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Frances Deane
Clark County Recorder

DECLARATION OF COVENANTS, CONDITIONS, AND
RESTRICTIONS
AND GRANT AND RESERVATION OF EASEMENTS FOR
MONTEREY AT THE LAS VEGAS COUNTRY CLUB

RECORDER'S MEMO
POSSIBLE POOR RECORD DUE TO
QUALITY OF ORIGINAL DOCUMENT

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
AND GRANT AND RESERVATION OF EASEMENTS FOR
MONTEREY AT THE LAS VEGAS COUNTRY CLUB

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS AND GRANT AND RESERVATION OF EASEMENTS FOR MONTEREY AT THE LAS VEGAS COUNTRY CLUB (the "Declaration") is made as of this ____ day of _____, 200__, by TR Village Green, LLC, a Delaware limited liability company (the "Declarant") for the purpose of submitting the Property (defined below) to the provisions of the Act (defined below), as updated, as a condominium common interest community. Declarant is presently the owner of all of the Units (defined below) comprising the Property.

RECITALS

A. The Property is within the Las Vegas Country Club Estates and is therefore subject to a master set of covenants, conditions and restrictions affecting the Property (the "Master CC&Rs") as follows:

Declaration of Easements, Rights, Conditions and Restrictions recorded April 7, 1969 in Book No. 941 as Document No. 755353, of Official Records, as affected by Amendment to Declaration of Easements, Rights, Conditions and Restrictions recorded February 11, 1971 in Book No. 101 as Document No. 80157, of Official Records, as affected by Amendment to Declaration of Easements, Rights, Conditions and Restrictions recorded June 7, 1973 in Book No. 335 as Document No. 294260 of Official Records, as affected by Amendment to Covenants, Conditions and Restrictions of Las Vegas International Country Club Estates recorded August 27, 1999 in Book No. 990827 as Document No. 01743 of Official Records, as affected by Amendment to Covenants, Conditions and Restrictions of Las Vegas International Country Club Estates recorded August 27, 1999 in Book No. 990827 as Document No. 01744, of Official Records, as affected by Amendment to Covenants, Conditions and Restrictions of Las Vegas International Country Club Estates recorded August 27, 1999 in Book No. 990827 as Document No. 01745 of Official Records, as affected by Amendment to Declaration of Restrictions of Las Vegas International Country Club Estates and to Declaration of Easements, Rights, Conditions and Restrictions of Las Vegas International Country Club Estates recorded September 20, 1999 in Book No. 990920 as Document No. 01979, of Official Records, as

affected by Amendment to Notice of Community Association Charges of Las Vegas International Country Club Estates Owners Association, Inc. (originally recorded in Book 20000705, Instrument No. 00001), recorded August 12, 2003 in Book No. 20030812 as Document No. 01467, of Official Records.

And the Declaration of Restrictions recorded April 7, 1969 in Book No. 941 as Document No. 755358 of Official Records, as affected by an instrument recorded August 7, 1970 in Book No. 53 as Document No. 42326, of Official Records, as affected by Amendment of Declaration of Restrictions recorded February 11, 1971 in Book No. 101 as Document No. 80158 of Official Records, as affected by Amendment to Covenants, Conditions and Restrictions of Las Vegas International Country Club Estates recorded August 27, 1999 in Book 990827 as Document No. 01743, of Official Records, as affected by Amendment to Covenants, Conditions and Restrictions of Las Vegas International Country Club Estates recorded August 27, 1999 in Book No. 990827 as Document No. 01744, of Official Records, as affected by Amendment to Covenants, Conditions and Restrictions of Las Vegas International Country Club Estates recorded August 27, 1999 in Book No. 990827 as Document No. 01745, of Official Records, as affected by Amendment to Declaration of Restrictions of Las Vegas International Country Club Estates and to Declaration of Easements, Rights, Conditions and Restrictions of Las Vegas International Country Club Estates recorded September 20, 1999, in Book No. 990920 as Document No. 01979, of Official Records, as affected by Las Vegas International Club Homeowners Association, Inc. Rules & Regulations recorded January 5, 2001 in Book No. 20010105 as Document No. 01174, of Official Records, as affected by Amendment to Notice of Community Association Charges of Las Vegas International Country Club Estates Owners Association, Inc. (originally recorded in Book 20000705, Instrument No. 00001) recorded on August 12, 2003 in Book No. 20030812 as Document No. 01467, of Official Records.

Rules and Regulations recorded on February 17, 1994 in Book No. 940217 as Document No. 00887, of Official Records.

Architectural Committee Standards for New Homes and Improvements to Existing Homes recorded on December 19, 1989 in Book No. 891219 as Document No. 00826.

B. Declarant intends to convey the Property, including, without limitation, the Units, subject to certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all running with the Property as hereinafter set forth.

C. It is anticipated that the Property shall contain 551 Units initially, with the Declarant reserving the right to increase the total number of Units to 1125. Each Unit shall have appurtenant to it a membership in the Association (defined below).

D. Before selling or conveying any interest in the Property, Declarant desires to subject the Property to the covenants, conditions, and restrictions contained herein, for the benefit of Declarant and any and all present and future owners of the Property, or any portion thereof.

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

ARTICLE I DEFINITIONS

"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.

"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.

"Architectural Committee" shall mean the architectural committee created pursuant to Section 12.1 of this Declaration.

"Architectural Committee Rules" shall mean the rules adopted by the Architectural Committee pursuant to Section 12.3 of this Declaration.

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

"Assessment Unit" shall mean that portion of the total of any given assessment from which the liability to a particular Owner and Unit is determined. Each Dwelling Unit in the Project shall represent one (1) Assessment Unit.

"Association" shall mean Monterey at the Las Vegas Country Club Homeowners' Association, a nonprofit corporation organized under NRS Chapter 82 organized as the Association of Owners pursuant to the Act.

"Board of Directors" shall mean the board of directors of the Association.

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

"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.

"Common Elements" shall mean all that portion of the Property described below:

(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, pool areas, work-out areas, 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 terms, conditions and 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.

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

(d) 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);

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

(f) 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.

"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.

"Declarant" shall mean the persons and entities described in the opening paragraph of this Declaration, or its and their successors, as defined in the Act.

"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 of this Declaration.

"Declaration" shall mean this document, including all amendments thereto and all declarations of annexation pertaining thereto, if any.

"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.

"Director" shall mean and refer to a member of the Board of Directors.

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

"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 of this Declaration.

"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.

"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. Eligible Mortgagee includes, without limitation, Corus Bank, N.A. ("Corus"), the lender under that certain Construction Loan Agreement between Corus, as lender, and Declarant, as borrower, dated July 29, 2004, until the Construction Loan is paid in full, or Corus is no longer a lender to Declarant.

"FNMA" shall mean the Federal National Mortgage Association.

"FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

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

"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, pool areas, club houses, work-out areas, utility or telecommunication wires or cables, pipes, light poles, walls, and trees and shrubbery planted by the Declarant or the Association.

"Liability for Common Expenses" shall mean the liability for common expenses allocated to each Unit pursuant to Article VIII.

"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.

"Majority of Owners" or "Majority of Members" shall mean the Owners (including, as applicable, Declarant) of more than fifty percent (50%) of the total number of Units contained in the Project.

"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.

"Master CC&Rs" has that meaning ascribed to it in Recital A.

"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.

"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.

"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.

"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.

"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.

"Person" shall include an individual, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, government, government subdivision or agency or other legal or commercial entity.

"Plat and Plans" means the Final Map of Village Green Condominiums, recorded December 30, 2004, on file in Book 121, Page 60 of Plats, in 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. A site map of the Project is attached hereto at Exhibit "A."

"Project" shall refer to the Property as a whole, including the Units and Common Areas, as restricted by and marketed and sold to third parties in accordance with this Declaration.

"Property" shall mean the real property located in Clark County, Nevada and more specifically described in Exhibit "B" attached hereto and incorporated herein by reference, 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.

"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.

"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.

"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.

"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.

"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.

"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.

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

"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.

"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 the Limited Common Elements (to the extent appurtenant to any given Unit) and the Common Elements, including without limitation, any additional units or dwelling units up to a maximum of 1125 as described in Section 4.1 of this Declaration.

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

ARTICLE II PROJECT AND ASSOCIATION

Section 2.1 Project. The name of the Project is Monterey at the Las Vegas Country Club Condominiums. Monterey at the Las Vegas Country Club Condominiums is a condominium common interest community under the Act.

Section 2.2 Association. The name of the Association is Monterey at the Las Vegas Country Club 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.

Section 2.3 Master Association. The Project is subject to all of the terms, conditions, rules and regulations promulgated under the Master CC&Rs, including, without limitation, any use requirements or restrictions thereon, voting privileges, and all other terms, conditions, covenants and easements stated therein. Any conflict between the Documents or the Public Offering Statement and the Master CC&Rs or any instrument referenced therein shall be resolved in favor of the Master CC&Rs or the document referenced therein.

ARTICLE III DESCRIPTION OF PROPERTY

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

ARTICLE IV UNIT AND BOUNDARY DESCRIPTIONS

Section 4.1 Maximum Number of Units. The Project shall include a maximum total of 1125 Dwelling Units, provided, however, that Declarant shall not have the right to exceed 551 Dwelling Units without prior written consent of Corus.

Section 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 and Lower Boundaries. The upper and lower boundaries of the Unit shall be the following boundaries extended to their planar intersections with the perimetrical boundaries:

(i) Upper Boundaries. The horizontal plane of the unfinished lower surface of the ceiling (which will be deemed to be the ceiling of the upper story if the Unit is a multi-story Unit, provided that in multi-story Units where the lower boundary extends beyond the upper boundary, the upper boundary shall include that portion of the unfinished ceiling of the lower floor for which there is no corresponding ceiling on the upper floor directly above such bottom floor ceiling).

(ii) Lower Boundaries. The horizontal plane of the unfinished upper surface of the floor of the Unit (which will be deemed to be the floor of the first story if the Unit is a multi-story Unit, provided that in multi-story Units where the upper boundary extends beyond the lower boundary, the lower boundary shall include that portion of the floor of the upper floor for which there is no corresponding floor on the lower floor directly below the floor of such top floor).

(iii) Interior Divisions. Except as provided in subsections 4.2(a)(i) (ii) above, no part of the floor of the top floor, ceiling of the bottom floor, stairwell adjoining the multi-floors, in all cases of a multi-story Unit, if any, or nonstructural interior walls shall be considered a boundary of the Unit.

(b) Perimetrical Boundaries. Except as provided herein, the perimetrical boundaries of the Unit shall be the vertical planes of the unfinished interior surfaces of the walls bounding the Unit extended to their planar intersections with each other and with the upper and lower

boundaries. Where, however, the perimetrical walls consist of sheetrock, the perimetrical boundaries of that portion of the Unit shall be the vertical planes of the unfinished exterior surface of the sheet-rock bounding the Unit (such that the Unit extends up to, but does not include, the face of any support studs in the walls) extended to their planar intersections with each other and with the upper and lower boundaries.

(c) Apertures. Where there are apertures in any boundary, including, but not limited to, windows, doors, bay windows and skylights, such boundaries shall be extended to include the windows, doors and other fixtures located in such apertures, including all frameworks, window casings and weather stripping thereof.

(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 4.2, 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

Section 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) To the extent any hot water heater or tank and any of its related equipment, pipes or conduit, lies partially within and partially outside the designated boundaries of a Dwelling Unit, to the extent that it serves one or more Dwelling Units, it shall be 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.

(c) 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 Areas, 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.

(d) 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.

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

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

(g) Any porch or balcony appurtenant to a Dwelling Unit shall be a Limited Common Element of the Unit(s) to which it is adjacent and accessible. The Association shall be responsible for the maintenance of the structural and mechanical elements of any such Limited Common Elements, except to the extent arising from or necessitated by the negligence, misuse or neglect of a specific Unit Owner, in which case such cost and expense shall be paid solely by such Unit Owner, with the owner of the Unit to which they are appurtenant responsible for the costs of same and, directly, for the general cleaning, plant care and the upkeep of the appearance of the area(s).

(h) Developer hereby reserves the exclusive right to assign, with or without consideration, the exclusive right to use any parking space located within the Common Elements of the Dwelling Unit to one or more Units, whereupon the space so assigned shall be deemed a Limited Common Element of the Unit(s) to which it is assigned. Each Unit shall be assigned not less than one (1) parking space as an appurtenance to the Unit. As to any Limited Common Element parking space which was originally assigned by the Developer, the Developer reserves

the right, at any time provided that the Developer owns a Unit, to reassign such parking space provided that at all times, each Unit shall have one (1) Limited Common Element parking space. The maintenance of any parking space so assigned shall be the responsibility of the Association.

Section 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

Section 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.

Section 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 pipes, lines or other equipment related or appurtenant to the fixtures and equipment servicing any Dwelling Unit, any 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.

Section 6.3 Limited Common Elements. Any Common Expense associated with the maintenance, repair or replacement of any hot water heater or tank, 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 6.3, 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 or benefits, as the case may be.

(c) Each Owner shall be responsible for the routine upkeep of and the removing of 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.

Section 6.4 Right of Access. Any Person authorized by the Board of Directors shall have the right of access to all portions of the 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.

Section 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 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.

Section 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 of Directors. 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

Section 7.1 Reservation of Development Rights. Declarant reserves the following Development Rights with respect to the Project:

(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 create Units to the maximum number as set forth in Section 4.1 of this Declaration.

(d) 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 and if required by the Act, the Plat and Plans will be amended to include reference to the recorded easement.

(e) 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.

(f) Developmental rights may be exercised with respect to different portions of the Project at different times. No assurances are made with respect to the boundaries or order in which portions of the Project may be subject to developmental rights. A developmental right exercised in one portion of the Project does not require the developmental right to be exercised in all or any other portion of the Project

Section 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 as may be allowed by law;

(c) To maintain sales offices, management offices, signs advertising the Project and models 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 twelve (12) designated parking stalls located in the common areas near any sales office or management office during the Declarant Control Period.

Section 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 all or any of a portion of one or more Unit for sales offices and/or management offices. Declarant further reserves the right to maintain one or more Units owned by Declarant or any portion of the Common Elements as a model Unit, sales office or management office.

Section 7.4 Signs and Marketing. Except as otherwise restricted by the Rules and Regulations of the Master Association, 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.

Section 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.

Section 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 seventy-five percent (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 of Directors, as described in a recorded instrument executed by Declarant, be approved by Declarant before they become effective.

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

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

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

Section 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.

Section 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.

Section 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.

Section 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 to the Association and in each deed or other instrument by which any property encumbered hereby is conveyed by Declarant, whether or not specifically stated therein. The rights, reservations and easements of Declarant set forth in this Declaration shall be prior and superior to any other provisions of this Declaration and may not, without Declarant's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration, including any amendment of this Section 7.10. Declarant's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

Section 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

Section 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) will be equal to one (1) Assessment Unit for each Dwelling Unit. Cost per Assessment Unit shall be determined by a formula consisting of a fraction, the numerator of which shall be the total expense to be assessed and the denominator shall be the total assessments represented by the Units subject to such expense. 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 (1) 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.

(d) Addition or Withdrawal of Units. Upon addition or withdrawal of Units, the Interest in the Common Elements and Liability for Common Expenses will be re-allocated pursuant to the formula set forth in Sections 8.1(a) and (b) of this Declaration. Each Unit in the Project will continue to have one (1) equal vote pursuant to 8.1(c).

Section 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

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

(a) The use of each Unit is restricted to that of a single-family residence and accessory uses as permitted herein, provided, however, that if the Master Association purchases a Unit from Declarant, then the Master Association may maintain an office for purposes of conducting the Master Association's own business of running its association, but for no other purposes and the Master Association is prohibited from assigning this right to any other person or entity.

(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.

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

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

usage in any Unit shall not exceed the capacity of the circuits as labeled on the circuit breaker boxes.

(b) All Owners shall maintain their Units in a clean and well maintained condition. No storage of trash will be permitted in or outside any Unit in a manner which may permit the spread of fire, odors, seepage or encouragement of vermin. No bicycles, refrigerators, boxes, 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) Except for visitors from time-to-time, no Owner may regularly park more than 2 cars at the Property.

(d) 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 oversized trucks, commercial vehicles, motor homes, boats, personal watercrafts, campers and trailers. Furthermore, no motor homes, 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.

(e) 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.

(f) Subject to any rules and regulations of the Association, up to two (2) pets may be maintained in a Unit provided such pets are: (a) permitted to be so kept by applicable laws and regulations, (b) do not weigh more than 30 pounds each; (c) not left unattended on any porches or balconies, (d) generally, not a nuisance to residents of other Units; (e) not a barnyard or exotic animal, arachnid, reptile; pit bull or other breed considered to be dangerous by the Board of Directors; or (f) not kept for any commercial purpose, provided that neither the Board nor the Association shall be liable for any personal injury, death or property damage resulting from a violation of the foregoing and any occupant of a Unit committing such a violation shall fully indemnify and hold harmless the Board of Directors, the Developer, each Unit Owner and the Association in such regard. Seeing eye dogs and hearing ear dogs will be permitted for those persons holding certificates of necessity. No pet shall be permitted outside of their owner's Unit unless attended by an adult and on a leash not more than six (6) feet long. Said pets shall only be walked or taken upon those portions of the Common Elements designated by the Association

from time to time for such purposes. In no event shall said pet ever be allowed to be walked or taken on or about any recreational facilities contained within the Property. Unit owners shall pick up all solid wastes from their pets and dispose of same appropriately. Without limiting the generality of this Article IX, a violation of the provisions of this Section 9.2(f) shall entitle the Association to all of its rights and remedies, including, but not limited to, the right to fine Unit Owners and/or to require any pet to be permanently removed from the Property.

(g) No signs, window displays or advertising visible from outside a Unit. 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.

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

(i) No Owner shall install tile or hardwood flooring in any Unit.

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

1. 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;

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

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

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

5. The following uses are hereby expressly prohibited:

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

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

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

(k) The foregoing restrictions shall be in addition to, cumulative with, and not in derogation of those set forth in the Master CC&Rs.

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

Section 9.4 Restrictions on Alienation. A Unit may not be conveyed pursuant to a time-sharing plan. A Unit may not be leased or rented for an initial term of less than 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 for approval by the Board of Directors. No more than thirty percent (30%) of the Units within the Property shall be leased or rented at any given time, as determined by the Board of Directors in its discretion. The Board of Directors may deny approval of a lease based on any restriction imposed on such lease as set forth herein, including without limitation, the restriction that no more than thirty percent (30%) of the Units within the Property may be leased at any given time.

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.

ARTICLE X EASEMENTS AND LICENSES

Section 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.

Section 10.2 Association Easement. The Association shall have an easement over the Common Elements for performing its duties and exercising its powers described in this Declaration. 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.

Section 10.3 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.

Section 10.4 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 of Directors 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 of Directors 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 of Directors to grant easements, leases, licenses and concessions through or over the Common Elements.

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

(e) The right of the Board of Directors 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 XI. All such additional 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

Section 12.1 Requisite Approvals and Procedures for Owner Alteration. No Owner may make or commence any structural addition, alteration or Improvement in the Project, including without limitation, any awning, solar or other screens, satellite or other telecommunication device or dish, 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"). Owner must also

obtain the prior written consent of the Master Declarant. Owner should obtain approval from the Association prior to submission of an application to the Master Association. Approval by the Association does not guarantee approval by the Master Association.

(a) Any request for approval of anything prohibited under Section 12.1 or Section 12.1(b)(i) or (ii) of this Declaration 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 do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Project.

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

(iii) Subject to Section 13.1 of this Declaration, 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.

Section 12.2 Limitation on Liability of Architectural Committee. Provided that the Architectural Committee or a particular member of the Architectural Committee has acted in good faith on the basis of the information as may be possessed by the Architectural Committee or the member, as the case may be, then neither the Architectural Committee nor any member thereof shall be liable to the Association, to any Owner, or any other Person for any damage, loss, or prejudice suffered or claimed on account of: (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications; 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.

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

Section 12.4 Board of Directors and Architectural Committee Discretion. Except as may be expressly provided in this Declaration, any consent or approval of the Board of Directors, Architectural Committee, or Association that is required under the provisions hereof may be granted or withheld in the sole and absolute discretion of the Board of Directors, Architectural Committee, or Association, as applicable. In that regard, the granting or withholding of such consent or approval shall not be subject to any objective standards of "reasonableness" or otherwise; 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.

Section 12.5 No Applicability to Construction by Declarant or its Predecessors. The provisions of this Article XII shall not apply to construction, remodeling, maintenance or other work done by or at the request of, 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.

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

ARTICLE XIII BOUNDARIES

Section 13.1 Application and Amendment. The boundaries between adjoining Units may not be relocated without the approval of the Board of Directors or the Architectural Committee under Article XII. In addition to the plans and specifications required for approval under Section 12.1 of this Declaration, a request for a boundary adjustment must be accompanied by the written consent of all Owners of the Units affected by the relocation. Units "affected by the relocation" shall be only the actual Units to have a boundary adjustment. 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 to this Declaration that identifies the Units involved, states the reallocations and indicates the Association's consent. The amendment need only be executed by those Unit Owners affected by the relocation and contain words of conveyance between them. The approval of all holders of Security Interests in the affected Units shall be included in the conveyance. On recordation, the amendment shall be indexed in the name of the grantor and the grantee, and in the grantee's index in the name of the Association.

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

ARTICLE XIV AMENDMENTS TO DECLARATION

Section 14.1 In General. Except in cases of amendments that may be executed: (a) by Declarant under Section 27.8 of this Declaration 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; (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 of this Declaration; or (d) as set forth in Section 24.4, 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.

Section 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.

Section 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.

Section 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.

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

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

Section 14.7 Consent of Holders of Security Interests. 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.

Section 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 affirmative vote or written consent of not less than sixty-seven percent (67%) 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 eighty percent (80%) of the total number of Units within the Project, and then in accordance with the provisions of the Act.

ARTICLE XVII MORTGAGEE PROTECTION

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

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

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

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

(b) Any delinquency in the payment of Common Expense Assessments owed by an Owner which remains uncured for a period of 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.

Section 17.4 Consent and Notice Required.

(a) Document Changes. Notwithstanding any requirement permitted by this Declaration or the Act, no amendment of any material provision of the Documents by the Association or Owners described in this Section 17.4 may be effective without notice to all Eligible Mortgagees and Eligible Insurers, as required by Section 17.3 of this Declaration, without the vote of at least sixty-seven percent (67%) of the Owners (or any greater Owner vote required in this Declaration or the Act) and without approval by at least fifty-one percent (51%) of the Eligible Mortgagees (or any greater Eligible Mortgagee approval required by this Declaration). The foregoing approval requirements do not apply to amendments effected by the exercise of any Development Right. A change to 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;

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

(xx) Any provision purporting to amend or modify Section 24.4 of 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 of this Declaration, and approval of at least fifty-one percent (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 sixty-seven percent (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 7.9 of this Declaration 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.

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

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

Section 17.7 Financial Statements. The Association shall provide any Eligible Mortgagee or Eligible Insurer with a copy of an audited financial statement for the preceding fiscal year, upon written request, within a reasonable amount of time.

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

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

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

ARTICLE XVIII ASSESSMENT AND COLLECTION OF COMMON EXPENSES

Section 18.1 Apportionment of Common Expenses. Except as provided in Section 18.2 of this Declaration, 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.

Section 18.2 Common Expenses Attributable to Fewer than all Units:

(a) Any Common Expense associated with any Limited Common Elements, including, without limitation, hot water heaters/tanks, 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 is 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.

Section 18.3 Lien:

(a) The Association has a lien on a Unit for an assessment levied against the Unit or fines imposed against its Owner from the time the assessment or fine becomes due. Fees, charges, late charges, fines, attorneys' fees, and interest charged pursuant to the Act and the Documents are enforceable as assessments under this Section 18.3; 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 18.3 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 18.3 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 18.3 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 18.3 does not prohibit an action to recover sums for which Subsection (a) of this Section 18.3 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 18.3 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 18.3 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.

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

(a) The Board of Directors 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 of Directors 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 of Directors or the signatures of at least one (1) member of the Board of Directors and one (1) officer of the Association who is not a member of the Board of Directors.

The Board of Directors 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 of Directors 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 18.4; and (d) a statement as to whether the Board of Directors 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 of Directors 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 qualified by training and experience to conduct such a study (as determined pursuant to the Act), including a member of the Board of Directors, an Owner, or the Manager of the Association who is so qualified. 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; and (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.

(c) Upon determination of the budget for a Fiscal Year, the Board of Directors 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 of Directors 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 of Directors.

(d) 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 of Directors may elect to refund said surplus to the Owners.

If the Board of Directors 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.

Section 18.5 Capital Improvement Assessments. If the Board of Directors votes to levy a Capital Improvement Assessment, the Board of Directors shall submit the assessment to the Owners for ratification in the same manner as a budget under Section 18.4 of this Declaration. 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 fifteen percent (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.

Section 18.6 Certificate of Payment of Common Expense Assessments. The Association, upon written request, shall furnish an Owner with a statement, in recordable form, setting out the amount of unpaid assessments against the Unit. The statement must be furnished

within 10 business days after receipt of the request and is binding on the Association, the Board of Directors and each Owner.

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

Section 18.8 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 of Directors for any untimely payment of assessments.

Section 18.9 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.

Section 18.10 No Waiver of Liability for Common Expenses. No Owner may become exempt from liability for payment of the Common Expense Assessments by waiver of the use or enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 18.11 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: annual Common Expense Assessments; Capital Improvement Assessments; Special Assessments; and Reconstruction Assessments; such assessments to be established and collected as herein provided. All Assessments, together with interest, costs, and reasonable attorneys' fees for the collection thereof, shall be a charge on the land and shall be a continuing lien upon the Unit against which such assessment is made.

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

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

Section 18.12 Capitalization of Association. A working capital fund is to be established in the amount of two (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 and may be used for any purpose by the Declarant related to the Project. 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.

Section 18.13 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 sixty-seven percent (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.

Section 18.14 Master Association Assessments. Each Unit Owner shall be responsible for the payment of its Master Association due, fees, costs and any other charges assessed by the Master Association for such Unit Owner's membership therein directly to the Master Association. In the event any Unit Owner does not make such payment in a timely manner, the Declarant may, but shall not be required to do so, pay said late assessment and charge Unit Owner for such amount, and demand such payment from the Unit Owner pursuant to the terms of this Declaration and with all of the rights to collect said amount from the Unit Owner.

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

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

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

Section 20.3 Adoption of Rules. The Board of Directors may adopt, amend, modify and otherwise repeal any Rules regarding the Common Elements, 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; provided, however, that during the Declarant Control Period, no Notice and Comment is required before the Board of Directors adopts any such rules.

ARTICLE XXI INSURANCE

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

Section 21.2 Property Insurance Coverage:

(a) Coverage. Property insurance will cover:

(i) 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 one hundred percent (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 21.2 of this Declaration 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:

Monterey at the Las Vegas Country Club 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.

Section 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) one hundred percent (100%) of the replacement costs of all buildings and other property. The maximum deductible allowed with such policy shall be the lesser of \$5,000 or one percent (1%) of the face amount of coverage.

Section 21.4 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 21.4 of this Declaration 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 or the Association will not void the policy or be a condition to recovery under the policy.

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

(v) Losses must be adjusted with the Association.

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

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

Section 21.5 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.

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

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

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

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

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

Section 21.11 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

Section 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 eighty percent (80%) of the total number of Units in the Project, including each Owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

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

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

Section 22.4 Replacement of Less Than Entire Property:

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

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

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

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

(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.

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

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

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

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

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

ARTICLE XXIII NOTICE AND HEARING

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

Section 23.2 Right to Notice and Hearing. Whenever the Documents require that an action be taken after "Notice and Hearing," the following procedure shall be observed: The party proposing to take the action (e.g., the Board of Directors, a committee, an officer, the Manager, etc.) shall give written notice of the proposed action to all Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the proposed action and the date, time and place of the hearing, 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 of Directors or committee authorized by the Board of Directors, and the requirements of the Act are followed. The Board of Directors or committee authorized by the Board of Directors 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, the Board of Directors 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 of Directors or the committee to assess additional fines for the continuing violation. In all actions by the Board of Directors or by a committee authorized by the Board of Directors to enforce the provisions of the Documents the minimum standards set forth in the Act, as amended, shall be followed.

Section 23.3 Appeals. Any Person having a right to Notice and Hearing shall have the right to appeal to the Board of Directors from a decision of Persons other than the Board of Directors by filing a written notice of appeal with the Board of Directors within 10 days after being notified of the decision. The Board of Directors shall conduct a hearing within 30 days,

giving the same notice and observing the same procedures as were required for the original meeting.

ARTICLE XXIV BOARD OF DIRECTORS

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

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

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

Section 24.4 Acts of Association / Legal Proceedings.

(a) Unless the approval or action of Unit Owners, and/or a certain specific percentage of the Board of Directors of the Association, is specifically required by the Act or in the Documents, all approvals or actions required or permitted to be given or taken by the Association shall be given or taken by the Board of Directors, without the consent of Unit Owners, and the Board may so approve and act through the proper officers of the Association without a specific resolution. When an approval or action of the Association is permitted to be given or taken hereunder or thereunder, such action or approval may be conditioned in any manner the Association deems appropriate or the Association may refuse to take or give such action or approval without the necessity of establishing the reasonableness of such conditions or refusal.

(b) NOTWITHSTANDING ANYTHING HEREIN CONTAINED OR IN THE ARTICLES OF INCORPORATION, CODE OF BYLAWS, OTHER DOCUMENTS OR RULES OF THE ASSOCIATION, TO THE CONTRARY, ANY DETERMINATION TO

COMMENCE OR OTHERWISE BRING OR PURSUE LEGAL OR EQUITABLE ACTION AND/OR PROCEEDINGS, OR TO CONSULT WITH OR RETAIN AN ATTORNEY FOR THE PURPOSES OF DISCUSSING THE COMMENCEMENT OF ANY SUCH ACTION AND/OR PROCEEDING, OF ANY NATURE AGAINST, OR WHICH MAY DIRECTLY OR INDIRECTLY IMPOSE LIABILITY ON, THE DECLARANT (INCLUDING ITS PARTNERS, PARENTS, SUBSIDIARIES, AFFILIATES OR MEMBERS, AND ITS AND THEIR SHAREHOLDERS, OFFICERS, MANAGERS, DIRECTORS, EMPLOYEES, AGENTS AND ATTORNEYS, AND ITS AND THEIR SUCCESSORS AND ASSIGNS), MUST FIRST BE APPROVED BY AN AFFIRMATIVE VOTE OF A MAJORITY OF THE MEMBERS OF THE BOARD OF DIRECTORS AND BY AN AFFIRMATIVE VOTE OF NOT LESS THAN 67% OF THE VOTES OF ALL OWNERS, AND NO SUCH ACTION OR PROCEEDING SHALL BE COMMENCED UNTIL OBTAINING SUCH VOTES.

(c) Any amendment to this declaration purporting to modify or amend this section 24.4 requires the affirmative vote of not less than sixty-seven percent (67%) of the votes of all owners.

ARTICLE XXV OPEN MEETINGS

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

Section 25.2 Executive Sessions. Meetings of the Board of Directors may be held in executive session, without giving notice and without the requirement that they be open to Owners, only if the action taken at the executive session involves: (a) consultation with the Association's attorney regarding proposed or pending litigation which consultation involves privileged attorney-client information; (b) discussions regarding the character, alleged misconduct, professional competence, or physical or mental health of a community manager or an employee of the association; (c) discussions regarding a violation of the governing documents, including, without limitation, the failure to pay an assessment; or (d) any other matter permitted by law to be discussed in an executive session.

Section 25.3 Notwithstanding the foregoing provisions of Section 25.2, an executive board shall meet in executive session to hold a hearing on an alleged violation of the governing documents unless the person who may be sanctioned for the alleged violation requests in writing that the hearing be conducted by the executive board at an open meeting. The person who may be sanctioned for the alleged violation is entitled to attend the hearing and testify concerning the alleged violation, but the person may be excluded by the executive board from any other portion of the hearing, including, without limitation, the deliberations of the executive board.

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

Section 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.

Section 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.

Section 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.

Section 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.

Section 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.

Section 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. In the event of any conflict between the Master CC&Rs and any of the Documents or the Public Offering Statement, the Master CC&Rs shall control.

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

Section 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 as Common Elements 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.

Section 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.

Section 27.10 Statutory References. Any references to any chapter or statute in NRS shall be to such section or clause as existed as of the date this Declaration was recorded, and in the event that any such section changes or is modified or repealed or replaced, the effect shall be to follow the superceding or modified or amended statute. If any such statute is repealed and not replaced, and if not otherwise prohibited by statute, the language of the statute referenced herein as of the date this Declaration was recorded shall be deemed to be a part of this Declaration.

ARTICLE XXVIII NO SECURITY

EACH OWNER ACKNOWLEDGES, UNDERSTANDS, AND COVENANTS TO INFORM ALL RESIDENTS OF ITS UNIT, AND THEIR RESPECTIVE FAMILIES AND INVITEES, THAT NEITHER THE ASSOCIATION, THE BOARD, COMMITTEES, MASTER ASSOCIATION, NOR ALL OTHER PERSONS INVOLVED WITH THE GOVERNANCE, MAINTENANCE, AND MANAGEMENT OF THE PROJECT, INCLUDING DECLARANT, ARE INSURERS OF SAFETY OR SECURITY WITHIN THE PROJECT. ALL OWNERS AND RESIDENTS, AND THEIR RESPECTIVE FAMILIES AND INVITEES, ASSUME ALL RISKS OF PERSONAL INJURY AND LOSS OR DAMAGE TO PERSONS, UNITS, AND THE CONTENTS OF UNITS, AND FURTHER ACKNOWLEDGE THAT NEITHER THE ASSOCIATION, ITS BOARD AND COMMITTEES, THE MANAGEMENT COMPANY OF THE ASSOCIATION, ANY NEIGHBORHOOD ASSOCIATION, MASTER ASSOCIATION, NOR DECLARANT HAVE MADE ANY REPRESENTATIONS OR WARRANTIES REGARDING ANY ENTRY GATE, PATROLLING OF THE PROPERTIES, ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROJECT. ALL OWNERS AND RESIDENTS, AND THEIR RESPECTIVE FAMILIES AND INVITEES, FURTHER ACKNOWLEDGE THAT THEY

HAVE NOT RELIED UPON ANY SUCH REPRESENTATIONS OR WARRANTIES,
EXPRESS OR IMPLIED.

[SIGNATURE PAGE FOLLOWS]

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

DECLARANT

TR Village Green, LLC, a Delaware limited liability company

By: TR Coleraine Village Green, LLC, a California limited liability company

Its: Manager

By: TR CO., a California corporation

Its: Managing Member

By:


Thomas L. Rielly, President

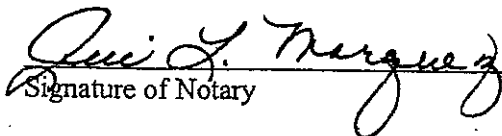
STATE OF CALIFORNIA

COUNTY OF Orange

}
}
} ss.

On February 3, 2005 before me, Jill L. Marquez a Notary Public in and for said County and State, personally appeared THOMAS RIELLY personally known to me (~~or proved to me on the basis of satisfactory evidence~~) to be the person(s) whose name(s) is/~~are~~ subscribed to the within instrument and acknowledged to me that he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(ies), and that by his/~~her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.


Signature of Notary

Date My Commission Expires 10-25-05

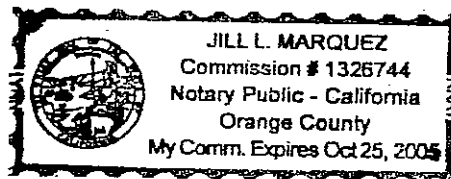
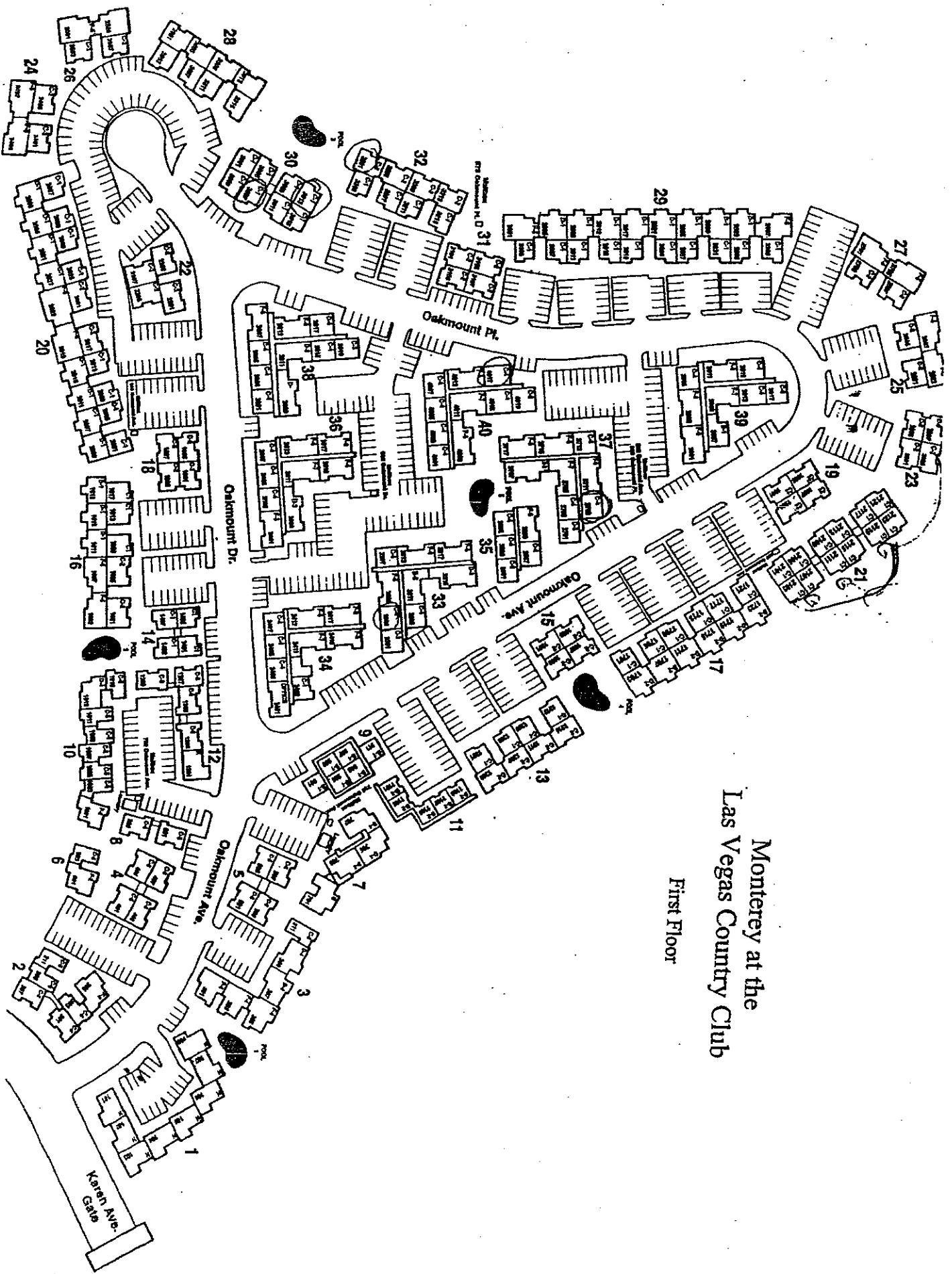


EXHIBIT "A"

SITE MAP



Monterey at the
Las Vegas Country Club

First Floor

Monterey at the
Las Vegas Country Club

Second Floor

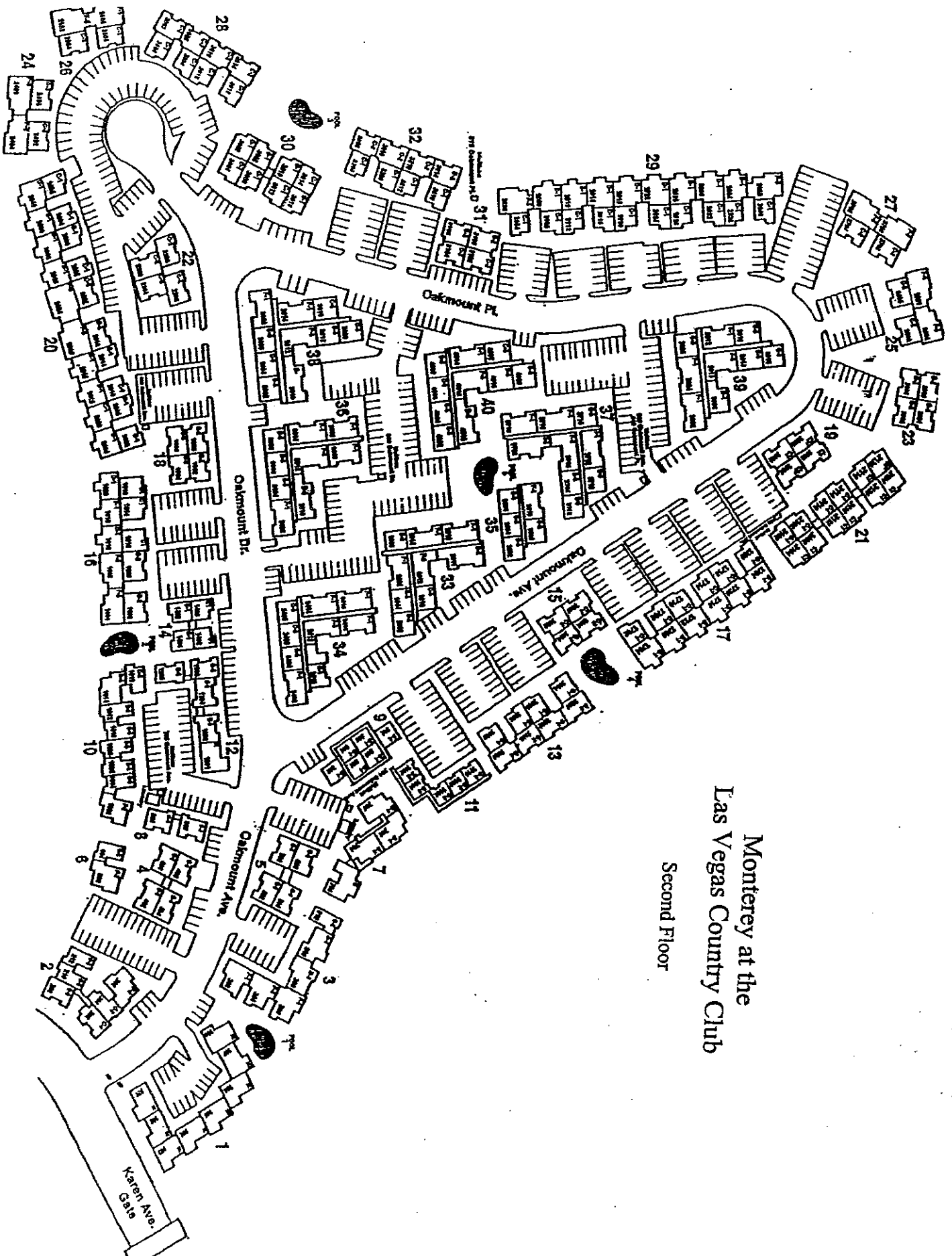


EXHIBIT "B"

LEGAL DESCRIPTION OF THE PROPERTY

PARCEL NO. I:

LOT ONE HUNDRED SEVENTY-TWO (172) THROUGH TWO HUNDRED TWENTY-ONE (221) INCLUSIVE, OF LAS VEGAS INTERNATIONAL COUNTRY CLUB ESTATES, AS SHOWN BY MAP THEREOF ON FILE IN BOOK 10 OF PLATS, PAGE 87, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

PARCEL NO. II:

ALL OF THE PRIVATE STREETS KNOWN AS OAKMONT AVENUE, OAKMONT DRIVE AND OAKMONT PLACE ADJOINING THE LOTS DESCRIBED IN PARCEL I ABOVE, AND AS SHOWN ON SAID MAP OF LAS VEGAS INTERNATIONAL COUNTRY CLUB ESTATES IN BOOK 10 OF PLATS, PAGE 87, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

PARCEL NO. III:

AN EASEMENT FOR INGRESS AND EGRESS TO AND FROM PARCELS I AND II OVER VEGAS VALLEY DRIVE, AS SHOWN ON THE MAP OF LAS VEGAS INTERNATIONAL COUNTRY CLUB ESTATES, AS PROVIDED FOR IN THAT CERTAIN DECLARATION OF RESTRICTIONS RECORDED APRIL 7, 1969 IN BOOK 941, AS DOCUMENT NO. 755358, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.