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expressly set forth in the Restrictions. The Sub-Association shall have the power to perform any and all lawful acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Sub-Association. Without in any way limiting the generality of the foregoing provisions, the Sub-Association may act through its Board of Directors and shall specifically have:

(a) Assessments. The power and duty to levy assessments against the Owners of Lots in the Development in which assessments have commenced, and to enforce payment of such assessments in accordance with the provisions of Article VII hereof.

(b) Repair and Maintenance of Association Property. The power and duty to paint, plant, maintain and repair in a neat and attractive condition, in accordance with standards adopted by the Design Review Committee, all Sub-Association Property and all Improvements thereon, and to pay for utilities, gardening and other necessary services for the Sub-Association Property. Notwithstanding the foregoing, the Sub-Association shall have no responsibility to provide any of the services referred to in this subsection 6.1(b) with respect to any Improvement which is accepted for maintenance by any state, local or municipal governmental agency or public entity. Such responsibility shall be that of the applicable agency or public entity.

(c) Taxes. The power and duty to pay all taxes and assessments levied upon the Sub-Association Property and all taxes and assessments payable by the Sub-Association; provided, however, the Sub-Association may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application of any such taxes or assessments.

(d) Utility Services. The power and duty to obtain, for the benefit of the Sub-Association Property, all commonly metered water, gas and electric services, and may (in the discretion of the Board of Directors) provide for all refuse collection and cable or master television service (if any), as deemed necessary.

(e) Easements and Rights-of-Way. The power but not the duty to grant and convey to any Person, (i) easements, licenses and rights-of-way in, on, over or under the Sub-Association Property, and (ii) with the consent of seventy-five percent (75%) of the voting power of the Sub-Association, fee title to parcels or strips of land which comprise a portion of the Sub-Association Property, for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder: (A) roads, streets, walks, driveways, parkways, park areas and slope areas; (B) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, television, telephone and other similar purposes; (C) sewers, storm and water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and, (D) any similar public

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or quasi-public Improvements or facilities. This subsection 6.1(e) shall not be construed to limit the right or power of the Sub-Association under subsection 3.1 (e).

(f) Manager. The power but not the duty to employ or contract with a professional Manager to perform all or any part of the duties and responsibilities of the Sub-Association, and shall have the power but not the duty to delegate its powers to committees, officers and employees of the Sub-Association. Any such management agreement, or any agreement providing for services by Declarant to the Sub-Association, shall be for a term not in excess of one (1) year, subject to cancellation by the Sub-Association for cause at any time upon not less than thirty (30) days written notice, and without cause (and without penalty or the payment of a termination fee) at any time upon ninety (90) days written notice.

(g) Rights of Entry and Enforcement. The power but not the duty, after Notice and Hearing, to enter upon any Lot without being liable to any Owner, except for damage caused by the Sub-Association's entering or acting in bad faith, for the purpose of enforcing by peaceful means the provisions of this Declaration, or for the purpose of maintaining or repairing any such Lot if for any reason whatsoever the Owner thereof fails to maintain and repair any such area as required by the Restrictions. The cost of any such maintenance and repair which is the responsibility of the Owner shall be assessed against such Owner as a Special Assessment. The responsible Owner shall pay promptly all amounts due for such work, and the costs and expenses of collection. Unless there exists an emergency, there shall be no entry into a Residence without the prior consent of the Owner thereof. Any damage caused by an entry upon any Lot shall be repaired by the entering party. The Sub-Association may also commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of the Restrictions and to enforce, by mandatory injunctions or otherwise, all of the provisions of the Restrictions. If an action is brought by the Sub-Association, the prevailing party shall be entitled to reasonable attorneys' fees to be fixed by the court.

(h) Other Services. The power and duty to maintain the integrity of the Sub-Association Property and to provide such other services (such as but not limited to fire prevention services) as may be necessary or proper to carry out the Sub-Association's obligations and business under the terms of this Declaration to enhance the enjoyment by the Members of the Sub-Association Property or to facilitate the use of the Sub-Association Property and the facilities thereon by the Members.

(i) Employees, Agents and Consultants. The power but not the duty, if deemed appropriate by the Board of Directors, to hire and discharge employees and agents and to retain and pay for legal, accounting and other services as may be necessary or desirable in connection with the performance of any duties or

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exercise of any powers of the Sub-Association under this Declaration.

(j) Acquiring Property and Construction on Sub-Association Property. The power but not the duty, by action of the Board of Directors, to acquire property or interests in property for the common benefit of Owners, including Improvements and personal property. The power but not the duty, by action of the Board of Directors, to construct new Improvements or additions to the Sub-Association Property, or demolish existing Improvements (other than maintenance or repairs to existing Improvements).

(k) Contracts. The power, but not the duty, to enter into contracts with Lot Owners to provide services or to maintain and repair Improvements within the Development which the Sub-Association is not otherwise required to maintain pursuant to this Declaration, and the power, but not the duty, to contract with third parties for such services. Any such contract or service agreement must, however, provide for payment to the Sub-Association of the cost of providing such service or maintenance.

(l) Records and Accounting. The power and the duty to keep, or cause to be kept, true and correct books and records of account at the sole cost and expense of the Sub-Association in accordance with generally accepted accounting principles.

(m) Inspection of Books and Records. The duty to authorize the verification of Membership, books of account and minutes of meetings of the Members, and of the Board of Directors by making them available for inspection and copying by any Member of the Sub-Association, or by his duly appointed representative, at such Member's sole cost and expense, and at any reasonable time and for a purpose reasonably calculated to be in his interest as a Member, at the office of the Sub-Association or at such other place within the Development as the Board of Directors may prescribe. The Board shall establish reasonable rules with respect to: (1) notice to be given to the custodian of records by the Member desiring to make the inspection; (2) hours and days of the week when such an inspection may be made; and, (3) payment of the cost of reproducing copies of documents requested by a Member. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Sub-Association and the physical properties owned or controlled by the Sub-Association. Any Owner, who may be accompanied by an accountant, may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Sub-Association; provided that such audit or inspection is made during normal business hours and without unnecessary interference with the operations of the Manager or the Sub-Association.

(n) Maintenance of Other Areas. The power but not the duty to maintain and repair any Improvements benefitting the

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Development, to the extent deemed advisable by the Board of Directors.

Section 6.2. Rules and Regulations. The Board of Directors shall be empowered to adopt, amend, or repeal such Rules and Regulations as it deems reasonable and appropriate, which shall be binding upon all Persons subject to this Declaration, whether Members of the Sub-Association or not; provided, however, that the Rules and Regulations shall not discriminate among Members and shall not be inconsistent with this Declaration, the Articles or Bylaws or with the Master Declaration and the articles and bylaws of the Master Association. The Rules and Regulations may also include the establishment of a Special Assessment related to the enforcement and/or violation thereof. The Rules and Regulations may be established, modified or amended at any special or regular meeting of the Board of Directors.

A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be posted in a conspicuous place on Sub-Association Property and may be mailed or otherwise delivered to each Member. Upon such mailing, delivery or posting, the Rules and Regulations shall have the same force and effect as if they were set forth herein and shall be binding on all Persons having any interest in, or making any use of any part of, the Sub-Association Property and facilities thereon, whether or not Members; provided, however, that the Rules and Regulations shall be enforceable only to the extent that they are consistent with this Declaration, the Articles and Bylaws. In the event of any conflict between any provisions of the Rules and Regulations and any provisions of this Declaration, the Articles or Bylaws, the provisions of the Rules and Regulations shall be deemed to be superseded by the provisions of this Declaration, the Articles or Bylaws, as the case may be, to the extent of any such conflict. The Rules and Regulations may not be used to amend this Declaration, the Articles or Bylaws. If any Person has actual knowledge of any of the Rules and Regulations, such Rules and Regulations shall be enforceable against such Person, whether or not a Member, as though notice of such Rules and Regulations had been given pursuant to this Section. The Sub-Association shall have the right to enforce any of the Rules and Regulations of the Sub-Association and the obligations of any Owner under this Declaration or any provision of its Articles of Incorporation or Bylaws by Assessing a reasonable fine against such Owner or Occupant and/or suspending the right of such Owner to vote at meetings of the Sub-Association; provided that such use and/or voting suspension may not be imposed for a period longer than thirty (30) days per violation; and provided further that if any such violation continues for a period of ten (10) days after notice of such violation has been given to such Owner or Occupant, such continuing violation shall be deemed to be a new violation and shall be subject to the imposition of new penalties. If any such fine imposed on an Owner or Occupant by the Sub-Association is not paid by said Owner or Occupant within thirty (30) days after

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written notice of the imposition of such fine, then the amount of such fine shall be added to the amount of the Common Assessment charged to the Lot of said Owner and shall be enforceable as an assessment in accordance with Article VII. No penalty may be imposed under this Section until the Owner or Occupant accused of any such violation has been afforded the right to be heard in person, by submission of a written statement, or through a representative, at any such hearing. The Sub-Association may also take judicial action against any Owner or Occupant to enforce compliance with such rules, regulations or other obligations or to obtain damages for noncompliance, all to the extent permitted by law.

Should any Occupant (or guest of an Owner or Occupant) violate any of the Rules and Regulations or any provision of this Declaration, or should any such Person's act, omission or neglect cause damage to Sub-Association Property, such violation, act, omission or neglect shall also be considered and treated as a violation, act, omission or neglect of the Owner and/or Occupant of the Lot upon which such Person resides.

ARTICLE VII

FUNDS AND ASSESSMENTS

Section 7.1. Personal Obligation of Assessments. The Declarant, each Participating Builder and each Owner of a Lot subject to assessment hereby covenants and agrees, by acceptance of a Deed or other conveyance of any property within the Development, to pay to the Sub-Association (a) annual Common Assessments for Common Expenses, (b) Capital Improvement Assessments, (c) Special Assessments, and (d) Security Assessments, such assessments to be established and collected as hereinafter provided. All assessments, together with interest thereon, late charges, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which such assessment is made. All assessments shall be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The personal obligation only shall not pass to the successors-in-title of any Owner unless expressly assumed by such successors.

Section 7.2. Maintenance Funds. The Board of Directors shall establish and maintain at least the following separate accounts (the "Maintenance Funds") into which shall be deposited all monies paid to the Sub-Association, and from which disbursements shall be made, as provided herein: (a) an operating fund for current expenses of the Sub-Association, and (b) a reserve fund for replacements and repairs of the landscaping and other Improvements on the Sub-Association Property. To qualify for higher returns on accounts held at banking or savings institutions, the Board of Directors may co-mingle all monies deposited into any of the Maintenance Funds, provided that the integrity of each

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individual Maintenance Fund shall be preserved on the books of the Sub-Association by accounting for disbursements from, and deposits to, each Maintenance Fund separately. Each of the Maintenance Funds shall be established as separate trust savings or trust checking accounts, at any federally insured banking or lending institution. Nothing contained herein shall preclude or limit the Sub-Association from establishing any additional Maintenance Funds.

Section 7.3. Purpose of Assessments. All amounts deposited into the operating fund and the reserve fund must be used solely for purposes authorized by this Declaration and to the common benefit of all Owners. Disbursements from the reserve fund shall be made by the Board of Directors only for the respective purposes specified in this Article VII. Nothing in this Declaration shall be construed in such a way as to permit the Sub-Association to use any assessments to abate any annoyance or nuisance emanating from outside the physical boundaries of the Project.

Section 7.4. Damage to Sub-Association Property by Owners. Any maintenance, repairs or replacements to the Sub-Association Property arising out of or caused by, the willful or negligent act of an Owner, his family, guests, or invitees shall be cause for a Special Assessment against such Owner and such Owner's property, after Notice and Hearing. Without limiting the foregoing, during the course of construction and/or landscaping installation on a Lot (including any substantial repair or remodeling), the Owner thereof shall be responsible, at its expense, for the prompt repair and/or replacement of Sub-Association Property (including, without limitation, sidewalks, curbs, street paving and Declarant installed walls, landscaping and irrigation systems) damaged or destroyed by the Owner, its agents, contractors or employees.

Section 7.5. Common Assessments. A sum sufficient to pay Common Expenses pursuant to the Sub-Association Budget, shall be assessed as Common Assessments against the Owners of Lots within the Sub-Association. Common Assessments shall be assessed against all Owners, as follows: The Owner of each Lot shall be charged with one (1) assessment unit for each such Lot. Each Owner's proportionate share of the Common Assessments shall be a fraction, the numerator of which shall be the number of assessment units charged to such Owner and the denominator of which shall be the total number of assessment units charged to all Lots in the Development which are subject to assessment.

Section 7.6. Date of Commencement of Common Assessments. Common Assessments shall commence as to each Lot within the Initial Property on the first day of the first month following the date of Recordation of the first Deed conveying a Lot within the Initial Property from Declarant or a Participating Builder to a member of the public. With respect to any Annexed Territory, Common Assessments shall commence as to each Lot within such Annexed Territory on the first day of the first month following the date of Recordation of the first Deed conveying a Lot within such Annexed

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Territory from Declarant or a Participating Builder to a member of the public. The Common Assessments for the Assessment Year during which Common Assessments commence on any Lot shall be pro-rated on the basis of the number of months in such Assessment Year remaining from the date of commencement of such assessments to the end of such Assessment Year. The Board of Directors shall fix the amount of the annual Common Assessment to be levied against each Lot at least thirty (30) days in advance of each Assessment Year. Written notice of any change in the amount of the annual Common Assessment shall be sent to every Owner subject thereto, at least thirty (30) days prior to the effective date of such change. All installments of Common Assessments shall be collected in advance on a regular basis by the Board of Directors, at such frequency and on such due dates as the Board of Directors shall determine from time to time in its sole and absolute discretion. The Sub-Association shall, upon demand, and for a reasonable charge, furnish a certificate binding on the Sub-Association, signed by an officer or agent of the Sub-Association, setting forth whether the assessments on a specified Lot have been paid.

At the end of any Assessment Year of the Sub-Association, the Board of Directors may determine that all excess funds remaining in the operating fund, over and above the amounts used for the operation of the Development, may be retained by the Sub-Association for use in reducing the following year's Common Assessment or for deposit in the reserve account. Upon dissolution of the Sub-Association incident to the abandonment or termination of the maintenance of the Development, any amounts remaining in any of the Maintenance Funds shall be distributed proportionately to or for the benefit of the Owners.

Section 7.7. Limitations on Common Assessment Increases. The Board of Directors shall not levy, for any fiscal year, an annual Common Assessment which exceeds the "Maximum Authorized Common Assessment," unless first approved by the vote of a majority of the total voting power of the Sub-Association. The "Maximum Authorized Common Assessment" in any fiscal year following the initial budgeted year shall equal one hundred twenty percent (120%) of the Common Assessment for the prior Assessment Year.

Section 7.8. Supplemental Common Assessments. If the Board of Directors, by majority vote, determines that the important and essential functions of the Sub-Association may be properly funded by an annual Common Assessment less than the Maximum Authorized Common Assessment, it may levy such lesser Common Assessment. If the Board levies a Common Assessment in an amount less than the Maximum Authorized Common Assessment for any fiscal year and thereafter, during such fiscal year, determines that the important and essential functions of the Sub-Association cannot be funded by such lesser Common Assessment, the Board of Directors may, by majority vote, levy one (1) or more supplemental Common Assessments up to the Maximum Authorized Common Assessment.

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Section 7.9. Capital Improvement Assessments. The Board of Directors, with the vote of the majority of the voting power of the Sub-Association, may levy in any fiscal year a Capital Improvement Assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital Improvement upon the Sub-Association Property, including fixtures and personal property related thereto. All Capital Improvement Assessments must be fixed at a uniform rate for all Lots in the same proportion as Common Assessments are levied, and they may be collected in the manner and frequency as determined from time to time by the Board of Directors.

Section 7.10. Security Assessments.

(a) Each Owner, by acceptance of a Deed to a Lot, acknowledges that the security gate and guard house located at the intersection of Hills Drive and Longspur Drive is owned and maintained by Declarant and will be transferred by Declarant to the Parcel Seven Community Association. Each Owner, by acceptance of a Deed to a Lot is hereby deemed to covenant and agree to pay certain annual assessments payable in monthly installments (the "Security Assessments") relating to the actual and estimated cost of maintenance, management, operation, repair and replacement of the security gate and guard house (the "Security Expenses"). All Security Assessments, together with interest thereon, late charges, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Lot against which such Security Assessment is made. All Security Assessments shall be the personal obligation of the Owner of such Lot at the time when the Security Assessment fell due. The personal obligation only shall not pass to the successors-in-title of any Owner unless expressly assumed by such successors. The amount of the annual Security Assessment on each Lot will be equal to the estimated Security Expenses multiplied by a fraction (i) the numerator of which is one (1), and (ii) the denominator of which is the total number of lots within the Development and Parcel Seven which have been conveyed to members of the public; provided, however, such fraction shall not be greater than 1/81. The Security Assessments shall commence with respect to each Lot on the same day as Common Assessments.

(b) The Board of Directors shall be obligated to deliver to the Parcel Seven Community Association all Security Assessments levied against the Owners. Such delivery shall be made to the Parcel Seven Community Association immediately upon receipt of such assessments or as soon as reasonably possible after such receipt, with no delay or offset permitted by reason of the financial condition of the Sub-Association. The Sub-Association shall not utilize funds obtained from the Owners on account of such Security Assessments, including interest and late charges, in any manner except delivery to the Parcel Seven Community Association. The Board of Directors shall not be obligated to deliver to the Parcel

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Seven Community Association any Security Assessments when the Security Gate is neither being operated nor undergoing reconstruction. The Board of Directors shall be obligated to enforce the collection of Security Assessments as vigorously as it would enforce the collection of any other assessments from a delinquent Owner.

(c) Any installment of a Security Assessment not paid within thirty (30) days after the due date shall bear interest from the due date of such installment at two (2) percentage points per annum above the prime rate charged from time to time by Security Pacific National Bank, N.A., as well as a late charge, as determined by the board of directors of the Parcel Seven Community Association to compensate the Parcel Seven Community Association for increased bookkeeping, billing, administrative costs and any other appropriate charges. No such late charge on any delinquent installment of a Security Assessment shall exceed the maximum amount allowable by law. If any installment of a Security Assessment is not paid within thirty (30) days after it is due, the Parcel Seven Community Association may bring an action at law against the Owner personally obligated to pay the same, or, foreclose the lien against his Lot. No Owner may waive or otherwise escape liability for the Security Assessment provided for herein by non-use of the security gate and guard house or abandonment of his Lot. If any installment of a Security Assessment is not paid within thirty (30) days after its due date, the Board of Directors of Parcel Seven Community Association may mail an acceleration notice to the Owner and to each First Mortgagee of the Owner's Lot. The notice shall specify (a) the fact that the installment is delinquent, (b) the action required to cure the default, (c) the date, not less than thirty (30) days from the date the notice is mailed to the Owner, by which such default may be cured, and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the Security Assessment for the then current fiscal year, and the sale of the Lot. The notice shall further inform the Owner of his right to cure after acceleration. If the delinquent installment of Security Assessments and any charges thereon are not paid in full on or before the date specified in the notice, the Board of Directors, at its option, may declare all of the unpaid balance of the Security Assessments levied against such Owner to be immediately due and payable without further demand, and may enforce the collection of the Security Assessments and all charges thereon in any manner authorized by law.

Section 7.11. Exempt Property. The following property subject to this Declaration shall be exempt from all Assessments:

(a) Those portions of the Development dedicated to and accepted by, the United States, the State of Nevada, Clark County, the City of Las Vegas or any political subdivision of any of the foregoing, or any public agency, entity or authority, for as long

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as such entity or political subdivision is the owner thereof, or for so long as such dedication remains effective; and

(b) The Sub-Association Property owned in fee by the Sub-Association, including the Common Area and the Private Streets.

Section 7.12. Remedies of the Sub-Association. Any installment of a Common Assessment, Capital Improvement Assessment or Special Assessment not paid within thirty (30) days after the due date shall bear interest from the due date of such installment at two (2) percentage points per annum above the prime rate charged from time to time by Security Pacific National Bank, N.A., as well as a late charge, as determined by the Board of Directors to compensate the Sub-Association for increased bookkeeping, billing, administrative costs and any other appropriate charges. No such late charge on any delinquent installment of an assessment shall exceed the maximum amount allowable by law. If any installment of an assessment is not paid within thirty (30) days after it is due, the Sub-Association may bring an action at law against the Owner personally obligated to pay the same, or, foreclose the lien against his Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Sub-Association Property or abandonment of his Lot. If any installment of an assessment is not paid within thirty (30) days after its due date, the Board of Directors may mail an acceleration notice to the Owner and to each First Mortgagee of the Owner's Lot. The notice shall specify (a) the fact that the installment is delinquent, (b) the action required to cure the default, (c) the date, not less than thirty (30) days from the date the notice is mailed to the Owner, by which such default may be cured, and (d) that failure to cure the default on or before the date specified in the notice may result in acceleration of the balance of the installments of the assessment for the then current fiscal year, and the sale of the Lot. The notice shall further inform the Owner of his right to cure after acceleration. If the delinquent installment of assessments and any charges thereon are not paid in full on or before the date specified in the notice, the Board of Directors, at its option, may declare all of the unpaid balance of the assessments levied against such Owner to be immediately due and payable without further demand, and may enforce the collection of the full assessments and all charges thereon in any manner authorized by law and this Declaration.

Section 7.13. Notice of Lien. No action shall be brought to enforce any assessment lien herein, unless at least thirty (30) days have expired following the date a Notice of Lien is deposited in the United States mail, certified or registered, postage prepaid, to the Owner of the Lot, and a copy thereof has been Recorded by the Sub-Association. Such Notice of Lien must recite a good and sufficient legal description of such Lot, the Record Owner or reputed Owner thereof, the amount claimed (which, may at the Sub-Association's option, include interest on the unpaid assessment as described in Section 7.11, plus reasonable attorneys'

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fees and expenses of collection in connection with the debt secured by such lien), and the name and address of the Sub-Association. The Notice of Lien shall be signed and acknowledged by the president or vice president and secretary or assistant secretary of the Sub-Association, and such lien shall be prior to any declaration of homestead Recorded after the date on which this Declaration is Recorded. The lien shall continue until fully paid or otherwise satisfied.

Section 7.14. Foreclosure Sale. Any such sale provided for above may be conducted by the Board of Directors, its attorneys or other Persons authorized by the Board of Directors in accordance with the provisions of Chapter 278A and Covenants Nos. 6, 7 and 8 of NRS 107.030 and 107.090, as amended, insofar as they are consistent with the provisions of NRS 278A.160, as amended, or in accordance with any other statute now existing or hereafter enacted applicable to the exercise of powers of sale in Mortgages and Deeds of Trust, or in any other manner permitted by law. The Sub-Association, through its duly authorized agents, shall have the power to bid on the Lot at the foreclosure sale and to acquire and hold, lease, mortgage, and convey the same.

Section 7.15. Curing of Default. Upon the timely curing of any default for which a Notice of Lien was filed by the Sub-Association, the officers thereof shall Record an appropriate release of lien, upon payment by the defaulting Owner of a reasonable fee to be determined by the Board of Directors, to cover the cost of preparing and Recording such release. A certificate, executed and acknowledged by any two (2) members of the Board of Directors or the Manager stating the indebtedness secured by the lien upon any Lot created hereunder, shall be conclusive upon the Sub-Association and, if acknowledged by the Owner, shall be binding on such Owner as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith. Such certificate shall be furnished to any Owner upon request, at a reasonable fee, to be determined by the Board of Directors.

Section 7.16. Cumulative Remedies. The assessment liens and the rights of foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Sub-Association and its assigns may have hereunder and by law, including a suit to recover a money judgment for unpaid assessments, as provided above.

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Section 7.17. Mortgagee Protection. Notwithstanding all other provisions hereof, no lien created under this Article VII, nor the enforcement of any provision of this Declaration shall defeat or render invalid the rights of the Mortgagee under any Recorded First Mortgage encumbering a Lot, made in good faith and for value; provided that after such Mortgagee or some other Person obtains title to such Lot by a judicial foreclosure, other foreclosure, or exercise of power of sale, such Lot shall remain subject to this Declaration and the payment of all installments of assessments accruing subsequent to the date such Mortgagee or other Person obtains title. The release or discharge of any lien for unpaid assessments by reason of the foreclosure or exercise of power of sale by the First Mortgagee shall not relieve the prior Owner of his personal obligation for the payment of such unpaid assessments.

Section 7.18. Priority of Assessment Lien. The lien of the assessments, including interest and costs (including attorneys' fees) as provided for herein, shall be subordinate to the lien of any First Mortgage upon any Lot and any lien imposed by the Master Association. The sale or transfer of any Lot shall not affect an assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a First Mortgage shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from lien rights for any assessments thereafter becoming due. Where the First Mortgagee of Record or other purchaser of a Lot obtains title pursuant to a judicial or non-judicial foreclosure or "deed in lieu thereof," the Person who obtains title and his successors and assigns shall not be liable for the share of the Common Expenses or assessments by the Sub-Association chargeable to such Lot which became due prior to the acquisition of title to such Lot by such Person. Such unpaid share of Common Expenses and assessments shall be deemed to become expenses collectible from all of the Lots, including the Lot.

ARTICLE VIII

ARCHITECTURAL AND LANDSCAPING CONTROL

Section 8.1. Members of Design Review Committee. The Design Review Committee shall consist of five (5) members all of whom shall be appointed by the Board of Directors; provided, however, such number may be increased or decreased by resolution of the Board of Directors. A member of the Design Review Committee may be removed at any time, without cause, by the Board of Directors. Unless changed by resolution of the Board of Directors, the address of the Design Review Committee for all purposes, including the submission of plans for approval, shall be at the principal office of the Sub-Association as designated by the Board of Directors pursuant to the Bylaws.

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Section 8.2. Review of Plans and Specifications. The Design Review Committee shall consider and act upon any and all plans and specifications submitted for its approval pursuant to the terms of this Declaration and shall perform such other duties as are specified in this Declaration or are from time to time assigned to it by the Board of Directors. Subject to the terms of this Declaration, no construction, alteration, grading, addition, excavation, modification, decoration, redecoration or reconstruction of any Residence or Improvement or removal of any tree or other landscaping in the Development shall be commenced or maintained by any Owner, until the plans and specifications showing the nature, kind, shape, height, width, color, materials and location of the same have been submitted to, and approved in writing by, the Design Review Committee. The Design Review Committee shall approve plans and specifications submitted for its approval only if it deems that (a) the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or the Development as a whole, (b) the appearance of any structure affected thereby will be in harmony with other structures in the vicinity, (c) the construction will not detract from the beauty, wholesomeness and attractiveness of the Sub-Association Property or the enjoyment thereof by the Members, (d) the construction will not unreasonably interfere with existing views from other Lots, and (e) the upkeep and maintenance will not become a burden on the Sub-Association.

The Design Review Committee may condition its approval of proposals or plans and specifications for any Improvement upon any one or all of the following conditions: (1) upon agreement by the Person (referred to in this Section 8.2 as "Applicant") submitting the same to furnish to the Design Review Committee a bond or other security acceptable to the Design Review Committee in an amount reasonably sufficient to (i) assure the completion of such Improvement or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, and (ii) to protect the Sub-Association and the other Owners against mechanic's liens or other encumbrances which may be Recorded against their respective interests in the Development as a result of such work; (2) upon such changes therein as it deems appropriate; (3) upon agreement by the Applicant to grant appropriate easements to the Sub-Association for the maintenance of the Improvement; (4) upon agreement of the Applicant to reimburse the Sub-Association for the cost of maintenance; (5) upon agreement of the Applicant to replace such removed trees as may be designated by the Design Review Committee; (6) upon agreement of the Applicant to submit "as-built" record drawings certified by a licensed architect or engineer which describe the Improvements in detail as actually constructed upon completion of the Improvement; and/or, (7) such other conditions as the Design Review Committee may reasonably determine to be prudent and in the best interests of the Sub-Association. The Design Review Committee may further require submission of

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additional plans and specifications or other information prior to approving or disapproving material submitted. The Design Review Committee may also issue rules or guidelines setting forth procedures for the submission of plans for approval, requiring a fee to accompany each application for approval, or stating additional factors which it will take into consideration in reviewing submissions. The Design Review Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as based upon the reasonable cost of the architectural or other professional fees incurred by the Sub-Association in reviewing plans and specifications.

The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, landscaping plans, elevation drawings and descriptions or samples of exterior material and colors. Any application submitted shall be deemed approved, unless written disapproval or a request for further information or materials shall have been transmitted to the Applicant within ninety (90) days after the date of receipt by the Design Review Committee of all required materials; provided, however, that such application and all required materials shall have been delivered to the Design Review Committee by registered or certified U.S. mail, return receipt requested, and shall actually have been received. Declarant and any Participating Builder need not seek approval of the Design Review Committee with respect to their activities except for activities which take place in the Development after the Close of Escrow on the last Lot in the Development.

Section 8.3. Meetings of the Design Review Committee. The Design Review Committee shall meet from time to time as necessary to perform its duties, and may from time to time, by resolution unanimously adopted in writing, designate a Design Review Committee Representative to take any action or perform any duties for and on behalf of the Design Review Committee, except the granting of variances pursuant to Section 8.8. In the absence of such designation, the vote of a majority of the members of the Design Review Committee, or the written consent of a majority of the members of the Design Review Committee taken without a meeting, shall constitute an act of the Design Review Committee.

Section 8.4. No Waiver of Future Approvals. The approval of the Design Review Committee of any proposals or plans and specifications or drawings for any work done or proposed or in connection with any other matter requiring the approval and consent of the Design Review Committee shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings or matters subsequently or additionally submitted for approval or consent.

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Section 8.5. Compensation of Members. At the discretion of the Board of Directors, the members of the Design Review Committee may receive compensation from the Sub-Association for services rendered.

Section 8.6. Correction of Defects. Inspection of work and correction of defects therein shall proceed as follows:

(a) The Design Review Committee or its duly appointed Representative shall have the right to inspect Improvements whether or not its approval has been requested or given ("Right of Inspection"). Such Right of Inspection shall, however, terminate sixty (60) days after receipt by the Design Review Committee of written notice from the Owner of the Lot in which such Improvement is located that such Improvement has been completed. If, as a result of such inspection, the Design Review Committee finds that such Improvement was done without obtaining approval of the plans and specifications therefor or was not done in substantial compliance with plans and specifications approved by the Design Review Committee, it shall, within sixty (60) days of the inspection, notify the Owner in writing of its failure to comply with this Article VIII, specifying the particulars of non-compliance. If work has been performed without approval of plans and specifications therefor, the Design Review Committee may require the Owner of the Lot in which such Improvement is located to submit "as-built" record drawings certified by a licensed architect or engineer which describe the Improvement in detail as actually constructed. The Design Review Committee shall have the authority to require the Owner to take such action as may be necessary to remedy the non-compliance.

(b) If, upon the expiration of sixty (60) days from the date of such notification, the Owner has failed to remedy such non-compliance, the Design Review Committee shall notify the Board of Directors in writing of such failure. Upon Notice and Hearing, the Board of Directors shall determine whether there is a non-compliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If a non-compliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five (45) days from the date that notice of the Board of Directors ruling is given to the Owner. If the Owner does not comply with the Board of Directors' ruling within that period, the Board of Directors, at its option, may Record a notice of non-compliance and may peacefully remedy the non-compliance. The Owner shall reimburse the Sub-Association, upon demand, for all expenses incurred in correcting the non-compliance. If the Owner does not promptly repay such expenses to the Sub-Association, the Board of Directors shall levy a Special Assessment against such Owner for reimbursement as provided in this Declaration. The right of the Sub-Association to remove a non-complying Improvement or to otherwise remedy the non-compliance shall be in addition to all other rights and remedies which the Sub-Association may have at law, in equity, or in this Declaration.

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(c) If for any reason the Design Review Committee fails to notify the Owner of any non-compliance with previously submitted and approved plans and specifications within sixty (60) days after receipt of written notice of completion from the Owner, the Improvement shall be deemed to be in accordance therewith.

(d) All construction, alteration or other work shall be performed as promptly and as diligently as possible and shall be completed within one hundred eighty (180) days of the date on which the work commenced.

Section 8.7. Variances. When circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require it, the Design Review Committee may authorize variances from compliance with any of the architectural provisions of this Declaration, including, without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions. Such variances must be evidenced in writing, must be signed by at least a majority of the members of the Design Review Committee, and shall become effective upon Recordation. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it in any way affect the Owner's obligation to comply with all governmental laws and regulations affecting his use of the premises, including, but not limited to, zoning ordinances and Lot set-back lines or requirements imposed by the City of Las Vegas, the County of Clark or any municipal or other public authority. The granting of a variance shall not be deemed to be approval from the standpoint of compliance with such laws or regulations, nor from the standpoint of structural safety, and the Design Review Committee, provided it acts in good faith, shall not be liable for any damage to an Owner as a result of its granting or denying of a variance.

Section 8.8. Non-Liability for Approval of Plans. The Design Review Committee's approval of proposals or plans and specifications shall not constitute a representation, warranty or guarantee, whether express or implied, that such proposals or plans and specifications comply with good architectural or engineering design or with zoning, fire or building codes and ordinances, or other governmental regulations or restrictions nor that such Improvements will be structurally sound. By approving such proposals or plans and specifications neither the Design Review Committee, the members thereof, the Sub-Association, the Board of Directors nor Declarant assumes any liability or responsibility therefor, or for any defect in the structure constructed from such proposals or plans or specifications. Neither the Design Review Committee, any member thereof, the Sub-Association, the Board of

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Directors nor Declarant shall be liable to any Member, Owner, Occupant, or other Person or entity for any damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any proposals, plans and specifications and drawings, whether or not defective, or (b) the construction or performance of any work whether or not pursuant to the approved proposals, plans and specifications and drawings.

Section 8.9. Declarant and Participating Builder Exemption.
The Design Review Committee shall have no authority, power or jurisdiction over Lots owned by Declarant or a Participating Builder, and the provisions of this Article VIII shall not apply to Lots owned by Declarant and the Participating Builder, until such time as Declarant or the Participating Builder conveys title to the Lot to a purchaser thereof. The approval of the Design Review Committee will not be required with respect to the initial construction of a Residence by an Owner in accordance with drawings and specifications that have been approved by Declarant. This Article VIII shall not be amended without Declarant's written consent set forth on the amendment.

ARTICLE IX

DAMAGE, DESTRUCTION, OR CONDEMNATION OF SUB-ASSOCIATION PROPERTY

Damage to, and destruction or condemnation of, all or any portion of the Sub-Association Property shall be handled in the following manner:

Section 9.1. Damage by Member. To the extent permitted by law, each Member shall be liable to the Sub-Association for any damage to the Sub-Association Property not fully reimbursed to the Sub-Association by insurance; provided the damage is sustained as a result of the negligence, willful misconduct or unauthorized or improper installation or maintenance of any Improvement by the Member, his guests, tenants or invitees, or any other Persons deriving their right to, and easement for, use and enjoyment of the Sub-Association Property from the Member, or his or their respective Family and guests, both minor and adult. The Sub-Association, however, acting through the Board of Directors, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Sub-Association, and the Sub-Association further reserves the right, after Notice and Hearing as provided in the Bylaws, to levy a Special Assessment equal to the increase, if any, of insurance premiums directly attributable to the damage caused by the Member or the Person for whom the Member may be responsible as described above. In the case of co-ownership of a Lot, the liability of the co-owners shall be joint and several, except to the extent that the Sub-Association shall have previously contracted in writing with the co-owners to the contrary. After Notice and Hearing, the Sub-Association may levy a Special Assessment in the amount of the cost of correcting the

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damage, to the extent not reimbursed to the Sub-Association by insurance, against any Lot owned by such Member, and such Special Assessment may be enforced as provided herein.

Section 9.2. Repair of Damage. In the case of damage by fire or other casualty or in the event any governmental or public authority shall require any repair, reconstruction or replacement of any Sub-Association Property, the Sub-Association shall have the duty to repair, reconstruct or replace the same. Any insurance proceeds payable by reason thereof shall be paid to the Sub-Association, which shall be used, to the extent necessary, to pay the costs of repair, reconstruction or replacement. The Sub-Association shall in the same manner and proportion that Common Assessments are levied against and collected from Owners, levy a Special Assessment against Owners to satisfy any deficiency where (i) the insurance proceeds are insufficient to defray the entire costs of repair, reconstruction or replacement, or (ii) where such repair, reconstruction or replacement was required by a governmental or public authority. Notwithstanding the foregoing, any restoration or repair of Sub-Association Property after damage due to an insurable hazard shall be performed substantially in accordance with the original plans and specifications unless other action is approved by holders of fifty-one percent (51%) of the First Mortgages on Lots.

Section 9.3. Condemnation. If at any time, all or any portion of Sub-Association Property, or any interest therein, is taken for any governmental or public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Sub-Association. Any such award payable to the Sub-Association shall be deposited in the operating fund. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. The Sub-Association shall have the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members. Immediately upon having knowledge of any taking by eminent domain of Sub-Association Property, or any portion thereof, or any threat thereof, the Board of Directors shall promptly notify all Owners and all insurers and First Mortgagees of Lots.

ARTICLE X

COMMON AREA AND EXTERIOR MAINTENANCE - EASEMENTS

Section 10.1. Title To and Use of Private Streets. Prior to the conveyance of a Lot within the Initial Property or any Annexed Territory to a member of the public, Declarant shall convey to the Sub-Association fee simple title to the Private Streets within the Initial Property or such Annexed Territory, as the case may be, free and clear of all monetary encumbrances and liens except those imposed by the County of Clark and/or the City of Las Vegas but subject to all rights, easements, conditions, restrictions and

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reservations then of Record including those set forth in this Declaration and the Master Declaration. Every Owner and Occupant shall have a non-exclusive right and easement to use the Private Streets for pedestrian and vehicular traffic, and may delegate such right and easement to such Owner's or Occupant's guests, subject to the Rules and Regulations of the Sub-Association.

The Sub-Association shall have the right to offer, dedicate and transfer any or all of the Private Streets to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Sub-Association consistent with the provisions of this Declaration; provided, however, that same does not violate the Articles of Incorporation or the Bylaws of the Sub-Association and that no such dedication or transfer shall be effective unless such dedication has been approved by the Board and by Members representing two-thirds (2/3) or more of the voting power of the Sub-Association and for so long as Declarant is the Class C Member such dedication shall require the written consent of Declarant.

Section 10.2. Common Areas. Prior to conveyance of the first Lot within the Initial Property or any Annexed Territory to a member of the public, Declarant shall dedicate or convey to the Sub-Association fee simple title to the Common Areas within the Initial Property or such Annexed Territory, as the case may be, shown on subdivision maps of the Development recorded by Declarant, free and clear of all monetary encumbrances and liens except those imposed by Clark County and/or the City of Las Vegas, but subject to all rights, easements, conditions, restrictions and reservations then of Record including those set forth in this Declaration and the Master Declaration. The Sub-Association shall be obligated to provide for the care, operation, management, maintenance, repair and replacement of the Common Areas. Without limiting the generality of the foregoing, such obligation shall include keeping the Common Areas in good, clean, attractive and sanitary condition, order and repair; repairing wind and other damage caused by the elements; removing any debris or materials to prevent obstruction of access to each Lot; keeping the Common Areas safe, attractive and maintained in a manner desirable for a residential community; and making necessary or desirable alterations, additions, betterments or improvements to or on the Common Areas.

Subject to the provisions of any easements granted to, or conditions imposed by, the City of Las Vegas in connection with its approval of the subdivision of the Development by Declarant, any areas designated as Common Areas on subdivision maps recorded by Declarant for a portion of the Development shall be used only as open space maintained in accordance with the natural environment of the property and/or for recreational purposes related to the enjoyment of such area by Owners, Occupants and their guests pursuant to the rules and regulations of the Sub-Association. Subject to the provisions of any easements granted to, or conditions imposed by, the City of Las Vegas in connection with its

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approval of the subdivision of the Development by Declarant, but notwithstanding any other provision of this Section 10.2 to the contrary, Declarant shall at all times retain the right and easement to construct and use, and allow others to use all or any portion of the Common Areas for a display and sales office for any of Declarant's property located in Clark County.

Section 10.3. Common Area Maintenance. The Sub-Association shall provide all maintenance, repair and replacement reasonably deemed necessary to the Sub-Association's Common Area, landscaping, fences and other Improvements located thereon, including, but not limited to, cutting and trimming the grass, weeds, trees and vegetation located thereon when necessary. No Owner shall, in whole or in part, change the landscaping of any portion of the Common Area by the addition or removal of any items thereon without the prior written approval of the Board of Directors.

Section 10.4. Damage by Owner. Notwithstanding anything to the contrary contained in this Article, in the event that the need for maintenance or repair of the Private Streets, Common Area, a Lot, or any Improvements located thereon, is caused by the willful or negligent act or omission of any Owner, or by the willful or negligent act or omission of any member of such Owner's family or by a guest or invitee of such Owner, the cost of such repair or maintenance shall be the personal obligation of such Owner. A determination of the negligence or willful act or omission of any Owner or any member of an Owner's family or a guest or invitee of any Owner, and the amount of the Owner's liability therefore, shall be determined by the Board of Directors, after Notice and Hearing, provided that any such determination which assigns liability to any Owner pursuant to the terms of this Section may be appealed by said Owner to a court of law.

Section 10.5. Use of Common Area.

(a) No use shall be made of the Common Area which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Areas.

(b) No Owner shall place any structure whatsoever upon the Common Area, nor shall any Owner engage in any activity which will temporarily or permanently deny free access to any part of the Common Area to all members, other than on such parts thereof that may be designated as exclusive use areas.

(c) The use of the Common Area shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors.

Section 10.6. Interior and Other Maintenance. Each Owner shall be responsible for the upkeep and maintenance of the interior of his Residence and for the upkeep and maintenance of individual patios and all other areas, features, or parts of his Lot not

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otherwise maintained by the Sub-Association. All fixtures and equipment installed within the Lot, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the exterior walls of a Residence, shall be maintained and kept in repair by the Owner thereof. This shall be deemed to include all heating and air conditioning equipment for the Lot. Termite control shall be the responsibility of the Lot Owner. A Lot Owner shall do no act nor any work that will impair any easement, nor do any act or allow any condition to exist which will adversely effect the other Lots or their Owners.

ARTICLE XI

ANNEXATION TO THE DEVELOPMENT

Section 11.1. Annexation of Annexable Area.

(a) Annexation. Subject to subsection 11.1(b) of this Article, Declarant in its sole discretion, may unilaterally, from time to time, but shall in no way be required to, add all or any portion or portions of the Annexable Area to the Development covered by this Declaration. Annexation shall be accomplished by the Recording of a Notice of Annexation with respect to the Annexed Territory.

Upon the Recording of a Notice of Annexation covering any portion of the Annexable Area and containing the provisions set forth herein, the covenants, conditions, restrictions and other matters contained in this Declaration shall apply to the Annexed Territory in the same manner as if such Annexed Territory were originally covered by this Declaration and constituted an original portion of the Development. Thereafter the rights, privileges, duties and liabilities of the parties to this Declaration with respect to the Annexed Territory shall be the same as with respect to the Initial Property, and the rights, obligations, privileges, duties and liabilities of the Owners, lessees and Occupants of Lots within the Annexed Territory shall be the same as in the case of the Lots originally affected by this Declaration.

Nothing in this Declaration shall be deemed to be a representation by Declarant that all or any particular portion (excluding the Initial Property) of the Annexable Area shall be annexed to the Development or be made subject to this Declaration.

(b) Notice of Annexation. The Notice of Annexation referred to in subsection 11.1(a) of this Article shall be executed and acknowledged by Declarant and shall contain: (i) a reference to this Declaration which shall state the date, county, and book and page of its Recordation, along with its instrument number or any other relevant Recording data; (ii) a statement that the provisions of this Declaration as set forth herein shall apply to the Annexed Territory; and (iii) an exact legal description of the Annexed

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Territory. The Notice of Annexation shall be substantially in the form of Exhibit "C" hereto.

Section 11.2. Contraction of Annexable Area. So long as real property is not Annexed Territory subject to this Declaration, the Annexable Area may be contracted to delete such real property effective upon the Recordation of a written instrument describing such real property, executed by Declarant, and declaring that such real property shall thereafter be deleted from the Annexable Area. Such real property may be deleted from the Annexable Area without a vote of the Sub-Association or the approval or consent of any other Person, except as provided herein.

ARTICLE XII

INTEREST AND EXEMPTION OF DECLARANT

Section 12.1. Interest of Declarant. It is acknowledged that the property covered by this Declaration is a portion of a larger parcel of land which Declarant is causing to be developed into a master planned community. Declarant has created a master plan for the development of the Development which includes the use of modern master-planning objectives and techniques which have been formulated for the common good and enhancement of property values within the community. Each Owner of a Lot which is part of the Development acknowledges by acceptance of a Deed or other conveyance therefor, whether or not it shall be so expressed in any such Deed, notice or other instrument, that Declarant has a substantial interest to be protected with regard to assuring compliance with, and enforcement of, the covenants, conditions, restrictions, reservations and other matters contained in this Declaration along with any amendments thereto. Consequently, until such time as Declarant and all Participating Builders no longer own any Lots in the Development, the following actions, before being undertaken by the Members or by the Sub-Association, shall first be approved in writing by Declarant:

(i) Any amendment or action specifically requiring the approval of First Mortgagees pursuant to this Declaration, including, without limitation, all amendments and actions specified in Sections 15.2 and 15.3 hereof, or specifically requiring the approval of Declarant pursuant to this Declaration;

(ii) The levy of a Capital Improvement Assessment for the construction of new facilities not originally included in the Sub-Association Property; and,

(iii) Subject to Section 7.7 hereof regarding limitations on yearly Common Assessment increases, any significant reduction of Sub-Association maintenance or other services.

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Section 12.2. Exemption of Declarant and Participating Builders. Notwithstanding anything to the contrary in this Declaration, the following shall apply:

(a) Nothing in this Declaration shall limit, and no Owner nor the Sub-Association shall do anything to interfere with, the right of Declarant and Participating Builders to subdivide or re-subdivide any portion of the Development or the right of Declarant or a Participating Builder to complete excavation and grading and the construction of Improvements to and on any portion of the Development, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Declarant or a Participating Builder deems advisable in the course of development of the Development for so long as any Lot in the Development is owned by Declarant or a Participating Builder or any portion of the Annexable Area is owned by Declarant.

(b) This Declaration shall in no way limit the right of Declarant or a Participating Builder to grant additional licenses, easements, reservations and rights-of-way to itself, to governmental or public authorities (including without limitation public utility companies), or to others, as may from time to time be reasonably necessary to the proper development and disposal of Lots in the Development; provided, however, that if any Governmental Mortgage Agency approval is sought by Declarant or a Participating Builder, then such Governmental Mortgage Agency shall have the right to approve any such grants as provided herein.

(c) Prospective purchasers, Declarant and any Participating Builder shall have the right to use all and any portion of the Sub-Association Property for access to the sales facilities of Declarant or such Participating Builder.

(d) Declarant and Participating Builders may use any structures owned by Declarant in the Development as model home complexes or real estate sales offices, subject to the time limitations set forth herein, after which time, Declarant or the Participating Builder shall restore the Improvement to the condition necessary for the issuance of a final certificate of occupancy by the appropriate governmental entity.

(e) All or any portion of the rights of Declarant or a Participating Builder in this Declaration may be assigned by Declarant or the Participating Builder to any successor in interest, by an express and written Recorded assignment which specifies the rights of Declarant or such Participating Builder so assigned.

(f) The prior written approval of Declarant will be required before any amendment to this Article XII shall be effective.

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(g) The rights and reservations of Declarant and Participating Builders referred to in this Section 12.2 shall terminate on the fifteenth (15th) anniversary of the Recordation of this Declaration.

ARTICLE XIII

INSURANCE

Section 13.1. Duty to Obtain Insurance; Types. The Board of Directors shall cause to be obtained and maintained adequate blanket public liability insurance (including medical payments), with such limits as the Board of Directors in its discretion considers prudent. The Board of Directors shall also cause to be obtained and maintained fire and casualty insurance with extended coverage, without deduction for depreciation, in an amount as near as possible to the full replacement value of the Improvements located on Sub-Association Property. Such insurance shall be maintained for the benefit of the Sub-Association, the Owners, and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements as set forth herein. The Board of Directors shall purchase such other insurance, as necessary, including, but not limited to, errors and omissions, directors, officers and agents' liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and workers' compensation, and such other risks as shall customarily be covered with respect to projects similar in construction, location, and use. Fidelity bond coverage, as set forth below, must be obtained, if reasonably available, by or on behalf of the Sub-Association for any Person or entity handling funds of the Sub-Association, including, but not limited to, officers, directors, trustees, and employees of the Sub-Association, whether or not such Persons are compensated for their services, and employees of the Manager, whether such Manager is an employee or an independent contractor. The aggregate amount of such fidelity bonds shall not be less than an amount equal to one-fourth (1/4) of the sum of the annual Common Assessments and Capital Improvement Assessments on all Lots in the Development. Notwithstanding any other provision herein, the Sub-Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond, meeting the insurance and fidelity bond requirements established by any Governmental Mortgage Agency, so long as any of them is an Owner of a Lot or holder or insurer of a Mortgage on a Lot within the Development, except to the extent such coverage is not available or has been waived in writing by any such Governmental Mortgage Agency, as applicable. Certificates of insurance shall be issued to each Owner and Mortgagee upon written request.

Section 13.2. Waiver of Claims Against Sub-Association. As to all policies of insurance maintained by or for the benefit of the Sub-Association and the Owners, the Sub-Association and the Owners hereby waive and release all claims against one another, the

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Board of Directors, and Declarant to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of such Persons, except as may be provided elsewhere in this Declaration.

Section 13.3. Notice of Expiration Requirements. If available, all of the policies of insurance maintained by the Sub-Association shall contain a provision that such policy or policies shall not expire or be canceled, terminated, or materially modified without thirty (30) days prior written notice to the Board of Directors, Declarant, Owners and those holders or insurers of First Mortgages who have filed a written request with the carrier for such notice, and every other Person in interest who requires such notice of the insurer.

Section 13.4. Insurance Premiums. Insurance premiums for any insurance coverage obtained by the Sub-Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense to be included among the Common Assessments levied by the Sub-Association and collected from the Owners. That portion of the Common Assessments necessary for the required insurance premiums shall be separately accounted for by the Sub-Association in the reserve fund, to be used solely for the payment of premiums of required insurance as such premiums become due.

Section 13.5. Trustee for Policies. The Sub-Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Sub-Association. All insurance proceeds under any such policies as provided for in Section 13.1 of this Article shall be paid to the Board of Directors as trustee. The Board of Directors shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Insurance proceeds shall be used by the Sub-Association for the repair or replacement of the property for which the insurance was carried. The Board of Directors is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers, with participation, to the extent they desire, of First Mortgagees who have filed written requests within ten (10) days of receipt of notice of any damage or destruction. Any two (2) Directors of the Sub-Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds. Notwithstanding the foregoing, there may be named as an insured a representative chosen by the Board of Directors, including a trustee or any successor to such trustee, with whom the Sub-Association may enter into an insurance trust agreement, who shall have such authority as is delegated by the Board of Directors to negotiate losses under any policy providing property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

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Section 13.6. Actions as Trustee. Except as otherwise specifically provided in this Declaration, the Board of Directors, acting on behalf of the Sub-Association and all Owners, shall have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Sub-Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance, in a manner satisfactory to the First Mortgagees holding seventy-five percent (75%) of the First Mortgages who have filed notice with the Sub-Association pursuant to Section 15.3 hereof. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Sub-Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Sub-Association to all Mortgagees who have requested the same in writing.

Section 13.7. Annual Insurance Review. The Board of Directors shall review the insurance carried by or on behalf of the Sub-Association at least annually, for the purpose of determining the amount of the casualty and fire insurance to be carried pursuant to Section 13.1 of this Article. If economically feasible, prior to each annual review the Board of Directors shall obtain a current appraisal, by a qualified independent insurance appraiser, of the full replacement value of the Improvements on the Sub-Association Property, except for foundations and footings, without deduction for depreciation.

Section 13.8. Required Waiver. All policies of physical damage insurance shall provide for waiver of the following rights to the extent that the respective insurers would have the rights without such waivers: :

(a) subrogation of claims against the Owners and tenants of the Owners;

(b) any defense based upon co-insurance;

(c) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Sub-Association;

(d) any invalidity, other adverse effect or defense as a result of any breach of warranty or condition caused by the Sub-Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;

(e) any right of the insurer to repair, rebuild, or replace, and, if the Improvement is not repaired, rebuilt, or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;

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(f) notice of the assignment of any Owner of his interest in the insurance by virtue of a conveyance of any Lot; and,

(g) any right to require any assignment of any Mortgage to the insurer.

Section 13.9. Other Insurance to be Maintained by Owners. Insurance coverage on the furnishings and other items of personal property belonging to an Owner, public liability insurance coverage upon each Lot, and hazard insurance coverage on the Improvements constructed on such Lots (unless the Board of Directors elects to maintain such coverage by written notice to the Owners) shall be the responsibility of the Owner thereof.

ARTICLE XIV

TOURNAMENT PLAYERS CLUB

Section 14.1. Certain Additional Definitions. For purposes of this Article XV, and as used elsewhere in this Declaration, the following terms shall have the meanings set forth below:

(a) "Golf Course Property" shall mean the land adjacent to the Development currently being operated or intended to be operated as a golf course and country club.

(b) "Club" means the Tournament Players Club at Summerlin, which is the golf, tennis and country club located on the Golf Course Property.

(c) "PGA TOUR" shall mean the PGA TOUR, INC., a Maryland corporation, which sanctions, sponsors and promotes professional golf tournaments.

(d) "TPC, Inc." shall mean Tournament Players Club at Summerlin, Inc., a Nevada corporation and an indirect wholly owned subsidiary of PGA TOUR, which is the manager of the Club.

Section 14.2. Access to Golf Course Property and Club. No Owner shall have any right, by virtue of Membership in the Sub-Association or ownership of a Lot in the Development, whether or not contiguous to the Golf Course Property, of access, entry or other use of the Golf Course Property, nor any right to join or become a member of the Club.

Section 14.3. Use Restrictions on Contiguous Property. No activity shall be permitted on any Lots contiguous to the Golf Course Property or within one hundred feet (100') of the boundary of the Golf Course Property that unreasonably disturbs play on or the enjoyment of the Golf Course Property by the members and guests of the Club, including, without limitation, undue noise, dumping or

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storing of unsightly trash or debris within view of the Golf Course Property or any other noxious or offensive activity.

Section 14.4. Walls and Fences. No walls, fences or other obstructions shall be constructed within ten feet (10') of the boundary of the Golf Course Property without the prior written consent of the Design Review Committee and the PGA TOUR.

Section 14.5. Activities During TOUR Events. During the conduct of any professional golf tournament sanctioned or sponsored by PGA TOUR, there shall be no unusual construction activity or other activity which, in the reasonable judgment of the management of the Club, disturbs play in, or conduct of, such tournament, including the enjoyment of such tournament by spectators.

Section 14.6. Waiver of Liability for Errant Golf Balls. By acceptance of a Deed to a Lot in the Development, the Sub-Association and each Owner, for himself and on behalf of his family, guests and tenants, hereby release Declarant, the owner and any manager of the Golf Course Property, PGA TOUR, TPC, Inc., the Master Association (and each Owner and the Sub-Association mutually release each other), and their respective agents, employees, directors, officers, shareholders, partners, and contractors, from all claims, demands, expenses, damages, costs, causes of action, obligations and liabilities, including, without limitation, damage to his Residence or Lot and damages for personal injury or death, which in any way arise from or relate to the impact of a golf ball which enters upon the Sub-Association Property or within any Lot or Residence from the Golf Course Property, whether or not the golf ball is struck in a negligent manner.

Section 14.7. Conveyance of Country Club. All Persons, including all Owners, are hereby advised and by accepting a Deed to any Lot acknowledge that no representations or warranties have been or are made by the Declarant or any other Person with regard to the continuing ownership or operation of the Golf Course Property or the Club, and no purported representation or warranty in such regard, either written or oral, shall ever be effective without an amendment hereto executed or joined into by the Declarant. Further, the ownership or operational duties of and as to the Golf Course Property or the Club may change at any time and from time to time by virtue of, but without limitation, (a) the sale or assumption of operations of the Golf Course Property or the Club by/to an independent Person, (b) the conversion of the Golf Course Property or the Club membership structure to an "equity" club or similar arrangement whereby the members of the Golf Course Property or the Club or an entity owned or controlled thereby become the owner(s) and/or operator(s) of the Golf Course Property or the Club, or (c) the conveyance, pursuant to contract, option, or otherwise, of the Golf Course Property or the Club to one or more affiliates, shareholders, employees, or independent contractors of Declarant, TPC, Inc. or PGA TOUR or any other Person. As to any of the foregoing or any other alternative, no consent of the Sub-

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Association, or any Owner shall be required to effectuate such transfer.

Section 14.8. Enforcement. The owner of the Golf Course Property, PGA TOUR (so long as PGA TOUR sponsors and promotes golf tournaments on the Golf Course Property), TPC, Inc. (so long as TPC, Inc. is the manager of the Club), as well as the Sub-Association, any Owner, and Declarant and any Participating Builder (so long as Declarant or such Participating Builder owns a Lot in the Development or Declarant owns any portion of the Annexable Area), shall have the right to enforce any or all of the provisions of this Article XIV.

ARTICLE XV

MISCELLANEOUS

Section 15.1. Term. The provisions of this Declaration shall run with and bind the Development, and shall inure to the benefit of and be enforceable by the Sub-Association or the Owner of any land subject to this Declaration, their respective legal representatives, successors and assigns, for a term of fifty (50) years from the date of Recordation of this Declaration, after which time such provisions shall be automatically extended for successive periods of ten (10) years unless a declaration of termination meeting the requirements of an amendment to this Declaration as set forth in Sections 15.2 and 15.3 have been Recorded.

Section 15.2. Amendments.

(a) By Declarant. Prior to the sale of a Lot to a member of the public, the provisions of this Declaration may be amended or terminated by Recordation of a written instrument signed by Declarant setting forth such amendment or termination.

(b) By Members. The provisions of this Declaration, (excluding Articles V, VII, VIII, XII and XIV hereof and Sections 15.2 and 15.3 of this Article XV, which may not be amended without the written consent of Declarant until (i) the Close of Escrow for the sale of the last Lot in the Development from Declarant to a purchaser and (ii) Declarant no longer owns any portion of the Annexable Area), may be amended by Recordation of a certificate, signed and acknowledged by the president and secretary of the Sub-Association, setting forth the amendment and certifying that such amendment has been approved by at least sixty-seven percent (67%) of the voting power of the Sub-Association and the requisite percentage of holders and insurers of First Mortgages, if applicable.

(c) Approval of First Mortgagees. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved by the record holders and insurers of seventy-five

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percent (75%) of the First Mortgages at the time of such amendment, based upon one (1) vote for each Mortgage owned or insured:

(i) Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protections granted to holders, insurers and guarantors of First Mortgages as provided in Articles VII, IX, XIII, and XV hereof;

(ii) Any amendment which would necessitate an encumbrancer, after it has acquired a Lot through foreclosure, to pay more than its proportionate share of any unpaid assessment or assessments accruing after such foreclosure;

(iii) Any amendment which would or could result in an encumbrance being canceled by forfeiture or in the individual Lot not being separately assessed for tax purposes;

(iv) Any amendment relating to the insurance provisions as set out in Article XIII hereof, or to the application of insurance proceeds as set out in Article XIII hereof, or to the disposition of any money received in any taking under condemnation proceedings;

(v) Any amendment which would or could result in termination or abandonment of the Development or partition or subdivision of a Lot, in any manner inconsistent with the provisions of this Declaration; and,

(vi) Any amendment concerning voting rights, rights to use the Association Property, responsibility for maintenance, repair, and replacement of the Association Property, annexation or deannexation of real property to or from the Development, leasing of Lots, and the establishment of self-management by the Sub-Association where professional management has been required by any institutional holder or insurer of a First Mortgage.

Any approval required under this subsection 15.2 (c) shall be deemed given if no written notice of disapproval is received within sixty (60) days following the receipt of notice of intent to amend by the Sub-Association.

(d) By the Request of a Governmental or Public Agency or Any Governmental Mortgage Agency.

(i) Anything in this Article to the contrary notwithstanding, Declarant reserves the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by any Governmental Mortgage Agency and to further amend to the extent requested by any other federal, state or local governmental or public agencies which request such amendments as a condition precedent to such

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agency's approval of this Declaration. Any such amendment shall be effectuated by the Recordation, by Declarant, of a certificate of amendment duly signed by the authorized agents or authorized officers of Declarant, as applicable, with their signatures acknowledged, specifying the Governmental Mortgage Agency, the federal, state or local governmental or public agency requesting the amendment and setting forth the amendatory language requested by such agency or institution. Recordation of such a certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such certificate, when Recorded, shall be binding upon the Development and all Persons having an interest therein.

(ii) It is the desire and intent of Declarant to retain certain controls over the Sub-Association and its activities during the anticipated period of planning and development of the Development. If any amendment requested pursuant to the provisions of this subsection 15.2 (d) deletes, diminishes or alters such controls, Declarant shall have the right to prepare, provide for and adopt as an amendment hereto, other and different control provisions.

(iii) In the event this Declaration is Recorded or used for any purpose prior to having been approved by any Governmental Mortgage Agency or any governmental or public agency with jurisdiction, Declarant shall have the absolute right to amend the provisions hereof without the approval of any agency or any percentage of the Membership whatsoever until such approval is first obtained. Such amendment shall be effective when signed by the Declarant and duly Recorded.

Section 15.3. Mortgagee Protection. Notwithstanding any other provision of this Declaration, no amendment or violation of this Declaration shall operate to defeat or render invalid the rights of the Mortgagee under any Mortgage or the Beneficiary under any Deed of Trust upon a Lot made in good faith and for value, and Recorded prior to the Recordation of such amendment, provided that after the foreclosure of any such Mortgage or Deed of Trust such Lot shall remain subject to this Declaration, as amended. Notwithstanding any and all provisions of this Declaration to the contrary, in order to induce any Governmental Mortgage Agency to participate in the financing of the sale of Lots within the Development, the following provisions are added hereto (and to the extent these added provisions, pertaining to the rights of Mortgagees or any Governmental Mortgage Agency, conflict with any other provisions of this Declaration or any other of the Restrictions, these added restrictions shall control):

(a) Each holder, insurer and guarantor of a First Mortgage encumbering any Lot upon filing a written request for notification with the Board of Directors, is entitled to written notification from the Sub-Association of any default by the

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Mortgagor of such Lot in the performance of such Mortgagor's obligations under this Declaration, the Articles or Bylaws, if such default is not cured within thirty (30) days after the Sub-Association learns of such default;

(b) Every Owner, including every First Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot pursuant to the remedies provided in such Mortgage, or pursuant to foreclosure of the Mortgage, or by Deed (or assignment) in lieu of foreclosure, shall be exempt from any right of first refusal created or purported to be created by the Restrictions;

(c) Each First Mortgagee of a Mortgage encumbering any Lot which obtains title to such Lot pursuant to either judicial foreclosure or the powers provided in such Mortgage, shall take title to such Lot free and clear of any claims for unpaid assessments or charges pursuant to this Declaration against such Lot which accrued prior to the acquisition of title by the First Mortgagee to such Lot; and,

(d) If a professional Manager has been retained by the Sub-Association and professional management has been previously required by a holder, insurer or guarantor of a First Mortgage, any decision to undertake self-management by the Sub-Association shall require the prior approval of Members representing sixty-seven percent (67%) of the voting power of the Sub-Association and the holders of seventy-five percent (75%) of the First Mortgages on Lots.

(e) Unless at least sixty-seven percent (67%) of the First Mortgagees have given their prior written approval, neither the Sub-Association nor the Owners shall:

(i) Subject to any provisions of the Nevada non-profit corporation law to the contrary, by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Sub-Association Property or the Improvements thereon which are owned, directly or indirectly, by the Sub-Association (the granting of easements for public utilities or conveyance of title for roadway purposes to a governmental entity or for other public purposes consistent with the intended use of such property by the Sub-Association shall not be deemed a transfer within the meaning of this clause);

(ii) Change the method of determining obligations, assessments, dues or other charges which may be levied against any Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(iii) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design of the exterior appearance of the dwelling units on the Lots, the exterior maintenance of the

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dwelling units on the Lots, or the upkeep of lawns and plantings on the Sub-Association Property;

(iv) Fail to maintain fire and extended coverage insurance on insurable Sub-Association Property on a current replacement cost basis in an amount as near as possible to one hundred percent (100%) of the insurable value (based on current replacement cost);

(v) Use hazard insurance proceeds for losses to any Sub-Association Property for other than the repair, replacement or reconstruction of such Improvements; provided, however, if there are excess proceeds, then such proceeds shall be used at the Board of Directors' discretion; or,

(vi) Amend this Declaration or the Articles or Bylaws in such a manner that the rights of any First Mortgagee will be adversely affected.

(f) All holders, insurers and guarantors of First Mortgages on Lots, upon written request, shall have the right to (i) examine the books and records of the Sub-Association during normal business hours, (ii) require from the Sub-Association the submission of an audited annual financial statement (without expense to the holder, insurer or guarantor requesting such statement) and other financial data concerning the Sub-Association, (iii) receive written notice of all meetings of the Members, and (iv) designate in writing a non-voting representative to attend all such meetings.

(g) All holders, insurers and guarantors of First Mortgages of Lots who have a written request on file with the Sub-Association shall be given (i) thirty (30) days written notice prior to the effective date of any proposed, material amendment to this Declaration, the Articles or Bylaws, and prior to the effective date of any termination of an agreement for professional management of the Development following a decision of the Owners to assume self-management of the Development; and, (ii) immediate written notice as soon as the Board of Directors receives notice or otherwise learns of any damage to the Sub-Association Property where the cost of reconstruction exceeds Seventy-Five Thousand Dollars (\$75,000), and as soon as the Board of Directors receives notice or otherwise learns of any condemnation or eminent domain proceedings for acquisition of any portion of the Development.

(h) First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Sub-Association Property and may pay any overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such property, and First Mortgagees making such payments shall be owed immediate reimbursement therefor from the Sub-Association.

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(i) Any agreement between the Sub-Association and its professional Manager, or any agreement providing for services by Declarant to the Sub-Association, shall provide that the contract may be terminated for cause on not more than thirty (30) days written notice, and without cause (and without penalty or the payment of a termination fee) at any time upon ninety (90) days written notice, and the term of any such contract shall not exceed one (1) year.

(j) The Board of Directors shall secure and cause to be maintained in force at all items a fidelity bond for any Person or entity handling funds of the Sub-Association, including but not limited to, employees of any professional Manager.

(k) Any agreement for the leasing or rental of a Lot shall provide that the terms of such agreement shall be subject in all respects to the provisions of this Declaration, the Articles and Bylaws. All such agreements shall be in writing and shall provide that any failure by the lessee to comply with the terms of this Declaration, the Articles and Bylaws shall be a default under the agreement.

(l) In addition to the foregoing, the Board of Directors may, in its sole discretion, enter into such contracts or agreements on behalf of the Sub-Association as are required in order to satisfy the guidelines of any Governmental Mortgage Agency so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of First Mortgages encumbering Lots with Residences thereon. Each Owner hereby agrees that it will benefit the Sub-Association and the Membership of the Sub-Association, as a class of potential Mortgage borrowers and potential sellers of their respective Lots if such agencies approve the Development as a qualifying community under their respective policies, rules and regulations, as adopted from time to time. Mortgagees are hereby authorized to furnish information to the Board of Directors concerning the status of any Mortgage encumbering a Lot.

Section 15.4. Notices. Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally, by mail or by telegraph, telex, telecopy or cable. For the purposes of this provision, personal delivery shall include service by a reputable overnight carrier which provides a receipt indicating date and time of delivery, location of delivery and person to whom transmitted. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any Person at the address given by such Person to the Sub-Association for the purpose of service of such notice, or to the Residence of such Person if no address has been given to the Sub-Association. Such address may be changed from time to time by notice in writing to the Sub-Association. If delivery is made by telegraph or cable, it shall be deemed to have been delivered when delivered to the telegraph

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company with charges prepaid, and, if made by telex or telecopy, it shall be deemed to have been delivered when sent. Any notice sent by cable, telex or telecopy must be confirmed within forty-eight (48) hours by letter mailed or personally delivered in accordance with the foregoing.

Section 15.5. Enforcement and Non-Waiver.

(a) Right of Enforcement. Except as otherwise expressly provided herein, the Sub-Association, any Owner, and Declarant and any Participating Builder (so long as (i) Declarant or such Participating Builder owns a Lot in the Development or (ii) Declarant owns any portion of the Annexable Area), shall have the right to enforce any or all of the provisions of the Restrictions against any property within the Development and the Owners thereof. Such right shall include an action for damages, as well as an action to enjoin any violation of the Restrictions. Each Owner shall have a right of action against the Sub-Association for its failure to comply with the Restrictions.

(b) Violations a Nuisance. Every act or omission whereby any provision of the Restrictions is violated in whole or in part is hereby declared to be a nuisance and every remedy allowed by law or equity against a nuisance, either public or private, shall be applicable against every such result and may be exercised by any Owner, by the Sub-Association, or its successors-in-interest.

(c) Violation of Law. Any violation of any federal, state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Development is hereby declared to be a violation of the Restrictions and subject to all of the enforcement procedures set forth in the Restrictions.

(d) Remedies Cumulative. Each remedy provided herein and by the Restrictions is cumulative and not exclusive. The Sub-Association may, at its option, without waiving the right to enforce its lien against a Lot, bring a suit at law to enforce each assessment obligation.

(e) Non-Waiver. The failure of the Sub-Association to enforce any of the provisions of the Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provisions of the Restrictions.

(f) Attorneys' Fees. Any judgment rendered in any action or proceeding in connection with this Declaration shall include a sum for attorneys' fees in such amount as the court may deem reasonable, in favor of the prevailing party, as well as the amount of delinquent payment (if applicable), interest thereon, late charges (if any) and court costs.

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Section 15.6. Severability. Invalidation of any of these covenants or restrictions by judgment or court order shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 15.7. Conflicts of Provisions. In case of any conflict between this Declaration, the Articles of Incorporation, or Bylaws of the Sub-Association, this Declaration shall control. In case of any conflict between the Articles and the Bylaws, the Articles shall control. In the case of any conflict between this Declaration and the Master Declaration, the Master Declaration shall control.

Section 15.8. Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the Rule against Perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest. The "lives in being" for computing the period of perpetuities shall be (a) those which would be used in determining the validity of the challenged interest, plus (b) those of the issue of the Board of Directors of the Sub-Association, who are living at the time the period of perpetuities starts to run on the challenged interest.

Section 15.9. References to the Covenants in Deeds. Deeds to and instruments affecting any Lot or any part of the Development may contain the covenants herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the covenants shall be binding upon the grantee-Owner or other Person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 15.10. Successors and Assigns of Declarant. Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder.

Section 15.11. Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders;

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words in the singular shall include the plural; and words in the plural shall include the singular.

IN WITNESS WHEREOF, Declarant has hereunto caused its name to be signed by the signature of its duly authorized official as of the day and year first above written.

DECLARANT:

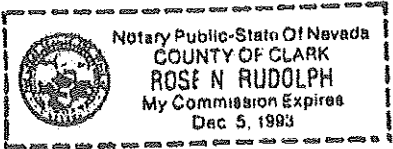
HOWARD HUGHES PROPERTIES,
LIMITED PARTNERSHIP, a
Delaware limited partnership

By: SUMMERLIN, a division of
SUMMA CORPORATION, a
Delaware corporation,
its sole general partner

By: *Mark L. Fine*
Mark L. Fine, President

STATE OF NEVADA)
) ss.
County of CLARK)

On December 17, 1991, personally appeared before me, a Notary Public, MARK L. FINE, personally known to me to be the person whose name is subscribed to the above instrument who acknowledged that he executed the instrument.



Rose N Rudolph
Notary Public

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EXHIBIT "A"
TO SUPPLEMENTAL DECLARATION

DESCRIPTION OF INITIAL PROPERTY

Lots 21, 22, 23, 24, 25, 26, 32, 33, 34, 61, 62, 63, 64, 65, and 66
as shown on the tentative subdivision map of COUNTRY CLUB HILLS
~~attached hereto.~~

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EXHIBIT "C"
TO SUPPLEMENTAL DECLARATION

NOTICE OF ANNEXATION

RECORDING REQUESTED BY, AND
WHEN RECORDED RETURN TO:

Attention: _____

(Space Above For Recorder's Use Only)

THIS NOTICE OF ANNEXATION ("Notice") is made on _____,
19____, by HOWARD HUGHES PROPERTIES, LIMITED PARTNERSHIP, a Delaware
limited partnership ("HHP") with reference to the following facts:

R E C I T A L S

A. HHP is the owner of the following real property
located in the City of Las Vegas, County of Clark, State of Nevada,
described as:

(hereinafter, the "Annexed Territory").

B. On _____, 19____, a Supplemental
Declaration of Covenants, Conditions, Restrictions and Reservation
of Easements for Country Club Hills Community Association (the
"Supplemental Declaration") was recorded in the Office of the
County Recorder of Clark County, Nevada, in Book _____, as
Instrument No. _____, covering certain real property described
therein and referred to herein as Country Club Hills.

C. Article XIV of the Supplemental Declaration provides
for the annexation of the Annexed Territory to Country Club Hills.

NOW, THEREFORE, HHP hereby declares that the Annexed Territory
is and shall be held, conveyed, hypothecated or encumbered, leased,
rented, used, occupied, and improved subject to the Supplemental

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Declaration and to the following provisions, covenants, conditions, restrictions, reservations and limitations (collectively, the "CC&Rs"), all of which are declared and agreed upon for the purpose of enhancing and protecting the value, desirability, and attractiveness of the Annexed Territory and every part and portion thereof, as follows:

1. Establishment of Restrictions and Enforcement. All of the CC&Rs in the Supplemental Declaration and this Notice are hereby established and imposed upon the Annexed Territory for the benefit of the Annexed Territory and each and every portion thereof and each and every Owner of an interest of any kind or character therein. Each and all of the CC&Rs shall run with the land in the Annexed Territory and shall be binding on all parties (whether Owners, Occupants, or otherwise) having or acquiring a right, title or interest in the Annexed Territory or any part thereof. Every person or entity who now or hereafter owns or acquires any right, title or interest in or to any portion of the Annexed Territory is and shall be conclusively deemed to have consented and agreed to each and all of the CC&Rs, whether or not any reference to the CC&Rs or this Notice is contained in the instrument by which such person acquired an interest in the Annexed Territory. Each and all of said CC&Rs shall be enforceable by the Declarant (and any Owner and the Sub-Association) as provided in the Supplemental Declaration.

2. Construction of Instruments. The provisions of the Supplemental Declaration and this Notice shall be liberally construed to effectuate the purposes contained herein. To the extent that any provision of this Notice conflicts with the provisions of the Supplemental Declaration, the latter shall control. Any initially capitalized term used herein not otherwise defined herein shall have the meaning assigned thereto in the Supplemental Declaration.

IN WITNESS WHEREOF, HHP has hereunto caused its name to be signed by the signature of its duly authorized official as of the day and year first above written.

HHP:

HOWARD HUGHES PROPERTIES,
LIMITED PARTNERSHIP, a
Delaware limited partnership

By: SUMMERLIN, a division of
SUMMA CORPORATION, a
Delaware corporation, its
sole general partner

By: _____

Title: _____

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EXHIBIT "D"
TO SUPPLEMENTAL DECLARATION
DESCRIPTION OF "PARCEL SEVEN"

THAT PORTION OF PARCEL 3 AS SHOWN BY MAP THEREOF ON FILE IN FILE 62, PAGE 30 OF PARCEL MAPS AND THAT PORTION OF LOT 2 OF "SUMMERLIN VILLAGE I SOUTH UNIT NO. 2" AS SHOWN BY MAP THEREOF ON FILE IN BOOK 49, PAGE 96 OF PLATS IN THE CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA, LYING WITHIN SECTIONS 19, 20 AND 29, TOWNSHIP 20 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA AND DESCRIBED AS FOLLOWS:

COMMENCING AT THE MOST EASTERLY CORNER OF COMMON LOT "D" IN "EAGLE HILLS" AS SHOWN BY MAP THEREOF ON FILE IN BOOK 50, PAGE 35 OF PLATS IN THE CLARK COUNTY RECORDER'S OFFICE, CLARK COUNTY, NEVADA; THENCE SOUTH 13°46'39" WEST ALONG THE BOUNDARY LINE OF SAID TRACT, 28.61 FEET; THENCE SOUTH 77°26'34" EAST, 202.01 FEET TO THE POINT OF BEGINNING; THENCE CONTINUING SOUTH 77°26'34" EAST, 324.56 FEET; THENCE CURVING TO THE RIGHT ALONG AN 1127.00 FOOT RADIUS CURVE, CONCAVE SOUTHWESTERLY, THROUGH A CENTRAL ANGLE OF 00°28'48", AN ARC LENGTH OF 9.44 FEET TO A POINT TO WHICH A RADIAL LINE BEARS NORTH 13°02'14", EAST; THENCE NORTH 35°52'59" EAST, 91.06 FEET; THENCE NORTH 76°53'00" EAST, 512.00 FEET; THENCE NORTH 69°37'06" EAST, 101.05 FEET; THENCE NORTH 49°39'17" EAST, 380.64 FEET; THENCE CURVING TO THE RIGHT ALONG A 150.00 FOOT RADIUS CURVE, CONCAVE SOUTHERLY, THROUGH A CENTRAL ANGLE OF 104°58'56", AN ARC LENGTH OF 274.84 FEET; THENCE SOUTH 25°21'47" EAST, 204.58 FEET; THENCE SOUTH 28°55'57" EAST, 836.88 FEET; THENCE CURVING TO THE RIGHT ALONG A 150.00 FOOT RADIUS CURVE, CONCAVE WESTERLY, THROUGH A CENTRAL ANGLE OF 91°22'52", AN ARC LENGTH OF 239.24 FEET; THENCE SOUTH 62°26'55" WEST, 310.48 FEET; THENCE SOUTH 23°12'37" WEST, 364.95 FEET; THENCE SOUTH 56°46'09" WEST, 152.00 FEET; THENCE SOUTH 72°21'29" WEST, 400.00 FEET; THENCE NORTH 59°47'59" WEST, 381.69 FEET; THENCE NORTH 76°00'17" WEST, 341.97 FEET; THENCE CURVING TO THE LEFT ALONG A 300.00 FOOT RADIUS CURVE, CONCAVE SOUTHERLY, THROUGH A CENTRAL ANGLE OF 28°49'26", AN ARC LENGTH OF 150.92 FEET; THENCE SOUTH 75°10'17" WEST, 85.58 FEET; THENCE CURVING TO THE RIGHT ALONG A 110.00 FOOT RADIUS CURVE, CONCAVE NORTHEASTERLY, THROUGH A CENTRAL ANGLE OF 119°27'00", AN ARC LENGTH OF 229.33 FEET; THENCE NORTH 14°37'17" EAST, 397.92 FEET; THENCE NORTH 30°25'29" EAST, 417.08 FEET; THENCE NORTH 00°00'00" EAST, 193.53 FEET; THENCE NORTH 35°52'59" EAST, 16.34 FEET; THENCE NORTH 77°26'34" WEST, 307.61 FEET TO A POINT ON THE BOUNDARY LINE OF SAID "SUMMERLIN VILLAGE I SOUTH UNIT NO. 2"; THENCE NORTH 09°15'09" EAST ALONG SAID BOUNDARY LINE, 54.08 FEET TO THE POINT OF BEGINNING.

TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS OVER THAT CERTAIN EASEMENT SHOWN ON SAID LOT 2.

CONTAINING 55.096 ACRES, MORE OR LESS.

CLARK COUNTY, NEVADA
JOAN L. SWIFT, RECORDER
RECORDED AT REQUEST OF:
L CORBETT