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**DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS AND GRANT AND RESERVATION
OF EASEMENTS FOR AVALON CONDOMINIUMS AT SEVEN HILLS**

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**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND
GRANT AND RESERVATION OF EASEMENTS FOR AVALON CONDOMINIUMS AT
SEVEN HILLS**

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND GRANT AND RESERVATION OF EASEMENTS FOR AVALON CONDOMINIUMS AT SEVEN HILLS (the "Declaration") is made as of this 28th day of April, 2006, by Avalon Condominiums at Seven Hills, LLC, a Nevada limited liability company, with an office at 8350 W Sahara Avenue, #210, Las Vegas, Nevada 89117 (hereinafter "Declarant").

RECITALS:

WHEREAS, Declarant is the owner of that certain developed real property located in the County of Clark, State of Nevada described in Exhibit "A" containing a condominium subdivision (the "Property"); and

WHEREAS, it is the desire and intention of Declarant to create a "common-interest community" as defined in Section 116.021 of the Nevada Revised Statutes ("NRS"), consisting of a maximum of Three Hundred Twenty (320) Units (as hereinafter defined) in a "condominium" as defined in NRS 116.027, and to impose mutually beneficial restrictions under a general plan of improvement for the benefit of all the Units in the condominium common interest community created pursuant to the provisions of the Act (as hereinafter defined).

NOW, THEREFORE, Declarant hereby declares that all of the Property is to be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the limitations, restrictions, reservations, rights, easements, conditions, and covenants contained in this Declaration, all of which are declared and agreed to be in furtherance of a plan for the protection, maintenance, improvement, and sale of the Property for the purpose of enhancing the value, desirability and attractiveness of the Property. All provisions of this Declaration, including, without limitation, the easements, uses, obligations, covenants, conditions, and restrictions hereof, are hereby imposed as equitable servitudes upon the Property. All of the limitations, restrictions, reservations, rights, easements, conditions and covenants herein shall run with and burden the Property and shall be binding on and for the benefit of all of the Property and all Persons having or acquiring any right, title, or interest in the Property, or any part thereof, and their successors in interest and assigns. The development plan of the Property shall be consistent with the overall development plan, if any, submitted to the VA and/or FHA.

**ARTICLE I
DEFINITIONS**

1.1 Act: "Act" shall mean and refer to the Uniform Common Interest Ownership Act, NRS Chapter 116, as it may be amended from time to time, or any portion thereof.

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

1.3 Architectural Committee: “Architectural Committee” shall mean the architectural committee created pursuant to Section 12.1 hereof.

1.4 Architectural Committee Rules: “Architectural Committee Rules” shall mean the rules adopted by the Architectural Committee pursuant to Section 12.3 hereof.

1.5 Articles: “Articles” or “Articles of Incorporation” shall mean the Articles of Incorporation of the Association, as they may from time to time be amended.

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

1.7 Assessment, Common or Common Expense: “Common or Common Expense Assessment” shall mean the annual charge against each Owner and its Unit representing a portion of the total, ordinary costs of maintaining, improving, repairing, replacing, managing and operating the Common Elements or other Common Expenses, which are to be paid by each Owner to the Association as provided herein.

1.8 Assessment, Reconstruction: “Reconstruction Assessment” shall mean a charge against each Owner and its Unit, representing a portion of the cost to the Association for reconstruction of any portion of the Improvements on the Common Elements, pursuant to the provisions of this Declaration.

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

1.10 Association: “Association” shall mean Avalon Condominiums at Seven Hills Homeowners’ Association, a nonprofit corporation organized under NRS Chapter 82 organized as the Association of Owners pursuant to the Act.

1.11 Board of Directors: “Board” or “Board of Directors” shall mean the board of directors of the Association.

1.12 Bylaws: “Bylaws” shall mean the Bylaws of the Association, as they may be amended from time to time.

1.13 Common Elements: “Common Elements” shall mean all that portion of the Property described below and identified on Exhibit “B” attached hereto:

(a) The buildings (including, but not by way of limitation, the foundation, columns, girders, beams, supports, perimeter and supporting walls, chimneys, chimney chases, roofs,

stairs, patios, balconies, entrances and exits, and the mechanical installations of a building consisting of the equipment and materials making up any central services such as power, light, gas, hot and cold water, sewer, and heating and central air conditioning which exist for use by one or more of the Owners, including the pipes, vents, ducts, flues, cable conduits, wires, telephone wire, and other similar utility installations used in connection therewith), and specifically excluding the Dwelling Units; and

(b) The sidewalks, walkways, paths, grass, shrubbery, trees, driveways, roadways, landscaping, parking areas, and related facilities located upon the Property; and

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

(d) In general, all other parts of the Property designated by Declarant as Common Elements or Limited Common Elements and existing for the use of one or more of the Owners, including pools, storage facilities, and club houses, now existing or to be built by Declarant.

Except to the extent that they constitute Limited Common Elements, in which case the particular rules of the Declaration pertaining to Limited Common Elements shall apply, the Common Elements shall be owned by the Owners of the Units, each Owner of a Unit having an undivided interest in the Common Elements as provided in this Declaration.

1.14 Common Expenses: “Common Expenses” shall mean the expenses or financial liabilities for the operation of the Project together with any allocations to reserves and shall include:

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

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

(c) Expenses agreed upon as Common Expenses by the Members of the Association (including without limitation the painting and maintenance of the exterior or the perimeter walls);

(d) Allocation for reserves established by the Association for repair, replacement and restoration of the major components of the Common Elements; and

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

1.15 Declarant: “Declarant” shall mean Avalon Condominiums at Seven Hills, LLC, a Nevada limited liability company, or its successors as defined in the Act.

1.16 Declarant Control Period: “Declarant Control Period” shall mean the period of time during which the Declarant is entitled to appoint a majority of the members of the Board of Directors pursuant to Section 7.6.

1.17 Declaration: “Declaration” shall mean this document, including all amendments thereto and all declarations of annexation pertaining thereto, if any.

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

1.19 Director: “Director” shall mean and refer to a member of the Board of Directors.

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

1.21 Dwelling Unit: “Dwelling Unit” shall mean an individual dwelling unit as shown on the Plat and Plans, the boundaries of each of which shall be determined by reference to Section 4.2.

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

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

1.24 FNMA: “FNMA” shall mean the Federal National Mortgage Association.

1.25 FHLMC: “FHLMC” shall mean the Federal Home Loan Mortgage Corporation.

1.26 HUD: “HUD” shall mean the U.S. Department of Housing and Urban Development.

1.27 Improvements: “Improvements” shall mean any construction, structure, fixture or facilities existing or to be constructed on the real property which is included in the Project, including, but not limited to: buildings, pools, utility wires, pipes, light poles, walls, and trees and shrubbery planted by the Declarant or the Association.

1.28 Liability for Common Expenses: “Liability for Common Expenses” shall mean the liability for common expenses allocated to each Unit pursuant to Article VIII.

1.29 Limited Common Elements: “Limited Common Elements” shall mean the portion of the Common Elements allocated for the exclusive use of fewer than all Owners under the Declaration or the Act and are described in Article V of this Declaration.

1.30 Majority of Owners or Majority of Members: “Majority of Owners” or “Majority of Members” shall mean the Owners (including, as applicable, Declarant) of more than 50% of the total number of Units contained in the Project.

1.31 Manager: “Manager” shall mean a person, firm or corporation possessing all licenses and certifications required by the Act, employed or engaged to perform management services for the Property and/or the Association.

1.32 Member: “Member” shall mean a Person entitled to membership in the Association as provided in the Documents. A “Member in Good Standing” shall mean a Member whose voting rights have not been suspended in accordance with Article XII of the Bylaws.

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

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

1.35 NRS: “NRS” shall mean the Nevada Revised Statutes, as it may be amended from time to time. Any reference to any particular section of the NRS shall be deemed to include that section of the NRS, as well as any amendment thereto from time to time and any successor statute.

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

1.37 Person: “Person” shall include an individual, corporation, business trust, estate, trust, partnership, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

1.38 Plat and Plans: “Plat and Plans” means the Plat of Avalon Condominiums (a Condominium Subdivision), recorded August 29, 2005, on file in Book 126, Page 0047 of Plats, in the Official Records of the County Recorder, Clark County, Nevada, together with such other diagrammatic plans and information regarding the Property as may be required by the Act or other applicable law, or as may be included in the discretion of Declarant, as each such survey may be amended and supplemented from time to time, and all as recorded in the Office of the County Recorder, Clark County, Nevada, together with any diagrams, maps, or legal descriptions attached to and made a part of this Declaration or any amendment hereto.

1.39 Project: “Project” shall refer to the Property as a whole, including the Units and Common Elements, as restricted by and marketed and sold to third parties in accordance with this Declaration.

1.40 Property: “Property” shall mean the real property described in Exhibit “A” and all Improvements, easements, rights, appurtenances and additional property which have been or are hereafter submitted to the provisions of the Act by this Declaration.

1.41 Public Offering Statement: “Public Offering Statement” shall mean the public offering document pertaining to the Project prepared pursuant to the Act, as the same may be amended from time to time, and provided to purchasers prior to the time of execution of a binding purchase agreement for the purchase of a Unit.

1.42 Rules: “Rules” shall mean the rules and regulations for the use of Common Elements and the conduct of persons in connection therewith within the Property as adopted by the Board of Directors pursuant to this Declaration and the Bylaws.

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

1.44 Special Declarant Rights: “Special Declarant Rights” shall mean those rights reserved for the benefit of Declarant to: (a) complete improvements indicated on the Plat and Plans; (b) exercise any Development Right; (c) maintain sales offices, management offices, advertisement signs and models within the Property for the benefit of the Property and any other real property owned by Declarant; (d) use easements through the Common Elements for the purpose of making improvements within the Property, and any other real property owned by Declarant; or (e) appoint or remove an officer of the Association or a master association or any Board of Directors member during the Declarant Control Period.

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

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

1.47 Unit: “Unit” shall mean the fee simple interest in and to a single Dwelling Unit as depicted on the Plat and Plans designated for separate ownership and occupancy the boundaries of which are described in Section 4.2 of this Declaration, together with an undivided interest (in common with all other Units being served thereby) in and to the Limited Common Elements appurtenant to the Unit as specified in Article V and an undivided interest in the Common Elements appurtenant to the Unit.

1.48 VA: “VA” shall mean and refer to the U.S. Department of Veterans Affairs.

ARTICLE II

PROJECT AND ASSOCIATION

2.1 Project: The name of the Project is Avalon Condominiums at Seven Hills. Avalon Condominiums at Seven Hills is a condominium common interest community under the Act.

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

ARTICLE III **DESCRIPTION OF PROPERTY**

The Property is situated in Clark County, Nevada, and is more particularly described on Exhibit "A" attached hereto.

ARTICLE IV **UNIT AND BOUNDARY DESCRIPTIONS**

4.1 Maximum Number of Units: The Project shall include a maximum total of 320 Dwelling Units.

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

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

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

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

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

(e) Exclusions: Except when specifically included by other provisions of this Section, the following are excluded from each Dwelling Unit: The spaces and Improvements lying outside of the boundaries described in (a), (b) and (c) above; and all chutes, pipes, flues, ducts,

wires, conduits, skylights and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Dwelling Units and Common Elements or both.

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

ARTICLE V

LIMITED COMMON ELEMENTS

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

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

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

(c) Entry areas, stairs, stoops, steps and walls above door openings at the entrances to each building providing access to less than all Dwelling Units constitute Limited Common Elements allocated exclusively to the Dwelling Units served thereby and the use of such Limited Common Elements is limited to such Dwelling Units.

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

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

(f) Garages and parking spaces may be assigned by Declarant by deed for the exclusive use of the grantee thereunder. The exclusive use of a garage or parking space shall be transferable only with the transfer of the Unit to which it is assigned hereunder.

5.2 Subsequently Allocated Limited Common Elements: Those portions of the Common Elements shown as unnumbered or unassigned parking spaces on the Plat and Plans may be allocated as Limited Common Elements in accordance with Section 7.1(a) and Article XI of this Declaration, or may be assigned or limited to visitor parking only by the Board of Directors through the Rules.

ARTICLE VI

MAINTENANCE

6.1 Common Elements: The Association shall maintain, repair and replace all of the Common Elements, except the portions of the Limited Common Elements which are required by this Declaration or the Act to be maintained, repaired or replaced by an Owner.

6.2 Units: Each Owner shall maintain, repair and replace, at its own expense, all portions of the Owner's Unit, including without limitation, any water heating and air conditioning apparatus serving such Owner's Dwelling Unit exclusively, except the portions of the Unit specifically required by this Declaration or the Act to be maintained, repaired or replaced by the Association.

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

(a) Common Expenses associated with the maintenance, repair or replacement of components and elements attached to, planted on, or a part of yards, patios, balconies, exterior surfaces, trim, siding, doors, and windows will be assessed against the Unit or Units to which the Limited Common Element is assigned. No additional component or element may be attached without consent of the Board of Directors in accordance with Article XII. In the event any additional component or element becomes deteriorated or unsightly, or is inconsistent with conditions of installation, it may be removed or repaired at the Owner's expense as a Common Expense assessment under this section, after Notice and Hearing.

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

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

6.4 Right of Access: Any Person authorized by the Board of Directors shall have the right of access to all portions of the Project for the purpose of performing emergency repairs or to do other work reasonably necessary for the proper maintenance of the Project, for the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing and replacing utility meters and related pipes, valves, wires and equipment, provided that requests for entry are made in advance and that any entry is at a time reasonably convenient to the affected Owner. In case of an emergency, no request or notice is required and the right of entry shall be immediate, and with as much force as is reasonably necessary to gain entrance, whether or not the Owner is present at the time. An emergency shall mean a situation or occurrence that affects the health, welfare, and safety of the Owners and the circumstances of which make it impracticable to request advance notice.

6.5 Repairs Resulting From Negligence: Each Owner will reimburse the Association for any damages to any other Unit or to any Common Elements caused intentionally, negligently or

by his or her failure or his or her guest's failure to properly maintain, repair or make replacements to his or her Unit or to those Common Elements for which such Owner is responsible under this Declaration. The Association will be responsible for damage to Units which is caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements. If such damage is caused by misconduct, it will be assessed following Notice and Hearing.

6.6 Professional Management: The Board of Directors, on behalf of the Association, may contract with one or more professional management companies for the performance of maintenance and repair and for conducting other activities on behalf of the Association, as may be determined by the Board. Each such management contract shall provide for its termination by the Association without cause and without payment of a termination fee upon no more than ninety (90) days' written notice to the other party. Any management company employed by the Association must hold all pertinent licenses and approvals to engage in management work on the Association's behalf, including, as applicable, a permit or a certificate as required by NRS 116.700 and NRS 116.705, as may be amended from time to time. Any management company must maintain a fidelity insurance policy if it handles funds for the Association.

ARTICLE VII

DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

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

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

(b) The right, but not the obligation, to construct buildings or other Improvements on the Common Elements.

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

(d) The right, but not the obligation, to unilaterally amend this Declaration at any time prior to the close of the first sale of a Unit and to further amend thereafter pursuant to this Declaration; provided that such amendment shall not be done in a manner inconsistent with the regulations and rules of FNMA, FHLMC, VA, and HUD.

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

(a) To complete any Improvements indicated on Plat and Plans;

(b) To exercise any Development Right reserved in this Declaration or allowed by law;

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

(d) To use easements through the Common Elements for the purpose of making Improvements within the Project or any other real property owned by Declarant regardless of whether such real property is part of the Project;

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

(f) To allow potential purchasers to use up to ten (10) designated parking stalls located in the common areas near any sales office or management office during the Declarant Control Period.

7.3 Models, Sales Offices and Management Offices: For so long as Declarant is an Owner, Declarant, its duly authorized agents, representatives and employees reserves the right to use a portion of any Unit for sales offices and/or management offices. Declarant further reserves the right to maintain any Unit owned by Declarant or any portion of the Common Elements as a model Unit, sales office or management office.

7.4 Signs and Marketing: For so long as Declarant is an Owner, Declarant reserves the right to post signs and displays in the Common Elements in order to promote sales of Units. Declarant also reserves the right to conduct general sales activities in a manner which will not unreasonably disturb the rights of Owners.

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

7.6 Declarant Control of the Association:

(a) Subject to subsection 7.6(b), there shall be a Declarant Control Period during which the Declarant, or Persons designated by Declarant, may appoint and remove the officers and members of the Board of Directors. The Declarant Control Period terminates no later than the earlier of:

(i) Sixty (60) days after conveyance of 75% of the Units that may be created to Owners other than a Declarant; or

(ii) Five (5) years after Declarant has first conveyed a Unit to an Owner other than Declarant or a successor to Declarant.

Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board of Directors before the termination of the Declarant Control Period. In that event, Declarant may require, for the duration of the Declarant Control Period, that specified

actions of the Association or Board, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

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

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

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

7.7 Limitations on Special Declarant Rights: Unless terminated earlier by an amendment to this Declaration executed by Declarant, and subject to applicable law, any Special Declarant Right, including any exercise of a Development Right, may be exercised by Declarant so long as any of the following conditions are satisfied: (a) Declarant holds a Development Right to create additional Units or Common Elements; (b) Declarant owns any Unit; (c) Declarant holds any Security Interest in any Unit; or (d) no more than fifteen (15) years have elapsed after recording of this Declaration.

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

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

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

7.11 Assignment of Declarant's Rights and Duties: Any and all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person, corporation or association which will assume any or all of the duties of Declarant hereunder, and upon any such Person, corporation or association evidencing its consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations, and duties hereunder. The foregoing shall be subject to NRS 116.31043(4).

ARTICLE VIII

ALLOCATED INTERESTS

8.1 Formulas for the Allocation of Interests: The interests allocated to each Unit shall be calculated by the following formulas:

(a) Undivided Interest in the Common Elements. The percentage of the undivided interest in the Common Elements allocated to each Unit is based on one share for each Unit compared with the total shares allocated to all the Units in the Project.

(b) Liability for Common Expenses. The percentage of Liability for Common Expenses allocated to each Unit (except as otherwise set forth herein) is based on one share for each Unit compared with the total shares allocated to all the Units in the Project. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under this Declaration.

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

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

ARTICLE IX

RESTRICTION ON USE, ALIENATION AND OCCUPANCY

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

(a) The use of each Unit is restricted to that of a single-family residence and accessory uses as permitted herein. Except for those activities conducted as a part of the marketing and development activities of Declarant, no industry, business, trade or commercial activities shall be conducted, maintained or permitted in any part of a Unit. The provisions of this Section 9.1 shall not preclude any of the above-described activities so long as there is no external evidence or signs of doing business and provided that all of the following conditions are fulfilled: (i) such activities are conducted in conformance with all applicable governmental ordinances; (ii) the patrons or clientele of such activities do not park automobiles or other vehicles within the Property, except during brief and limited drop-off and pick-up periods; (iii)

no such activity increases the liability or casualty insurance obligation or premium of the Association; and (iv) such activities are consistent with the residential character of the Property and conform with the provisions of this Declaration.

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

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

(a) No electrical device creating overloading of standard circuits may be used without permission from the Board of Directors. Misuse or abuse of appliances or fixtures within a Unit which affects other Units or the Common Elements is prohibited. Any damage resulting from such misuse shall be the responsibility of the Owner who caused such damage. Total electrical usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

(b) All Owners shall maintain their Units in a clean and well maintained condition. No storage of trash will be permitted in or outside any Unit in a manner which may permit the spread of fire, odors, seepage or encouragement of vermin. No bicycles, refrigerators, boxes, refuse or debris or other items which may be deemed storage items may be placed on balconies or patio areas where they can be seen and laundry may not be placed to dry on balcony or patio areas. No clotheslines of any kind shall be allowed.

(c) Any parking spaces which are designated as visitor parking by the Board of Directors are for the sole use of visitors and guests only and may not be used by Owners. Such parking spaces may be used only for vehicles, but specifically excluding trucks with a gross vehicle weight rating of more than thirteen thousand (13,000) pounds, commercial vehicles, motorhomes, boats, personal watercrafts, campers and trailers. Furthermore, no motorhomes, boats, personal watercrafts, campers or trailers may be parked in any parking space within the Project, regardless of whether the parking space is designated for use by visitors or residents. Notwithstanding the foregoing, such vehicles may be parked within the Property for the limited purpose of loading and unloading passengers and personal property. No inoperable vehicles or unregistered vehicles of any kind may be parked anywhere within the Property.

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

(e) No Owner shall keep more than two domestic cats and/or dogs in a Unit and no such animals shall weigh more than twenty (20) pounds each. No other animals of any kind shall be kept in a Unit (exclusive of caged birds or aquarium fish). Pets may not be kept for any commercial purposes. Any pet causing or creating a nuisance or unreasonable disturbance or

noise shall be permanently removed from the Project upon three days' written notice following Notice and Hearing from the Board of Directors. Each Owner shall indemnify and hold the Association harmless from any claim resulting from any action of their pets. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity.

(f) No signs, window displays or advertising visible from outside a Unit (except for a name plate or sign not exceeding nine square inches in area, on the main door to each Unit) shall be maintained or permitted in any part of a Unit. Notwithstanding the foregoing, a "for sale" sign may be placed in a Unit's window not exceeding 8½ inches by 11 inches in size. All draperies which can be seen from the outside of the Unit must have a white or off-white backing. No aluminum foil, sheets or blankets or any other unsightly material may be used as window coverings in any Unit.

(g) There will be no changes made to the appearance of any Unit without permission of the Association under Article XII.

(h) With the exception of any flooring installed by Declarant, no Owner shall install tile or hardwood flooring in any Unit located over another Unit in the Project.

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

(i) Affording vehicular passage and pedestrian movement within the Project, including the right of access to the Units, and affirmative rights of ingress and egress across the Common Elements shall be and are hereby granted to each Owner for the purpose of access to each Owner's Unit;

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

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

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

(v) The following uses are hereby expressly prohibited:

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

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

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

uninsurable against such risks or any policy or policies representing such insurance to be canceled or suspended or the company issuing the same to refuse renewal thereof.

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

9.4 Restrictions on Alienation: A Unit may not be conveyed pursuant to a time-sharing, interval ownership or other short-term occupancy based on, without limitation, club membership or points. A Unit may not be leased or rented for an initial term of less than thirty (30) days. All leases and rental agreements shall be in writing and subject to the requirements of the Documents and the Association. Prior to entering into any lease of a Unit, the Owner shall submit the lease to the Board.

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

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

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

ARTICLE X

EASEMENTS AND LICENSES

10.1 Easements of Record: The Project is presently subject to all easements and licenses of record, including those shown on the Plat and Plans or otherwise contained herein. In addition, the Project may be subject to other easements or licenses granted by Declarant pursuant to its powers under Article VII of this Declaration, liens created under Article XVIII of this Declaration, and easements granted by the Association pursuant to its powers under Article XXIV of this Declaration.

10.2 Encroachment Easement: The Property, and all portions thereof, shall be subject to an easement of up to one (1) foot from the Unit's or Common Element's boundaries for the actual

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

10.3 Association Easement: The Association shall have an easement over the Common Elements for performing its duties and exercising its powers described in this Declaration. In addition, the Association shall have an easement over each Unit for the purpose of maintaining or repairing the Common Elements, including any portion of the Common Elements that may encroach upon a Unit.

10.4 Member's Easement in Common Elements: Subject to the provisions of this Declaration, every Owner shall have a non-exclusive easement of access, ingress, egress, use and enjoyment of, in and to the Common Elements, only as to those portions of the Common Elements which lay in the unenclosed portion of Units, and such easements shall be appurtenant to and shall pass with title to every Unit.

10.5 Extent of Member's Easements: The rights and easements of use and enjoyment of the Common Elements created by this Declaration shall be subject to the Documents, which include, without limitation, the following:

(a) The right of the Board to consent to or otherwise cause the construction of additional Improvements on the Common Elements and to consent to or otherwise cause the alteration or removal of any existing Improvements on the Common Elements for the benefit of the Owners.

(b) The right of the Association acting through the Board and pursuant to an agreement executed by Owners to whom a majority of the Association's voting power is allocated, including a majority of the voting power not allocated to Declarant, which agreement must be recorded and which must specify a date after which the agreement will be void unless recorded, to convey the Common Elements or to subject the Common Elements to a Security Interest;

(c) The right of the Board to grant easements, leases, licenses and concessions through or over the Common Elements.

(d) The right of the Board to reasonably restrict access to easements for which the Association is responsible for maintenance.

(e) The right of the Board to establish uniform rules and regulations for the use of the Common Elements; and

(f) The rights and reservations of Declarant as set forth in this Declaration.

ARTICLE XI
ALLOCATION OF LIMITED COMMON ELEMENTS

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

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

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

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

ARTICLE XII
ADDITIONS, ALTERATIONS AND IMPROVEMENTS

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

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

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

(i) May make any improvements or alterations to the interior of such Owner's Dwelling Unit that does not impair the structural integrity or mechanical systems or lessen the support of any portion of the Project.

(ii) May not change the appearance of the Common Elements, the exterior appearance of a Unit or any other portion of the Project, without permission of the Board of Directors or the Architectural Committee.

(iii) Subject to Section 13.1 below, after acquiring an adjoining Dwelling Unit, may remove or alter any intervening partition between such Owner's Units, or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Project. Removal of partitions or creation of apertures under this subsection is not an alteration of boundaries. If a part of an adjoining Unit is acquired, boundaries will be relocated in accordance with Article XIII.

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

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

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

12.2 Limitation on Liability of Architectural Committee: Provided that the Architectural Committee or a particular member of the Architectural Committee has acted in good faith on the basis of the information as may be possessed by the Architectural Committee or the member, as the case may be, then neither the Architectural Committee nor any member thereof shall be liable to the Association, to any Owner, or any other Person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; or (c) the development of any property subject to this Declaration. Without limiting the generality of the foregoing, the Architectural Committee and any member thereof may, but it is not required to, consult with knowledgeable third parties with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Committee.

12.3 Architectural Committee Rules: The Architectural Committee shall, upon request of the Board of Directors and subject to the approval of the Board of Directors, prepare and promulgate Architectural Committee Rules containing guidelines and review procedures on behalf of the Association. The Architectural Committee Rules shall be those of the Association,

and the Architectural Committee shall have sole and full authority to prepare and to amend the Architectural Committee Rules, provided the Architectural Committee Rules are otherwise in compliance with the Articles, the Bylaws, and this Declaration. The Architectural Committee shall make copies of the Architectural Committee Rules available to Owners.

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

12.5 No Applicability to Construction by Declarant or its Predecessors: The provisions of this Article XII shall not apply to construction by Declarant or its predecessors in the Project, and neither the Board of Directors nor any Architectural Committee appointed by the Board of Directors shall have any authority or right to approve or disapprove or take any other action in connection with regard to any previous or future construction by Declarant or its predecessors in the Project.

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

ARTICLE XIII **BOUNDARIES**

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

13.2 Recording Amendments: The Association shall prepare and record an amendment to the Plat and Plans as necessary to show the altered boundaries between adjoining Units, along

with the Units' dimensions and identifying numbers. The applicants will pay for the costs of preparation of the amendment and its recording, as well as any reasonable consultant fees incurred by the Association.

ARTICLE XIV **AMENDMENTS TO DECLARATION**

14.1 In General: Except in cases of amendments that may be executed: (a) by Declarant under Section 27.8 and otherwise in the exercise of its Development Rights; (b) by the Association under Article XI of this Declaration, NRS 116.1107, NRS 116.2106(4), NRS 116.2112(1), and NRS 116.2113; or (c) by certain Owners under Article XIII and Section 13.1 of this Declaration, Section 27.9 of this Declaration, NRS 116.2113(2), and NRS 116.2118, and except as limited by Section 14.4 and Article XVII, this Declaration, including the Plat and Plans, may be amended only by vote or agreement of a Majority of Owners. The procedure for amendment must follow the procedures set forth in NRS 116.2117.

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

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

14.4 Unanimous Consent: Except to the extent expressly permitted or required by other provisions of this Declaration or the Act, an amendment may not create or increase Special Declarant Rights, increase the number of Units, change the boundaries of any Unit, change the Allocated Interests of a Unit or change the uses to which any Unit is restricted, except by unanimous consent of the Owners "affected" and the consent of a Majority of Owners. For purposes of this Section 14.4, an Owner is "affected" if an amendment changes the boundaries of that Owner's Unit, changes the Allocated Interests of that Unit, or changes the uses to which that Unit is restricted.

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

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

14.7 Consent of Holders of Security Interests: Amendments are subject to the consent requirements of Article XVII, and, to the extent that any Security Interests are held by or insured by FNMA, FHLMC, VA, or HUD, such amendments shall be in accordance with applicable rules and regulations of FNMA, FHLMC, VA, or HUD.

14.8 Amendments To Create Units: Declarant must record an amendment to this Declaration to create additional Units within the Project. Declarant shall also record new Plat

and Plans to the extent as necessary to conform to the requirements of NRS 116.2109(1), (2) and (4).

ARTICLE XV **AMENDMENTS TO BYLAWS**

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

ARTICLE XVI **TERMINATION**

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

ARTICLE XVII **MORTGAGEE PROTECTION**

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

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

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

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

(b) Any delinquency in the payment of Common Expense Assessments owed by an Owner which remains uncured for a period of 60 days and whose Unit is subject to a first Security Interest held, insured or guaranteed by that Eligible Mortgagee or Eligible Insurer, as applicable;

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

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

17.4 Consent and Notice Required.

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

- (i) Any provision of this Declaration pertaining to voting rights;
- (ii) Any provision of this Declaration pertaining to assessments, assessment liens or priority of assessment liens;
- (iii) Any provision of this Declaration pertaining to reserves for maintenance, repair and replacement of Common Elements;
- (iv) Any provision of this Declaration pertaining to responsibility for maintenance and repairs;
- (v) Any provision of this Declaration pertaining to expansion or contraction of the Project, the addition, annexation or withdrawal of property to or from the Project, or the allocation of interests in the Project;
- (vi) Any provision of this Declaration pertaining to insurance or fidelity bonds;
- (vii) Any provision of this Declaration pertaining to leasing of Units;
- (viii) Any provision of this Declaration pertaining to rights to use the Common Elements;
- (ix) Any provision of this Declaration that expressly benefits holders, insurers or guarantors of Security Interests;
- (x) Any provision of this Declaration pertaining to the convertibility of Units into Common Elements or Common Elements into Units;
- (xi) Any provision of this Declaration pertaining to the imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey the Owner's Unit;
- (xii) Any provision of this Declaration pertaining to the establishment of self-management where professional management has previously been required;
- (xiii) Any changes to the boundaries of any Unit;
- (xiv) Any provision pertaining to the allocation of Allocated Interests;
- (xv) Any provision of this Declaration pertaining to the restoration or repair of the Project;
- (xvi) Any provision regarding the termination of the Project;

(xvii) Any provision requiring a holder of a Security Interest who acquires a Unit through foreclosure to pay more than its proportionate share of any unpaid assessments accruing after foreclosure;

(xviii) Any provision which could result in a mortgage being canceled by forfeiture or in a Unit not being assessed separately for tax purposes; or

(xix) Any provision which could result in a partition or subdivision in a manner not consistent with this Declaration.

(b) Actions. Notwithstanding any lower requirement permitted by this Declaration or the Act, the Association may not take any of the following actions, other than rights reserved to Declarant as Special Declarant Rights, without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 17.3 above, and approval of at least 51% (or the indicated percentage, if higher) of the Eligible Mortgagees:

(i) Any restoration or repair of any part of the Project after partial condemnation or damage due to an insurable hazard in a manner not in substantial compliance with this Declaration and the original Plat and Plans;

(ii) Any election to terminate the Project after occurrence of substantial destruction or condemnation;

(iii) Any reallocation of Allocated Interests resulting from partial destruction or condemnation; or

(iv) The termination of the Project, for which approval of at least 67% of Eligible Mortgagees is required.

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

(d) FNMA, FHLMC, VA, or HUD Approval. The prior approval of the FNMA, FHLMC, VA and HUD shall be required during the Declarant Control Period for those Association actions set forth in Section 7.4 to the extent necessary to meet any FNMA, FHLMC, VA, or HUD requirements that are applicable to the Project.

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

17.5 Development Rights: No Development Rights may be exercised, voluntarily abandoned, or terminated by Declarant unless all Persons holding Security Interests in the Property that would be the subject of exercise of such Development Rights consent to the exercise, abandonment, or termination.

17.6 Inspection of Books: The Association must maintain current copies of the Declaration, Bylaws, Rules, the Articles of Incorporation, books, records, and financial statements of the Association. The Association shall permit any Eligible Mortgagee or Eligible Insurer, or other

first mortgagee of Units, to inspect the books and records of the Association during normal business hours.

17.7 Financial Statements: The Association shall provide any Eligible Mortgagee or Eligible Insurer, or any agency or corporation that has a prospective interest in the Project, with a copy of an audited financial statement for the preceding fiscal year, upon written request, within a reasonable amount of time.

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

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

17.10 Appointment of Trustee: In the event of damage or destruction under Article XXII or condemnation of all or a portion of the Project, any Eligible Mortgagee may require that such proceeds be payable to a Trustee established pursuant to this Declaration. This Trustee may be required to be a corporate trustee licensed by the State of Nevada. Proceeds will then be distributed pursuant to Article XXII or pursuant to a condemnation award. Unless otherwise required, the members of the Board of Directors, acting by majority vote through the president, may act as Trustee.

ARTICLE XVIII

ASSESSMENT AND COLLECTION OF COMMON EXPENSES

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

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

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

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

(c) The costs of insurance and utilities shall be assessed in proportion to the Liability for Common Expenses.

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

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

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

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

18.3 Lien:

(a) The Association has a lien on a Unit for an assessment levied against the Unit or fines imposed against its Owner from the time the assessment or fine becomes due. Fees, charges, late charges, fines, attorneys' fees, and interest charged pursuant to the Act and the Documents are enforceable as assessments under this Section; provided, however, that unless otherwise permitted by law, the Association may not foreclose upon a lien for unpaid assessments which is comprised solely of fines levied against an Owner for violation of the Documents unless the violation is of a type that threatens the health and welfare of the residents of the Project. If an assessment is payable in installments, the full amount of the assessment is a lien from the time the first installment becomes due.

(b) Except to the extent permitted under the Act, a lien under this Section is prior to all other liens and encumbrances on a Unit except: (1) liens and encumbrances recorded before the recordation of this Declaration; (2) a first Security Interest on the Unit recorded before the date on which the assessment sought to be enforced became delinquent (except as otherwise provided in NRS 116.3116(2)(c)); and (3) liens for real estate taxes and other governmental assessments or charges against the Unit. This Subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association.

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

(d) A lien for an unpaid assessment is extinguished unless proceedings to enforce the lien are instituted within three years after the full amount of the assessment becomes due, except that if an Owner of a Unit subject to a lien under this Section files a petition for relief under the United States Bankruptcy Code ("Bankruptcy Code"), the time period for instituting proceedings to enforce the Association's lien shall be tolled until the later of the time period allowed hereunder or thirty (30) days after the automatic stay of proceedings under Section 362 of the Bankruptcy Code is lifted.

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

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

(g) The Association's lien must be foreclosed by the same procedure set forth in NRS 116.31162 through NRS 116.31168.

(h) In any action by the Association to collect assessments or to foreclose a lien for unpaid assessments, the court may appoint a receiver for the Owner to collect all sums alleged to be due to that Owner from third parties prior to or during the pendency of the action. The court

may order the receiver to pay any sums held by the receiver to the Association during the pendency of the action to the extent of the Association's Common Expense Assessments, based on a periodic budget adopted by the Association pursuant to Section 18.4 of this Declaration.

(i) If a holder of a first Security Interest in a Unit forecloses that Security Interest, the purchaser at the foreclosure sale is not liable for any unpaid assessments against that Unit which became due before the sale, other than the assessments which are prior to that Security Interest under Subsection (b) of this section of this Declaration and as provided in NRS 116.3116(2)(c). Any unpaid assessments not satisfied from the proceeds of sale become Common Expenses collectible from all the Owners, including the purchaser.

(j) A Request for Notice of Default and Sale recorded in accordance with NRS 107.090 shall apply to the foreclosure of an Association lien. The Request must identify the lien by stating the names of the Owner and the Project.

(k) In accordance with NRS 116.31162 through NRS 116.31168, the Association shall provide notice of its intent to foreclose a lien pursuant to NRS 116.31162 through NRS 116.31168 to each lien holder of the affected Unit known to the Association.

(l) Any payments received by the Association in the discharge of an Owner's obligation may be applied to the oldest balance due; provided, however, that the Association may not apply any assessment, fee or other charge that is paid by an Owner toward a fine imposed against the Owner by the Association unless otherwise directed by the Owner or as permitted by law.

18.4 Budget Adoption and Ratification: Unless otherwise determined by the Board, the Fiscal Year of the Association shall be the calendar year. Prior to the commencement of each Fiscal Year, the Board shall determine the Budget for the Association for such Fiscal Year in the following manner:

(a) The Board shall, not less than thirty (30) days or more than sixty (60) days before the beginning of each Fiscal Year of the Association, prepare and distribute to each Owner a copy of the budget for the daily operation of the Association (the "Operating Budget"). The Operating Budget must include, without limitation, the estimated revenue and expenditures of the Association for the coming year and any contributions to be made to the reserve fund established by this Article 18. In lieu of distributing copies of the Operating Budget, the Board may distribute summaries of the budget, accompanied by a written notice that the budget is available for review at the business office of the Association or other suitable location and that copies of the budget will be provided upon request.

(b) The Association shall also establish adequate reserves, funded upon a reasonable basis, for the repair, replacement, and restoration of the major components of the Common Elements. The reserve funds may be used only for those purposes and not for daily maintenance. Money in the reserve accounts may not be withdrawn without the signatures of at least two (2) members of the Board or the signatures of at least one (1) member of the Board and one (1) officer of the Association who is not a member of the Board.

(c) The Board shall, not less than thirty (30) days or more than sixty (60) days before the beginning of the Fiscal Year of the Association prepare and distribute to each Owner a copy of the reserve budget (the "Reserve Budget"). In lieu of distributing copies of the Reserve Budget, the Board may distribute summaries of the budget, accompanied by a written notice that

the budget is available for review at the business office of the Association or other suitable location and that copies of the budget will be provided upon request.

The Reserve Budget must include, without limitation: (a) the current estimated replacement cost, estimated remaining life, and estimated useful life of each major component of the Common Elements; (b) as of the end of the Fiscal Year for which the budget is prepared, the current estimate of the amount of cash reserves that are necessary, and the current amount of accumulated cash reserves that are set aside, to repair, replace, or restore the major components of the Common Elements; (c) a general statement describing the procedures used for said estimation and accumulation of cash reserves, including, without limitation, the qualifications of the person responsible for the preparation of the reserve studies required under this Section; and (d) a statement as to whether the Board has determined or anticipates that the levy of one or more Special Assessments will be required to repair, replace, or restore any major component of the Common Elements or to provide adequate reserves for that purpose.

The Board shall cause to be conducted at least once every five (5) years, a study of the reserves required to be maintained by this Section, review the results of that study at least annually to determine if those reserves are sufficient, and make any adjustments it deems necessary to maintain the required reserves. The study must be conducted by a person licensed to conduct such a study (as determined pursuant to the Act). The study must include, without limitation: (aa) a summary of an inspection of the major components of the Common Elements that the Association is obligated to repair, replace, or restore; (bb) an identification of the major components of the Common Elements that the Association is obligated to repair, replace, or restore which have a remaining useful life of less than thirty (30) years; (cc) an estimate of the remaining useful life of each major component so identified; (dd) an estimate of the cost of repair, replacement, or restoration of each major component so identified; (ee) an estimate of the total Common Assessments that may be required to cover the cost of repair, replacement, or restoration of the major components so identified after subtracting the reserves of the Association as of the date of the study; and (ff) an estimate of the funding plan that may be necessary to provide adequate funding for the required reserves. As used herein, "major component" shall mean any component of the Common Elements, including, without limitation, any amenity, improvement, furnishing, fixture, finish, system or equipment, that may, within 30 years after its original installation, require repair, replacement or restoration in excess of routine annual maintenance which is included in the annual operating budget of the Association.

In the event, a reserve study shows a deficiency in the reserve account for the Association, the Association may establish a funding plan that is designed to allocate the costs for the repair, replacement and restoration of the major components of the Common Elements over a period of years; provided the funding plan is designed in an actuarially sound manner which will ensure that sufficient money is available when the repair, replacement and restoration of the major components of the Common Elements are necessary.

(d) Upon determination of the budget for a Fiscal Year, the Board shall furnish a copy of the budget to each Owner as herein provided (which budget shall separately identify amounts attributable to the Operating Budget and the Reserve Budget) together with a written statement of the amount of the Common Assessment to be assessed against the Owner's Unit for the applicable Fiscal Year. The Board shall set a date for a meeting of the Owners to consider

ratification of the budget not less than fourteen (14) nor more than thirty (30) days after the mailing of the budget. Unless at that meeting a majority of all Owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Owners must be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

(e) The amount to be raised by Common Assessments during a Fiscal Year shall be equal to (a) the Operating Budget for such period, plus (b) the Reserve Budget to be set aside for said period, less the amount attributable to the Operating Budget collected but not disbursed in the immediately preceding Fiscal Year or partial Fiscal Year; provided, however, that in lieu of such subtraction the Board may elect to refund said surplus to the Owners.

If the Board fails to determine or cause to be determined the total amount to be raised by Common Assessments in any Fiscal Year and/or fails to notify the Owners of the amount of such Common Assessments for any Fiscal Year, then the amounts of Common Assessments shall be deemed to be the amounts assessed in the previous Fiscal Year.

Except as emergencies may require, the Association shall make no commitments or expenditures in excess of the funds reasonably expected to be available to the Association.

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

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

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

18.8 Limitations on Maximum Annual Assessment: From and after January 1st of the year immediately following the first conveyance of a Unit to an Owner other than Declarant, the maximum annual Common Expense Assessment may not be increased by more than 15% of the annual budget for the previous year unless approved by the vote or written assent of a Majority of Owners.

18.9 Acceleration of Common Expense Assessments and Late Fee: In the event of default in which any Owner does not make the payment of any Common Expense Assessment levied against his or her Unit within 10 days after the date due, the Board of Directors shall have the

right, after Notice and Hearing, to declare all unpaid assessments for the pertinent fiscal year immediately due and payable. The Association may impose a late fee in an amount deemed appropriate by the Board for any untimely payment of assessments.

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

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

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

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

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

18.13 Capitalization of Association: A working capital fund is to be established in the amount of 2 months' regularly budgeted initial Common Expense Assessments for all Units in proportion to their respective Allocated Interests in Common Expenses. This amount shall be collected from the purchaser of each Unit upon the time of sale of that Unit. Any amounts paid into this fund shall not be considered as advance payment of assessments. Each Unit's share of the working capital fund may be collected and then contributed to the Association by Declarant at the time the sale of the Unit is closed or at the termination of the Declarant Control Period, if earlier. Until paid to the Association, the contribution to the working capital shall be considered an unpaid Common Expense Assessment, with a lien on Declarant's unsold Units pursuant to the Act. Until termination of Declarant control of the Board of Directors, the working capital fund shall be deposited without interest in a segregated fund. While Declarant is in control of the

Board of Directors, Declarant cannot use any of the working capital funds to defray its expenses, reserve contributions, or construction costs or to make up budget deficits.

18.14 Subsidy Agreements: The Association is specifically authorized and empowered to enter into a Subsidy Agreement or other similar agreement with the Declarant whereby assessments otherwise payable by the Declarant on Units owned by the Declarant are suspended in exchange for the payment by the Declarant of shortfalls in the Association's operating expenses or the provision of maintenance of the Common Elements and/or the performance of certain other services which are Common Expenses of the Association. Any such agreement shall provide that it may be terminated upon the vote of the Owners of 67% of the total number of Units in the Project, other than those Units owned by Declarant, in which event, after the date of such termination, all Owners, including Declarant shall be liable for the full amount of the regular assessments which would otherwise be payable in accordance with this Article XVIII.

ARTICLE XIX

RIGHT TO ASSIGN FUTURE INCOME

The Association may assign its future income, including its right to receive Common Expense Assessments, only upon the approval of a Majority of Owners, at a meeting called for that purpose, and with Eligible Mortgagees' consent described in Article XVII.

ARTICLE XX

PERSONS AND UNITS SUBJECT TO DOCUMENTS

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

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

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

ARTICLE XXI

INSURANCE

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

21.2 Property Insurance Coverage:

(a) Coverage. Property insurance will cover:

(i) The facilities of the Project including all buildings on the Property, for example, the Units and all fixtures, equipment and any improvements and betterments whether part of a Unit or a Common Element, and such personal property of Owners as is normally insured under building coverage, but excluding land, excavations, portions of foundations below the undersurface of the lowest basement floors, underground pilings, piers, pipes, flues and drains and other items normally excluded from property policies; and

(ii) All personal property owned by the Association.

(b) Amounts. The insurance will be for an amount (after application of any deductions) equal to 100% of the actual replacement value of the covered items at the time the insurance is purchased and at each renewal date, excluding the cost of land, foundations, or excavations.

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

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

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

(i) Each Owner is an insured Person under the policy with respect to liability arising out of the Owner’s interest in the Common Elements or membership in the Association.

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

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

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

(v) Losses must be adjusted with the Association.

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

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

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

Avalon Condominium at Seven Hills Homeowners' Association for the use and benefit of the individual Owners.

(ix) Such policy of insurance shall contain a standard mortgage clause, or equivalent endorsement (without contribution), which is commonly accepted by private institutional mortgage investors in the area in which the Project is located, and which appropriately names FNMA and FHLMC as an insured if FNMA and FHLMC is a holder or insurer of first mortgages on Units within the Project.

(x) If FNMA or FHLMC is a holder or insurer of first mortgages on Units within the Project, such policy of insurance shall be unacceptable where: (a) under the terms of the insurance carrier's charter, by-laws, or policy, contributions or assessments may be made against borrowers, FNMA, FHLMC, or the designee of FNMA or FHLMC; (b) by the terms of the carrier's charter, loss payments are contingent on action by the carrier's board of directors, policy holders, or members; or (c) the policy includes any limiting clauses (other than insurance conditions) that could prevent FNMA, FHLMC or the borrowers from collecting insurance proceeds.

(xi) If FNMA or FHLMC is a holder or insurer of first mortgages on Units within the Project, such policy of insurance shall include "agreed amount endorsements" and, if available, an "inflation guard endorsement."

(xii) If HUD, VA, FNMA, or FHLMC is a holder or insurer of first mortgages on Units within the Project, such policy of insurance shall include coverage for losses or perils by fire or other perils covered by the standard extended coverage endorsement.

(xiii) If FNMA or FHLMC is a holder or insurer of first mortgages on Units within the Project, such policy of insurance shall contain such additional coverage protection customarily covered with respect to condominiums similar in construction, location, and use.

(xiv) If FNMA or FHLMC is a holder or insurer of first mortgages on Units within the Project, the maximum deductible under any policy of insurance regarding Association property shall be the lesser of \$10,000 or one percent (1%) of the face amount of policy coverage; provided, however, that for individual Units covered by a blanket policy of insurance, the deductible should be the higher of \$1,000 or one percent (1%) of the replacement cost of the Unit.

21.3 Flood Insurance: If HUD, FNMA, or FHLMC is a holder or insurer of first mortgages on Units within the Project, and if the Project or portions thereof are identified as being within a flood hazard area and if flood hazard insurance is available under the National Flood Insurance Program, the Association shall be required to acquire such insurance, as a Common Expense, in

an amount not less than: (a) the maximum coverage available; or (b) 100% of the replacement costs of all buildings and other property. The maximum deductible allowed with such policy shall be the lesser of \$5,000 or one percent (1%) of the face amount of coverage.

21.4 Liability Insurance: Liability insurance, including medical payments insurance, will be maintained as determined by the Board of Directors, but for at least so long as HUD, VA, FHLMC or FNMA is the holder or insurer of a first mortgage on any Unit, the minimum amount of insurance coverage per occurrence shall be \$1,000,000. This insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and the activities of the Association.

Insurance policies carried pursuant to this Section shall provide that:

(a) Each Owner is an insured Person under the policy with respect to liability arising out of the Owner's interest in the Common Elements or membership in the Association;

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

(c) An act or omission by an Owner or the Association will not void the policy or be a condition to recovery under the policy.

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

(e) Losses must be adjusted with the Association.

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

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

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

the Association; or (c) two Directors must sign any check written on the reserve account, then the fidelity bond may be in an amount equal to three months Common Expense Assessments on all Units.

21.6 Owner Policies: An insurance policy issued to the Association does not preclude Owners from obtaining insurance for their own benefit.

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

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

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

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

21.11 Insurer Ratings: For so long as FNMA or FHLMC is the holder or guarantor of any Security Instrument, the following insurance ratings shall apply. With regard to any insurance policy for the Common Elements or any master or blanket insurance coverage described hereunder, an insurer shall have a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's Insurance Reports, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's Insurance Reports, International Edition, an "A" or better rating in Demotech, Inc's Hazard Insurance Stability Ratings, a "BBBq" quality rating in Standard and Poor's Insurer Solvency Review, or a "BBB" or better claims-paying ability rating in Standard and Poor's International Confidential Rating Service.

ARTICLE XXII

DAMAGE TO OR DESTRUCTION OF PROPERTY

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

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

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

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

22.4 Replacement of Less Than Entire Property:

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

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

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

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

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

22.5 Insurance Proceeds: The Trustee, or if there is no Trustee, then the Board of Directors of the Association, acting by the President, shall hold any insurance proceeds in trust for the Association, Owners and lien holders as their interests may appear. Subject to the provisions of subsection 22.1(a) through subsection 22.1(c) of this Declaration, the proceeds shall be disbursed first for the repair or restoration of the damaged Property. The Association, Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus after the Property has been completely repaired or restored, or unless the Project is terminated.

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

(a) Whether or not damaged or destroyed Property is to be repaired or restored; and

(b) The amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

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

ARTICLE XXIII

NOTICE AND HEARING

23.1 Right to Notice and Comment: Before the Board of Directors amends the Bylaws or the Rules, whenever the Documents require that an action be taken after “Notice and Comment,” and at any other time the Board of Directors determines, the Owners have the right to receive notice of the proposed action and the right to comment orally or in writing. Notice of the proposed action either shall be given to each Owner in writing, delivered personally or by mail to all Owners at such address as appears in the records of the Association, or it shall be published in a newsletter or similar publication which is routinely circulated to all Owners. The notice shall be given not less than ten days before nor more than thirty days in advance of the proposed action being taken. It shall invite comment to the Board of Directors orally or in writing before the scheduled time of the meeting.

23.2 Right to Notice and Hearing: Whenever the Documents require that an action be taken after “Notice and Hearing,” the following procedure shall be observed: The party proposing to take the action (e.g., the Board, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, and if the notice relates to a proposed violation of the Documents, a statement of the alleged violation. At the hearing, the affected Person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to assure a prompt and orderly resolution of the issues. Any evidence shall be duly considered, but is not binding in making the decision. The affected Person shall be notified of the decision in the same manner in which notice of the meeting was given. No fine for a violation of the Documents may be imposed until after a hearing before the Board or committee authorized by the Board, and the requirements of the Act are followed. The Board or committee authorized by the Board may impose an initial fine for the violation of the Documents in the amount of \$100, or such other minimum amount as allowed by the Act, and may impose additional fines in accordance with the Act. If a violation goes uncured for 14 days, the Board or the committee may consider the violation a continuing violation and proceed with fines of \$100 for each seven-day period the violation remains uncured. After the initial Notice and Hearing, no further notice or hearings are required for the Board or the committee to assess additional fines for the continuing violation. In all actions by the Board or by a committee authorized by the Board to enforce the provisions of the Documents the minimum standards set forth in the Act, as amended, shall be followed.

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

ARTICLE XXIV
BOARD OF DIRECTORS

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

24.2 Powers and Duties: The Board of Directors may act in all instances on behalf of the Association, except as provided in this Declaration, the Bylaws or the Act. The Board of Directors shall have, subject to the limitations contained in this Declaration and the Act, the powers and duties necessary for the administration of the affairs of the Association and of the Project, which shall include, but not be limited to, the power to grant utility easements under, through and over the common elements, which are reasonably necessary to the ongoing development and operation of the Project, and the powers set forth in the Bylaws.

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

ARTICLE XXV
OPEN MEETINGS

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

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

ARTICLE XXVI
CONDEMNATION

If part or all of the Project is taken by any Person or entity having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with the Act. The Association shall represent the Owners in any such proceeding or negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements, or part thereof, by the condemning authority. Each Owner appoints the Association as attorney-in-fact for such purpose. The Association may appoint a trustee to act on behalf of the Association to carry out the Associations functions under this Article XXVI. Except as otherwise provided herein, in the event of a taking or acquisition of part or all of the

common elements by a condemning authority, the award or proceeds of settlement shall be payable to the Association, or any trustee, to be held in trust for the Owners and their first mortgage holders, as their interests may appear.

ARTICLE XXVII

MISCELLANEOUS PROVISIONS

27.1 Enforcement:

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

(b) In the event the Association, Declarant, or any Owner shall commence litigation or arbitration to enforce any of the covenants, conditions, restrictions or reservations herein contained or in any other Document, the prevailing party in such litigation or arbitration shall be entitled to costs of suit and such attorney's fees as the Court may adjudge reasonable and proper. The "prevailing party" shall be the party in whose favor a final judgment is entered.

(c) In the event, the Association does not institute litigation or arbitration proceedings for the enforcement of the Documents, any attorneys' fees incurred by the Association for such enforcement shall be paid for by the Person responsible for the violation of the Documents.

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

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

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

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

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

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

27.8 Unilateral Amendment By Declarant: Declarant may unilaterally amend this Declaration if such amendment is: (a) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, to enable such lender or purchaser to make or purchase mortgage loans on the Units; (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; or (e) otherwise necessary to satisfy the requirements of any governmental agency. Notwithstanding the foregoing, to the extent that FNMA, FHLMC, HUD, and/or VA are holders or insurers of any mortgage, no unilateral amendment shall be permitted unless it is done in accordance with the rules and regulations of FNMA, FHLMC, HUD and/or VA. No such amendment shall adversely affect the title to any Unit unless the Owner shall consent thereto in writing. So long as Declarant still owns property described in Exhibit "A" for development as part of the Project, it may unilaterally amend this Declaration for any other purpose without meeting the requirements herein, provided the amendment has no material adverse effect upon right of any Owner.

27.9 Term: This Declaration, including all of the covenants, conditions and restrictions hereof, shall run with and bind the Property for a term of 30 years from the date this Declaration is recorded. After such time, the covenants, conditions and restrictions contained herein, shall be automatically extended for successive periods of 10 years, unless an instrument is signed by the Owner(s) of at least eighty percent (80%) of the total number of Units in the Project and recorded in the Clark County, Nevada Recorder's Office within the year preceding the beginning of each successive period of 10 years, agreeing to change the terms of this Declaration, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated as specified therein.

[signature page attached]

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

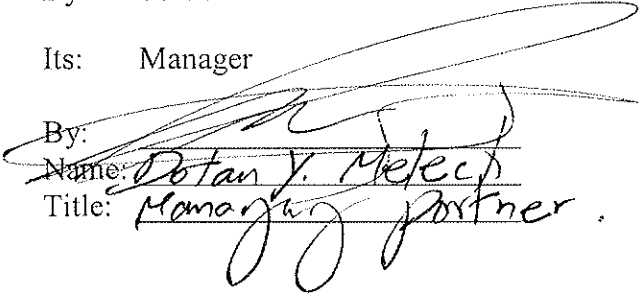
“DECLARANT”

Avalon Condominiums at Seven Hills, LLC,
A Nevada limited liability company

By: D & O Management Group, L.L.C.
Its: Manager


By: Port Melech International L.L.C.

Its: Manager

By: 
Name: Dotan Y. Melech
Title: Managing Partner

STATE OF NEVADA)
)ss.
COUNTY OF CLARK)

On this 28 day of April, 2006, before me, the undersigned notary public, in and for the County and State, personally appeared Dotan Y. Melech known or proved to me to be the Managing Partner of Port Melech International, who executed the foregoing instrument, and who acknowledged to me that he did so freely and voluntarily and for the uses and purposes therein mentioned.


NOTARY PUBLIC

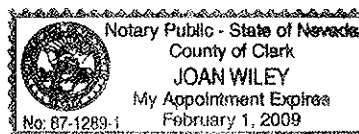


EXHIBIT "A"
THE PROPERTY
LEGAL DESCRIPTION

All of Avalon Condominiums as shown on map thereof on file in Book 126 of Plats, Page 47, in the Office of the County Recorder, Clark County, Nevada Records.

EXHIBIT “B”
COMMON ELEMENTS
LEGAL DESCRIPTION

All that real property described at Exhibit “A”, but excluding Dwelling Units 1-320.