be a nuisance. If the Board of Directors determines, after Notice and Hearing, that a pet is a nuisance, the Board of Directors may order the removal of the pet from the Project.

Section 9.13 Easements:

(a) Easements for installation and maintenance of utilities and drainage facilities have been conveyed as shown on the Plat. Whether or not such easements constitute part or all of the Common Elements, neither the Association nor any Owner shall take any action which would interfere with the reasonable and normal use and operation of such easements.

(b) Without limiting any provision of this Declaration, neither an Owner nor any licensee, invitee, tenant or other occupant of a Unit or contractor (other than Declarant and its affiliates) shall excavate in a street, highway, public space or private easement of a utility, or near the location of an underground line installed on the premises of an Owner served by a utility, or demolish a Dwelling or other Improvement without having first:

(i) Complied with the provisions of NRS 455.100 et seq. (the "call before you dig" laws) with respect to utility lines subject to that law;

(ii) Notified the Association in writing to its representative at least two (2) but not more than fourteen (14) working days before excavation or demolition is scheduled to commence;

(iii) Cooperated with the utility, the Declarant, the Association and/or governing municipality in locating and identifying any of its underground lines by:

(1) Meeting with its representative as requested; and

(2) Observing and being guided by its physical marking of the area containing the underground line.

An Owner intending to excavate or demolish shall give the entity, the Declarant, the Association and/or the governing municipality a reasonable amount of time to replace, remove or relocate its underground line if Declarant, the Association, and/or the governing municipality so requests.

A person responsible for emergency excavation or demolition is not required to comply with the provisions of this Section if there is a substantial likelihood that loss of life, health or property will result before the provisions of this Section can be fully complied with. The person shall notify the Association of the action he or she has been required to take as soon as practicable.

As used herein, "line" means any system of traffic control signals or line, system or facility used for producing, storing, conveying, transmitting or distributing electricity, gas, petroleum, petroleum products, hazardous liquids, water, steam, sewage or communications, including television.

For purposes of this Section, the representative of the Association shall be its Manager or, if none, any duly appointed officer of the Association or duly elected Board Member.

(c) If an Owner fails to comply with this Section, the cost of any damage or repair to an underground line shall be borne by such Owner, and, in addition to any other right or remedy permitted by law or this Declaration, the Association shall have the right, but not the obligation, after reasonable notice, not less than five (5) days except in an emergency, to enter upon a Unit to repair damage to an underground line (and an easement in favor of the Association is hereby reserved) and to assess the Owner for the cost of such damage or repair, together with any costs or expenses incurred by the Association in connection therewith. The Association shall notify the Owner in writing of the cost thereof, and in the event that Owner fails to reimburse the Association for its costs and expenses, such charges shall constitute a lien on that Owner's Unit, which may be enforced by the Association in accordance with the provisions of this Declaration.

Section 9.14 Unsightly Articles; Garbage Cans; Exterior Fires: No unsightly articles shall be permitted to remain on any Unit so as to be visible from any street within or adjacent to the Project or from any other Unit.

(a) Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers, or enclosed areas designed for such purpose. Such containers shall be exposed to the view of neighboring Units only when set out for a reasonable period of time. To the fullest extent permitted by the Act, the Association may adopt Rules governing the manner in which garbage cans or other containers for the collection of solid waste or recyclable materials may be stored and/or placed for collection on each Unit. All rubbish, trash and garbage shall be stored in appropriate containers in accordance with the applicable Rules, shall regularly be removed from the Real Property, and shall not be allowed to accumulate.

(b) There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles commercially designed for that purpose such that they do not create a fire hazard, and except as specifically permitted by the Rules and/or the Governing Documents (and subject to applicable ordinances and fire regulations).

Section 9.15 Solar Equipment; Wind Energy Systems:

(a) Solar. No solar equipment, including, but not limited to, solar collectors and solar panels, shall be installed until approval of the ARC has been obtained as to (i) the type of solar equipment to be installed and (ii) the location thereof and (iii) the compliance of such equipment with the ARC Rules as may be adopted from time to time by the ARC pursuant to Section 12.5 hereof. The foregoing provision is not intended to prohibit the use of a system for obtaining solar energy on any Unit for use by the Occupants of the Unit, but rather allow the Association to impose reasonable restrictions on the installation, location and appearance of such equipment on a Unit.

(b) Wind. Except to the extent otherwise prohibited by applicable law, no wind power systems, wind energy systems, or other structures or systems that use wind energy may be installed on any Unit.

Section 9.16 Garages: Garages may be used only for the storage of a vehicle. No garage shall be used for a living area or used for other purposes other than those uses normally attendant to a garage or carport. Garage doors may be open for limited periods of time, but may not remain open overnight.

Section 9.17 Restricted Access: Certain Units have prohibitions or restrictions on access to adjoining public streets from the rear or side yards of each Unit as set forth in the Plat. No Owner shall at any time permit access, ingress or egress to or from his or her Unit in violation of any prohibitions or restrictions on access set forth on the Plat; nor in any other manner shall an Owner otherwise cause or permit his or her Unit to be in violation of the restrictions set forth in the Plat. Notwithstanding the foregoing, Declarant shall have the right to all such restricted Common Elements for temporary access throughout the development, construction, marketing and sales of Units.

Section 9.18 Clotheslines: 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, visible from any street within the Project or the Common Elements.

Section 9.19 Post-Construction Entry Rights: In addition to, and not in limitation of any Special Declarant Rights provided for in Article VII, Declarant or its designee shall have the right to enter upon each Unit in the Project for the purpose of planting and maintaining any slope or drainage control areas. The right of entry under this Section shall exist for a period not to exceed ninety (90) days after the completion of the construction of all residential structures in the Project, at which time the right of entry and maintenance under this Section shall terminate as to the Project.

Section 9.20 Construction of Walls: Without limiting the provisions of this Declaration requiring prior ARC approval, no fence, Wall, hedge, construction, or obstruction shall be installed upon any Unit in the Project except the residence, garage or other Improvement permitted to be erected under the provisions of this Declaration, unless approved as required herein or unless such Improvement was originally constructed or installed by Declarant.

Section 9.21 Restrictions on Alienation; Leasing:

- (a) A Unit may not be conveyed pursuant to a time-sharing plan.
- (b) All leases shall be subject to the following restrictions and provisions:
 - (i) No Unit may be leased or subleased for transient or hotel purposes or for an initial term of less than one hundred eighty (180) days;
 - (ii) All leases and rental agreements shall be in writing and subject to the requirements of the Governing Documents and the Association;
 - (iii) Units may be leased only in their entirety;
 - (iv) The Owner must make available to the tenant copies of the Governing Documents;

(v) All leases shall include provisions to the effect that (1) each tenant or subtenant shall be bound by the Restrictions and a breach of any Restriction shall constitute a default under the lease or sublease, and (2) the tenant will recognize the Association as landlord, solely for the purpose of having the power to enforce a violation of the Restrictions against the tenant, provided the Association gives the Owner notice of the Association's intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action; and

(vi) The Owner must provide the following to the Manager within fifteen (15) days of execution: (1) copy of rental or lease agreement including the names of all tenants to be residing at the Unit, and (2) a copy of any subsequent rental or lease renewals and any other required resident information.

(c) Any Owner who violates this Section may be subject to fines, liens and court action. Furthermore, a violation of this Section that is not cured within fourteen (14) days after an initial fine has been levied, shall be deemed to be a "continuing violation" and shall be subject to the imposition of additional fines until cured.

(d) The provisions of this Section shall not restrict the exercise of any Special Declarant Rights.

Section 9.22 Parking Restrictions:

(a) Vehicle and Trailer Restrictions. Owners and residents shall not park any vehicle on the Private Streets unless and until the garages or driveways of a Unit are used first, and as otherwise set forth in the Rules and Regulations. No Person shall park, store or keep, anywhere within the Project any inoperable or similar vehicle, except solely within the garage with the garage door closed. No Person shall park, store or keep, anywhere within the Project, any large commercial-type vehicle (including, but not limited to, any dump truck, cement mixer truck, oil or gas truck or delivery truck). Notwithstanding the foregoing, one pickup truck, van, or similar vehicle of the Owner or residents or family respectively thereof, may be kept or parked within an enclosed garage to the extent of space available therein or as provided in the Rules and Regulations. Owners and residents may not park a recreational vehicle (including, but not limited to camper, camper unit, motor home, watercraft, house car, bus, trailer, trailer coach, camp trailer or any other similar recreational vehicles) except solely within the garage with the door closed or for reasonable loading, unloading and trip preparation as provided for in the Rules and Regulations. Parking is prohibited in those areas of the Project that are (a) fire lanes (red curb or marked by signage), or (b) blocking ingress/egress to the Private Streets or driveways, or (c) directly in front of cluster mail box units (if any), or (d) restricting visibility at any corner, or (e) any other area designated as a "no parking" area marked by painted curbs and/or signs. Owners and residents are responsible for the actions of their family and guests and must see to it that their family and guests do not park in any fire lanes which are designated with red curbs and/or fire lane signage and do comply with parking regulations set forth in the Rules and Regulations. No Person shall operate, park, store or keep anywhere within the Project any vehicles or vehicular equipment, mobile or otherwise, which is deemed by the Board to be a nuisance, including, without limitation, vehicles with alterations to factory specifications for exhaust or sound systems. No Person shall conduct repair or restoration of any motor vehicle, boat, trailer, aircraft, or other vehicle upon any portion of the Project or on any street abutting the Project; provided that repair and/or restoration of one (1) such item only shall be permitted within an Owner's garage so long as the garage door remains closed; provided further that such activity may be prohibited entirely by the Board if the Board determines in its reasonable discretion that such activity constitutes a nuisance. The Association, through the Board, is hereby empowered to establish and enforce any additional parking limitations, rules and/or regulations which it may deem necessary.

(b) Private Streets. Parking on the Private Streets within the Project is intended to be reserved primarily for guest parking and may be further restricted by Declarant or the Association.

(c) Limitations. Nothing in this Declaration shall prohibit a person from (1) parking a Utility Service Vehicle that has a gross vehicle weight rating of 20,000 pounds or less (i) in an area designated for parking for visitors, in a designated parking area or common parking area, or on the driveway of a Unit of a subscriber or consumer while the person is engaged in any activity relating to the delivery of public utility services to subscribers or consumers or (ii) in an area designated for parking for visitors, in a designated parking area or common parking area, or on the driveway of his or her Unit if the person is an Owner or a tenant of an Owner and brings the vehicle to the Unit pursuant to such person's employment with the entity which owns the vehicle for the purpose of responding to emergency requests for public utility service; or (2) parking a Law Enforcement Vehicle or Emergency Services Vehicle (i) in an area designated for parking for visitors, in a designated parking area or common parking area, or on the driveway of a Unit of a person to whom law enforcement or emergency services are being provided, while such person is engaged in his or her official duties or (ii) in an area designated for parking for visitors, in a designated parking area or common parking area, or on the driveway of his or her Unit if the person is an Owner or a tenant of an Owner and brings the vehicle to the Unit pursuant to such person's employment with the entity which owns the vehicle for the purpose of responding to emergency requests for law enforcement or emergency services. The Association may require that a person parking a Utility Service Vehicle, Law Enforcement Vehicle or Emergency Services Vehicle pursuant to this Subsection provide written confirmation from such person's employer that the person is qualified to park such vehicle in the manner set forth herein.

Section 9.23 Declarant's Rights: As long as the Declarant is an Owner, has any leasehold rights in a Unit or owns any part of the Annexable Property, Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned or leased by Declarant and/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 9.24 Declarant's Approval of Conveyances or Changes in Use of Project: As long as the Declarant is an Owner, has any leasehold rights in a Unit or owns any part of the Annexable Property, the Association shall not, without first obtaining the prior written consent of Declarant, convey, change or alter the use of the Project, mortgage all or any portion of the Project or use all or any portion of the Project other than solely for the benefit of Owners.

Section 9.25 Board of Directors and ARC Discretion: Except as may be expressly provided in this Declaration, any consent or approval of the Board of Directors, ARC, 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, ARC, 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 9.26 Slopes: Each Owner of a Unit agrees that he will permit free access by Owners of adjacent or adjoining Units to slopes or drainage ways located on his Unit, which affect said adjacent or adjoining Units, when such access is reasonably necessary for the maintenance or permanent stabilization of said slopes, or maintenance of the drainage facilities for the protection and use of property other than the Unit on which the slope or drainage way is located.

Section 9.27 Drainage: Each Owner of a Unit agrees that he will accept the burden of, and not in any way interfere with, the established drainage pattern over his Unit or from adjoining or other Units over his Unit, or in the event it is necessary to change the established drainage, that he will make adequate provisions for proper drainage over his Unit. No structure or other material, including a wall or fence, shall be placed or permitted to remain which may damage, interfere with, obstruct, or retard the flow of water through drainage channels, or which may change the direction of flow of such channels. Without limiting the foregoing, each Owner shall use his reasonable efforts to prevent surface drainage on his Unit from accumulating behind any Wall in order to prevent or minimize the penetration of such water through or under the Wall and any staining of such Wall. For the purposes of this Declaration, "established" drainage is defined as the drainage which occurred at the time the overall grading of the Real Property, including, if applicable, the landscaping of each Unit within the Real Property, was completed by Declarant.

(a) No water may drain or pond against a Dwelling and/or other Improvement, as prevention for possible damage to the structure. Each Owner shall be responsible to maintain all grading, landscaping, and hard-scape in such a manner as to keep water away from the foundation of the Owner's Dwelling.

(b) Each Owner of a Unit agrees, as a part of the acceptance of the burden of the established drainage pattern over his Unit from adjoining or other Units, to maintain any yard drain inlet and all other drainage features and improvements located on his Unit in a clean and fully functioning state, unblocked and free of silt and debris.

(c) Each Owner of a Unit agrees that in the event any slopes located on his Unit have been planted for stabilization of said slope or slopes and/or to comply with jurisdictional agencies' requirements, Owner shall adequately water and continuously maintain said slope or slopes.

(d) Each Owner of a Unit agrees that in the event that any slopes or other area(s) located on said Owner's Unit or elsewhere in the Real Property have had rip-rap, ground cover, or any other stabilization technique installed for the purpose of stabilization of slopes and/or as part of the drainage system for the Real Property, the Owner shall take no action that will remove, dislocate, wash out, cover up, or in any other way disturb or interfere with the proper functioning or installation of such material. Further, Owner agrees to restore said material to its condition when originally installed if any material is damaged, dislocated, or has its functioning impaired in any other way.

(e) In the event that an Owner of a Unit alters the grading of his Unit within five feet (5') of its property line, and this alteration results in a slope steeper than one foot (1') vertical to three feet (3') horizontal, that slope must be stabilized mechanically in order to protect the adjoining Unit. However, nothing in this Section shall be construed to prevent any such alteration in any manner by Declarant, in carrying out the development and improvement of the Real Property.

(f) Each Owner agrees to comply with and assume responsibility for anything done or required to be done in compliance with the plans filed by Declarant with respect to the National Pollutant Discharge Elimination System (NPDES) and Declarant's Storm Water Pollution Prevention Plan (SWPPP). Each Owner shall assume all responsibility and liability relating to the prevention of pollutant discharge, including soil materials, from such Owner's Unit.

Section 9.28 Declarant's Access: Each Owner of a Unit agrees that he will permit free access upon such Unit by Declarant for the purpose of remedying any default under, or enforcing any provision of this Declaration and Declarant shall have the right, but not the obligation, to take affirmative action pursuant to this Section. Each Owner further agrees to permit Declarant, its successors or assigns, to enter onto such

Owner's Unit and/or the Common Elements, and to add or remove earth therefrom in order to comply with grading plans approved by any authorized local agency, which plans apply to the Real Property or any of the Annexable Property now or hereafter owned by Declarant.

ARTICLE X
EASEMENTS AND LICENSES

Section 10.1 Easements of Record: The Common Elements and Units within the Project are currently subject to certain easements or licenses which are (a) of public record, (b) shown on Plats, (c) of an apparent nature (including without limitation easements for telephone, electricity, natural gas, cable television, fiber optic cable, water, sanitary sewer, storm sewer, and drainage, which may serve portions the Real Property and/or other real property), and/or (d) otherwise contained herein. In addition, 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 Encroachment Easement: The Project, and all portions thereof, shall be subject to an easement of up to one foot (1') from the Unit border lines 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 Real 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 Real Property.

Section 10.3 Utility Easement: There is hereby created a general easement upon, across, over, in, and under the Real Property for ingress and egress and for installation, replacement, repair, and maintenance of all utilities, including, but not limited to water, sewer, gas, telephone, cable, electrical, television and a master communications system. By virtue of this easement, it will be expressly permissible and proper for the County of Clark, any other municipality, or companies providing electrical, cable television, telephone and other communication services to install and maintain necessary equipment on the Real Property and to affix and maintain electrical, television, communications, and telephone wires, circuits, and conduits under the Real Property. Any utility company using this general easement will use its best efforts to install and maintain the utilities provided for without disturbing the uses of the Owners, the Association and Declarant; will prosecute its installation and maintenance activities as promptly and expeditiously as reasonably possible; and will restore the surface to its original condition as soon as possible after completion of its work. Should any utility company furnishing a service covered by the general easement request a specific easement by separate recordable document, either Declarant or the Association will have, and are hereby given, the right and authority to grant such easement upon, across, over, or under any part or all of the Real Property without conflicting with the terms of this Declaration. This general easement will in no way affect, avoid, extinguish, or modify any other recorded easement on the Real Property.

Section 10.4 Easement for Construction: Declarant hereby reserves to itself and for Owners of Units in all future phases of the Project a perpetual easement and right-of-way and access over, upon, and across the Real Property and each Unit for construction, utilities, drainage, ingress and egress, and for use

of the Common Elements. The location of said easements and rights-of-way may be made certain by Declarant or the Association by recorded documents.

Section 10.5 Reservation of Easements, Exceptions, and Exclusions: Declarant reserves to itself and hereby grants to the Association the concurrent right to establish from time to time, by declaration or otherwise, utility and other easements, permits, or licenses over the Common Elements, for purposes including, but not limited to, streets, paths, walkways, drainage, recreation areas, ducts, shafts, flues, and conduit installation areas, and to create other reservations, exceptions, and exclusions consistent with the ownership of the Project for the best interest of all the Owners and the Association, in order to serve all the Owners within the Project as initially built and expanded. Declarant further reserves the right to establish from time to time, by dedication or otherwise, utility and other easements, and to create other reservations, exceptions, rights of ingress and egress, and exclusions convenient or necessary for the use and operation of any other property of Declarant, as long as it does not materially hamper the enjoyment of the Project, as built or expanded, by the Owners. In addition, Declarant reserves to it and its successors and assigns the right of ingress and egress through streets, paths and walkways and for the purpose of construction, maintenance and operation of commercial areas located outside the Project including, but not limited to, offices, shopping centers, resort complexes and for the purpose of installation and maintenance of utilities to serve those projects which are located on parcels of land not governed by this Declaration.

Section 10.6 Drainage Easement: An easement is hereby reserved to Declarant and granted to the Association, and their respective officers, agents, employees, successors, and assigns to enter upon, across, over, in, and under any portion of the Real Property for the purpose of changing, correcting, or otherwise modifying the grade or drainage channels of the Real Property so as to improve the drainage of water on the Real Property. Reasonable efforts shall be made to use this easement so as to disturb, as little as possible, the uses of the Owners, the Association and Declarant, as applicable, to prosecute such drainage work promptly and expeditiously, and to restore any areas affected by such work to a sightly and usable condition as soon as reasonably possible following such work. Declarant shall inform and obtain the approval of the Board of Directors prior to undertaking such drainage work, which approval shall not be unreasonably withheld.

Section 10.7 Maintenance Easement: An easement is hereby reserved to Declarant, and granted to the Association, and any Director or Manager, and their respective officers, agents, employees, and assigns upon, across, over, in, and under the Units and a right to make such use of the Units as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Governing Documents, including the right to enter upon any Unit for the purpose of performing maintenance to the landscaping or the exterior of improvements to such Unit as required by the Governing Documents. The Association shall not unreasonably interfere with the rights of the Owners in the use of this easement.

Section 10.8 Maintenance Easement for Units and Common Elements:

(a) Units. An easement is hereby reserved to Declarant, and granted to the Association, and any Director or Manager, and their respective officers, agents, employees, and assigns upon, across, over, in, and under the Units and a right to make such use of the Units as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to the Governing Documents, including the right to enter upon any Unit for the purpose of performing maintenance to the landscaping or the exterior of improvements to such Unit as required by the Governing Documents. The Association shall not unreasonably interfere with the rights of the Owners in the use of this easement.

(b) Common Elements: An easement is hereby reserved and granted to the Association and its Directors, Managers, officers, agents, employees, and assigns, upon, across, over, in, and under the Common Elements and a right to make such use of the Common Elements as may be necessary or appropriate to make emergency repairs or to perform the duties and functions which the Association is obligated or permitted to perform pursuant to this Declaration, including without limitation the right to enter upon the Common Elements for the purpose of performing maintenance to the landscaping or the exterior of improvements thereon as required by this Declaration and/or the Declaration.

Section 10.9 Airplane Traffic Noise: Each Owner, by accepting a deed to a Unit, acknowledges and consents for each Owner and their successors and assigns to the following: (i) that each Owner is aware that the Real Property is or may be located within or nearby certain airplane flight patterns, and/or subject to significant levels of airplane traffic noise, (ii) that each Owner understands that existing and future noise levels at these locations, associated with existing and future airport operations, may have an effect on the livability, value and suitability of the Real Property for residential use, and (iii) the Federal Aviation Administration will no longer approve remedial noise mitigation measures for incompatible development impacted by aircraft operations which was constructed after October 1, 1998 and funds will not be available in the future should an Owner wish to have any Unit purchased or soundproofed. Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to airplane flight patterns, and/or airplane noise.

Section 10.10 Pedestrian Access Easement: As shown on the Plat, certain Common Element lots in the Project are subject to an easement upon, across, and over each such Common Element lot for sidewalks and pedestrian ingress and egress ("Pedestrian Access Easements"). Each Pedestrian Access Easement shall run with the land and shall inure to the benefit of the Association and all Owners. The sidewalks located in the Pedestrian Access Easement areas shall be maintained by the Association pursuant to Section 6.1(a).

Section 10.11 Easements Deemed Created: All conveyances of Units hereafter made, whether by Declarant or otherwise, shall be construed to grant and reserve the easements contained in this Article X, even though no specific reference to such easements or to this Section appears in the instrument for such conveyance.

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.

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
ARCHITECTURAL CONTROL

Section 12.1 Creation of the ARC: There is hereby established an ARC which shall have exclusive jurisdiction over all construction, modification, addition or alteration of Improvements located within the Project, other than Improvements constructed by Declarant. Whenever in this Declaration the prior consent or approval of the Association is required as a condition to any action by an Owner affecting any construction, alterations, changes, additions, or modifications, the ARC shall have the right and duty to grant or withhold such consent or approval.

The Board of Directors shall have the authority and standing, on behalf of the Association, to enforce in courts of competent jurisdiction decisions of the ARC. This Section may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

Section 12.2 Provision for Architectural Approvals: Except as to construction of Improvements by Declarant in any phase of the Project, no Dwelling, building, casita, Wall, or other structure (including the following by way of illustration and not limitation: solar, wind or heating systems; shutters or rolling shutters on the exterior of a structure; air conditioning systems; pools, spas, ponds, fountains, waterfalls, mist systems, and all other water features; landscaping, additional trees, shrubs or ground cover, stonework, or concrete work; related mechanical, plumbing, or electrical facilities; storage sheds; garbage areas; balconies; awnings and patio covers) shall be constructed, erected, maintained, altered or changed on the Real Property until the plans and specifications showing the nature, kind, shape, materials, and location of the Improvements prior to the commencement of such work, shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the ARC. No permission or approval shall be required to repaint in accordance with an originally approved color scheme, or to rebuild in accordance with the originally approved plans and specifications. Nothing contained herein shall be construed to limit the right of an Owner to remodel or paint the interior of his or her Dwelling (and/or any other building located on the Unit) any color desired. The ARC is specifically authorized and empowered to establish different criteria for the homogeneous areas within the Project which are not generally applicable to all areas of the Project.

Section 12.3 ARC: For so long as Declarant owns any Unit or any part of the Annexable Property, Declarant shall have the sole right to appoint all members of the ARC which shall consist of one (1) to three (3) members. A majority of the ARC may designate a representative to act for it. Any member shall have the right to resign at any time. Neither the members of the ARC nor its designated representative shall be entitled to any compensation for services performed under this provision. Following the transfer of the last Unit owned by Declarant in the Project (or earlier relinquishment of the right to appoint members to the ARC by Declarant), the Board shall thereafter constitute and serve as the ARC.

Section 12.4 Procedure for Approval of Committee: The ARC's approval or disapproval as required in this Declaration shall be in writing. The method of submission shall be by personal delivery, electronic mail or by the mailing of a first class United States Mail letter together with all necessary plans and specifications, to the Manager as otherwise may be required in the ARC Rules. In the event the ARC or its designated representatives fails to approve or disapprove such design and location within forty-five (45) days after the plans and specifications have been submitted to it in accordance with this Section, the plans and specifications shall be deemed to be disapproved. The forty-five (45) day period shall begin to run on the date of receipt of a complete submission by the ARC member.

Section 12.5 Guidelines: The Board has the power and authority to prepare and promulgate ARC guidelines ("Guidelines") and application and review procedures ("Procedures") on behalf of the Association. The Guidelines and Procedures shall be those of the Association, and the ARC shall have sole and full authority to prepare and to amend the Guidelines and Procedures subject to the Declarant's consent under Section 7.14 of this Declaration, provided the Guidelines and Procedures are otherwise in compliance with the Articles, the Bylaws and this Declaration. The ARC shall make both available to Owners.

Section 12.6 Liability of Committee Members: Neither Declarant, the Association nor any member or representative of the ARC shall be liable, whether for damages or other relief, to anyone submitting plans and specifications to it for approval or to any Owner, occupant or guest, affected by the action or inaction of the ARC, by reason of a mistake in judgment, negligence or nonfeasance arising in connection with the approval or disapproval of any plans and specifications.

Anyone who submits plans and specifications to the ARC shall be deemed to have agreed by submission of such plans and specifications, and every Owner and occupant of any Unit, or any part of the Real Property, agrees, by acquiring title and/or possessory rights thereto, that he or she will not bring any action or suit against Declarant, the Association, any member of the ARC or its designated representative for the recovery of damages by reason of any such approval or disapproval.

Section 12.7 Painting: No building, including without limitation, garages or Walls (subject to the applicable provisions of Section 6.3 above), shall be painted or repainted other than in its original colors until the new color has been approved by the ARC.

Section 12.8 Limitation: Nothing contained in this Article XII shall authorize the ARC to take any action or approve any plans and specifications in violation of this Declaration.

Section 12.9 No Impairment of Declarant Rights. No provision of the Article XII, or any other 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 Real Property and/or the Annexable Property; and to construct or alter Improvements on any of the properties within the Real Property and/or the Annexable Property. Furthermore, nothing contained in this Declaration shall require Declarant to obtain approval of the Association or the ARC to excavate, cut, fill or grade any property within the Project (including without limitation any portion of the Common Elements that is real property) or to construct, alter, remodel, demolish or replace any Improvements on any of the Real Property and/or the Annexable Property. Nothing in this Section shall limit or impair the reserved rights of Declarant as elsewhere provided in this Declaration.

ARTICLE XIII BOUNDARIES

The boundaries between adjoining Units may not be relocated.

ARTICLE XIV AMENDMENTS TO DECLARATION

Section 14.1 In General: Except in cases of amendments that may be executed by Declarant in the exercise of its Development Rights, this Declaration, including the Plat, may be amended only by vote or agreement of a Majority of Owners, except as limited by Section 14.2 below. 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 following provisions of the Declaration may occur only if the requisite number of Owners have approved the amendment in accordance with Section 14.1, and the Declarant has approved the amendment for Articles VII, XII, XIV, XXV or XXVII.

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

Section 14.7 Consent of Holders of Security Interests and VA: Amendments are subject to the consent requirements of Article XVII.

Section 14.8 Amendments 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 Plats as necessary to conform to the requirements of NRS 116.2109(1), (2) and (4) or new certifications of the Plat if the Plat otherwise conforms to the requirements of those Subsections.

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(a).

ARTICLE XV AMENDMENTS TO BYLAWS

The Bylaws may be amended or repealed by the vote of the Majority of Owners, or by the written consent of such Members and in accordance with Article 12 of the Bylaws. Furthermore, during the Declarant Control Period, any amendment of the Bylaws shall require prior approval of the VA and/or 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 one hundred percent (100%) of the Members, 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 Governing 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 owed by an Owner which remains uncured for a period of sixty (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 crime insurance maintained by the Association;

(d) Any proposed action which would require the specific 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 Governing Documents by the Association or Owners described in this Section may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 17.3 above, without the approval of Owners representing at least sixty-seven percent (67%) of the votes in the Association (or any greater percentage required in this Declaration or the Act) and without approval by at least fifty-one percent (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 Right. 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 crime insurance;

(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 fifty-one percent (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 Governing 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 sixty-seven percent (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 sixty-seven percent (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 (1) year);

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

(xi) The merger of the Project with any other Project, for which the prior written approval of the VA and/or HUD 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 Real Property in the event of substantial destruction of any part of a Unit or the Common Elements.

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

(d) Implied Approval. The failure of an Eligible Mortgagee or Insurer to respond within thirty (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 Development Rights: No Development Rights may be exercised, voluntarily abandoned or terminated by Declarant unless all persons holding Security Interests in the Development Rights consent to the exercise, abandonment or termination.

Section 17.6 Inspection of Books: The Association must maintain current copies of the Declaration, Bylaws, Rules, Articles, 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, subject to the provisions of the Act.

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 one hundred twenty (120) days following the end of each fiscal year of the Association.

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 XXI or 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 or portion thereof benefiting fewer than all of the Units shall be assessed exclusively against the Units benefited.

(b) 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 their respective Liability for Common Expense.

(c) If a Common Expense is caused by the misconduct of an Owner, the Association may levy a Special Assessment exclusively against that Owner's Unit for the amount of that expense.

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

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

(f) The following portions of the Real Property shall be exempt from the assessments, charges, and liens created herein:

(i) All properties dedicated and accepted by a governmental municipality and devoted to public uses, whether the governmental municipality's interest is represented by a fee ownership, by an easement, or in any other form of property ownership;

(ii) All utility lines and easements;

(iii) The Common Elements; and

(iv) Any Unit that is exempt from taxation pursuant to NRS 361.125, but only to the extent the Unit is exempt from any such assessments, charges and/or liens by operation of NRS 116.3102(3).

Section 18.3 Lien:

(a) The Association has a lien on a Unit for an assessment levied against the Unit and, to the fullest extent not prohibited under the Act, fines imposed against the Owner of such Unit from the time the assessment or fine becomes due. Fees, charges, late charges, fines and interest charged pursuant to the Act and the Governing Documents are enforceable as assessments under this Section; provided, however, that unless otherwise permitted by law, the Association may not foreclose upon a lien for unpaid assessments which is comprised solely of fines levied against an Owner for violation of the Governing Documents unless the violation is of a type that threatens the health and welfare of the residents of the Project. 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) A lien under this Section is prior to all other liens and encumbrances on a Unit except, to the extent limited under the Act (NRS 116.3116(2)): (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 clause (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 18.5 of this Article and would have become due in the absence of acceleration, during the nine (9) months immediately preceding institution of an action to enforce the Association's lien (or such shorter period as may be applicable by operation of the last paragraph of NRS 116.3116(2)). 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) Notwithstanding the provisions of Subsection (b) of this Section, except as otherwise applicable by operation of the Act, the Association's lien for the costs and charges (including interest thereon to the extent permitted under the Act) incurred in accordance with the provisions of Section 6.1(c), is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of this Declaration; and (2) liens for real estate taxes and other governmental assessments or charges against the Unit. 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.

(d) 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.

(e) A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three (3) 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 (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

(f) 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.

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

(h) The Association's lien may be foreclosed in the manner set forth in the Act or any other manner permitted by law; provided, however, that to the extent prohibited by the Act, the Association may

not proceed to foreclose a lien hereunder if: (i) the Unit is "owner-occupied housing" (as defined in NRS 107.089) encumbered by a deed of trust; (ii) the beneficiary (or its successor beneficiary) under the deed of trust or the trustee under the deed of trust has recorded a notice of default and election to sell with respect to the Unit pursuant to NRS 107.080(2); and (iii) the trustee of Record under the deed of trust has not recorded the certificate provide to the trustee pursuant to NRS 107.086(d)(1) or (2).

(i) 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.

(j) 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 Subsections (b) or (c) 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.

(k) 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.

(l) The Board shall be entitled to mail to each Eligible Mortgagee of the Unit (and if no Eligible Mortgagee then to the holder of a first Security Interest in the Unit), any and all notices of delinquent assessment given the Owner in accordance with the Act, and each Owner, by acquiring title to a Unit, shall be deemed to have unconditionally covenanted to authorize the Board from time to time to mail such notice to each and every lien holder of the Unit.

Section 18.4 Budget Adoption and Ratification:

(a) Budget. Each year the Board of Directors shall adopt a proposed budget of the Common Expenses of the Project, which shall include the budget for: (a) the daily operation of the Association and (b) the funding of an account for adequate reserves for the repair, replacement and restoration of the major components of the Common Elements and any other portion of the Project that the Association is obligated to maintain, repair, replace or restore ("Reserve Account"). Such budget must be adopted by the Board before the beginning of each Fiscal Year (as defined in the Bylaws) and a summary distributed to the Members in accordance with the Bylaws and the Act. Within sixty (60) days after adoption of a proposed budget for the Project, the Board of Directors shall provide a summary budget and a copy of the Collection Policy 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 fourteen (14) or more than thirty (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.

(b) Exceptions: Reserves and Emergency Situations.

(i) Reserves. 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(a), if prior

to the imposition or collection of an Common Expense Assessment increase pursuant to this Section 18.4(b)(i), the Board passes a resolution containing written findings that (1) the increase is necessary and reasonable to establish and/or carry out a funding plan for adequate reserves for the repair, replacement and restoration of the major components of the Common Elements and any other portion of the Project that the Association is obligated to maintain, repair, replace or restore, and (2) the increase is based on a reserve study prepared in accordance with NRS 116.31152. 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.

(ii) Emergency Situations. The Board shall also have the power to increase the Common Expense Assessments above the amount set forth in the budget adopted pursuant to Section 18.4(a) as may be necessary due to an Emergency Situation pursuant to Section 18.8(b) hereof.

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 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 fifteen percent (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 Statement of Demand: The Association, upon written request, shall furnish an Owner or its authorized agent or Mortgagee, with a statement of demand to the Person who may request such a statement, in the form and content as may be required by the Act and for the fees and within the time frames as may be required by the Act. The statement is binding on the Association to the extent set forth in the Act.

Section 18.7 Payment of Common Expense Assessments: All Common Expense Assessments assessed under Sections 18.1 and 18.2 of this Declaration shall be due and payable quarterly, at 1/4th of the annual total (in cases where an annual total is applicable) or such other periodic schedule as may be adopted by the Board from time to time. All Common Expense Assessments assessed under this Declaration not paid within 15 days after the due date shall bear interest from the due date of such installment at the rate established in NRS 116.3115(3), as well as a late charge, as determined by the Board of Directors, to compensate the Association for bookkeeping, billing, administrative costs and any other appropriate charges. No such interest or late charge on any delinquent installment of an assessment shall exceed the maximum amount allowable by law. The Association may not initiate foreclosure during any period that a service member is on active duty or deployment, or for 1 year following; provided, however, the Association may seek judicial relief if the service member's ability to pay assessments is not materially affected by the active duty or deployment to the extent not prohibited by applicable law.

Section 18.8 Limitations on Maximum Annual Assessment:

(a) Limitation on 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 twenty percent (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 Real Property or the Project is discovered; and
- (iii) An extraordinary expense necessary to repair or maintain the Real 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: If any Owner does not make the payment of any Common Expense Assessment levied against his or her Unit within fifteen (15) 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 on all Units listed in Exhibit "A" on the first day of the calendar month following the close of escrow to any Owner (other than the Declarant) whose Unit is listed in Exhibit "A". The Common Expense Assessments provided for herein shall begin on all Units not listed in Exhibit "A" on the first day of the following calendar month on which the Annexation Amendment for such Unit is recorded.

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:

(a) 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 to the Association (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.

(b) 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.

(c) 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 Capital Assessments:

(a) Initial Sale Capital Contribution: Upon the transfer of record title to a Unit by an Owner from Declarant, the Owner of such Unit shall pay to the Association, or pay to Declarant if previously paid for that Unit by Declarant to the Association, an amount equal to two hundred dollars (\$200.00) (the "Initial Working Capital Assessment") to be deposited by the Association's Account as the Board determines. Notwithstanding the foregoing, the Initial Working Capital Assessment shall not be due with respect to any Units owned by any Declarant affiliate, holding company, finance company or other third party, while each such Unit is used by Declarant as model Unit and/or sales office, until the record title to such Unit is transferred from the Declarant affiliate, holding company, finance company or other third party, as applicable. Any amounts paid into the working capital 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. While Declarant is in control of the Board of Directors, Declarant cannot use any of the working capital funds to defray the Declarant's own development expenses or construction costs.

(b) Resale Capital Contribution: Upon the closing of each resale of a Unit by and to a purchaser other than the Declarant (i.e., each sale following the initial sale described in Section 18.13(a) above), the purchaser of such Unit shall pay to the Association, an amount equal to but not greater than one hundred dollars (\$100.00) (the "Resale Capital Assessment") to be deposited by the Association in the accounts of the Association and apportioned between the accounts for the daily operation of the Association and the reserve account (as described in Section 18.4) as the Board determines is reasonably necessary. Until paid to the Association, each Resale Capital Assessment that comes due with respect to a Unit shall be considered an unpaid Common Expense Assessment, with a lien on the applicable Unit pursuant to the Act. While Declarant is in control of the Board of Directors, Declarant cannot use any of the Resale Capital Assessments to defray the Declarant's own development expenses or construction costs. Notwithstanding the above, no Resale Capital Assessment shall be due upon the transfer of title to any Unit: (a) by a co-Owner to any Person who was a co-Owner immediately prior to such transfer; (b) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner; (c) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; (d) to an institutional lender pursuant to a Security Interest or upon foreclosure of a Security Interest; or (e) under circumstances which the Board, in its reasonable discretion, deems to warrant classification as an exempt transfer.

Section 18.14 Subsidy Agreements and Declarant Advances:

(a) Subsidy Agreements. 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) Declarant Advances. 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 therefore (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 Common Expense Assessments and/or contributions to reserve accounts, to such extent, if any, Declarant is obligated to pay any such amounts under this Declaration, any Subsidy Agreement, or under applicable Nevada law).

Section 18.15 Administrative Set-up Fee: Upon the transfer of record title to a Unit by each Owner (including Declarant), the transferee of such Unit shall pay to the Association a set-up fee in such amount as may be reasonably determined by the Board from time to time to reimburse the Association for the administrative cost of transferring the membership in the Association to the new Owner on the records of the Association. The amount of the administrative set-up fees imposed under this Section shall be additionally subject to the limitations set forth in the Act.

ARTICLE XIX
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.

ARTICLE XX
PERSONS AND UNITS SUBJECT TO DOCUMENTS

Section 20.1 Membership in the Association; Administrative Transfer Fee: 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. Pursuant to Section 18.15, the Association may levy a reasonable set-up fee against a new Owner and his or her Unit (which fee shall be added to the Common Expense Assessment chargeable to such new Owner) to reimburse the Association for the administrative cost of transferring the membership in the Association to the new Owner on the records of the Association.

Section 20.2 Compliance with Governing Documents: All Owners, tenants, mortgagees and occupants of Units shall comply with the Governing 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 Governing Documents are accepted and ratified by that Owner, tenant, mortgagee or occupant. All provisions of the Governing 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.

Section 20.3 Adoption of Rules: The Board of Directors may adopt Rules regarding the use and occupancy of Units as it affects the Common Elements, the Limited Common Elements and the activities of occupants, subject to Notice and Comment.

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 fixtures, equipment and any improvements and betterments which are affixed to or a part of the Common Elements; and
 - (ii) All personal property owned by the Association.
- (b) Amounts. The insurance will be for an amount (after application of any deductions) equal to one hundred percent (100%) of the actual cash 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) 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 thirty (30) days after notice of the proposed cancellation or non-renewal 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:

Inspiration Community 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 thirty (30) days after notice of the proposed cancellation or non-renewal 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 Crime Insurance: The Association shall maintain crime insurance covering 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 crime insurance 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 crime insurance is in force. In no event shall the crime insurance be for an amount less than the sum of three (3) months' assessments plus reserve funds.

Section 21.5 Owner Policies: It is the responsibility of each Owner to provide insurance on such the Unit, personal property and all other property and Improvements on or part of the Unit. Nothing herein shall preclude any Owner from carrying any liability insurance as such Owner deems desirable to cover the Owner's individual liability for damage to person or property occurring on or within the Owner's Unit or elsewhere upon the Real Property. Such policies shall not adversely affect or diminish any liability under any insurance obtained by or on behalf of the Association.

Section 21.6 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 21.7 Directors' and Officers' Liability Insurance: The Board of Directors shall obtain and maintain directors' and officers' liability insurance, covering all of the directors, officers, agents, employees, committee members, volunteers and the community manager. The minimum coverage for this insurance shall be an aggregate amount of no less than \$1,000,000.00 or such greater amount as may hereafter be required under the Act.

Section 21.8 Other Insurance: The Association may carry other insurance which the Board of Directors considers appropriate to protect the Association and/or the Owners.

Section 21.9 Premiums: Insurance premiums for insurance carried or to be carried by the Association shall be a Common Expense.

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 eighty percent (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 Real 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 fifty-one percent (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.

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 Real 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 Governing 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 (5) 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 Governing 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 of Directors, 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. 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.

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 ten (10) days after being notified of the decision. The Board of Directors shall conduct a hearing within thirty (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; Limitations: 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.

The Association shall not be obligated to take any action if the Board reasonably determines that, under the facts and circumstances presented: (a) Association's legal position does not justify taking any or further enforcement action; (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with current law; (c) although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the Association's resources; or (d) it is not in the Association's best interests to pursue an enforcement action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction or rule..

Section 24.3 Rule Making Authority of the Board of Directors. Subject to the terms of the Act, this Declaration, the Bylaws, and the duty of the Board of Directors' to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board of Directors may adopt rules which interpret, further define, and expand the restrictions set forth in Article IX hereof and may create, modify, and enforce reasonable Rules governing the use of the Real Property, consistent with other provisions in the Governing Documents. The Board of Directors shall distribute information concerning any proposed action to the restrictions set forth in Article IX or to the Rules to each Owner with the agenda for each Board meeting at which such action is to be considered. Owners shall be provided an opportunity to be heard at such Board meeting prior to such action being taken subject to reasonable Board imposed restrictions.

Section 24.4 Imposition of Admission and/or Fees: The Board of Directors may by resolution, without member, mortgagee and agency approvals unless otherwise provided in this Declaration, charge reasonable admission or other fees for special or extraordinary uses of the Common Elements to the fullest extent permissible under the Act.

Section 24.5 Manager: The Board of Directors shall have the power to employ or contract with a Manager, to perform all or any part of the duties and responsibilities of the Association, subject to the Governing Documents, for the purpose of operating and maintaining the Real Property, subject to the following:

(a) Any agreement with a Manager shall be in writing and shall be subject to cancellation by either party, without cause, at any time upon not less than thirty (30) days written notice, or at any time immediately for cause.

(b) The Manager shall possess sufficient experience, in the reasonable judgment of the Board, in managing residential subdivision projects, similar to the Real Property in Clark County and shall be duly licensed as required from time to time by the appropriate licensing and governmental authorities (and must have the qualifications, including education and experience, when and as required for the issuance of the relevant certificate by the Nevada Real Estate Division pursuant to the provisions of NRS Chapter 116A and/or the Act, or duly exempted therefrom). (If no Manager meeting the above-stated qualifications is available, the Board shall retain the most highly qualified management entity available, which is duly licensed by the appropriate licensing authorities).

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

(d) As a condition precedent to the employ of, or agreement with, a Manager, the Manager (or any replacement Manager) first shall be required, at its expense, to review the Governing Documents, Plat, and any and all Association reserve studies and inspection reports pertaining to the Real Property.

(e) By execution of its agreement with the Association, each and every Manager shall be conclusively deemed to have covenanted: (1) in good faith to be bound by, and to faithfully perform all duties (including, but not limited to, prompt and full and faithful accounting for all Association funds within the possession or control of Manager) required of the Manager under the Governing Documents (and, in the event of any irreconcilable conflict between the Governing Documents and the contract with the Manager, the Governing Documents shall prevail); (2) to comply fully, at its expense, with all regulations of the Nevada Real Estate Division applicable to qualifications, certification, and regulation of community managers; (3) to refrain, without specific prior written direction of a majority of the voting power of the

Board, from referring or introducing to the Association, or contacting directly or indirectly for or on behalf of the Association, any attorney regarding any matter in any way related to the Project or any portion thereof; (4) prior to time of hire, and from time to time thereafter upon request of the Board: (a) to disclose to the Board, in writing, the identities of any and all other communities, managed by Manager (at such time, and within the three year period preceding such time), and involved in litigation involving any claim of construction defect, and the current status of any and all such litigation, and (b) to certify in writing to the Board that Manager, and its then current and prior employees, have had no relationship to, and have received no benefit or thing of value from, the attorney(s) commencing and/or prosecuting such litigation, and/or any attorney referred to the Association at the specific written direction of the Board (or if there was or is any such relationship or benefit, to disclose and identify the same); and (5) at Manager's sole expense, to promptly turn over, to the Board, possession and control of all funds, documents, books, records and reports pertaining to the Real Property and/or Association, and to coordinate and cooperate in good faith with the Board in the event of a turnover, in any event not later than thirty (30) days of expiration or termination of the Association's agreement with Manager (provided that, without limiting its other remedies, the Association shall be entitled to withhold all amounts otherwise due to the Manager until such time as the Manager turnover in good faith has been completed).

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

Section 24.6 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. The Board of Directors may also not act on behalf of the Association to institute, defend or intervene in litigation or in arbitration, mediation or administrative proceedings in the Association's name or on behalf the Unit Owners with respect to an action for a constructional defect pursuant to NRS 40.600 to 40.695, inclusive, unless the action pertains exclusively to Common Elements.

ARTICLE XXV CLAIMS AGAINST DECLARANT: RIGHT TO CURE AND ARBITRATION

Section 25.1 Declarant's Right to Cure Alleged Defects: It is Declarant's intent that all Improvements of every type and kind which may be installed by Declarant as part of the Project, including, but not limited to, residences, sidewalks, driveways, streets, roads, Walls, landscaping, signs, utility pipes, lines or wires, sewer and drainage systems, and grading on all of the Units and Common Elements within said Real Property (collectively, the "Declarant Improvements") be of a quality that is consistent with construction and development practices for production housing of this type. Nevertheless, due to the complex nature of construction and the subjectivity involved in evaluating such quality, disputes may arise as to whether a defect exists and Declarant's responsibility therefor. It is Declarant's intent to resolve all disputes and claims regarding "Alleged Defects" (as defined below) amicably, and without the necessity of time consuming and costly litigation. Accordingly, all Owners and the Association and the Board shall be bound by the following claim resolution procedure:

(a) Declarant's Right to Cure. In the event that the Association, the Board, or any Owner or Owners (collectively, "Claimant") claim, contend, or allege that any portion of the Units on said Real

Property and/or any Declarant Improvements are defective or incomplete, or that Declarant or its agents, consultants, contractors, or subcontractors (collectively, "Declarant's Agents") were negligent in the planning, design, engineering, grading, construction, or other development thereof (collectively, an "Alleged Defect"), Declarant hereby reserves the right to inspect, cure, repair, and/or replace such Alleged Defect as set forth herein.

(b) Notice to Declarant. In the event that a Claimant discovers any Alleged Defect, Claimant shall, within a reasonable time after discovery, notify Declarant, in writing, at 10300 W. Charleston Blvd., #13-59, Las Vegas, Nevada 89135, or such other address at which Declarant maintains its principal place of business, of the specific nature of such Alleged Defect ("Notice of Alleged Defect").

(c) Right to Enter, Inspect, Cure, Repair and/or Replace. Immediately after the receipt by Declarant of a Notice of Alleged Defect or the independent discovery of any Alleged Defect by Declarant or any governmental agency, and for a reasonable time thereafter, as part of Declarant's reservation of right, Declarant shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, any portion of the Real Property, Unit, Common Element, Annexable Property, and/or any Declarant Improvements for the purposes of inspecting and, if deemed necessary by Declarant, curing, repairing, and/or replacing such Alleged Defect. In conducting such inspection, cure, repairs, and/or replacement, Declarant shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances.

(d) Legal Actions. No Claimant shall initiate any legal action, cause of action, proceeding or arbitration against Declarant alleging damages (a) for the costs of curing, repairing, or replacing any Alleged Defect, or (b) for the diminution in value of any real or personal property resulting from such Alleged Defect, or (c) for any consequential damages resulting from such Alleged Defect, unless and until Claimant has (i) delivered to Declarant a Notice of Alleged Defect, and (ii) Declarant has, within one hundred twenty (120) days after its receipt of such Notice of Alleged Defect, either (1) failed to cure, repair, or replace such Alleged Defect or (2) if such Alleged Defect can not reasonably be cured, repaired, or replaced within such one hundred twenty (120) day period, failed to commence such cure, repair, or replacement of the Alleged Defect and, thereafter, failed to pursue diligently such cure, repair, or replacement to completion. During any such period while Declarant is diligently pursuing to completion the cure, repair, or replacement of the Alleged Defect, Claimant shall not stop, restrict, hinder, interrupt, or otherwise interfere with any reasonable action or activity taken by Declarant, its employees, agents, or independent contractors, to inspect, cure, repair, or replace any Alleged Defect, whether or not such action or activity is taken, or is proposed to be taken, on property owned by Claimant.

(e) No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in this Article shall be construed to impose any obligation on Declarant to inspect, cure, repair, or replace any item or Alleged Defect for which Declarant is not otherwise obligated to do under applicable law or any limited warranty provided by Declarant in connection with the sale of the Units and/or the Declarant Improvements constructed thereon, nor shall anything set forth in this Article constitute an express or implied representation, warranty or guarantee by Declarant concerning any Declarant Improvements, the Real Property, or the Project. The right of Declarant to enter, inspect, cure, repair, and/or replace reserved hereby shall be irrevocable and may not be waived and/or terminated except by a writing, in recordable form, executed and recorded by Declarant in the Official Records of the Clark County Recorder.

(f) NRS Chapter 40. The terms, conditions and procedures set forth in this Article XXV are in addition to the terms, conditions and procedures set forth in NRS Chapter 40, and shall, to the maximum extent permitted by law, be exercised by any Claimant prior to instituting a claim and/or commencing an

action under Chapter 40 for "constructional defects" as defined in Chapter 40; provided, however, the procedures set forth in this Article XXV shall not abrogate any of the requirements of Claimant under Chapter 40, inclusive of the requirement that Claimant, at the end of the foregoing one hundred twenty (120) day period, notify Declarant in writing of any alleged constructional defects which Declarant failed to cure during that one hundred twenty (120) day period at least sixty (60) days prior to bringing an action under Chapter 40 (subject to the limitations contained in Section 25.2 hereof). Such notification shall be given in a format that substantially complies with the notice requirements set forth in NRS 40.645. Further, to the extent any provisions of this Article XXV are inconsistent with the provisions of Chapter 40, the provisions of this Article XXV shall apply to the maximum extent permitted by law and shall extend all the time periods set forth in NRS 40.6472, NRS 40.687 and NRS 40.695 until expiration of the one hundred twenty (120) day period set forth in this Article XXV. It is the express intent of Declarant to provide, by this Article XXV, an initial one hundred twenty (120) day period for Declarant to investigate and cure any constructional defects alleged by Claimant before the provisions of Chapter 40 are implemented and initiated by Claimant including, without limitation, the notice of claim, inspection, offer of settlement, and repair provisions of Chapter 40. Each Owner, by accepting title to any portion of the Real Property, as evidenced by recordation of a deed to Owner describing that land, agrees to be bound by all of the provisions of this Article XXV.

Section 25.2 Arbitration: 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 REAL PROPERTY, OR 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) THE DISPOSITION OF ANY DEPOSITS, (2) BREACH OF CONTRACT, (3) NEGLIGENT OR INTENTIONAL MISREPRESENTATION OR FRAUD, (4) NONDISCLOSURE, (5) BREACH OF ANY ALLEGED DUTY OF GOOD FAITH AND FAIR DEALING, (6) ALLEGATIONS OF LATENT OR PATENT DESIGN OR CONSTRUCTION DEFECTS, (7) A UNIT AND/OR ANY OTHER PART OF THE REAL PROPERTY, INCLUDING WITHOUT LIMITATION, THE PLANNING, SURVEYING, DESIGN, ENGINEERING, GRADING, SPECIFICATIONS, CONSTRUCTION OR OTHER DEVELOPMENT OF THE REAL PROPERTY OR THE PROJECT, OR (8) 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, (EACH A "DISPUTE"), SHALL BE ARBITRATED PURSUANT TO THE FEDERAL ARBITRATION ACT AND SUBJECT TO THE PROCEDURES SET FORTH IN THIS SECTION 25.2 (THE "ARBITRATION AGREEMENT").

THIS ARBITRATION AGREEMENT SHALL BE DEEMED TO BE A SELF-EXECUTING ARBITRATION AGREEMENT. ANY DISPUTE CONCERNING THE INTERPRETATION OR THE ENFORCEABILITY OF THIS ARBITRATION AGREEMENT, INCLUDING, WITHOUT LIMITATION, ITS REVOCABILITY OR VOIDABILITY FOR ANY CAUSE, ANY CHALLENGES TO THE ENFORCEMENT OR THE VALIDITY OF THE AGREEMENT, OR THIS ARBITRATION AGREEMENT, OR THE SCOPE OF ARBITRAL ISSUES UNDER THIS ARBITRATION AGREEMENT, AND ANY DEFENSE RELATING TO THE ENFORCEMENT OF THIS ARBITRATION AGREEMENT, INCLUDING, WITHOUT LIMITATION, WAIVER, ESTOPPEL, OR

LACHES, SHALL BE DECIDED BY AN ARBITRATOR IN ACCORDANCE WITH THIS ARBITRATION AGREEMENT AND NOT BY A COURT OF LAW.

(a) PRE-ARBITRATION DISPUTE RESOLUTION PROVISION. For all Disputes the Association, Declarant and each Owner agree to follow the pre-arbitration procedures set forth below:

(i) **Notification.** The Association and each Owner agree to provide Declarant with written notice of any matters relating to a Dispute as soon as is reasonably possible after the Association and each Owner becomes aware, or should have become aware, of such matters and Dispute. Notice to Declarant under this paragraph does not constitute notice of a claim, or any other notice, under Chapter 40 of the NRS.

(ii) **Cooperation; Access; Repair.** The Association and each Owner agrees to provide Declarant and its representatives, contractors, and others as Declarant may request, with prompt, reasonable cooperation, which may, for example, include access to the Real Property, in order to facilitate Declarant's investigation regarding a Dispute including, without limitation, for purposes of inspecting, testing, repairing, replacing, correcting, or otherwise addressing matters related to the Dispute. If the Dispute arises out of or relates to the planning, surveying, design, engineering, grading, specifications, construction, or other development of the Real Property, Declarant is hereby granted the irrevocable right, but is under no obligation, to inspect, repair and/or replace any and all affected parts of the Real Property.

(iii) **Mediation.** Upon their mutual agreement, The Association and each Owner and Declarant may agree to voluntary mediation of a Dispute before a mutually-agreeable neutral mediator, in which case, Declarant agrees to pay the mediator's fees for a one-half day mediation session. A decision to mediate or not to mediate by either party is without prejudice to either party's rights.

(b) DISPUTES. ALL DISPUTES SHALL BE SUBMITTED TO BINDING ARBITRATION BY AND PURSUANT TO THE RULES AND PROCEDURES OF AAA IN EFFECT AT THE TIME THE REQUEST FOR ARBITRATION IS SUBMITTED. IN THE EVENT AAA IS FOR ANY REASON UNWILLING OR UNABLE TO SERVE AS THE ARBITRATION SERVICE, THE PARTIES SHALL SELECT ANOTHER REPUTABLE ARBITRATION SERVICE. IF THE PARTIES ARE UNABLE TO AGREE ON AN ALTERNATIVE SERVICE, THEN EITHER PARTY MAY PETITION ANY COURT OF COMPETENT JURISDICTION IN CLARK COUNTY, NEVADA TO APPOINT SUCH AN ALTERNATIVE SERVICE, WHICH SHALL BE BINDING ON THE PARTIES. THE RULES AND PROCEDURES OF SUCH ALTERNATIVE SERVICE IN EFFECT AT THE TIME THE REQUEST FOR ARBITRATION IS SUBMITTED SHALL BE FOLLOWED.

(c) GENERAL ARBITRATION PROVISIONS.

(i) Declarant, the Association and each Owner are deemed to have expressly agreed and acknowledged that this Arbitration Agreement involve and concern interstate commerce and are governed by the provisions of the Federal Arbitration Act (9 U.S.C. §1, et seq.) now in effect and as the same may from time to time be amended, to the exclusion of any different or inconsistent state or local law, ordinance, regulation, or judicial rule. **ACCORDINGLY, ANY AND ALL DISPUTES SHALL BE ARBITRATED – WHICH ARBITRATION SHALL BE MANDATORY AND BINDING – PURSUANT TO THE FEDERAL ARBITRATION ACT.**

(ii) **THIS ARBITRATION AGREEMENT SHALL INURE TO THE BENEFIT OF, AND BE ENFORCEABLE BY, DECLARANT'S CONTRACTORS, SUBCONTRACTORS, AGENTS, VENDORS, SUPPLIERS, DESIGN PROFESSIONALS, INSURERS AND ANY OTHER PERSON WHOM THE ASSOCIATION OR ANY OWNER CONTENDS IS RESPONSIBLE FOR ANY ALLEGED DEFECT IN OR TO A UNIT, THE REAL PROPERTY OR ANY IMPROVEMENT OR APPURTENANCE THERETO.**

(iii) In the event any dispute is submitted to arbitration, each party shall bear its own attorney's fees and costs (including expert costs) for the arbitration.

(iv) The arbitrator shall be authorized to provide all recognized remedies available in law or in equity for any cause of action that is the basis of the arbitration.

(v) **THE DECISION OF THE ARBITRATOR SHALL BE FINAL AND BINDING.** The Association, Declarant and each Owner shall be deemed to have expressly agreed that an application to confirm, vacate, modify, or correct an award rendered by the arbitrator shall be filed in any court of competent jurisdiction in the county in which the Real Property is located.

(vi) To the extent that any state or local law, ordinance, regulation, or judicial rule is inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rules shall govern the conduct of the proceeding.

(vii) The participation by any party in any judicial proceeding concerning this Arbitration Agreement or any matter arbitral hereunder shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this Arbitration Agreement.

(viii) **THE FEES TO INITIATE THE ARBITRATION SHALL BE ADVANCED BY THE DECLARANT. SUBSEQUENT FEES AND COSTS OF THE ARBITRATION AND/OR THE ARBITRATOR SHALL BE BORNE EQUALLY BY THE PARTIES TO THE ARBITRATION; PROVIDED, HOWEVER, THAT THE FEES AND COSTS OF THE ARBITRATION AND/OR THE ARBITRATOR ULTIMATELY SHALL BE BORNE AS DETERMINED BY THE ARBITRATOR.**

(ix) The arbitrator appointed to serve shall be a neutral and impartial individual.

(x) The venue of the arbitration shall be in Clark County, Nevada unless the parties agree in writing to another location.

(xi) If any provision of this Arbitration Agreement shall be determined to be unenforceable or to have been waived, the remaining provisions shall be deemed to be severable therefrom and enforceable according to their terms.

DECLARANT, 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 AGREED TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THIS ARBITRATION AGREEMENT ENTITLED "ARBITRATION OF DISPUTES" DECIDED BY NEUTRAL ARBITRATION IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT AND THE NEVADA UNIFORM ARBITRATION ACT, TO THE EXTENT THE NEVADA UNIFORM ARBITRATION ACT IS CONSISTENT

WITH THE FEDERAL ARBITRATION ACT, AND SUCH PARTIES ARE GIVING UP ANY RIGHTS EACH MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL, AND ARE GIVING UP THEIR RESPECTIVE JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THIS ARBITRATION AGREEMENT. IF THE DECLARANT, THE ASSOCIATION, OR ANY OWNER REFUSES TO SUBMIT TO ARBITRATION SUCH PARTY MAY BE COMPELLED TO ARBITRATE UNDER THE FEDERAL ARBITRATION ACT AND THE NEVADA UNIFORM ARBITRATION ACT, TO THE EXTENT THE NEVADA UNIFORM ARBITRATION ACT IS CONSISTENT WITH THE FEDERAL ARBITRATION ACT. THE PARTIES' AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

Section 25.3 Bench Trial; Waiver of Jury Trial: IN THE EVENT THE FOREGOING ARBITRATION AGREEMENT IS HELD NOT TO APPLY, OR IS HELD INVALID, VOID, OR UNENFORCEABLE FOR ANY REASON, DECLARANT, THE ASSOCIATION AND EACH OWNER SHALL BE DEEMED TO HAVE EXPRESSLY AGREED THAT ALL DISPUTES SHALL BE TRIED BEFORE A JUDGE IN A COURT OF COMPETENT JURISDICTION WITHOUT A JURY. TO THE FULL EXTENT PERMITTED BY LAW, DECLARANT, THE ASSOCIATION AND EACH OWNER HEREBY KNOWINGLY, INTENTIONALLY AND VOLUNTARILY, WITH AND UPON THE ADVICE OF COMPETENT COUNSEL (OR THE OPPORTUNITY TO REVIEW WITH COMPETENT COUNSEL), WAIVES, RELINQUISHES AND FOREVER FOREGOES THE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATING TO ANY DISPUTES AS DEFINED IN THIS ARTICLE OR RELATING TO ANY CLAIMS AGAINST THE DECLARANT OR ANY OF DECLARANT'S DIRECTORS, OFFICERS, PARTNERS, MEMBERS, EMPLOYEES, AGENTS OR ATTORNEYS, OR ANY OTHER PERSONS AFFILIATED WITH DECLARANT WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. DECLARANT, THE ASSOCIATION AND EACH OWNER FURTHER COVENANT AND AGREE THAT THEIR MUTUAL WAIVER OF JURY TRIAL SHALL BE BINDING UPON THEIR RESPECTIVE SUCCESSORS AND ASSIGNS AND UPON ALL PERSONS AND ENTITIES ASSERTING RIGHTS OR CLAIMS OR OTHERWISE ACTING ON BEHALF OF DECLARANT, THE ASSOCIATION, EACH OWNER OR THEIR SUCCESSORS AND ASSIGNS.

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
ADDITIONAL DISCLOSURES: DISCLAIMER AND RELEASE

Section 27.1 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 (AS USED IN THIS ARTICLE XXVII, COLLECTIVELY, "OWNER"), SHALL CONCLUSIVELY BE DEEMED TO UNDERSTAND, AND TO HAVE ACKNOWLEDGED AND AGREED TO, ALL OF THE FOLLOWING:

(a) Drainage. Each Owner shall be deemed to have acknowledged that IT IS IMPERATIVE THAT OWNER NOT INTERFERE OR CHANGE THE ESTABLISHED DRAINAGE PATTERN(S) on a Unit without consulting a licensed landscape architect or civil engineer. The drainage pattern(s) have been developed to facilitate proper drainage from slopes and yard drainage to the street; ANY INTERFERENCE within the drainage pattern(s), as initially constructed, can cause water to become entrapped within the yard area and could cause structural failure. Disturbance of constructed drainage courses could materially impact soil content and negatively affect the structural integrity of the Dwelling and other Improvements constructed on a Unit. Pooled water, incorrect drainage, leaky irrigation systems, over-watering, or other conditions can also lead to groundwater infiltration and must be avoided by each Owner. Owner is strongly advised to consult landscape architects and/or qualified civil engineers or contractors for advice prior to the installation of patios, hardscape, yard landscaping or any other alteration to the drainage pattern.

(b) Adjacent Property: Commercial and Public Uses. The Project is or may be located adjacent to or nearby certain existing dwellings and other commercial/public operations, including public schools, commercial buildings, public parks and/or park lighting, and accordingly is and will be subject to substantial levels of sound, noise, lighting and other nuisance relating to such dwellings, public schools, commercial buildings, public parks and park lighting. Declarant makes no representation or warranty, express or implied, with regard or pertaining to the future development or present or future use of property adjacent to or within the vicinity of the Project. Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to the current or future uses of the adjacent or nearby property and any noise, lighting or other nuisance therefrom; and that each Owner hereby releases Declarant from any and all claims arising therefrom or relating thereto.

(c) Adjacent Property: Rural Uses. The Project is or may be located adjacent to or within the vicinity of certain other property zoned to permit the owners of such other property to keep and maintain thereon horses, cows or other farm animals, which may give rise to matters such as resultant noise, odors, insects, and other nuisance. Declarant makes no representation or warranty, express or implied, with regard or pertaining to the future development or present or future use of property adjacent to or within the vicinity of the Project. Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to the current or future uses of the adjacent or nearby property and any noise, odors, insects, and other nuisance therefrom; and that each Owner hereby releases Declarant from any and all claims arising therefrom or relating thereto.

(d) Roads. The Project is or may be located adjacent to or nearby major roadways, and subject to levels of traffic thereon and noise, dust, and other nuisance from such roadways and vehicles. Furthermore, the Project is or may be located adjacent to or nearby roadways that are not planned and/or required by Clark County to have sidewalks, curbs, and/or gutters and subject to limited pedestrian access, drainage and other nuisance resulting from the condition of such roads. Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to roads, the condition of the roads, road drainage and/or noise, dust, and other nuisance therefrom; and that Owner hereby releases Declarant from any and all claims arising therefrom or relating thereto.

(e) Airplanes; Noise. Declarant has disclosed that: (i) that the Real Property is or may be located within or nearby certain airplane flight patterns, and/or subject to significant levels of airplane traffic noise, (ii) that existing and future noise levels at these locations, associated with existing and future airport operations, may have an effect on the livability, value and suitability of the Real Property for residential use, and (iii) the Federal Aviation Administration will no longer approve remedial noise mitigation measures for incompatible development impacted by aircraft operations which was constructed

after October 1, 1998 and funds will not be available in the future should an Owner wish to have any Unit purchased or soundproofed. Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to airplane flight patterns, and/or airplane noise.

(f) Electrical Facilities. There is and/or will be electrical power lines and related facilities located on or adjacent to the Project, and there are presently and may be further major electrical power system components (high voltage transmission or distribution lines, transformers, etc.) from time to time located within or nearby the Project, which generate certain electric and magnetic fields ("EMF") around them; that, without limiting any other provision in this Declaration, Declarant specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to EMF; and that each Owner hereby releases Declarant from any and all claims arising from or relating to said EMF, including, but not necessarily limited to, any claims for nuisance or health hazards.

(g) Gas Transmissions. The Units and other portions of the Project are or may be nearby major regional underground natural gas transmission pipelines. Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to gas transmission pipelines.

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

(j) No Protected Views. 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.

(k) Construction Activities. Residential subdivision and new home construction are subject to and accompanied by substantial levels of noise, dust, construction-related traffic and traffic restrictions, and other construction-related "nuisances". Each Owner acknowledges and agrees that it is purchasing a Unit which is within a residential subdivision currently being developed, and that the Owner will experience and accepts substantial levels of construction-related "nuisances" until the subdivision (and other neighboring portions of land being developed) have been completed and sold out, and thereafter, in connection with repairs or any new construction. Each Owner further acknowledges that construction-related traffic and activities by or at the direction of Declarant may occur as often as seven (7) days a week, including holidays, during as hours as may not violate any applicable hours.

(l) Sales and Other Activities. Declarant anticipates that the construction and development of the Units and Common Elements will take place over a lengthy period of time which will depend upon a number of factors, including without limitation, market conditions. Declarant presently plans to develop and/or sell for development only those Units which it releases for construction and sale, and Declarant has no any obligation with respect to future phases. Declarant reserves the right to sell some of the Units as custom lots and if any Units are sold as custom lots then the Dwellings constructed on any such Units may not be constructed by Declarant. No assurances are given by Declarant regarding the timing of the completion of the Project and/or the Units and Common Elements intended to be contained in the Project. Declarant further reserves the right to alter, change, and/or discontinue its prices and building and sales programs on any Unit. Proposed or contemplated residential and other developments may have been illustrated in the plot plan or other sales literature in or from Declarant's sales office, and/or Owner may have been advised of the same in discussions with sales personnel; however, notwithstanding such plot plans, sales literature, or discussions or representations by sales personnel or otherwise, Declarant is not obligated to construct such future or planned developments or units, and the same need not be built in the event that Declarant decides not to build same. No sales personnel or any other person in any way associated with Declarant has any authority to make any statement contrary to the provisions set forth in the foregoing or any provision of the written purchase agreement.

(m) Neighboring Developments. Certain portions of land ("Neighboring Developments") outside the Project and/or abutting and/or near Owner/Common Walls have been improved with residential dwellings and accessory structures, and/or have not yet been developed and in the future may or will be developed by third parties over whom Declarant has no control and over whom the Association has no jurisdiction. Accordingly, no representation is made regarding the nature, use or architecture of any existing or future development or improvements on Neighboring Developments, and Declarant discloses that the use, development and/or construction on Neighboring Developments (i) may result in noise, dust, or other "nuisance" to the Project or Owners, (ii) may result in portions of Owner/Common Walls being utilized by third persons who are not subject to this Declaration or the Governing Documents, and (iii) may result in portions of Walls now or hereafter constructed along the boundary of a Unit being utilized by third persons who are not subject to this Declaration or the Governing Documents. Declarant and Association specifically disclaim any and all responsibility liability thereof.

(n) No Liability for Additional Work. Declarant shall not be held liable for the construction of any improvements or any soil conditions, drainage or general site work relating to any such construction of any improvements, to the extent that the work is performed by anyone other than Declarant on a Unit after the initial sale of that Unit by Declarant. Furthermore Declarant shall not be held liable for any loss or damage arising out of quality of work of any contractor, subcontractors, employees, or agents; or any injury, damages, or loss arising out of the manner or quality or other circumstances of any such work.

(o) Owner ARC Compliance. Owners shall be required to comply with the provisions of Article XII hereof before constructing, adding, altering, modifying, expanding, or eliminating a Dwelling on the Owner's Unit or any other Improvements located thereon.

(p) Landscape Limitations. In order to preserve the structural integrity of the foundation of the Dwellings and other Improvements on each Unit, each Owner shall comply with the restrictions set forth in Section 9.6 of this Declaration. Furthermore, before any structures, hardscapes, or underground pipes or conduits are installed on any Unit by an Owner, each Owner is encouraged to seek the advice of a qualified soils and/or structural engineer as to how to mitigate the potential adverse effects of the soil.

(q) Reservation of Rights. Each Owner understands, acknowledges, and agrees that Declarant has reserved certain rights, powers, authority and easements in the Declaration, all or any of which limit certain rights of the Association and Owners other than Declarant.

(r) Rules. 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 Rules.

(s) Other. 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 27.2 Release: THE ASSOCIATION AND, BY ACCEPTANCE OF A DEED TO A UNIT, EACH OWNER, FOR ITSELF AND ALL PERSONS CLAIMING UNDER SUCH OWNER, (EXCEPT AS OTHERWISE PROVIDED IN THE PURCHASE AGREEMENT FOR A UNIT EXECUTED BY DECLARANT AND AN OWNER) SHALL TO THE MAXIMUM EXTENT PERMITTED BY LAW 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 TO THE MAXIMUM EXTENT PERMITTED BY LAW.

Section 27.3 Declarant Consent: The provisions of this Article XXVII 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.

ARTICLE XXVIII MISCELLANEOUS PROVISIONS

Section 28.1 Enforcement:

(a) The Association and any Unit 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. Each Unit Owner shall have a right of action against the Association for any failure by the Association to comply with the provisions of the Governing Documents. Failure by the Association or any Unit 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 Unit Owner shall commence litigation or arbitration 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. The "prevailing party" shall be the party in whose favor a final judgment is entered.

Section 28.2 Captions: The captions contained in the Governing Documents are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Governing Documents or the intent of any provision thereof.

Section 28.3 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 Governing Documents so require.

Section 28.4 Waiver: No provision contained in the Governing 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 28.5 Invalidity: The invalidity of any provision of the Governing 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 Governing Documents shall continue in full force and effect.

Section 28.6 Conflict: The Governing Documents are intended to comply with the requirements of the Act applicable to common interest communities and the Governing Documents shall be interpreted, if at all possible, so as to be consistent with the Act. If there is any conflict between the Governing Documents and the provisions of the foregoing statutes, the provisions of the applicable statutes shall control. In the event of any conflict between this Declaration and any other Document, this Declaration shall control.

Section 28.7 Notices: Any notice 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. The Association shall deliver notice of a violation of the Restrictions and any fines and other sanctions related to such violation to the applicable Owner in the manner required under the Act.

Section 28.8 No Public Right or Dedication: Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Real Property to the public, or for any public use.

Section 28.9 Term: This Declaration, including all of the covenants, conditions and restrictions hereof, shall run with and bind the Real Property for a term of thirty (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 ten (10) years, unless an instrument is signed by the Owner of at least two-thirds (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 ten (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 of Covenants, Conditions, Restrictions, Reservations and Easements for Inspiration to be executed as of the date set forth above.

"DECLARANT"

AHUSA SERIES 1 LLC,
a Nevada limited liability company

By: _____

Name: _____

Title: _____

STATE OF NEVADA

COUNTY OF CLARK

This instrument was acknowledged before me on _____ day of _____, 2021, by _____ as _____ of AHUSA Series 1 LLC.

Notary Public

My appointment expires: _____

EXHIBIT "A"

REAL PROPERTY

LEGAL DESCRIPTION

All of that certain real property located in the County of Clark, State of Nevada, described as follows:

Lots 23 through 25, inclusive, of the Final Map of Lake Mead & Camel, A Common Interest Community, as shown by map thereof on file in Book 162 of Plats, Page 37, in the Office of the County Recorder of Clark County, Nevada.

EXHIBIT "B"

COMMON ELEMENTS

LEGAL DESCRIPTION

All of that certain real property located in the County of Clark, State of Nevada, described as follows:

A non-exclusive easement for access, ingress and egress over the Private Streets of the Final Map of Lake Mead & Camel, A Common Interest Community, as shown by map thereof on file in Book 162 of Plats, Page 37, in the Office of the County Recorder of Clark County, Nevada.

EXHIBIT "C"

ANNEXABLE PROPERTY

LEGAL DESCRIPTION

All of that certain real property located in the County of Clark, State of Nevada, described as follows:

All of the real property located within the boundaries of the Final Map of Lake Mead & Camel, A Common Interest Community, as shown by map thereof on file in Book 162 of Plats, Page 37, in the Office of the County Recorder of Clark County, Nevada, **EXCEPTING THEREFROM**, all of the real property described on the foregoing Exhibit "A".

NOTE 1: The real property listed in this Exhibit "C" constitutes the real property with respect to which the Declarant has reserved the right to add, in whole or in part, to the Real Property pursuant to and in accordance with the terms of Article VII of the Declaration. Neither the Declaration nor this Exhibit "C" obligates Declarant to annex all or any part of the property described in this Exhibit "C" to the Real Property.

NOTE 2: The Declaration is not intended to create an encumbrance on title to the property described in this Exhibit "C".