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Lionel Sawyer & Collins
50 W. Liberty Street, Suite 1100
Reno, Nevada 89501
Attn: Carl D. Savely

**MASTER DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS FOR
THE FOOTHILLS AT WINGFIELD**

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**MASTER DECLARATION OF COVENANTS, CONDITIONS AND
RESTRICTIONS AND RESERVATION OF EASEMENTS FOR
THE FOOTHILLS AT WINGFIELD**

This Master Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for The Foothills at Wingfield (the "Master Declaration") is made as of this 22 day of October, 2003, by REYNEN & BARDIS (THE FOOTHILLS), LLC, a Nevada limited liability company ("Declarant").

RECITALS:

A. Declarant is the owner of that certain real property within the City of Sparks, Washoe County, Nevada, more particularly described in Exhibit A and shown on Exhibit A-1, each of which is attached hereto and incorporated herein (the "Initial Property"), and is or may in the future be the owner of other real property, more particularly described in Exhibit B and shown on Exhibit B-1, each of which is attached hereto and incorporated herein (the "Annexable Area"), which may from time to time be annexed to the Initial Property, pursuant to this Master Declaration.

B. Consistent with Declarant's intent to establish a balanced community accommodating a mix of residential and associated land uses, including open space, and to develop and convey all or a portion of the properties in the Project (as defined below), pursuant to a general plan for the maintenance, care, use and management of the Project, Declarant has deemed it desirable to establish certain protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges upon the Project, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Project and enhancing the quality of life within the Project. All property within the Project shall be held and conveyed subject to such covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges.

C. In furtherance of its desire for efficient management and preservation of the values and amenities in the Project, Declarant has deemed it desirable to create a corporation to which shall be delegated and assigned the powers of owning, maintaining and administering the Common Elements (as hereafter defined) for the private use of its Members (as hereinafter defined) and authorized guests; administering and enforcing the covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges; collecting and disbursing the assessments and charges hereinafter created; and performing such other acts as shall generally benefit the Project.

D. The Foothills at Wingfield Homeowners Association, a Nevada non-profit corporation (the "Master Association") has been incorporated under the laws of the State of Nevada for the purpose of exercising the powers and functions stated above.

E. The Foothills at Wingfield is being developed on lands adjacent to the Wingfield Springs Planned Community ("Wingfield Springs") and The Foothills at Wingfield will be developed under The Foothills at Wingfield Development Agreement, Development Standards Handbook, Residential Design Standards; and related documents governing development of The Foothills at Wingfield, (collectively, "The Foothills Development Documents"), each as now or from time to time



NOW, THEREFORE, in consideration of the foregoing recitals, the provisions hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant hereby declares that all property in the Project shall be held, sold, conveyed encumbered, hypothecated, leased, used, occupied and improved subject to the following protective covenants, conditions, restrictions, reservations, easements, equitable servitudes, liens and charges, all of which are for the purpose of uniformly enhancing and protecting the value, attractiveness and desirability of the Project, in furtherance of a general plan for the protection, maintenance, subdivision, improvement, sale and lease of the Project, or any portion thereof. The protective covenants, conditions, restrictions, reservations, easements and equitable servitudes set forth herein shall run with the Project and shall be binding upon all Persons having any right, title or interest in the Project, or any part thereof, their heirs, successive owners and assigns; shall inure to the benefit of every portion of the Project and any interest therein; and shall inure to the benefit of and be binding upon Declarant and any Participating Builders (as hereinafter defined), their successor owners and each Owner and his or her respective successors-in-interest; and may be enforced by any Owner, by the Master Association or by any Sub-Association.

Unless otherwise expressly provided, when used in this Master Declaration, the following words and phrases shall have the meanings hereinafter specified.

Section 1.2. "Agency" shall mean the Nevada Department of Business and Industry, Real Estate Division, or any other such governmental agency which administers the sale of subdivided lands pursuant to Chapter 119 of the NRS or common interest communities pursuant to UCIOA or any similar statutes or ordinances hereinafter enacted.

Section 1.4. "Annexed Territory" shall mean portions of the Annexable Area from time to time added to the Initial Property covered by this Master Declaration.

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Section 1.6. "Apartment Lot" shall mean a Lot within an Apartment Area.

Section 1.7. "Apartment Unit" shall mean each Single Family dwelling on an Apartment Lot.

Section 1.8. "Approved Units" shall mean the total number of Single Family Residential Lots, Condominiums and Apartment Units in the Project and Annexable Area that Declarant is entitled to create pursuant to the Development Agreement and that Declarant reserves the rights hereunder to create, which number is 2,582 as of the date of Recordation hereof; provided, however, nothing herein shall be construed to require Declarant to create or develop all the Approved Units. Notwithstanding the foregoing, the maximum number of Single Family Residential Lots, Condominium and Apartment Units shall be 2,582.

Section 1.9. "Articles" shall mean the Articles of Incorporation of the Master Association filed in the Office of the Secretary of State of the State of Nevada, as such Articles may from time to time be amended.

Section 1.10. "Assessment Unit" shall mean the Assessment Units allocated to each Lot or Condominium in accordance with Section 6.4(b).

Section 1.11. "Assessment Year" shall mean the calendar year or such other twelve (12) consecutive calendar month period selected by the Board of Directors for the levying, determining and assessing of Common Assessments under this Master Declaration.

Section 1.12. "Beneficiary" shall mean a Mortgagee under a Mortgage or a beneficiary under a Deed of Trust and the assignees of such Mortgage or beneficiary.

Section 1.13. "Board of Directors" shall mean the Board of Directors of the Master Association, elected in accordance with the Articles and the Bylaws of the Master Association and this Master Declaration.

Section 1.14. "Budget" shall mean the annual budget for the Master Association for each Assessment Year, as prepared pursuant to Section 6.5.

Section 1.15. "Bylaws" shall mean the Bylaws of the Master Association as such Bylaws may from time to time be amended.

Section 1.16. "Capital Improvement Assessment" shall mean a charge against each Owner and his Lot or Condominium, representing a portion of the costs to the Master Association for installation or construction of any Improvements on any portion of the Common Elements which the Master Association may from time to time authorize pursuant to the provisions of this Master Declaration.

Section 1.17. "Close of Escrow" shall mean the date on which a deed or other such instrument conveying a Lot or Condominium in the Project is Recorded, with the exception of deeds

between Declarant and Participating Builders or between Participating Builders.

Section 1.18. "Common Assessment" shall mean an annual charge to fund Common Expenses, including without limitation all costs of administering and enforcing this Declaration (excluding Special Assessments assessed against and paid by particular Owners), all costs of maintaining, improving, repairing, replacing, managing and operating the Common Elements and all costs of operating, managing, and administering the Master Association.

Section 1.19. "Common Elements" shall mean all the real and personal property, including Improvements, now or hereafter owned by the Master Association, or with respect to which the Master Association has an easement, license or other right or obligation for the use, care or maintenance thereof, held for the common benefit, use and enjoyment of all of the Owners, as further provided in Article III hereof. Common Elements include, without limitation, the property described and depicted in the Handbook as being a Common Element or property that must become a Common Element.

Section 1.20. "Common Expenses" shall include, without limitation, the actual and estimated costs of:

(a) maintenance, management, operation, repair, reconstruction and replacement of the Common Elements;

(b) unpaid Special Assessments and Capital Improvement Assessments, including those costs not paid by the Owner responsible for payment, together with all costs incurred in connection with enforcement hereof;

(c) management and administration of the Master Association including, but not limited to, compensation paid by the Master Association to managers, accountants, attorneys and other employees;

(d) all utilities, irrigation, water and sewer service, gardening, landscape maintenance, trash pickup and disposal, and other services benefitting the Common Elements or the Master Association, whether any such service is provided by public or private entities or persons;

(e) fire, casualty and liability insurance, workers' compensation insurance, and other insurance, including fidelity bonds;

(f) any other insurance obtained by the Master Association;

(g) bonding the members of the management body, any professional managing agent or any other Person handling the funds of the Master Association;

(h) taxes paid by the Master Association;

(i) amounts paid by the Master Association for the discharge of any lien or

encumbrance levied against the Common Elements, or portions thereof;

(j) prudent reserves;

(k) maintenance by the Master Association of areas within the public right-of-way of public streets in the vicinity of the Project, whether or not conveyed to the Master Association as part of the Common Elements;

(l) maintenance by the Master Association and other costs incurred pursuant to the Site Feature Maintenance Agreement;

(m) subject to applicable law and the Restrictions, administrative fines, costs and penalties assessed or levied by the Administrator of the Agency or the Commission for Common-Interest Communities, and judgments against and payable by the Master Association; and

(n) any other item or items designated by the Master Association for any reason whatsoever in connection with the Common Elements, the Master Association or this Declaration.

Section 1.21. "Condominium" shall mean a unit in a Condominium as defined in Section 116.110325 of the Act, or any similar Nevada statute hereinafter enacted, and shall include a Condominium owned in fee simple, a Condominium estate for years or a Condominium comprising a combination of fee simple and long-term leasehold characteristics. For purposes of this Master Declaration, a "long-term" leasehold shall mean a leasehold interest in a Lot or Condominium which has an original term of not less than twenty (20) years.

Section 1.22. "Condominium Area" shall mean the real property which may be so classified from time to time in a Notice of Annexation or Supplemental Declaration, as provided in Article II hereof, or developed or intended for development with Condominiums.

Section 1.23. "Condominium Project" shall mean a Condominium Area which has been, is being or is planned for development with Condominiums.

Section 1.24. "Control Termination Date" shall mean the date of termination of the period in which Declarant is entitled to appoint all or a majority of the members of the Board of Directors as provided in Section 4.2(b).

Section 1.25. "Declarant" shall mean Reynen & Bardis (The Foothills), LLC, a Nevada limited liability company, its immediate successors and assigns of the Project and any Participating Builder or other Person to which it shall have assigned any Declarant rights hereunder by an express written and Recorded assignment as provided herein. Any such assignment may include all or only specific rights of the Declarant hereunder and may be subject to such conditions and limitations as Reynen & Bardis (The Foothills), LLC, a Nevada limited liability company, or its immediate successor and assign of the Project may impose in its sole and absolute discretion.

Section 1.26. "Delegate" shall mean a Delegate as described in Section 4.6 hereof.

Section 1.27. "Design Review Committee" shall mean The Foothills at Wingfield Design Review Committee created pursuant to Section 7.1 hereof.

Section 1.28. "Development Agreement" shall mean that certain Amended Development Agreement between the City of Sparks, The Foothills at Wingfield, LLC, a Nevada limited liability company ("Foothills"), and Loeb Enterprises Limited Liability Company, a Nevada limited liability company ("Loeb Enterprises"), approved by the City of Sparks Planning Commission on October 16, 2003 and tentatively approved by the City of Sparks City Council on October 20, 2003 as the same may be amended from time to time.

Section 1.29. "Developmental Rights" shall mean any right or combination of rights reserved by Declarant under this Master Declaration to (a) add real property to the Project, (b) create Lots, Condominiums, Common Elements or Limited Common Elements within the Project, (c) subdivide Lots or Condominiums or convert Lots or Condominiums into Common Elements, or (d) withdraw real property from the Project.

Section 1.30. "District" shall mean a Delegate District as described in Section 4.6 hereof.

Section 1.31. "Family" shall mean (a) a group of natural Persons related to each other by blood or legally related to each other by marriage or adoption, or (b) a group of natural Persons not all so related, who maintain a common household in a Residence on a Lot or in a Condominium.

Section 1.32. "FHA" shall mean the Federal Housing Administration.

Section 1.33. "FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

Section 1.34. "FNMA" shall mean the Federal National Mortgage Association.

Section 1.35. "First Mortgage" shall mean a Mortgage or Deed of Trust with first priority over other Mortgages or Deeds of Trust on a Single Family Residential Lot or Condominium.

Section 1.36. "First Mortgagee" shall mean the holder of a First Mortgage.

Section 1.37. "First Security Interest" shall mean a first priority interest in real estate or personal property, created by contract or conveyance, which secures payment or performance of an obligation, including a lien created by a mortgage, deed of trust, trust deed, security deed, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an association and any other consensual lien or contract for retention of title as security for an obligation.

Section 1.38. "GNMA" shall mean the Government National Mortgage Association.

Section 1.39. "Golf Facilities" shall mean all land and facilities adjacent to, but separate from, the Project, which are also separate from the Limited Common Elements and Common



Elements, and which are privately owned by Foothills, its successors, successors-in-title, or assigns, and which Foothills may, without obligation to, develop and operate as a recreational facility (including without limitation, a golf course, fairways, driving range(s), clubhouse, restaurants, bars, golf schools and learning centers, putting green(s), clubhouse(s), maintenance and storage facilities and all other facilities, improvements, easements, licenses, and equitable servitudes reasonably ancillary thereto).

Section 1.40. "Handbook" shall mean The Foothills Development Standards Handbook approved by the City of Sparks Planning Commission on October 16, 2003 and tentatively approved by the City of Sparks City Council on October 20, 2003.

Section 1.41. "Improvements" shall mean all original and later changes to buildings, improvements, structures, equipment, fixtures and appurtenances thereto of every type and kind placed in the Project, including but not limited to buildings, outbuildings, walkways, hiking trails, tennis courts, lakes, waterways, wetwells, pump stations, pipelines, lake liners, lake edge treatments, sprinkler pipes, grading, excavation, demolition, garages, swimming pools, jacuzzi spas and other recreational facilities, carports, roads, driveways, parking areas, fences, screening walls, retaining walls, stairs, decks, landscaping, hedges, windbreaks, plantings, planted trees and shrubs, poles, signs, exterior air conditioning and water softener fixtures or equipment and other exterior equipment, fixtures and apparatus.

Section 1.42. "Initial Property" shall mean the real property described in Exhibit A and shown on Exhibit A-1 to this Master Declaration.

Section 1.43. "Initial Unit Boundaries" shall mean the boundaries of the initial units as designated on Exhibit D attached hereto and incorporated herein.

Section 1.44. "Land Classification" shall include (a) Single Family Residential Areas, (b) Condominium Areas, (c) Miscellaneous Use Areas, (d) Common Elements, (e) Limited Common Elements or (f) Apartment Areas.

Section 1.45. "Limited Common Elements" shall mean any real or personal property, including Improvements, constituting a portion of the Project designated in a Notice of Annexation or Supplemental Declaration as Limited Common Elements for the benefit, use or enjoyment of, or maintenance by, (1) the Owners of Lots within one or more particular Phases of Development, or (2) the Owners of Condominiums within one or more Condominium Projects, but less than all Owners. Limited Common Elements include, without limitation, the property described and depicted in the Handbook as being a Limited Common Element or property that must become a Limited Common Element.

Section 1.46. "Lot" shall mean any lot or parcel of land shown upon any Recorded final subdivision map or Recorded parcel map of the Project, together with the Improvements, if any, thereon, but excepting any Limited Common Elements, the Common Elements and any Condominiums in a Condominium Project. The term "Lot" shall include, without limitation, (a) Single Family Residential Lots, (b) Apartment Lots and (c) Condominium Projects. If two or more Lots are



merged they shall remain as two Lots for the purposes of Articles IV and VI hereof.

Section 1.47. "Maintenance Funds" shall mean the accounts created for receipts and disbursements of the Master Association pursuant to Article VI hereof.

Section 1.48. "Manager" shall mean the Person, having a valid Nevada property management permit or certificate, whether an employee or independent contractor, employed by the Master Association pursuant to the Bylaws, and delegated the authority to implement the duties, powers or functions of the Master Association as the same may be limited by the Restrictions.

Section 1.49. "Master Association" shall mean The Foothills at Wingfield Homeowners Association, a Nevada non-profit corporation, formed under the laws of the State of Nevada, its successors and assigns.

Section 1.50. "Master Declaration" shall mean this Master Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for The Foothills at Wingfield, as amended or supplemented from time to time.

Section 1.51. "Member" shall mean every Person holding a Membership in the Master Association pursuant to Section 4.3 hereof.

Section 1.52. "Membership" shall mean a membership in the Master Association pursuant to Section 4.3 hereof.

Section 1.53. "Mortgage" shall mean any unreleased mortgage or deed of trust or other similar instrument of Record, given voluntarily by the Owner of a Single Family Residential Lot or Condominium, encumbering the Single Family Residential Lot or Condominium to secure the performance of an obligation or the payment of a debt and which is required to be released upon performance of the obligation or payment of the debt. The term "Deed of Trust" or "Trust Deed" when used shall be synonymous with the term "Mortgage." "Mortgage" shall also mean any executory land sales contract, whether or not Recorded, in which the FHA, the VA, or the Secretary of the Department of Veterans Affairs is identified as the seller, whether such contract is owned by or has been assigned by the FHA, the VA, or the Secretary of the VA. "Mortgage" shall not include any judgment lien, mechanic's lien, tax lien or other similarly involuntary lien or encumbrance on a Single Family Residential Lot or Condominium.

Section 1.54. "Mortgagee" shall mean a Person or entity to whom a Mortgage is made and shall include the beneficiary of a Deed of Trust. The term "Beneficiary" shall be synonymous with the term "Mortgagee."

Section 1.55. "Mortgagor" shall mean a Person who mortgages his or its property to another (i.e., the maker of a Mortgage), and shall include the trustor of a Deed of Trust. The term "Trustor" shall be synonymous with the term "Mortgagor."

Section 1.56. "Notice of Annexation" shall mean a Notice of Annexation as described in



Section 2.3(b) hereof.

Section 1.57. "Notice of Lien" shall mean a notice of lien as described in Article VI hereof.

Section 1.58. "Notice and Hearing" shall mean written notice and a hearing before the Board of Directors, a committee appointed by the Board of Directors, the Design Review Committee, or a committee appointed by the Design Review Committee, as applicable, at which the Owner or Sub-Association concerned shall have an opportunity to be heard in person, or, at the expense of the Owner or Sub-Association, by counsel, in the manner further provided in the Bylaws.

Section 1.59. "NRS" shall mean the Nevada Revised Statutes.

Section 1.60. "Owner" shall mean the Person or Persons, including Declarant and Participating Builders, holding (a) a fee simple interest to a Lot or Condominium or (b) long-term ground leasehold interest of Record to a Lot or Condominium which is a part of the Project, excluding those Persons holding title as security for the performance of an obligation other than sellers under executory contracts of sale. For purposes of this Master Declaration, a "long-term ground leasehold interest" shall mean a leasehold interest having a term at the time of creation of such interest of twenty (20) or more years.

Section 1.61. "Participating Builder" shall mean a Person who acquires a portion of the Project for the purpose of improving such portion for either resale or lease to the general public or for further subdivision, development and/or resale in the ordinary course of such Persons's business; provided, however, that the term "Participating Builder" shall not mean or refer to Declarant.

Section 1.62. "Person" shall mean a natural individual, a corporation or any other entity with the legal right to hold title to real property.

Section 1.63. "Phase of Development" shall mean (a) the Phase or Phases of Development in the Initial Property described on Exhibit A and shown on Exhibit A-1; (b) as determined or approved in writing by Declarant in its sole and absolute discretion, each portion of the Project designated as a Phase of Development in a Notice of Annexation Recorded pursuant to Article II hereof; and (c) each portion of real property designated as a Phase of Development in a Supplemental Declaration or other Recorded document executed by Declarant or by both Declarant and a Participating Builder. The Phases of Development described in the documents referenced in (a), (b), and (c) in this Section 1.63 may be changed or amended from time to time by Declarant.

Section 1.64. "Priority Lien" shall have the meaning provided in Section 6.16.

Section 1.65. "Project" shall mean the Initial Property, together with such portions of the Annexable Area and other real property which are annexed to the property subject to this Master Declaration and to the jurisdiction of the Master Association pursuant to Article II hereof.

Section 1.66. "Quorum" shall mean (a) the presence in person or by proxy at the beginning

of any meeting of the Members (whether or not such Members remain present throughout the meeting) of Persons entitled to cast at least twenty percent (20%) of the total votes, in person or by proxy or (b) the presence at the beginning of any meeting of the Board of Directors (whether or not such members of the Board of Directors remain present throughout the meeting) of Persons entitled to cast at least fifty percent (50%) of the votes on the Board of Directors.

Section 1.67. "Record" "Recorded" "Filed" and Recordation" shall mean, with respect to any document, the recordation or filing of such document in the Office of the County Recorder of the County of Washoe, State of Nevada.

Section 1.68. "Residence" shall mean a dwelling on a Single Family Residential Lot, Apartment Lot or Condominium or within a Condominium Project, intended for use and occupancy by a single Family.

Section 1.69. "Residential Design Guide" shall mean the guidelines and procedures adopted, administered and amended from time to time pursuant to Section 7.2 hereof.

Section 1.70. "Restrictions" shall mean this Master Declaration, the Articles, the Bylaws, the Residential Design Guide, the Rules and Regulations of the Master Association, any agreement referred to herein or incorporated herein by reference and any Supplemental Declaration with respect to the property covered by such Supplemental Declaration unless otherwise provided therein, from time to time in effect.

Section 1.71. "Rules and Regulations" shall mean the Rules and Regulations of the Master Association adopted by the Board of Directors pursuant to Section 5.2 hereof, as they may be amended and supplemented from time to time.

Section 1.72. "R.V. Storage Area" shall mean any portion of the Common Elements which is or may be designated by the Board of Directors and, for so long as Declarant owns any part of the Project or Annexable Area, approved by Declarant pursuant to Article V hereof, for the storage of recreational vehicles, including, without limitation, the storing of boats, trailers and campers.

Section 1.73. "Single Family Residential Area" shall mean (a) all of the real property in the Initial Property which is so classified in Section 2.2 hereof, and (b) all of the real property in the Annexable Area which may hereafter be so classified pursuant to Section 2.1 or developed or intended for development with Single Family Residences.

Section 1.74. "Single Family Residential Lot" shall mean a Lot containing or intended to contain a single residence and located within a Single Family Residential Area, together with the Improvements, if any, thereon.

Section 1.75. "Site Feature Maintenance Agreement" shall mean that certain Site Feature Maintenance Agreement by and between the Master Association and the City of Sparks, approved by the City of Sparks Planning Commission on October 16, 2003 and tentatively approved by the City of Sparks City Council on October 20, 2003, as the same may be amended, supplemented or replaced

from time to time.

Section 1.76. "Special Declarant's Rights" shall mean any right or combination of rights hereby reserved by Declarant under this Declaration to (a) complete Improvements indicated on the plan of development or on plats and plans or in the Declaration, (b) exercise any Developmental Rights, (c) maintain sales offices, management offices, signs advertising the Property and model homes, (d) use easements through the Association Property for the purpose of making Improvements within the Property or within real property which may be added to the Property, (e) make the Property subject to a master association, (f) merge or consolidate the Property with another common-interest community of the same form of ownership or (g) appoint or remove any officer of the Association or any member of the Board of Directors pursuant to Section 4.2 hereof.

Section 1.77. "Special Assessment" shall mean the assessment described in Section 6.8 hereof.

Section 1.78. "Sub-Association" shall mean any Nevada non-profit corporation, unincorporated association or other entity, or its successor in interest, the membership of which is composed of Owners of Condominiums or Lots within one or more Phases of Development, Apartment Areas or other portion of the Project, which is organized and established or authorized pursuant to or in connection with a Supplemental Declaration.

Section 1.79. "Supplemental Declaration" shall mean any declaration of covenants, conditions and restrictions, or similar such document, affecting only the specific portion of the Project described therein and which is executed and recorded pursuant to Section 2.6.

Section 1.80. "VA" shall mean the U.S. Department of Veterans Affairs of the United States of America and any department or agency of the United States that succeeds to the VA's functions of issuing guaranties of notes secured by Mortgages on residential property.

ARTICLE II DEVELOPMENT OF THE PROJECT; LAND CLASSIFICATION; ANNEXATION

Section 2.1. Land Classifications . It is Declarant's intention (but without obligation) that the Project, and all portions thereof, be developed as a planned community used primarily for residential purposes. At the time of annexation of any Annexable Area pursuant to Section 2.3, Declarant may designate each portion being annexed as being in one of the Land Classifications specified in Section 1.44. After annexation, Declarant shall have the right from time to time to designate or change any Land Classification in Declarant's sole discretion by means of either a Supplemental Declaration or Recorded notice of change in the Land Classification, so long as Declarant is the owner of the property subject to such change or has obtained the written approval of all owners of the property subject to the change. In addition, Declarant and the Master Association shall have the right to change or add the Land Classification of any property from time to time to reflect the actual use or development of such property by Recording a notice of change in the Land Classification. After annexation, a Participating Builder may change the Land Classification of property owned by the Participating Builder subject to the written approval of Declarant which



approval shall be noted on the Recorded notice of change in Land Classification.

Section 2.2. Land Classifications in Initial Property .

(a) **Single Family Residential Area.** Declarant hereby declares that the Initial Property described on Exhibit A and shown on Exhibit A-1 is classified as a Single Family Residential Area and is hereby made subject to this Master Declaration.

(b) **Phases of Development.** Declarant hereby declares that the Phases of Development in the Initial Property are as specified in the Development Agreement.

Section 2.3. Annexation of Annexable Area .

(a) **Annexation.** Subject to Section 2.3(b) and applicable law, Declarant, unilaterally and in its sole discretion may, and any Participating Builder may, with Declarant's written consent, from time to time and at any time as long as Declarant owns any portion of the Project or Annexable Area, but shall in no way be required to, add all or any portion or portions of the Annexable Area to the Project covered by this Master Declaration. Annexation shall be accomplished by the Recording of a Notice of Annexation with respect to the Annexed Territory.

Upon the Recording of a Notice of Annexation covering any portion of the Annexable Area, the covenants, conditions, restrictions and other matters contained in this Master Declaration shall apply to the Annexed Territory in the same manner as if such Annexed Territory were originally covered by this Master Declaration and constituted an original portion of the Project.

Nothing in this Master Declaration shall be deemed to be a representation by Declarant that all or any particular portion of the Annexable Area shall be annexed to the Project or be made subject to this Master Declaration.

Notwithstanding any provision to the contrary in this Master Declaration, Declarant shall assign all of Declarant's rights and Special Declarant's Rights, specifically including, without limitation the Declarant's annexation rights, under this Master Declaration to The Foothills at Wingfield, LLC, a Nevada limited liability company, immediately upon Declarant's election to not exercise its option to purchase the Annexable Land pursuant to the terms of that certain Option to Purchase Agreement and Joint Escrow Instructions by and between The Foothills at Wingfield, LLC, as Seller, and Reynen & Bardis Development (Nevada), LLC, as Buyer, dated March 28, 2003; provided, that Declarant may reserve unto itself the Declarant's rights and Special Declarant's Rights hereunder that relate to or are appurtenant with the Initial Property or any additional portion of the Project acquired by Declarant, if any.

(b) **Notice of Annexation.** The Notice of Annexation referred to in Section 2.3(a) of this Article shall contain: (i) the written and acknowledged consent of Declarant, for so long as Declarant shall own any property in the Project or the Annexable Area; (ii) a reference to this Master Declaration which shall state the date, county, and book and page of its Recordation, along with its instrument number or any other relevant Recording data; (iii) a statement that the provisions of this



Master Declaration as set forth herein shall apply to the Annexed Territory; (iv) a legally sufficient legal description of the Annexed Territory; (v) if determined on the date of annexation, the Land Classification of the Annexed Territory which may be changed or later added pursuant to Section 2.1 of this Article and (vi) a designation by Declarant of phase(s) of Development within the Annexed Territory. Each Notice of Annexation shall be signed by Declarant and by all other Persons owning a fee interest in the property being annexed. If required pursuant to Section 13.13 hereof, the approval of the FHA or VA shall be a condition to annexation hereunder. Recording of the Notice of Annexation must occur no later than the close of escrow of the first sale of a lot in a phase to an individual other than Declarant or a Participating Builder. If the Notice of Annexation is not recorded by the first close of escrow, assessments will still begin for all lots in a phase in the month following the month in which the first closing in such phase occurred. For purposes of this Section 2.3(b) the term "phase" means each group of residential lots created by a Recorded final map.

(c) Deannexation. Declarant may unilaterally, and for any reason, delete all or a portion of the Project from coverage of this Master Declaration and the jurisdiction of the Master Association ("Deannexed Area"), provided that (i) Declarant is the sole owner of the Deannexed Area or has obtained the written consent of all owners of the Deannexed Area; (ii) a notice of deannexation of territory is Recorded in the same manner as the applicable Notice of Annexation was Recorded; (iii) assessments have not yet commenced with respect to Lots or Condominiums in such Deannexed Area; (iv) there has been no Close of Escrow for any Lot or Condominium in the Deannexed Area to an Owner other than a Participating Builder; and (v) any approval of the FHA or VA required under Section 13.13 hereof is obtained. The deannexation shall be effective on the Recordation of the notice of deannexation, and such Deannexed Area described therein shall no longer be part of the Master Association or subject to this Master Declaration.; provided, that (i) any such deannexed parcel shall be deemed annexable land, and (ii) Declarant hereby reserves the right to re-annex any such deannexed parcel at any time by recording a notice of annexation of such parcel, and (iii) upon the recording of such notice of annexation the parcel shall be deemed part of the Master Association and shall be subject to this Master Declaration.

(d) Deannexation by Participating Builder. A Participating Builder may delete all or any portion of a Phase of Development from coverage of this Master Declaration and the jurisdiction of the Master Association, provided that (i) the Participating Builder is the sole owner of the Phase of Development, (ii) all requirements for deannexation stated in Section 2.3(c) have been satisfied, and (iii) so long as Declarant owns any property in the Project or Annexable Area, Declarant has consented in writing to such deannexation. Declarant may, in its sole discretion, withhold such consent.

Section 2.4. Expansion of Annexable Area. In addition to the provisions for annexation specified in Section 2.3, the Annexable Area may, from time to time, be expanded to include additional real property, not as yet identified in accordance with NRS 116.2122, as now or hereafter amended. Such property may be annexed to the Annexable Area upon the Recordation of a document describing such real property, executed by Declarant and all other owners of such property; provided, however, in the event Declarant or a Participating Builder obtains VA or FHA approval of the Project, so long as the FHA or the VA continues to insure or guaranty Mortgages or has agreed to insure or guaranty Mortgages for Lots or Condominiums in the Project, then, to the extent required by the FHA



or VA, prior to any expansion of the Annexable Area in accordance with this Section 2.4, plans for the development of the additional property must be submitted to the VA and FHA and the VA and FHA must approve the development plan and so advise Declarant.

Section 2.5. Contraction of Annexable Area . So long as real property is not Annexed Territory subject to this Master Declaration, the Annexable Area may be contracted to delete such real property effective upon the Recordation of a written instrument describing such real property, executed by Declarant and all other owners of such real property, and declaring that such real property shall thereafter be deleted from the Annexable Area. Such real property may be deleted from the Annexable Area without a vote of the Master Association or the approval or consent of any other Person, except as provided in this Section 2.5.

Section 2.6. Supplemental Declarations . As each Phase of Development, Condominium Project, Apartment Area or other portion of the Project is developed, Declarant or a Participating Builder, with Declarant's written approval, the granting or withholding of which approval shall be within Declarant's sole discretion, may, with respect thereto, Record one or more Supplemental Declarations. Such Supplemental Declaration(s) may designate or change the Land Classifications within the areas affected and may supplement the provisions of this Master Declaration with such further or more restrictive covenants, conditions, restrictions, land uses and other matters as Declarant may deem appropriate for such area, taking into account the particular requirements of each Phase of Development or other portion of the Project, including without limitation requirements, restrictions, terms, covenants and conditions for development of any portion of the Project by Participating Builders. All Supplemental Declarations shall be subject and subordinate to this Master Declaration and this Master Declaration shall control in the event of any conflict between any Supplemental Declaration and the provisions of this Master Declaration, although such documents shall be construed to be consistent with one another to the extent possible. The inclusion in any Supplemental Declaration of conditions, restrictions, covenants, land uses and other matters which are more restrictive or more inclusive than the restrictions contained in this Master Declaration shall not be deemed to constitute a conflict with the provisions of this Master Declaration. A Supplemental Declaration for any Phase or Phases of Development of the Project may, but need not, provide for the establishment of a Sub-Association, to be comprised of Owner of Lots or Condominiums within one or more Phases of Development subject thereto, and for the improvement, ownership, operation and maintenance by the Sub-Association of Limited Common Elements. Declarant may not record a Supplemental Declaration against property for which Declarant is not the legal owner.

Section 2.7. Adjacent Property . Each Owner, by accepting title to a Lot or Condominium, each other Person acquiring any title or interest in the Project, and the Master Association and all Sub-Associations, hereby acknowledge that the Project is and will be located near and adjacent to property that will be used for purposes other than residential use and hereby agrees as follows:

(a) Each Owner, the Master Association and all Sub-Associations agree not to protest or otherwise object to (1) the use or development by Declarant or its assigns, or Loeb Enterprises Limited Liability Company or its assigns, of property located near or adjacent to the Project, including without limitation the Annexable Area , the Red Hawk golf facilities and the Golf Facilities



("Adjacent Property"), for commercial or other uses, including without limitation the uses currently approved for such property in the Development Agreement, and (2) the issuance to Declarant or its assigns of governmental approvals, permits, zoning or changes thereto for the Adjacent Property.

(b) The Master Association, acting through the Board of Directors without the approval of Members (except for any approval of Members required in the Act), shall be entitled to enter into agreements with the owners of Adjacent Property and other Persons by which the Master Association may grant licenses, easements, rights-of-way, leases, concessions and other rights to, through or over the Common Elements, on such terms and conditions as the Board of Directors shall approve, but subject to any applicable limitations contained in the Act.

ARTICLE III COMMON ELEMENTS PERMITTED USES AND RESTRICTIONS

Section 3.1. Easements of Enjoyment . Every Member of the Master Association shall have a nonexclusive easement, license or other right of use and enjoyment in and to the Common Elements, which right or easement, license or other right shall be appurtenant to and shall pass with title to every Lot and Condominium, subject to the following:

(a) The right of Declarant or, with Declarant's written approval, any Participating Builder to designate additional Common Elements or Limited Common Elements as provided in Article II hereof, to change the Land Classification, or to deannex Common Elements;

(b) The right of the Master Association to establish uniform Rules and Regulations pertaining to the use of the Common Elements, the Limited Common Elements owned by the Master Association and any recreational and other facilities (including the R.V. Storage Area, if any) located thereon, including, without limitation, the right of the Master Association to enforce all parking restrictions within the Common Elements as set forth in Section 3.3 and the right of the Master Association to impose reasonable fines and penalties, including interest and collection costs thereof, as Special Assessments and other enforcement measures to ensure compliance with the Restrictions;

(c) The right of the Master Association to charge uniform and reasonable admission, user and other fees for the use of any recreation or other facilities and the R.V. Storage Area, if any, which are a part of the Common Elements or Limited Common Elements owned by the Master Association;

(d) The right of the Master Association, to (i) convey the Common Elements and the Limited Common Elements owned by the Master Association, subject to the provisions of Sections 13.3 and 13.13 hereof and subject to any approval of Members required by the Act (ii) borrow money for the purpose of improving the Common Elements or Limited Common Elements owned by the Master Association and, subject to the provisions of Sections 13.3 and 13.13 hereof and subject to any approval of Members required by the Act, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(e) The right of the Master Association to suspend the voting rights and other



rights, easements and licenses of any Member, and the Persons deriving such rights and easements from any Member, to use the Common Elements, the Limited Common Elements owned by the Master Association, and any facilities for use of Members located thereon (i) for any period during which any assessment against such Member's Lot or Condominium remains unpaid and delinquent; (ii) for a period not to exceed sixty (60) days for any infraction of this Master Declaration, a Supplemental Declaration or the Rules and Regulations of the Master Association as more fully provided in the Bylaws; and, (iii) for successive sixty (60) day periods if any such infraction is not corrected during any prior sixty (60) day suspension period. Any suspension of voting rights or rights to use the Common Elements, the Limited Common Elements owned by the Master Association, and facilities shall be made only after Notice and Hearing as provided in the Bylaws;

(f) Subject to the provisions of Sections 13.3 and 13.13 hereof, the right of the Master Association to transfer a fee interest, easement, license or other interest in all or any portion of the Common Elements and the Limited Common Elements owned by the Master Association, to any public agency, authority, utility or any other Person for such purposes and subject to such conditions as may be agreed to by the Master Association. Unless otherwise provided or authorized herein, required by zoning stipulations or agreements with the City of Sparks, Washoe County or any other governmental or public agency or authority effective prior to the date hereof, including without limitation the Development Agreement, or such transfer of Common Elements or Limited Common Elements is made a condition of the original conveyance to the Master Association of the Common Elements or Limited Common Elements pursuant to a Recorded document, no such transfer shall be effective unless any approval required by the Act is obtained. A certificate signifying any such approval shall be executed by two (2) officers of the Master Association and Recorded. Recordation of such certificate shall constitute *prima facie* evidence that such approval has been given.

(g) Subject to the provisions of Sections 13.3 and 13.13 hereof, the right of the Master Association to grant easements, licenses, permits, leases, concessions and rights-of-way in all or any portion of the Common Elements and Limited Common Elements owned by the Master Association to any public agency, authority, utility or any other Person for such purposes and subject to such conditions as may be agreed to by the Master Association.

Notwithstanding the foregoing, Declarant or a Participating Builder may, at the time of conveyance of any right to or interest in any real property to the Master Association, condition such conveyance on the obligation of the Master Association to convey fee title to a portion of such real property, or to grant easements, licenses or other rights to such real property, for roadway, recreational (including without limitation trails or paths), public service and safety or other purposes to the City of Sparks, Washoe County or other governmental, quasi-governmental or public entity, agency or authority or to a Sub-Association or other person which has or will have or share responsibility for maintenance of such roadway or other property.

Notwithstanding anything to the contrary in this Master Declaration, and without limiting the immediately preceding paragraph, the Board of Directors, subject to the provisions of Sections 13.3 and 13.13, shall have unilateral authority to transfer or grant to any such Sub-Association, governmental, quasi-governmental or public entities, agencies or authorities (including without limitation, public utility companies) or other Person at any time such easements, licenses, permits or



rights-of-way in, on or over Common Elements and Limited Common Elements owned by the Master Association for public utilities, public service and safety facilities, roads, trails, paths and/or for other purposes which (A) are reasonably necessary or useful for the proper use, maintenance or operation of the Project and will not have any substantial adverse effect on the enjoyment of the Common Elements or such Limited Common Elements by the Members, or (B) are required by any governmental or public entity, agency or authority pursuant to ordinances, regulations or conditions to the granting of approvals or entitlements to develop the Project.

(h) The right, but not the obligation, of Declarant and, subject to approval of any Capital Improvement Assessments necessary to pay the cost of the same pursuant to Section 6.7 hereof, the Master Association, to construct new or additional Improvements on the Common Elements at any time and from time to time for the improvement and enhancement thereof and for the benefit of the Master Association. Declarant shall convey or transfer such Improvements to the Master Association and the Master Association shall be obligated to accept title to, care for and maintain the same;

(i) The right of Declarant (and its agents, employees, prospective customers, guests, invitees, licensees and representatives) to the non-exclusive use of the Common Elements and the facilities thereon, without charge, for sales, display, signs, sales office, access, ingress, egress, exhibits and other purposes deemed useful by Declarant and its representatives in advertising and promoting the Project, so long as Declarant owns any property in the Project or Annexable Area. Such use shall not unreasonably interfere with the rights of enjoyment of the Members as provided herein;

(j) Subject to the prior written approval of Declarant, the right of any Participating Builder (and its agents, employees, prospective customers, invitees, licensees, guests and representatives) to the non-exclusive use of any Common Elements located within or immediately adjacent to a Phase of Development in which such Participating Builder owns and is developing and selling Condominiums or Lots, without charge, for sales, display, signs, access, ingress, egress, exhibits and other purposes deemed useful by such Participating Builder and its agents and representatives in advertising and promoting such Phase of Development. This right shall cease on the date on which such Participating Builder ceases to own a Lot or Condominium in such Phase of Development. Such use shall not unreasonably interfere with the rights of enjoyment of the Members as provided herein;

(k) The right of Declarant and any Participating Builder to an easement for encroachments over the Common Elements created by construction or overhangs as designed or constructed by Declarant or such Participating Builder and for settling, shifting and movement of any portion of the Improvements thereon. A valid easement for such encroachments and for the maintenance thereof shall exist and is hereby created. Such encroachments shall not be considered to be encumbrances upon any part of the Common Elements. Encroachments referred to herein include, but are not limited to, encroachments caused by: (i) error in the original construction of any Improvements constructed on the Common Elements by Declarant or such Participating Builder; (ii) error in any Recorded plat or map; (iii) settling, rising or shifting of the earth; or, (iv) changes in position caused by repair or reconstruction of any Improvement;



(l) The right of the Master Association to maintain, replace, redesign, refurbish, reconstruct or repair any Improvement, trees or other vegetation on Common Elements and to plant trees, shrubs, ground cover and other vegetation thereon, and the right of the Master Association to close or limit the use of such Common Elements, or portions thereof, while maintaining and repairing the same;

(m) The right of the Master Association to regulate the use of the Common Elements and the Limited Common Elements owned by the Master Association and the facilities thereon through the Rules and Regulations and to prohibit access to Common Elements and the Limited Common Elements owned by the Master Association, or portions thereof, not intended or appropriate for use by the Members. The Rules and Regulations shall be implemented, in the absolute discretion of the Board of Directors, in order to enhance and preserve the Common Elements and the Limited Common Elements owned by the Master Association, to promote the safety and convenience of the users thereof, or otherwise serve the best interests of the Members and the Master Association;

(n) The power and right of the Master Association, upon (i) adoption of a resolution by the Board of Directors stating that in the Board of Directors' opinion the then present use of a designated part of the Common Elements and the facilities thereon is no longer in the best interests of the Members, (ii) the consent to such change of use by the Declarant so long as Declarant shall own any property in the Project or the Annexable Area, and (iii) after Declarant shall no longer have the right pursuant to Section (ii) herein, the approval of such resolution by a majority of the votes cast at a meeting of the Master Association at which a Quorum shall be present, to change the use of such Common Elements (and in connection therewith, construct, reconstruct, alter or change the Improvements thereon in any manner deemed necessary by the Board of Directors to accommodate the new use); provided such new use shall be for the benefit of the Members.

Section 3.2. Delegation of Use . Any Owner may delegate, subject to the Rules and Regulations and the provisions of Section 4.3 hereof, his right of enjoyment to the Common Elements and the facilities thereon to the members of his Family, his tenants, or contract purchasers under a Recorded installment sale contract provided they reside in or occupy his Lot or Condominium. Guests of an Owner may use the Common Elements and the facilities thereon only in accordance with the Rules and Regulations, which may impose restrictions on such use, including without limitation a limit on the number of guests who may use the Common Elements and the facilities thereon and reasonable user's fees for use of portions of the Common Elements. The Board of Directors may also promulgate Rules and Regulations limiting the use of the Common Elements and facilities thereon to one co-owner and his immediate Family with respect to any Lot or Condominium in co-ownership.

Section 3.3. Easements for Parking . Temporary guest or recreational parking shall be permitted within the Common Elements only within spaces and areas clearly marked for such purpose, if any. The Master Association, through its officers, committees and agents is hereby empowered to establish "parking" and "no parking" areas within the Common Elements, as well as to enforce these parking limitations by all means lawful for such enforcement on public or private streets, including the removal of any violating vehicle in accordance with applicable laws by those so empowered.

Section 3.4. Easements for Vehicular Traffic . In addition to the general easements for use of the Common Elements reserved herein, there shall be reserved to Declarant and all future Owners, and each of their respective agents, employees, guests, invitees and successors, non-exclusive, appurtenant easements for vehicular and pedestrian traffic over all private streets and walkways within the Common Elements in the Project, subject to the parking provisions set forth in Section 3.3 of this Article. Declarant reserves the right to grant similar easements to owners of property in the Annexable Area.

Section 3.5. Easement Right of Declarant Incident to Construction . An easement is reserved by and granted to Declarant, its successors and assigns, for access, ingress, and egress over, in, upon, under, and across the Common Elements, including but not limited to the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's use and development of the Project; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to interfere unreasonably with the occupancy, use, enjoyment, or access by any Owner to or of that Owner's Lot or Condominium, or any recreational facility completed upon the Common Elements. Further, an easement is hereby reserved and granted to Declarant, its successors and assigns on, over and across the Project for all matters incident to and impacts resulting from construction activity, including, without limitation, dust, noise, truck traffic and stormwater discharges. The easements created pursuant to this Section 3.5 shall exist so long as Declarant shall own any portion of the Project or the Annexable Area.

Section 3.6. Waiver of Use . No Owner may exempt himself from personal liability for assessments duly levied by the Master Association, or release his Lot, Condominium or other property owned by him from the liens and charges thereof, by waiver of the use and enjoyment of the Common Elements and the facilities thereon or by abandonment of his Lot, Condominium or any other property in the Project.

Section 3.7. Conveyance of Common Elements to Master Association . Declarant shall have the right, but not the obligation, from time to time to convey or cause to be conveyed to the Master Association as Common Elements or Limited Common Elements all or any portion of the property located in the Project or the Annexable Area, including without limitation property for trails (including equestrian trails), paths, parks, open space, wetlands, lakes, recreational and aesthetic use and other uses, in fee simple or by easement, license or other right or obligation thereto. All such conveyances of Common Elements or Limited Common Elements shall be free and clear of all monetary encumbrances and liens, but otherwise "As-Is" and subject to all other rights (including without limitation the right of the public to jointly use such property), reservations, interests, obligations, easements, covenants, restrictions and conditions then of record and those reserved, authorized or otherwise provided for in this Master Declaration. All such Common Elements or Limited Common Elements shall be accepted by the Master Association upon transfer and thereafter shall be maintained by the Master Association at Master Association expense for the benefit of the Members, subject to any restrictions set forth in the deed or other instrument transferring such Common Elements or Limited Common Elements to the Master Association.

Section 3.8. Transfer of Title to Common Elements upon Dissolution of the Master

Association . In the event of the dissolution of the Master Association, the Common Elements and Limited Common Elements owned by the Master Association shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies or to a nonprofit corporation, association, trust or other organization to be used, in any such event, for the common benefit of Owners for similar purposes for which the Common Elements and Limited Common Elements were held by the Master Association. To the extent the foregoing is not possible, the Common Elements and Limited Common Elements shall be sold or disposed of and the proceeds from the sale or disposition shall be distributed to Owners in proportion to the number of Assessment Units allocated to each Owner pursuant to Section 6.4(b) hereof.

Section 3.9. Water Service . The Master Association shall be entitled (a) to own, purchase and pay for all water and water rights necessary or appropriate for maintenance, use and enjoyment of the Common Elements and Limited Common Elements owned by the Master Association whether such water or water rights are potable, "grey water," or effluent whether they are purchased from a public utility, governmental water purveyor or a private party, (b) to construct, operate, maintain and replace a system or systems for the delivery of water, grey water or effluent for its own property and the property of others, and (c) to contract with public or private entities to obtain water, grey water or effluent and/or water, grey water or effluent service necessary or appropriate for the maintenance, use and enjoyment of the Common Elements and Limited Common Elements owned by the Master Association.

Section 3.10. Taxes . Each Owner shall execute such instruments and take such action as may reasonably be specified by the Master Association to obtain a separate real estate tax assessment of his Lot or Condominium. If any taxes or assessments may, in the opinion of the Master Association, constitute a lien on the Common Elements or Limited Common Elements owned by the Master Association, or any part thereof, they may be paid by the Master Association and each Owner shall be obligated to pay or to reimburse the Master Association for the taxes and assessments assessed by the County Assessor or other taxing authority against the Common Elements or such Limited Common Elements and attributable to his own Lot or Condominium and/or interest in the Common Elements or such Limited Common Elements.

Section 3.11. Violation of Restrictions . If any Member or his Family, guests, licensees, lessees or invitees violates the Restrictions, the Board of Directors may, in addition to the other remedies available, impose a reasonable Special Assessment upon such Owner for each violation and may, after Notice and Hearing, as further provided in the Bylaws, suspend or condition such Member's right to use any portion of the Common Elements and Limited Common Elements owned by the Master Association. Any such suspension or conditional suspension shall be for a period of not more than sixty (60) days for any non-continuing infraction, but in the case of a continuing infraction (including non-payment of any assessment after the same becomes delinquent), suspension or conditional suspension may be imposed for so long as the violation continues. The Board of Directors may also adopt a schedule of reasonable fines or penalties which, in its reasonable discretion, it may assess as a Special Assessment against an Owner for failure of a resident of, or visitor to, his Lot or Condominium to comply with any provision of the Restrictions. Such fines or penalties may only be assessed by the Board of Directors after Notice and Hearing in accordance with the Act and the Bylaws.

Section 3.12. View Impairment . Neither the Declarant nor the Master Association represent or warrant that any view of, over, through or across the Common Elements, Limited Common Elements owned by the Master Association, the Golf Facilities, the Red Hawk golf facilities or any property within or adjacent to the Project will be maintained or preserved. The Declarant and the Master Association shall be entitled from time to time and at any time to plant and maintain trees, shrubs and other vegetation and to construct and maintain Improvements on the Project, the Golf Facilities and any other property without liability for any view or light impairment or obstruction caused thereby and all Owners waive all rights against the Declarant and the Master Association related thereto and to all express or implied easements for views, light and air.

ARTICLE IV COMMUNITY ASSOCIATION

Section 4.1. Organization . The Master Association has been organized as a non-profit corporation under the NRS. The Master Association shall have the duties, powers and rights prescribed by law and set forth in the Articles, Bylaws and this Master Declaration. Neither the Articles nor the Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration. If there should exist any ambiguity in any provision of the Articles or the Bylaws, then such provision shall be construed, to the extent possible, consistent with the provisions of this Master Declaration. Nothing in this Master Declaration shall prevent the creation, by provision therefor in a Supplemental Declaration, of Sub-Associations to assess, regulate, maintain or manage the portions of the Project subject to such a Supplemental Declaration, or to own or control portions thereof as Limited Common Elements or otherwise for the common use or benefit of the Owners of Lots or Condominiums in the portion of the Project subject to such a Supplemental Declaration.

Section 4.2. Board of Directors and Officers .

(a) The affairs of the Master Association shall be conducted by the Board of Directors and such officers as the Board of Directors may elect or appoint in accordance with the Articles and Bylaws, as the same may be amended from time to time. The Board of Directors shall be composed of at least three (3) and no more than nine (9) directors. The initial Board of Directors consists of three (3) Directors, all of whom have been appointed by Declarant.

(b) Subject to Section 4.2(c) and (d), Declarant (or person's designated by Declarant) shall solely be entitled to appoint and remove the officers of the Master Association and members of the Board of Directors until the earlier of ("Control Termination Date"): (i) sixty (60) days after conveyance of seventy-five percent (75%) of the Approved Units to Owners other than Declarant and Participating Builders; (ii) five (5) years after Declarant and all Participating Builders have ceased to offer Lots or Condominiums for sale in the ordinary course of business; or (iii) five (5) years after any right to annex Annexable Area was last exercised. Declarant may voluntarily surrender the right to appoint and remove all or a portion of the officers of the Master Association and all or a portion of the members of the Board of Directors before termination of the above-mentioned period, but in that event Declarant may require, for the duration of the period of Declarant's control,

that specified actions of the Master Association or Board of Directors, as described in a Recorded instrument executed by Declarant, be approved by Declarant before they become effective.

(c) Not later than sixty (60) days after conveyance of twenty-five percent (25%) of the Approved Units to Owners other than Declarant and Participating Builders, 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 and Participating Builders. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Approved Units to Owners other than Declarant and Participating Builders, not less than thirty-three and one-third percent (33 1/3%) of the members of the Board of Directors shall be elected by Owners other than Declarant and Participating Builders.

(d) Not later than the Control Termination Date, the Owners shall elect a Board of Directors of at least three (3) members, at least a majority of whom must be Owners. The Board of Directors shall elect the officers. The officers and members of the Board of Directors shall take office upon election. Within thirty (30) days after the Control Termination Date, the Declarant shall deliver to the Master Association all property of the Owners and of the Master Association held by or controlled by Declarant, including without limitation that property set forth in Section 116.31038, as now or hereafter amended, of the Act or any successor statute.

(e) The Owners, by a two-thirds (2/3) vote of all persons entitled to vote at any meeting of the Owners at which a Quorum is present, may remove any members of the Board of Directors with or without cause, other than a member appointed by Declarant. Any such removal must be conducted by secret written ballot, unless delegate voting has been implemented, and otherwise be conducted in accordance with NRS 116.31036, as now or hereafter amended, of the Act or any successor statute and the Bylaws.

(f) Subject to the provisions of NRS 116.31034 of the Act, any individual Owner, an officer, employee, agent or director of a corporate Owner, a member, manager, employee or agent of a limited liability company Owner, a trustee or designated beneficiary of a trust that owns a Lot or Condominium, a partner of a partnership that owns a Lot or Condominium, and a fiduciary of an estate that owns a Lot or Condominium or any officer, employee, agent, designated appointee, member or manager of Declarant may be an officer or member of the Board of Directors. In all events where the person serving or offering to serve as an officer or member of the Board of Directors is not a record Owner, such person shall file proof of authority in the records of the Master Association.

(g) Subject to this Section 4.2, the number, term, election and qualifications of the Board of Directors shall be fixed in the Articles and/or Bylaws. The Master Association, through the Board of Directors, except to the extent specifically provided otherwise herein or by the Articles, Bylaws or applicable law, shall have (i) the power, authority and right of enforcement of all the Restrictions, (ii) the power, authority and right and be responsible for the proper and efficient management and operation of the Common Elements and facilities thereon, including those powers and duties specifically listed in Article V hereof and elsewhere in this Master Declaration and (iii) the power, authority and right in all instances to act on behalf of the Master Association. Action by or on behalf of the Master Association may be taken by the Board of Directors or any duly authorized executive committee, officer, Manager, agent or employee without a vote of the Members or



Delegates, as the case may be, except as otherwise specifically provided in the Articles, Bylaws or this Master Declaration.

Section 4.3. Membership Rights.

A. **Membership.** Members of the Master Association shall be (a) Declarant, for so long as Declarant shall own any property in the Project or the Annexable Area, and (b) each Owner (including Declarant and any Participating Builder) of one (1) or more Lots or Condominiums. The Person or Persons who constitute the Owner of a Lot or Condominium shall automatically be the holder of the Membership in the Master Association, which Membership shall be appurtenant to the Lot or Condominium. Such Membership shall automatically pass with fee simple title to the Lot or Condominium. Ownership of a Lot or Condominium shall be the sole qualification for an Owner's Membership in the Master Association. Declarant shall hold a separate Membership for each Lot or Condominium owned by Declarant. Membership shall not be assigned, transferred, pledged or alienated in any way separate and apart from the transfer of fee simple title to a Lot or Condominium. In the event the Project is terminated as a common-interest community, Members in the Master Association shall be all Owners of former Lots or Condominiums entitled to distributions of proceeds under the Act, or their heirs, successors or assigns.

Any attempt to make a prohibited Membership transfer shall be void and will not be reflected on the books of the Master Association. Membership shall be in addition to membership in any Sub-Association responsible for operating the Phases of Development or Condominium project in which a Member's Lot or Condominium is located. A Member shall have the right to delegate, subject to the Rules and Regulations, his rights of use and enjoyment of the Common Elements to a lessee of his Lot or Condominium; provided, however, (i) that such lessee shall have a written, lease, which lease shall expressly delegate to the lessee such Member-lessor's right of use and enjoyment of the Common Elements, and (ii) that such Member-lessor shall not be entitled to the use and enjoyment of the recreational or other facilities or other Common Elements during the term of such delegation and (iii) a copy of the lease delegating to lessee the Member-lessor's rights shall be delivered to the Board of Directors before the lessee shall have the right of use of the Common Elements. Upon termination of a lessee's lease, the lessee's right of use and enjoyment of the Common Elements shall cease and immediately vest in the Member-lessor until such time as the Member-lessor delegates his right of use and enjoyment to a new lessee under this Section 4.3. A Member who has sold his Lot or Condominium to a contract purchaser under a Recorded installment sale contract shall also be entitled to delegate to such contract purchaser his Membership rights in the Master Association; provided, however, that such Member contract seller shall not be entitled to the use and enjoyment of the recreational or other facilities or other Common Elements during the term of such delegation. Such delegation shall be in writing and shall be delivered to the Board of Directors before such contract purchaser shall have the right of use of the Common Elements. The contract seller, however, shall remain liable for all shares and assessments attributable to his Lot or Condominium until fee title to the Lot or Condominium sold is transferred. If the Owner of any Lot or Condominium fails or refuses to transfer the Membership registered in his name to the purchaser of such Lot or Condominium upon transfer of fee title thereto, the Board of Directors shall, nonetheless, have the right to record the transfer upon the books of the Master Association. The Master Association may levy a reasonable transfer fee against new Owners and their Lots and Condominiums (which fee shall be added to the



Common Assessment chargeable to such new Owner) to reimburse the Master Association for the administrative costs of transferring, on the records of the Master Association, the Memberships to the new Owners.

Section 4.4. Voting Rights . The Master Association shall have a single class of voting Membership as follows:

(a) Members shall be all Owners of Lots or Condominiums in each Phase of Development. Each Member shall be entitled to cast one (1) vote for each Single Family Residential Lot or Condominium owned by such Member in a Phase of Development on which assessments have commenced and one (1) vote for each Assessment Unit allocated pursuant to Section 6.4(b) to any Lot owned by such Member on which assessments have commenced (excluding Apartment Lots) but which have not yet been subdivided into Single Family Residential Lots or Condominiums. With respect to Apartment Lots on which assessments have commenced, the Owner thereof shall be entitled to cast one (1) vote for each Assessment Unit allocated to such Apartment Lot pursuant to Section 6.4(b) hereof. If there is a fraction remaining after performing the calculations described above with respect to the Apartment Lots, then the Member shall cast one (1) entire vote for such fraction which is greater than or equal to one-half ($\frac{1}{2}$) and shall not cast a vote for such fraction which is less than one-half ($\frac{1}{2}$);

(b) Vote Distribution.

(1) All voting rights shall be subject to the Restrictions. No votes allocated to a Lot or Condominium owned by the Master Association may be cast.

(2) When more than one Person holds an interest or interests in any Lot or Condominium for which a vote may be cast ("co-owner"), all such co-owners shall be Members and may attend any meetings of the Master Association, but only one such co-owner shall be entitled to exercise the vote to which the Lot or Condominium is entitled. If only one of several co-owners is present at a meeting of the Master Association, that co-owner is entitled to cast all votes allocated to that Lot or Condominium. Such co-owners may from time to time all designate in writing one of their number to vote. Fractional votes shall not be allowed, and the vote for each Lot or Condominium shall be exercised, if at all, as a unit. Where no voting co-owner is designated, or if such designation has been revoked, the vote for such Lot or Condominium shall be exercised as mutually agreed upon by the majority of the co-owners of the Lot or Condominium.

Unless the person presiding over the Members' meeting receives a written objection from a non-voting co-owner at the meeting and before the time the votes of all Members on each subject are counted, it shall be conclusively presumed that the voting co-owner is acting with the consent of his co-owners and the vote on such subject shall be final. No vote shall be cast for any Lot or Condominium where the majority of the co-owners, present in person or by proxy, owning the majority interests in such Lot or Condominium cannot agree to said vote or other action. All co-owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot or Condominium and shall be entitled to all other benefits of ownership. All agreements and determinations lawfully made by the Master Association in accordance with the voting

percentages established herein, or in the Bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

(3) Any Mortgagee who acquires title to a Lot or Condominium pursuant to a judgment of foreclosure or a trustee sale shall automatically become entitled to exercise all voting rights which the Owner of said Lot or Condominium would otherwise have had.

(4) If any lender to whom Declarant has assigned, or hereafter assigns, as security, all or substantially all of its rights under this Master Declaration succeeds to the interests of the Declarant by virtue of said assignment, the voting rights of Declarant as provided herein shall not be terminated thereby, and such lender shall hold Declarant's Membership and voting rights on the same terms as they were held by Declarant.

(c) Proxies. Subject to applicable law, including without limitation NRS 116.311, as now or hereafter amended, votes allocated to a Lot or Condominium may be cast pursuant to a proxy executed by the Owner thereof and granted to a member of the Owner's immediate family, a tenant of an Owner residing in the Project, another Owner residing in the Project, or a Delegate. Subject to Section 4.4(b)(2), if a Lot or Condominium is owned by co-owners, such co-owner may vote or register protest to the casting of votes by the other co-owners through an executed proxy. An Owner may revoke a proxy given pursuant to this Section 4.4(c) only by actual notice of revocation to the Person presiding over a meeting of the Master Association, which notice shall be given before the time the votes on such subject are taken. A proxy is void if: (i) it is not dated or purports to be revocable without notice, (ii) it does not designate the meeting for which it is executed; (iii) it does not designate each specific item on the agenda of the meeting for which the Owner executed the proxy and how the proxy holder is to vote on each such item, except that agenda items need not be specified if the proxy is used solely for determining whether a quorum is present for the meeting; or (iv) the person holding the proxy does not disclose at the beginning of the meeting for which the proxy is executed the number of proxies pursuant to which he will be casting votes. A proxy terminates immediately upon the conclusion of the meeting for which it was executed. A vote may not be cast pursuant to a proxy for the election of a Member to the Board of Directors or a Delegate.

Section 4.5. Cumulative Voting for Board Members . In any election of the members of the Board of Directors, every Member entitled to vote at such an election shall have the number of votes designated in Section 4.4 times the number of directors to be elected. Each Member shall have the right to cumulate his votes for one candidate or to divide such votes in any manner among the candidates that such Members are entitled to elect. The candidates receiving the highest number of votes, shall be deemed elected.

Section 4.6. Delegate Voting System .

(a) Date of Commencement of Delegate Voting System. Upon the earlier to occur of the following events, the "Delegate Voting System" described in this Section 4.6 shall apply to all Voting:

(1) The election by Declarant, prior to the Control Termination Date,



pursuant to a Recorded written document, to convert the voting system into the Delegate Voting System; or

(2) A vote by a majority of the total voting power of the Master Association to convert the voting system into the Delegate Voting System, which vote and the conversion to the Delegate Voting System shall be reflected in a Recorded written document.

(b) Establishment of Delegate Districts. Upon the conversion to the Delegate Voting System pursuant to Section 4.6(a), the Project shall be divided into Districts as follows:

(i) If a Sub-Association has been created for the administration of one or more Phases of Development within the Project, then the Phase(s) of Development subject to the jurisdiction of the Sub-Association shall constitute a District.

(ii) The Project shall be divided into Districts (and from time to time, at the Board's election, reconfigured) by the Board of Directors, in the Board's sole discretion from time to time, by the Recordation of a written instrument signed by two (2) members of the Board of Directors and containing a legal description of the property constituting the District.

(iii) All Lots and Condominiums shall be located in a District; provided, however, that until any Lot or Condominium shall be incorporated into a District, the Owner of each such Lot or Condominium may cast the vote attributable to such Lot or Condominium directly on appropriate Master Association matters.

(c) Exercise of Voting Rights. Except as expressly provided in Section 4.6(b)(iii), after commencement of the Delegate Voting System, (1) the Members shall not have a direct voting right on Master Association matters and (2) all votes shall be cast on Master Association matters requiring membership vote only by the Delegate representing the District in which is located the Lot or Condominium to which such votes are appurtenant. The Delegate for each District shall be elected at District meetings by secret written ballot of the Members owning Lots or Condominiums in such District as provided in this Section 4.6. After commencement of the Delegate Voting System, subject to space availability, Members not entitled to directly vote on Master Association matters shall be entitled to attend Master Association meetings.

(d) District Meetings and Election of Delegates. The Board of Directors shall call for an annual meeting of the Members in each District not less than ten (10) days nor more than sixty (60) days prior to every annual meeting of the Master Association. The Board of Directors shall call the first meeting of the Members in each District on the earlier of (1) the date six (6) months after the establishment of the District pursuant to Section 4.6(b) or (2) the date ten (10) days prior to the annual meeting of the Master Association next succeeding the establishment of the Delegate District. At the first District meeting of the Members and at each subsequent annual District meeting, the Members shall elect one Delegate and one alternate Delegate to represent the District Members on Master Association matters and to solely cast all votes in such District directly on Master Association matters. Any Member in a District may be a Delegate for that District and may nominate himself, herself or another Member in such District as a candidate for Delegate in accordance with nomination



procedures to be established by the Board of Directors. Each Member shall have the right to cast one vote for each Lot or Condominium owned, in accordance with Section 4.4 hereof, to elect the Delegate for the District in which the Lot or Condominium is located. The nominee receiving the largest number of votes shall be the Delegate and the nominee receiving the next largest number of votes shall be the alternate Delegate. The election of Delegate's shall be conducted by secret written ballot and otherwise be in accordance with the Act and the Bylaws. The elected Delegate and the alternate Delegate shall continue in office for one (1) year or until their successors are elected, whichever is later. The Delegate for each District shall maintain or cause to be maintained accurate and complete records and minutes of each District meeting and shall deliver copies thereof to the Master Association upon request. The presence, in person or by proxy, of Members representing at least twenty percent (20%) of the total votes attributable to Lots or Condominiums in a District shall constitute a quorum at any District meeting. Upon approval of a majority of a quorum of Members in a District, the annual election of the Delegate and alternate Delegate in such District and all or any other District business may be conducted without a meeting by absentee ballot in accordance with procedures established by the Board of Directors.

(e) Notice of District Meetings, Special District Meetings. Meetings of Members within a District shall be held in the District or at such other convenient location in or near the Project and within Washoe County as may be designated in the notice of the meeting. Written notice of District meetings shall state the place, date and time of the meeting and those matters to be presented for action by the Members. Notice of any District meeting at which Delegates are to be elected shall include the names of all those who are nominees at the time the notice is given to Members. The Master Association shall cause notice of meetings in such District to be sent to each Member owning a Lot or Condominium in the District no later than ten (10) days prior to the District meeting. A special District meeting of the Members in any District may be called at any reasonable time and place upon written request (1) by Declarant, for so long as Declarant owns any property in the Project or Annexable Area, (2) by any Participating Builder developing property within the District, for so long as the Participating Builder owns property within the District, (3) by the Delegate representing Members in such District, or (4) by the Members in the District having ten percent (10%) of the total voting power within such District. To be effective, such written request shall be delivered to either the president, vice president, or secretary of the Master Association. The Master Association shall then cause notice to be given to Members entitled to vote that the special District meeting will be held at a time and place fixed by the Board of Directors not less than ten (10) days, nor more than thirty (30) days, after receipt of the written request for the special District meeting. Notice of special District meetings shall specify the general nature of the business to be undertaken and no other business may be transacted.

(f) Qualification and Removal of Delegate and Alternate Delegate. The chairman of any meeting at which a Delegate and alternate Delegate are elected shall certify in writing to the Board of Directors within ten (10) days of such election the name and address of the Delegate and alternate Delegate elected, the time and place of the meeting at which the election occurred and the District which the Delegate represents. A Delegate may be removed with or without cause only by secret written ballot and otherwise in accordance with the Act; provided that in no event shall a Delegate be removed unless the votes cast in favor of such removal equal the lesser of (1) the number of votes which elected such Delegate to his current term, or (2) a majority of the total voting power of the

Members in such District. Only Members of the Master Association shall be eligible for election as Delegates. If the Member is a corporation, partnership, or other such entity, the authorized agent of such corporation, partnership or other entity shall be eligible for election as a Delegate. Upon termination of any Delegate's membership in the Master Association or the removal of a Delegate, such Delegate's term of office shall immediately terminate, the alternate Delegate shall become the Delegate and a special District election may be held by secret written ballot and otherwise in accordance with the Act to elect a replacement alternate Delegate who shall serve the remainder of the term of the original alternate Delegate. Delegates may only act personally at a meeting of the Master Association and may not act by proxy. If a Delegate is not present at a duly called meeting of the Master Association, then the alternate for such absent Delegate may attend the meeting and exercise all rights, powers and votes to which the absent Delegate would be entitled. If the previously absent Delegate should arrive prior to the adjournment of any such meeting, the alternate Delegate shall no longer be entitled to act in the place of such Delegate; provided that such relinquishment of authority by the alternate Delegate shall not invalidate any matter previously voted or acted upon by the alternate Delegate in his temporary capacity as Delegate. If neither the Delegate nor the alternate Delegate is present at a duly called meeting of the Master Association, no votes shall be cast on behalf of the Members represented by such absent Delegate and alternate Delegate.

(g) Voting Rights of Delegates at Master Association Meetings. At each meeting of the Master Association, each Delegate shall be entitled to cast, in accordance with the terms of this Section 4.6, one (1) vote for each vote appurtenant to a Lot or Condominium located in the Delegate's District. Each Delegate shall be entitled to cast the votes representing a Lot or Condominium in such Delegate's District only during such periods as the Owner of such Lot or Condominium is entitled to exercise the voting rights appurtenant thereto. Except as provided in this Section 4.6(g), at each meeting of the Master Association, each Delegate shall cast all the votes which he represents in such manner as such Delegate may, in his sole discretion, deem appropriate, acting on behalf of and in the best interests of all the Members in such Delegate's District; provided, however, (1) that if prior to the Master Association meeting a District meeting of Members is held at which an issue is decided by a majority of a quorum of the Members from the District, the majority's decision shall control the Delegate's vote on that issue and, except as provided in Section 4.6(h), the Delegate shall cast all votes he is entitled to cast in accordance with such majority decision; and (2) if, prior to the Master Association meeting to elect any members of the Board of Directors which the Members are entitled to elect pursuant to Section 4.5, a District meeting is held to vote for candidates for the Board of Directors, the Delegate for such District, at the Master Association meeting for election of directors, shall cast all votes in such District in the same proportion and for the same candidates as were cast at the District meeting, and (3) if the vote is for a Specified Action (as defined in Section 4.6(h)), the Delegate shall comply with the procedure set forth in Section 4.6(h).

It shall be conclusively presumed for all purposes of Master Association business that any Delegate casting votes on behalf of the Members in such Delegate's District, will have acted with the authority and consent of his respective Members. All agreements and determinations lawfully made by the Master Association in accordance with the voting procedures established herein and in the Bylaws shall be binding on all Members and their successors and assigns.

(h) Specified Actions. Whenever a matter which the Restrictions require to be approved



by a vote representing a majority or greater percentage of the total voting power of the Master Association (excluding matters requiring approval of the Member or a majority of a Quorum) (each a "Specified Action") is presented to the Delegates for approval, written notice of the substance of the Specified Action shall be given to the Members by the Master Association at least thirty (30) days prior to the date on which the Specified Action shall be considered at the meeting of the Master Association, which notice shall also (i) set a date not less than ten (10) days nor more than sixty (60) days after the notice upon which will be held a District meeting of the Members in each District to consider the Specified Action on a date not less than 10-days prior to the scheduled meeting of the Master Association or (ii) if previously authorized by the Members in such District, the notice shall include a ballot for Members voting on such Specified Action in lieu of voting at a District meeting. At each such District meeting of Members, the Delegate shall submit the Specified Action to a vote of the Members within such Delegate's District. Thereafter, when voting on such Specified Action at the meeting of the Master Association, each Delegate shall cast the votes which such Delegate represents as follows:

(1) Each Delegate shall cast votes attributable to Members actually voting (whether in person, by proxy or absentee ballot) in such District "for" or "against" such Specified Action in the same number as such votes were cast by the voting Members at the District meeting or by ballot;

(2) The Delegate shall cast votes attributable to Members within the District who have not voted on such Specified Action ("Absentee Votes") as follows:

(i) If fifty-one percent (51%) or more of the total Member votes in the District have been cast pursuant to Section 4.6(h)(1) above, then any Absentee Votes shall be cast "for" and "against" the Specified Action in the same proportions as the votes cast by the Members pursuant to Section 4.6(h)(1) above.

(ii) If less than fifty-one percent (51%) of the total Member votes in the District have been cast pursuant to Section 4.6(h)(1) above, then the Absentee Votes shall be voted "for" or "against" the Specified Action in such proportions as the Delegate shall, in his or her sole discretion, determine appropriate for the benefit of and in the best interests of the Members in such Delegate's District.

In order to verify compliance with the foregoing Specified Action voting requirements on any vote for a Specified Action, or on any vote of a Delegate which such Delegate is obligated to cast in accordance with Section 4.6(g)(1) or (2), each ballot cast by a Delegate shall contain such Delegate's certification of the following information: (1) the total number of votes in the Delegate District; (2) the number of votes actually cast "for" and the number of votes actually cast "against" the Specified Action, or other such action, by Members at the District meeting called for such purpose or the number of votes cast for each candidate for director; and (3) the number of votes cast by such Delegate "for" and the number of votes cast by such Delegate "against" the Specified Action or the number of votes cast by such Delegate for each candidate for director and, (5) such other information as the Board of Directors shall require. The inspector of election at each Master Association meeting at which a Specified Action or other such action is considered shall tabulate the total number of votes



cast by all Delegates in each of the foregoing categories in order to determine whether the necessary approvals have been obtained.

(i) The Board shall be entitled to adopt and amend, from time to time, procedures not in conflict with this Section 4.6 or the Bylaws, for the administration of the Delegate Voting System.

ARTICLE V FUNCTIONS OF THE MASTER ASSOCIATION

Section 5.1. Powers and Duties. The Master Association shall have all of the powers of a Nevada nonprofit corporation, including without limitation, those powers set forth in Section 116.3102, 116.3103 and 116.31031 of the Act, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Restrictions and applicable law. The Master Association shall have the power to perform any and all lawful acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Master Association. Without in any way limiting the generality of the foregoing provisions, the Master Association may act through its Board of Directors and shall specifically have:

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

(b) **Repair, Maintenance and Replacement of Common Elements.** The power and duty to paint, plant, maintain, repair and replace in a neat and attractive condition and in accordance with standards adopted therefore by the Design Review Committee, all Common Elements, the Limited Common Elements owned by the Master Association and all Improvements thereon, and to obtain and pay for utilities, gardening and other necessary services for the Common Elements and the Limited Common Elements owned by the Master Association. Notwithstanding the foregoing, the Master Association shall have no responsibility to provide any of the services referred to in this Section 5.1(b) with respect to any Improvement which is accepted for maintenance by any state, local or municipal governmental agency or public entity or which, subject to the provisions of Section 5.1(k) hereof, is the maintenance responsibility of any Sub-Association pursuant to a Supplemental Declaration. Such responsibility shall be that of the applicable agency, public entity or Sub-Association.

(c) **Taxes.** The power and, except to the extent Declarant or a Participating Builder shall be required to pay such taxes by the Act, the duty to pay all taxes and assessments levied upon the Common Elements and the Limited Common Elements owned by the Master Association and all other taxes and assessments payable by the Master Association.

(d) **Utility Services.** The power and duty to pay for and obtain from any public or private Person, for the benefit of the Common Elements and the Limited Common Elements owned by the Master Association, all commonly metered water (irrigation, potable and non-potable), gas and electric services, and may (in the discretion of the Board of Directors) provide for all refuse collection and cable or master television service (if any), as deemed necessary by the Board of Directors.



(e) Easements and Rights-of-Way. Subject to any applicable requirements of the Act, the power but not the duty to grant and convey to any Person, (i) easements, licenses and rights-of-way in, on, over or under the Common Elements and the Limited Common Elements owned by the Master Association; and (ii) fee title to parcels or strips of land which comprise a portion of the Common Elements and Limited Common Elements owned by the Master Association, for the purpose of constructing, erecting, operating or maintaining thereon, therein and thereunder (1) roads, streets, walks, paths, trails, golf cart paths, driveways, parkways, park areas and slope areas; (2) overhead or underground lines, cables, wires, conduits, or other devices for the transmission of electricity for lighting, heating, power, television, telephone and other similar purposes; (3) sewers, storm and water drains and pipes, water systems, sprinkling systems, water, heating and gas lines or pipes; and (4) any similar public or quasi-public Improvements or facilities. This Section 5.1(e) shall not be construed to limit the right or power of the Master Association under Section 3.1(f).

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

(g) Rights of Entry and Enforcement. The power but not the duty, after Notice and Hearing, to enter upon any Lot, Condominium or Limited Common Element without being liable to any Owner or Sub-Association, except for damage caused by the Master Association's entering or acting in bad faith, for the purpose of enforcing by peaceful means the provisions of this Master Declaration, or for the purpose of maintaining or repairing the Limited Common Elements or any such Lot or Condominium if for any reason whatsoever the owner thereof fails to maintain and repair any such area as required by the Restrictions.

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

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

(j) Acquiring Property and Construction on Common Elements. The power, but not the duty, by action of the Board of Directors, to acquire property or interests in property for the common benefit of Owners, including without limitation Improvements and personal property. The power but not the duty, by action of the Board of Directors, to construct new Improvements or additions to the Common Elements or Limited Common Elements owned by the Master Association, or demolish existing Improvements (other than maintenance, repair or replacement of existing Improvements).

(k) Contracts. Subject to 2003 Nev. Stat. ch. 385, Sections 40 and 42, as now or hereafter amended, the power, but not the duty, to enter into contracts with Lot or Condominium Owners and Sub-Associations to provide services or to maintain and repair Improvements within Phases of Development which the Master Association is not otherwise required to maintain pursuant to this Master Declaration, and the power, but not the duty, to contract with other Persons to provide such services. Any such contract or service agreement must, however, provide for payment to the Master Association of the cost of providing such service or maintenance and such other terms as the Master Association shall approve.

(l) Budget, Records and Accounting. The power and the duty to keep, or cause to be kept, true and correct books and records of account in accordance with generally accepted accounting principles. The following shall be prepared and distributed to all Members regardless of the number of Members or the amount of assets of the Master Association as follows:

(i) The annual Budget for each fiscal year shall be prepared and distributed as set forth in Section 6.5 hereof.

(ii) An annual report consisting of the following shall be distributed within one hundred twenty (120) days after the close of the fiscal year:

A. A balance sheet as of the end of the fiscal year.

B. An operating (income) statement for the fiscal year.

C. A statement of cash flow for the fiscal year.

(m) Inspection of Books and Records. The power and the duty to authorize the verification of Membership, books of account and minutes of meetings of the Members or Delegates, as the case may be, and of the Board of Directors by making them available for inspection, examination, photocopying and audit by any Member of the Master Association, or by his duly appointed representative, at such Member's sole cost and expense, and at any reasonable time and for a purpose reasonably related to his interest as a Member (but excluding any commercial or other purpose not related to his interest as a Member), at the office of the Master Association or at such other place within the Project as the Board of Directors may prescribe. The Board shall establish reasonable rules with respect to: (i) notice to be given to the custodian of records by the Member



desiring to make the inspection; (ii) hours and days of the week when such an inspection may be made; (iii) payment of the cost of reproducing copies of documents requested by a Member; and (iv) other reasonable costs incurred by the Master Association in connection therewith. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Master Association and the physical properties owned or controlled by the Master Association.

(n) Maintenance of Other Areas. The power but not the duty to maintain and repair slopes, parkways, entry structures and community signs identifying the Project and other property or Improvements in or adjacent to the Project, to the extent deemed advisable by the Board of Directors.

(o) R.V. Storage Area. The power, but not the duty, to designate a portion of the Common Elements as an R.V. Storage Area, and to charge reasonable fees to cover all costs to the Master Association thereof; provided, however, that (i) Members of the Master Association shall have first priority to rent or lease such spaces, and (ii) there shall be no unreasonable discrimination among Members in connection with the renting and leasing of such spaces.

(p) Site Feature Maintenance Agreement. The power and duty to maintain, repair, and replace the site features and other items and Improvements pursuant to the terms of the Site Feature Maintenance Agreement and to otherwise comply with the terms and conditions thereof, as the same may be amended from time to time.

Section 5.2. Rules and Regulations . The Board of Directors shall be empowered to adopt, amend, or repeal such Rules and Regulations as it deems reasonable and appropriate relating to the Members, Sub-Associations, the Master Association and the use, occupancy and enjoyment of the Common Elements, which shall be binding upon all Persons subject to this Master Declaration, whether Members of the Master Association or not; provided, however, that the Rules and Regulations shall not unreasonably discriminate among Members and shall not be inconsistent with the Act, this Master Declaration, the Articles or Bylaws. The Rules and Regulations may also establish fines and penalties, payable as Special Assessments, for violation of the Restrictions. The Rules and Regulations may be established, modified or amended at any special or regular meeting of the Board of Directors.

A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be available to all Owners at the offices of the Association and may be mailed or otherwise delivered to each Member. Upon such availability, mailing or delivery, the Rules and Regulations shall have the same force and effect as if they were set forth herein and shall be binding on all Persons having any interest in, or making any use of any part of, the Common Elements and facilities thereon, whether or not Members; provided, however, that the Rules and Regulations shall be enforceable only to the extent that they are consistent with this Master Declaration, the Articles and Bylaws. In the event of any conflict between any provisions of the Rules and Regulations and any provisions of this Master Declaration, the Articles or Bylaws, the provisions of the Rules and Regulations shall be deemed to be superseded by the provisions of this Master Declaration, the Articles or Bylaws, as the case may be, to the extent of any such conflict. The Rules and Regulations may not be used to amend this Master Declaration, the Articles or Bylaws.



ARTICLE VI
FUNDS AND ASSESSMENTS

Section 6.1. Personal Obligation and Lien for Assessments . All Participating Builders and each Owner of a Lot or Condominium subject to assessment hereby covenants and agrees, by acceptance of a deed or other conveyance of any property within the Project, to pay to the Master Association (a) Common Assessments for Common Expenses, (b) Capital Improvement Assessments, and (c) Special Assessments, which assessments shall be established and collected as hereinafter provided. All assessments, together with interest thereon at a rate established by the Board of Directors, but not more than 18% per annum, late charges, costs, lien fees and reasonable attorneys' fees and costs for the collection or enforcement thereof and the enforcement of the Restrictions, shall be a charge on and continuing lien upon the Lot or Condominium against which such assessment is made, which lien, except as provided herein, shall run with such Lot or Condominium. All assessments also shall be the personal obligation of the Owner of such Lot or Condominium at the time when the assessment fell due. The personal obligation for assessments shall not pass to the successors-in-title of any Owner unless expressly assumed by such successors.

Section 6.2. Maintenance Funds . The Board of Directors shall establish and maintain at least the following separate accounts (the "Maintenance Funds") into which shall be deposited all monies paid to the Master Association, and from which disbursements shall be made, as provided herein: (a) an operating fund for current expenses of the Master Association, and (b) a reserve fund for replacements and repairs of the landscaping and other capital Improvements on the Common Elements. The Board of Directors may co-mingle all monies deposited into any of the Maintenance Funds, provided that the integrity of each individual Maintenance Fund shall be preserved on the books of the Master Association by accounting for disbursements from, and deposits to, each Maintenance Fund separately. Each of the Maintenance Funds shall be established as trust savings or trust checking accounts, at any federally insured banking or lending institution. Nothing contained herein shall preclude or limit the Master Association from establishing any additional accounts or Maintenance Funds.

Section 6.3. Purpose of Assessments . All amounts deposited into the operating fund and the reserve fund must be used and disbursed solely for purposes authorized by this Master Declaration and to the common benefit of all Owners.

Section 6.4. Common Assessments .

(a) A sum sufficient to pay Common Expenses and to establish reserves shall be assessed at least annually as Common Assessments against the Owners of Lots and Condominiums within the Master Association consistent with the Budget. The Board of Directors shall establish the amount of Common Assessments for each Assessment Year concurrent with the preparation of the Budget pursuant to Section 6.5.

(b) Common Assessments shall be assessed against each Owner in accordance with the number of Assessment Units attributable to such Owner. The Owner of each Single Family

Residential Lot or Condominium shall be charged with one (1) Assessment Unit for each such Lot or Condominium. With respect to any Lots (excluding Apartment Lots) owned by Declarant, a Participating Builder or other Person which is located within a Single Family Residential Area or Condominium Area and which has not been subdivided into parcels which are intended to be conveyed to home buyers, Declarant or such Participating Builder or other Person shall be charged with one (1) Assessment Unit for each of the maximum number of Single Family Residential Lots or Condominiums which are permitted on such Lot pursuant to the Development Agreement (as the same may be amended from time to time) until such time as the Lot has been so subdivided. The Owner of an Apartment Lot shall be charged with one (1) Assessment Unit for every four (4) Apartment Units or fractions of such number authorized or permitted as a maximum on such Apartment Lot by the Development Agreement (as the same may be amended from time to time) or such greater or lesser number of Apartment Units as are actually constructed thereon. Each Owner's proportionate share of the Common Assessments shall be a fraction, the numerator of which shall be the number of Assessment Units charged to such Owner and the denominator of which shall be the total number of Assessment Units charged to all Lots and Condominiums in the Project which are subject to assessment.

(c) All installments of Common Assessments shall be collected in advance on a monthly, quarterly, or annual basis, as determined by the Board of Directors, on such due dates as the Board of Directors shall determine from time to time in its sole and absolute discretion. At the end of any Assessment Year of the Master Association, the Board of Directors may determine that excess funds remaining in the operating fund, over and above the amounts used for the operation of the Project and appropriate reserves, may be retained by the Master Association for use in reducing the following year's Common Assessment or for deposit in the reserve account.

Section 6.5. Budget . At least sixty (60) days before the beginning of each Assessment Year, the Board shall prepare and adopt a Budget of the estimated Common Expenses to be incurring during the coming Assessment year. The Budget shall also include (a) a capital contribution to establish a reserve fund for repair and replacement of portions of the Common Elements and for costs of anticipated additional capital improvements to the Common Elements and shall otherwise meet the requirements of paragraph (b) of subsection 2 of NRS 116.3115, and (b) a statement disclosing any "In-Kind" contributions by Declarant and any subsidies by the Declarant. The Budget shall be in reasonable detail, including all information required by law, including without limitation, NRS 116.31151. Not less than 30 nor more than 60 days before the start of a fiscal year, the Board of Directors shall provide a summary of the Budget (along with a statement that copies of the Budget are available for inspection at the Master Association's business office and will be provided upon request) and the amount of the proposed Common Assessments to all Owners and 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 mailing of the summary. Unless at that meeting of Owners seventy-five percent (75%) of the total voting power of the Master Association rejects the proposed Budget, the Budget shall become effective. A Quorum is not necessary for the Budget meeting to be valid. If the proposed Budget is rejected, the Budget last ratified by the Owners must be continued until such time as the Owners approve a subsequent Budget proposed by the Board of Directors.

Section 6.6. Date of Commencement of Common Assessments . Common Assessments

on all Lots and Condominiums shall commence on the later of (a) the first day of the month following the month in which such Lot or Condominium shall be made subject to this Master Declaration, or (b) the month in which the Board of Directors first levies Common Assessments pursuant to this Master Association. The Common Assessments for the then current Assessment Year for each Lot or Condominium shall be pro-rated on the basis of the number of months in such Assessment Year remaining from the date of commencement of such assessments to the end of such Assessment Year.

Section 6.7. Capital Improvement Assessments . The Board of Directors, with the vote of the majority of votes cast at a meeting of the Members at which a Quorum shall be present, may levy in any fiscal year a Capital Improvement Assessment, for the purpose of defraying, in whole or in part, the cost of any construction of a new capital Improvement or material alteration of an existing capital Improvement upon the Common Elements, including fixtures and personal property related thereto. All Capital Improvement Assessments must be fixed at a uniform rate for all Lots and Condominiums in the same proportion as Common Assessments are levied, and they may be collected in the manner and frequency as determined from time to time by the Board of Directors.

Section 6.8. Special Assessments . The Board of Directors may assess a Special Assessment against a particular Owner and his Lot or Condominium and against a Sub-Association and its Limited Common Elements for all or any of the following:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Lot or Condominium or occupants thereof upon request of the Owner or a Sub-Association pursuant to a menu of special services which the Board of Directors may from time to time authorize (which may include, without limitation, landscape maintenance, caretaker service, etc.), which assessments may be levied in advance of the provision of the requested benefit, item or service as a deposit against charges to be incurred by the Owner or Sub-Association;

(b) to cover costs incurred in bringing the Lot, Condominium or Limited Common Elements into compliance with or to enforce the Restrictions, and costs incurred as a consequence of the conduct of the Sub-Association, Owner or occupants of the Lot or Condominium, their agents, contractors, employees, licensees, invitees, or guests;

(c) to pay reasonable charges assessed by the Board of Directors against an Owner or Sub-Association as a fine or penalty for non-compliance with the Restrictions; provided, however, that such fines or penalties may only be assessed after Notice and Hearing;

(d) to pay or cover all costs for any maintenance, repairs or replacements to or within the Common Elements arising from or caused by the willful or negligent act or omission of any Sub-Association, Owner or their Family, guests, agents, contractors, employees, licensees or invitees;

(e) to pay or cover all the costs for any construction, maintenance, repairs, replacements, utility service associated with or related to any Improvement located on any Limited Common Area owned by the Master Association;

(f) to pay reasonable charges assessed by the Board of Directors against an



Owner as a construction penalty for failure to comply with any unit design and construction schedule agreed upon by and between the Master Association and such Owner in a separate written agreement;

(g) to pay or cover any other cost or amount that may be assessed as a Special Assessment under any other provisions of this Master Declaration; and

(h) all costs and expenses, including attorneys' fees and costs, incurred in connection with Sections 6.8 (b), (c), (d), (e), (f) and (g) hereof, whether or not an action or proceeding to enforce the Restrictions or a construction penalty has been commenced.

Section 6.9. Exempt Property . The following property subject to this Master Declaration shall be exempt from all assessments:

(a) Those portions of the Project dedicated to and accepted by, the United States, the State of Nevada, Washoe County, the City of Sparks or any political subdivision of any of the foregoing, or any public agency, entity or authority, for as long as such entity or political subdivision is the owner thereof, or for so long as such dedication remains effective;

(b) All Common Elements; and

(c) All Limited Common Elements.

Section 6.10. Remedies of the Master Association . Any installment of a Common Assessment, Capital Improvement Assessment, Special Assessment or other amount due to the Master Association hereunder not paid within thirty (30) days after the due date shall bear interest from the due date of such installment at the rate established by the Board of Directors, not to exceed eighteen percent 18% per annum, as well as a late charge, as determined by the Board of Directors, to compensate the Master Association for bookkeeping, billing, administrative costs and any other appropriate charges. No such interest or late charge on any delinquent installment of an assessment shall exceed the maximum amount allowable by law. If any installment of an assessment is not paid within thirty (30) days after it is due, the Master Association may foreclose or otherwise enforce the lien against such Owner's Lot or Condominium in accordance herewith and with applicable law and/or exercise any other remedies against the Owner or such Owner's Lot or Condominium as may be available hereunder or at law or equity. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Lot or Condominium. All interest, late charges and all other costs and expenses incurred in enforcing the Restrictions, including attorneys' fees and costs, shall be payable as a Special Assessment by the Owner against whom enforcement is sought. No action shall be brought to enforce any assessment lien herein unless notice shall be given in accordance with applicable law. The Master Association or other Person conducting the sale shall also mail a copy of such notice within ten (10) days after recordation of such notice, by first-class mail to: (i) each person who has requested notice pursuant to NRS 107.090 or 116.31168; (ii) any Mortgagee who has notified the Master Association in writing at least thirty (30) days before the Recordation of the notice of the existence of the Mortgage; and (iii) to a purchaser of the Lot or Condominium, if the Owner has notified the Master Association in writing at least thirty (30) days before Recordation of such notice that the Lot or Condominium is subject of a contract of sale. The Master Association, through its authorized agents, shall have the power to bid



on the Lot or Condominium at the foreclosure sale and to acquire and hold, lease, mortgage or convey the same. While a Lot is owned by the Master Association following foreclosure (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Lot and Condominium shall be charged in addition to its usual assessment, its pro rata share of the assessment that would have been charged such foreclosed Lot had it not been acquired by the Master Association. The Master Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same. The Master Association shall also have a direct right of action against any Sub-Association and a lien on the Limited Common Elements of a Sub-Association for all Special Assessments payable by such Sub-Association. Notwithstanding the foregoing, the foregoing shall be limited by NRS 116.31162. Any and all documents, notices or certificates necessary or appropriate to effect the foregoing may be signed by any officer of the Association.

Section 6.11. Curing of Default . Upon the timely curing of any default for which a notice was filed by the Master Association, the officers thereof shall Record an appropriate release of lien, upon payment by the defaulting Owner of a reasonable fee to be determined by the Board of Directors to cover the cost of processing, preparing and Recording such release.

Section 6.12. Cumulative Remedies . The assessment liens and the rights of foreclosure and sale thereunder shall be in addition to and not in substitution for all other rights and remedies which the Master Association and its assigns may have hereunder and by law, including without limitation, a suit to recover a money judgment for unpaid assessments and/or the taking of a deed in lieu of foreclosure.

Section 6.13. Statement of Unpaid Assessments . The Master Association upon written request and upon payment of a reasonable fee therefore shall furnish to an Owner or Mortgagee a statement setting forth the amount of unpaid assessments, which statement shall be in Recordable form. Such statement must be furnished within ten (10) business days after receipt of the request and is binding on the Master Association, the Board of Directors and every Owner.

Section 6.14. Mortgagee Protection . Notwithstanding any other provisions hereof, except for the Priority Lien described in Section 6.15, no lien created under this Article VI, nor the enforcement of any provision of this Master Declaration shall defeat or render invalid the rights of the Beneficiary under any Recorded First Mortgage encumbering a Single Family Residential Lot or Condominium, made in good faith and for value; provided that after such Beneficiary or some other Person obtains title to such Single Family Residential Lot or Condominium by a judicial foreclosure, other foreclosure, or exercise of power of sale, such Single Family Residential Lot or Condominium shall remain subject to this Master Declaration and the payment of all installments of assessments accruing subsequent to the date such Beneficiary or other Person obtains title. The release or discharge of any lien for unpaid assessments by reason of the foreclosure or exercise of power of sale by the First Mortgagee shall not relieve the prior Owner of his personal obligation for the payment of such unpaid assessments.

Section 6.15. Priority of Assessment Lien . The Master Association has a lien on a Lot or Condominium for any assessment levied against the Lot or Condominium Owner from the time the

ARTICLE VII ARCHITECTURAL AND LANDSCAPING CONTROL

Section 7.1. Members of Design Review Committee . The Design Review Committee shall consist of three (3) members; provided, however, such number may be increased or decreased by the Board of Directors at any time. The initial Design Review Committee shall consist of three (3) members. Declarant shall have the sole right to appoint a majority of the members of the Design Review Committee until Declarant no longer owns any property in the Project or the Annexable Area and the Board of Directors shall appoint the remaining members. Thereafter, the Board of Directors shall appoint all members of the Design Review Committee. A member of the Design Review Committee may be removed at any time, without cause, by the Person who appointed such member. Unless changed by resolution of the Board of Directors, the address of the Design Review Committee for all purposes, including the submission of plans for approval, shall be at the principal office of the Master Association as designated by the Board of Directors pursuant to the Bylaws. From time to time the City of Sparks shall be entitled to appoint the Mayor of the City of Sparks or a member of the City Council of the City of Sparks to serve as a non-voting participant on the Design Review Committee. The non-voting participant shall be entitled to participate in the actions of the Design Review Committee; provided, however, that the failure of the non-voting member to participate shall not impair or affect the validity of the actions taken by the Design Review Committee.

Section 7.2. Review of Plans and Specifications . The Design Review Committee shall consider and act upon any and all plans and specifications submitted for its approval pursuant to the terms of this Master Declaration and shall perform such other duties as are specified in this Master Declaration or are from time to time assigned to it by the Board of Directors. Subject to and except for the exemptions and special rights of Declarant and Participating Builders under Article IX and elsewhere herein, no construction, alteration, grading, addition, excavation, modification, decoration, redecoration or reconstruction or other work relating to an Improvement in the Project shall be commenced or maintained until the plans and specifications showing the nature, kind, shape, height, width, color, materials, location and other relevant information related to the same have been submitted to, and approved in writing by, the Design Review Committee. All such plans and specifications submitted to the Design Review Committee shall be prepared by an architect or residential designer currently certified under the laws of the State of Nevada. The Design Review Committee shall have no obligation to review any plans and specifications prepared by any person not so certified. After approval of the plans and specifications, all work shall be completed in accordance with the approved plans. The Design Review Committee shall approve plans and specifications submitted for its approval only if, in its sole discretion, it deems that (a) the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the appearance of the surrounding area or the Project as a whole, (b) the appearance of any structure affected thereby will be in harmony with other structures in the vicinity, (c) the construction will not detract from the beauty, wholesomeness and attractiveness of the Common Elements or the enjoyment thereof by the Members, (d) the upkeep and maintenance will not become a burden on the Master Association, and (e) the Improvements are in accordance with and are consistent with the Residential Design Standards contained in the Handbook and any other applicable standards, requirements and criteria.

The Design Review Committee may condition its approval of proposals or plans and specifications for any Improvement upon any one or all of the following conditions: (1) upon

agreement by the Person (referred to in this Section 7.2 as "Applicant") submitting the same to furnish or the furnishing to the Design Review Committee a reasonable cash deposit or other security acceptable to the Design Review Committee in an amount specified in the Residential Design Standard as security for compliance with the Owner's obligations hereunder; (2) upon such changes therein as it deems appropriate; (3) upon agreement by the Applicant to grant appropriate easements to the Master Association for the maintenance of the Improvement or adjacent Common Elements; (4) upon agreement of the Applicant to reimburse the Master Association for the cost of maintenance; (5) upon agreement of the Applicant to replace such removed trees as may be designated by the Design Review Committee; (6) upon agreement of the Applicant to submit "as-built" record drawings certified by a licensed architect or engineer which describe the Improvements in detail as actually constructed upon completion of the Improvement; and/or, (7) such other conditions as the Design Review Committee may reasonably determine to be prudent and in the best interests of the Master Association. The Residential Design Standard may further require submission of additional plans and specifications or other information prior to approving or disapproving material submitted. The Residential Design Standard may set forth procedures for the submission of plans for approval, require a fee to accompany each application for approval, and may state additional factors which it will take into consideration in reviewing submissions and provide other requirements and conditions for review, approval and construction of Improvements. The Design Review Committee may provide that the amount of such fee shall be uniform, or that it be determined in any other reasonable manner, such as based upon the reasonable cost of the architectural or other professional fees incurred by the Master Association in reviewing plans and specifications. The Declarant, for long as it owns any property in the Project or Annexable Area, and thereafter the Board of Directors, may from time to time amend the Residential Design Standard in its sole and absolute discretion. The Design Review Committee may also condition any approval required in this Article VII on standards, requirements and criteria other than the Residential Design Standard, including without limitation compliance with the Development Agreement and applicable law.

The Design Review Committee may require such detail in plans and specifications submitted for its review as it deems proper, including without limitation, floor plans, site plans, drainage plans, landscaping plans, elevation drawings and descriptions or samples of exterior material and colors. The Design Review Committee may further require that all plans and specifications first be approved by any Sub-Association having jurisdiction. Any application submitted shall be deemed approved, unless written disapproval or a request for further information or materials shall have been transmitted to the Applicant within sixty (60) days after the date of receipt by the Design Review Committee of all required materials. Declarant need not seek approval of the Design Review Committee with respect to its design or construction of Improvements on any part of the Project.

Any Owner or Sub-Association Applicant aggrieved by a decision of the Design Review Committee may request reconsideration of the decision by the Design Review Committee in accordance with procedures established by the Design Review Committee. Such procedures may include, without limitation, the requirement that the Applicant modify the requested action or provide new information which would in the Design Review Committee's opinion warrant reconsideration. If the Design Review Committee fails to allow a reconsideration or if it, after reconsideration, again rules in a manner aggrieving the Applicant, the decision of the Design Review Committee can be appealed by the Applicant to the Board of Directors by written notice given within ten (10) days after

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

(c) If for any reason the Design Review Committee fails to notify the owner of any non-compliance with previously submitted and approved plans and specifications within ninety (90) days after receipt of written notice of completion from the owner, the Improvement shall be deemed to be in accordance therewith.

Section 7.7. Scope of Review . The Design Review Committee shall review and approve or disapprove all proposals and plans and specifications submitted to it for any proposed Improvement, alteration or addition, on the basis of the considerations set forth in Section 7.2. The Design Review Committee shall not be responsible for reviewing, nor shall its approval of any plan or design be deemed approval of, any proposal, plan or design from the standpoint of compliance with building or other codes, structural, engineering, safety or any other applicable requirement or standard.

Section 7.8. Variances . When, in the opinion of the Design Review Committee, circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations or other circumstances may require, the Design Review Committee may authorize variances from compliance with any of the architectural provisions of this Master Declaration or any Supplemental Declaration, including, without limitation, restrictions upon height, size, floor area or placement of structures, or similar restrictions. Such variances must be evidenced in writing and must be signed by at least a majority of the members of the Design Review Committee. If such variances are granted, no violation of the covenants, conditions and restrictions contained in this Master Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Master Declaration or of any Supplemental Declaration for any purpose except as to the particular property and particular provision hereof covered by the variance, nor shall it in any way affect the obligation or the Owner or Sub-Association to comply with the Development Agreement and all governmental laws and regulations affecting his use of the premises, including but not limited to zoning ordinances and set-back lines or requirements imposed by the City of Sparks, the County of Washoe or any municipal or other public authority. The granting of a variance shall not be deemed to be approval from the standpoint of compliance with such laws or

regulations, nor from the standpoint of structural safety, and the Design Review Committee, provided it acts in good faith, shall not be liable for any damage to an Owner or Sub-Association as a result of its granting or denying of a variance.

Section 7.9. Non-Liability for Approval of Plans . The Design Review Committee's approval of proposals, variances, or plans and specifications shall not constitute a representation, warranty or guaranty, whether express or implied, that such proposals, variances or plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such proposals, variances, or plans and specifications neither the Design Review Committee, the members thereof, the Master Association, the Board of Directors nor Declarant assumes any liability or responsibility therefor, or for any defect in the structure constructed from such proposals or plans or specifications. Neither the Design Review Committee, any member thereof, the Master Association, the Board of Directors nor Declarant shall be liable to any Member, Owner, occupant, or other Person or entity for any personal injury, property damage or any other damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any proposals, variances, plans and specifications and drawings, whether or not defective, or (b) the construction or performance of any work whether or not pursuant to the approved proposals, plans and specifications and drawings.

Section 7.10. Amendment . This Article shall not be amended without Declarant's written consent for so long as Declarant shall own any portion of the Project or the Annexable Area.

ARTICLE VIII

DAMAGE, DESTRUCTION OR CONDEMNATION OF COMMON ELEMENTS

Damage to, and destruction or condemnation of, all or any portion of the Common Elements shall be handled in the following manner:

Section 8.1. Damage by Member . To the extent permitted by law, each Member shall be liable to the Master Association and the Master Association may, after Notice and Hearing, assess a Special Assessment, for any damage to Common Elements not fully reimbursed to the Master Association by insurance; provided the damage is sustained as a result of the negligence, willful misconduct or unauthorized or improper use, installation or maintenance of any Improvement by the Member, his guests, tenants or invitees, or any other Persons deriving their right to, and easement for, use and enjoyment of the Common Elements from the Member, or his or their respective Family and guests, both minor and adult. The Master Association, however, acting through the Board of Directors, reserves the right to determine whether any claim shall be made upon the insurance maintained by the Master Association, and the Master Association further reserves the right, after Notice and Hearing as provided in the Bylaws, to levy a Special Assessment equal to the increase, if any, of insurance premiums directly attributable to the damage caused by the Member or the Person for whom the Member may be responsible as described above. In the case of co-ownership of a Lot or Condominium, the liability of the co-owners shall be joint and several, except to the extent that the Master Association shall have previously contracted in writing with the co-owners to the contrary. After Notice and Hearing, the Master Association may levy a Special Assessment equal to all direct and indirect costs of enforcing the Restrictions and correcting, curing and repairing the damage, to the



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

Section 8.2. Repair or Replacement of Damaged or Destroyed Portion of the Project .

(a) Any portion of Project which the Master Association is required to insure and which is damaged or destroyed shall be repaired or replaced promptly by the Master Association unless:

(1) The Project is terminated as a common interest community (as defined in the Act);

(2) Repair or replacement would be illegal under any state or local statute or ordinance governing health or safety; or

(3) The Approval not to rebuild is obtained within ninety (90) days after the loss from eighty percent (80%) of the Owners.

(4) The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

(b) If the entire Project is not repaired or replaced, the proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Project and the remainder of the proceeds must be distributed in proportion to the liabilities of all Lots or Condominiums for Common Expenses.

Section 8.3. Condemnation . If at any time, all or any portion of Common Elements, or any interest therein, is taken for any governmental or public use, under any statute, by right of eminent domain or by private purchase in lieu of eminent domain, the award in condemnation shall be paid to the Master Association. Any such award payable to the Master Association shall be deposited in the operating fund. No Member shall be entitled to participate as a party, or otherwise, in any proceedings relating to such condemnation. The Master Association shall have the exclusive right to participate in such proceedings and shall, in its name alone, represent the interests of all Members.

ARTICLE IX

INTEREST, SPECIAL RIGHTS AND EXEMPTION OF DECLARANT

Section 9.1. Interest of Declarant . It is acknowledged that the Project is a portion of a larger parcel of land which Declarant is causing to be developed into a master planned community. Declarant has created a master plan for the development of the Project which includes the use of modern master-planning objectives and techniques which have been formulated for the common good and enhancement of property values within the community. Each Owner of a Lot or Condominium which is part of the Project acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed, notice or other instrument, that Declarant has a substantial interest to be protected with regard to assuring compliance with, and enforcement of, the



covenants, conditions, restrictions, reservations and other matters contained in this Master Declaration along with any amendments thereto and any Supplemental Declarations Recorded pursuant to this Master Declaration. Consequently, until the later of such time as (a) Declarant and all Participating Builders no longer own any real property in the Annexable Area or (b) Declarant and all Participating Builders no longer own any real property in the Project, before being undertaken by the Members or by the Master Association, any action that would impact or change any Developmental Right or Special Declarant's Right or other right expressly reserved to Declarant herein, including without limitation, this Article LX shall first be approved in writing by Declarant:

Section 9.2. Special Rights of Declarant and Participating Builders . Notwithstanding anything to the contrary in this Master Declaration, the following shall apply:

(a) Nothing in this Master Declaration shall limit, and no Owner (except Declarant), Sub-Association or the Master Association or other person shall do anything to interfere with, the right of Declarant and, subject to Declarant's approval and control rights hereunder or elsewhere with regard to Participating Builders, Participating Builders, to exercise any Development Rights or to develop all or any portion of the Project, including without limitation the right to subdivide or resubdivide any portion of the Project or the right of Declarant or a Participating Builder to complete excavation and grading and the construction of Improvements to and on any portion of the Project, or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Declarant or a Participating Builder deems advisable in the course of development of the Project for so long as any property in the Project is owned by Declarant or a Participating Builder or Declarant or a Participating Builder owns any property in the Annexable Area.

(b) This Master Declaration shall in no way limit the right of Declarant or, upon Declarant's written approval, a Participating Builder, to (1) grant additional licenses, easements, reservations and rights-of-way to itself, to governmental or public authorities (including without limitation private or public utility companies), or to others, as may from time to time be reasonably necessary to the proper development and disposal of Lots and Condominiums in the Project, (2) use all or any portion of the Common Elements, Limited Common Elements, Lots or Condominiums owned by Declarant or such Participating Builders for sales facilities, model homes, offices, signs, special promotions, marketing, advertising and for such other use as is, in Declarant's sole discretion, necessary, appropriate, convenient or incidental to the development, construction, sale or management of the Project or any part thereof, and (3) to use easements on, over, under and through the Common Elements and Limited Common Elements for the purpose of making Improvements therein or in the Project or Annexable Area.

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

(d) The rights and reservations of Declarant or such Participating Builders referred to in this Section 9.2 shall terminate on the earlier of (1) the date Declarant and any

Participating Builder shall no longer own any property in the Project or the Annexable Area or (2) with respect to Declarant's rights and reservations, the date Declarant shall voluntarily terminate in writing its rights hereunder (which termination shall be effective only as to the specific rights so terminated).

Section 9.3. Exercise of Rights . Any and all Developmental Rights or Special Declarant's Rights reserved hereunder may be exercised: (a) at any time prior to the time Declarant or any Participating Builder no longer owns any property within the Project or the Annexable Area; and (b) may be exercised with respect to different parcels at different times. No assurance is made with regard to whether and in what order such exercises may take place. Further, Developmental Rights or Special Declarant's Rights exercised on one parcel (or a part thereof) may or may not be exercised on any other parcel or portion of any parcel.

ARTICLE X INSURANCE

Section 10.1. Duty to Obtain Insurance; Types . Commencing not later than the time of the first conveyance of a Lot or Condominium to a Person other than Declarant, the Board of Directors shall cause to be obtained and maintained (a) adequate blanket public liability insurance (including medical payments), with such limits as the Board of Directors in its discretion considers prudent covering 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 (b) fire and casualty insurance with extended coverage, insuring against all risks of direct physical loss commonly insured against, without deduction for depreciation, in an amount not less than eighty percent (80%) (or such higher percentage as FNMA, VA, FHA, FHLM or GNMA may require) of the actual cash value of the Common Element Improvements at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from fire and casualty policies. If the insurance described above is not reasonably available, the Master Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Owners. Such insurance shall be maintained for the benefit of the Master Association, the Owners, and the Mortgagees, as their interests may appear as named insureds, subject, however, to loss payment requirements as set forth herein. Such insurance shall, to the extent reasonably available, provide that each Owner is an insured Person under such policy with respect to liability arising out of his interest in the Common Elements or Membership in the Master Association. The Board of Directors may purchase such other insurance as it shall deem necessary or appropriate, including, but not limited to, errors and omissions, directors, officers and agents' liability insurance, plate glass insurance, medical payments, malicious mischief, liquor liability and vandalism insurance, fidelity bonds and workers' compensation, and such other risks as shall customarily or reasonably be covered with respect to projects similar in construction, location, and use. Fidelity bond coverage shall be obtained to cover such persons and in such amounts as the Board of Directors shall require. Notwithstanding any other provision herein, the Master Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond, meeting the insurance and fidelity bond requirements established by FHA, VA, FHLMC, FNMA, GNMA or any similar entity, so long as any of them is an Owner of a Lot or Condominium or holder or insurer of a Mortgage on a Lot or Condominium, except to the extent such coverage is not available or has been waived in



writing by the FHA, VA, FHLMC, FNMA, GNMA or such other similar entity, as applicable. Certificates of insurance shall be issued to each Owner and Mortgagee upon written request.

Section 10.2. Waiver of Claims Against Master Association . As to all policies of insurance maintained by or for the benefit of the Master Association and the Owner, the Master Association and the Owners hereby waive and release all claims against one another, the Board of Directors, and Declarant to the extent of the insurance proceeds available, whether or not the insurable damage or injury is caused by the negligence of or breach of any agreement by any of such Persons, except as may be provided elsewhere in this Master Declaration.

Section 10.3. Notice of Expiration Requirements . If available, all of the policies of insurance maintained by the Master Association shall contain a provision that such policy or policies shall not expire or be cancelled, terminated, or materially modified without thirty (30) days prior written notice to the Board of Directors, Declarant, Owners and those holders or insurers of First Mortgages who have filed a written request with the carrier for such notice, and every other Person in interest who requires such notice of the insurer.

Section 10.4. Insurance Premiums . The cost of fidelity bonds and insurance premiums for any insurance coverage obtained by the Master Association and any other insurance deemed necessary by the Board of Directors shall be a Common Expense.

Section 10.5. Trustee for Policies . The Master Association, acting through its Board of Directors, is hereby appointed and shall be deemed trustee of the interests of all named insureds under policies of insurance purchased and maintained by the Master Association. All insurance proceeds under the policies provided for in Section 10.1 of this Article shall be paid to the Board of Directors as trustee and not to any Mortgagee. The Board of Directors shall hold any proceeds in trust for the Master Association, Owners and Mortgagee as their interests may appear. The Board of Directors shall have full power to receive and to receipt for the proceeds and to deal therewith as provided herein. Subject to the provisions of NRS 116.31135 and Article VIII hereof, insurance proceeds shall first be used by the Master Association for the repair or replacement of the property for which the insurance was carried and the Master Association, Owners and Mortgagee shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Project is terminated as a common-interest community, as defined in the Act. The Board of Directors is hereby granted the authority to negotiate loss settlements with the appropriate insurance carriers. Any two (2) Directors of the Master Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and such signatures shall be binding on all the named insureds. Notwithstanding the foregoing, there may be named as an insured a representative chosen by the Board of Directors, including a trustee or any successor to such trustee, with whom the Master Association may enter into an insurance trust agreement, who shall have such authority as is delegated by the Board of Directors to negotiate losses under any policy providing property or liability insurance and to perform such other functions as are necessary to accomplish this purpose.

Section 10.6. Actions as Trustee . Except as otherwise specifically provided in this Master Declaration, the Board of Directors, acting on behalf of the Master Association and all Owners, shall



have the exclusive right to bind such parties in respect to all matters affecting insurance carried by the Master Association, the settlement of a loss claim, and the surrender, cancellation, and modification of all such insurance. Duplicate originals or certificates of all policies of fire and casualty insurance maintained by the Master Association and of all renewals thereof, together with proof of payment of premiums, shall be delivered by the Master Association to all Mortgagees who have requested the same in writing.

Section 10.7. Annual Insurance Review . The Board of Directors shall review the insurance carried by or on behalf of the Master Association at least annually, for the purpose of determining the amount and type of the insurance to be carried pursuant to Section 10.1 and, to the extent and at the times deemed necessary by the Board of Directors, shall obtain an evaluation or appraisal of the insured property.

Section 10.8. Required Waiver . All policies of insurance shall provide, to the extent reasonably available, for waiver of the following rights to the extent that the respective insurers would have the rights without such waivers:

- (a) subrogation of claims against the Owners, the Owner's Family and tenants of the Owners;
- (b) any defense or limitation of coverage based upon co-insurance;
- (c) any right of set-off, counterclaim, apportionment, proration or contribution by reason of other insurance not carried by the Master Association;
- (d) any invalidity, other adverse effect or defense as a result of any breach of warranty or condition caused by the Master Association, any Owner or any tenant of any Owner, or arising from any act, neglect, or omission of any named insured or the respective agents, contractors and employees of any insured;
- (e) any right of the insurer to repair, rebuild, or replace, and, if the Improvement is not repaired, rebuilt, or replaced following loss, any right to pay under the insurance an amount less than the replacement value of the Improvements insured;
- (f) notice of the assignment of any Owner of his interest in the insurance by virtue of a conveyance of any Lot or Condominium;
- (g) any right to require any assignment of any Mortgage to the insurer; and
- (h) any right to void the policy or condition recovery under the policy due to an act or omission by any Owner unless such Owner was acting within the scope of his authority on behalf of the Master Association.

Section 10.9. Owner's Insurance . The Master Association shall have no obligation to maintain any insurance other than the insurance required to be maintained by the Master Association

pursuant to Section 10.1. By accepting title to such Owner's Lot or Condominium, each Owner (other than Declarant and Participating Builders) covenants and agrees to maintain property insurance for the full replacement cost of all insurable Improvements on such Owner's Lot or Condominium, with a reasonable deductible thereon, and liability insurance covering all risks to Persons or property on such Owner's Lot or Condominium caused by errant Golf balls coming upon the Lot or Condominium, less a reasonable deductible, unless such coverage is maintained on behalf of such Owner by a Sub-Association. All insurance other than the insurance required to be maintained by the Master Association hereunder shall be the responsibility of the Owner of the property or interest to be insured. To the extent reasonably available, policies maintained by the Master Association shall provide that if at any time of a loss under such policies, there is other insurance in the name of an Owner covering the same risk covered by such policy, the Master Association's policy provides primary insurance.

Each Owner further covenants and agrees that in the event of damage to or destruction of Improvements on such Owner's Lot or Condominium, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved by the Design Review Committee. Alternatively, the Owner shall clear the Lot and maintain the Lot in a neat and attractive, landscaped condition consistent with the Residential Design Guide and this Master Declaration. The Owner shall pay any costs which are not covered by insurance proceeds.

The requirements of this Section 10.9 shall apply to any Sub-Association responsible for Limited Common Elements in the same manner as if the Sub-Association were an Owner and the Limited Common Elements were a Lot. Additional recorded covenants applicable to any Sub-Association may establish more stringent requirements for insurance and more stringent standards for rebuilding or reconstructing Improvements on the Lots or Condominiums governed by such Sub-Association and for clearing and maintaining the Lots or Condominiums in the event the Improvements are not rebuilt or reconstructed.

Section 10.10. Insurance Rates . Nothing shall be done or kept in the Project which will increase the rate of insurance on any Lot, Condominium or other portion of the Project without the approval of the Board of Directors, nor shall anything be done or kept in the Project which would result in the cancellation of insurance on any Lot, Condominium or other portion of the Project or which would be in violation of any law.

ARTICLE XI. GENERAL RESTRICTIONS AND EASEMENTS

Subject to and except for the exemptions and special rights of Declarant and Participating Builders as set forth herein and the right of Declarant to develop and use the Project pursuant to and in accordance with the Development Agreement, and without limiting any other provision of this Master Declaration, all real property within the Project shall be held, used and enjoyed subject to the following easements, limitations and restrictions:

Section 11.1. No Further Subdivision . No Single Family Residential Lot, Condominium,

Limited Common Element or Common Element may be further subdivided (including, without limitation, the subdivision thereof into time-share estates and boundary line adjustments) without the prior written approval of the Board of Directors; provided, however, that nothing in this Section 11.1 shall be deemed to prevent (a) the Declarant, its successor and assigns and, with Declarant's consent, a Participating Builder, to subdivide, change the boundary line of, replat or subdivide into timeshares any Lot or Lots owned by Declarant or such Participating Builder and their respective successors and assigns and (b) an Owner from (i) selling a Lot or a Condominium; (ii) transferring or selling any Lot or Condominium to more than one (1) person to be held by them as tenants in common, joint tenants, tenants by the entirety or as community property; or (iii) leasing or renting of all of his Lot or Condominium; provided that (A) any such lease or rental shall be subject to the Restrictions, (B) the Owner-lessor shall provide a copy of the lease to the Master Association upon request by the Master Association or when required by the Rules and Regulations; (C) the Owner shall provide the lessee a copy of the Restrictions and (D) the Owner shall be liable for any violation of the Restrictions by the lessee.

Section 11.2. Signs . No sign, poster, billboard, advertising device or other display of any kind shall be displayed on a Lot or Condominium so as to be visible from outside any Lot or Condominium without the approval of the Design Review Committee, except such signs of customary and reasonable color, appearance, content and dimensions (as determined by the Design Review Committee) as may be displayed on each Lot or from each Condominium advertising the Lot or Condominium for sale or lease.

Notwithstanding any provision to the contrary in this Section 11.2 or this Article 11, each Owner shall be entitled to fly the Flag of the United States (as defined in NRS ch. 116) in a manner consistent with the Federal Flag Code (4 U.S.C. §§5 to 10, inclusive, as now or hereafter amended), from a flagpole or staff located on exterior property within the boundaries of the Owner's Lot or Condominium or which is attached to an exterior limited common element that forms a part of the boundaries of the Owner's Condominium, or from a window, ledge, sill, railing, patio, terrace or balcony of the Owner's unit or an exterior limited common element that forms a part of the boundaries of the Owner's Condominium whether or not the flag is displayed from a flagpole or staff. The Board of Directors may adopt rules that prohibit displaying any Flag of the United States in violation of the Federal Flag Code or that exceeds four (4) feet in its vertical dimension and six (6) feet in its horizontal dimension (the horizontal dimension shall be measured parallel to the horizontal stripes of the flag regardless of the position in which the flag is displayed).

Section 11.3. Animals . No animals, fowls, reptiles, poultry, fish or insects of any kind ("Animals") shall be raised, bred or kept, on any Lot or Condominium within the Project, except that a reasonable number of dogs, cats or other similar household pets may be kept; provided that they are not kept, bred or maintained (a) for any commercial purpose, (b) in unreasonable quantities and (c) in violation of any applicable local ordinance or any other provision of the Restrictions and such limitations as may be set forth in the Rules and Regulations. As used in this Master Declaration "unreasonable quantities" shall ordinarily mean more than four (4) pets per household; provided, however, that the Board of Directors may determine that a reasonable number in any instance may be more or less. The Master Association, acting through the Board of Directors, shall have the right to cause to be removed from the Project and take or require the Owner to take such other remedial action



as is reasonably necessary with respect to any Animal maintained in any Lot or Condominium which constitutes, in the opinion of the Board of Directors, a nuisance or danger to Owners or other Persons in the Project. Animals kept on the Project must be either kept within an enclosure or an enclosed yard on or in a Lot or Condominium. When not in or on a Lot or Condominium, all animals other than horses must be kept on a leash or other restraint being held by a person capable of controlling the animal and only in such areas as may be designated by the Board of Directors in the Rules and Regulations. Furthermore, to the extent permitted by law, any Owner shall be liable to each and all remaining Owners, their families, guests, tenants and invitees, for any unreasonable noise or damage to person or property caused by any Animals brought or kept upon the Project by an Owner or by members of his Family, his tenants or his guests; and it shall be the absolute duty and responsibility of each such Owner to clean up after such animals which have used any portion of the Common Elements or other area within the Project. Declarant or a Participating Builder, with the written consent of Declarant, may record a Supplemental Declaration allowing the keeping and use of a specified number of horses on specific Lots provided (i) those Lots are a minimum one (1) acre in size (ii) such use is not in violation of the Development Agreement, (iii) all Improvements for such use is approved by the Design Review Committee and (iv) such use shall be in accordance with the Rules and Regulations.

Section 11.4. Open Range . The lands adjacent to the southern and eastern boundaries of the Project are owned by the United States of America under the management of the Bureau of Land Management ("BLM"). These adjacent lands are classified by the BLM as grazing lands and are currently being managed as open range lands. It is unlawful to kill, maim or injure any livestock that may enter the Project.

Section 11.5. Nuisances . No rubbish or debris of any kind shall be placed or permitted to accumulate anywhere within the Project, and subject to Section 11.27 hereof, no odor shall be permitted to arise therefrom so as to render the Project or any portion thereof unsanitary, unsightly, or offensive. No noise or other nuisance shall be permitted to exist or operate upon any portion of a Lot or Condominium in the Project so as to be unreasonably offensive or detrimental to any other Lot or Condominium in the Project or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles or other items which may unreasonably disturb other Owners or their tenants shall be located, used or placed on any portion of the Project without the prior written approval of the Design Review Committee. No motorcycles, dirt bikes or other mechanized vehicles may be operated upon any portion of the Common Elements not improved as a street without the prior written approval of the Design Review Committee, which approval may be withheld in its sole and absolute discretion. Alarm devices used exclusively to protect the security of a Lot or Condominium and its contents, shall be permitted, provided that such devices do not produce annoying sounds or conditions as a result of frequently occurring false alarms.

Section 11.6. Maintenance and Repair . No Improvement anywhere within the Project shall be permitted to fall into disrepair, and each Lot, Condominium and all Limited Common Elements and the Improvements thereon, including without limitation all rockery walls or retaining walls, shall at all times be kept in good, clean, safe, dust free and attractive condition and repair, free of debris,



weeds and other unsightly conditions, by the Owner thereof or the Sub-Association owning or otherwise have the responsibility for maintenance thereof. If any Owner or Sub-Association shall fail to maintain its property as required hereunder, the Board of Directors, after consulting with the Design Review Committee, and after affording the owner of such property Notice and Hearing, shall have the right but not the obligation to correct such condition, and to enter upon such Owner's Lot, Condominium, or Limited Common Elements for the purpose of doing so, and such Owner or Sub-Association, as the case may be, shall promptly reimburse the Master Association for the cost thereof. The Sub-Association or other owner of the offending Limited Common Elements, Lot or Condominium shall be personally liable for all costs and expenses incurred by the Master Association in taking such corrective acts, plus all costs incurred in collecting the amounts due and all such costs shall be a Special Assessment. Each Owner or Sub-Association shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor.

Section 11.7. Drainage . There shall be no interference with the established drainage pattern over any Lot, Condominium or Limited Common Elements so as to affect any other portion of the Project unless an adequate alternative provision, previously approved in writing by the Design Review Committee, is made for proper drainage. For the purpose hereof, "established" drainage is defined as the drainage which exists at the time the Lot, Condominium or Limited Common Elements, as the case may be, is conveyed to an Owner or Sub-Association by Declarant or a Participating Builder or later grading changes which are shown on plans approved by the Design Review Committee, which may include drainage from the Common Elements over any Lot, Condominium or Limited Common Elements in the Project.

Section 11.8. Water and Sewer Systems . So long as a Lot or Condominium is served by a sanitary sewer system and potable water system, no Owner (other than Declarant and/or the Master Association) shall be entitled to construct, use or maintain any such system on such Owner's Lot or Condominium. In the event a potable water or sewer system is not available to serve a Lot or Condominium, the Owner may only install a potable water or sewer system that is designed, located, constructed and equipped in accordance with the requirements, standards, and recommendations of the applicable water or sewer district and any applicable governmental health authority having jurisdiction and that is approved by the Design Review Committee.

Section 11.9. No Hazardous Activities . No activities shall be conducted, including, without limitation, hunting with firearms, bows, "BB" guns and/or slingshots, etc., anywhere in the Project which are or might be unsafe or hazardous to any Person or property in the Project.

Section 11.10. Unsightly Articles . No unsightly articles, including without limitation, unseasonable decorations, clotheslines, statuary and permanent flagpoles (except as allowed under Section 11.2 above), shall be permitted to remain within the Project so as to be visible from any public or private street or from any other Lot or Condominium. Without limiting the generality of the foregoing, refuse, garbage and trash shall be kept at all times in covered, sanitary containers approved for such use by the City of Sparks or enclosed areas designed for such purpose. Such containers shall be exposed to the view of neighboring Lots or Condominiums only when set out for a reasonable period of time (not to exceed twelve (12) hours before and after scheduled trash collection hours). There shall be no exterior fires whatsoever, except barbecue fires contained within receptacles



commercially designed therefor, such that they do not create a fire hazard, and except as specifically authorized in writing by the Design Review Committee (and subject to applicable ordinances and fire regulations). No satellite dishes, antennas or similar apparatus shall be permitted on any Lot or Condominium except twenty-four inch (24") or smaller satellite systems or antennas mounted in a location, manner and as otherwise approved by the Design Review Committee.

Section 11.11. No Temporary Structures . Unless approved in writing by the Design Review Committee in connection with the construction of authorized Improvements, no tent, shack, skateboard ramp or other temporary building, Improvement or structure shall be placed upon any portion of the Project, provided, however, that portable basketball hoops are permitted subject to compliance with the Rules and Regulations.

Section 11.12. No Mining and Drilling . The Project shall not be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, geothermal heat, minerals, rocks, stones, gravel or earth, nor shall oil, water or other wells, tanks, tunnels or mineral-excavations or shafts be permitted upon the surface of any portion of the Project or within five hundred (500) feet below the surface of the Project, provided, however (a) Declarant shall be permitted to operate an aggregate crushing and batch process facility within the Project during the construction period, (b) tunnels or underpasses constructed by or with the approval of Declarant for access of Persons and golf cars and other purposes shall be permitted, (c) underground fuel storage tanks shall be permitted within the drainage Project if located solely within a maintenance area designated by Declarant and (d) Declarant shall be permitted to drill, bore and explore for the purpose of removing water from below the surface of the Project and in that regard, existing and future water wells, tanks, pipes, shafts and related items now or hereafter owned by Declarant or its assigns are permitted.

Section 11.13. Development Agreement . No Owner or Sub-Association shall violate or cause a violation of the Development Agreement or any terms, covenants or conditions thereof, including without limitation the requirements regarding setbacks and side yards.

Section 11.14. Single Family Use . All Lots and Condominiums in the Project shall be improved and used solely for residential use; provided, however, that this provision shall not preclude any Owner in the Project from renting or leasing all of his Lot or Condominium by means of a written lease or rental agreement subject to the Restrictions. No Lot or Condominium shall ever be used or caused to be used or allowed or authorized to be used in any way, directly or indirectly, for any business, commercial, or other such nonresidential purposes; except Declarant and Participating Builders (with the approval of Declarant), their successors and assigns, may use any portion of the Project owned by them for a model home site, display and sales office and other related business and administrative activities of Declarant and such other uses as may be allowed in this Master Declaration or in the Development Agreement. The provisions of this Section 11.14 shall not preclude (a) professional administrative occupations without external evidence thereof, for so long as such occupations are conducted in conformance with all applicable governmental ordinances, and are merely incidental to the use of the Lot or Condominium as a Residence and (b) in-home child and elder care for the number of children or elders one care giver may care for in accordance with the City of Sparks rules and regulations for childcare and eldercare facilities.

Section 11.15. Improvements and Fences .

(a) No Lot in the Project shall be improved except with one (1) Residence designed to accommodate no more than a single Family and its servants and occasional guests, plus a garage, fencing and such other Improvements as are customarily or appropriately incident to a single Family Residence as determined by the Design Review Committee, provided however that (i) one (1) detached guest Residence or servants' quarters may be permitted on a Lot at the discretion of the Design Review Committee; (ii) Improvements approved by the Design Review Committee that are appropriate for horses shall be permitted on Lots specified for such use, and (iii) if an Owner owns two or more adjacent Lots, subject to Design Review Committee approval, such Owner shall be entitled to construct a Residence on one or more of such Lots and other Improvements associated with such Residence on the remainder of such Lot or Lots. No part of the construction on any Single Family Residential Lot shall exceed thirty (30) feet in height, measured from the average elevation of the highest and lowest points of the Lot covered by the structure to the ceiling line of the top floor; provided, however, railings, mechanical appurtenances, cupolas and chimneys, provided such are, in the sole opinion of the Design Review Committee, of normal size, height and distribution and are otherwise appropriate, may rise above the height limit. All chimneys shall be subject to the prior written approval of the Design Review Committee. No projections of any type shall be placed or permitted to remain above the roof of any building within the Project, except one or more chimneys or vent stacks. Notwithstanding anything to the contrary contained in the Restrictions and unless otherwise permitted by applicable law, there shall be no covenant, restriction or condition that prohibits or unreasonably restricts any Owner from using a system for obtaining solar energy. "Unreasonably restricting the use of a system for obtaining solar energy" shall mean placing a restriction or requirement on the use of such a system which significantly decreases the efficiency or performance of the system and does not allow for the use of an alternative system at a comparable cost and comparable efficiency and performance. Basketball backboard or other sports apparatus may be constructed or maintained on the Project only in accordance with guidelines established by the Design Review Committee. No patio cover, wiring or air conditioning fixture, water softeners or other devices, apparatus, equipment or fixtures shall be installed on the exterior of a Residence or be allowed to protrude through the walls or roof of the Residence unless the prior written approval of the Design Review Committee is obtained.

(b) All utility and storage areas and all laundry rooms, including all areas in which clothing or other laundry is hung to dry, must be completely covered and concealed from view from other areas of the Project.

(c) Owners and Sub-Associations shall construct all fences required by the Residential Design Guide, at the time, in the manner and otherwise in accordance with the requirements therein. No fence or wall shall be erected, altered or maintained in the Project unless such fence or wall is first approved in writing by the Design Review Committee. All alterations or modifications of fences or walls of any type shall require prior written approval of the Design Review Committee.

Section 11.16. Landscaping and Construction . Within one hundred twenty (120) days after



similar vehicle. The above excludes camper trucks and similar vehicles up to and including one (1) ton when used for everyday-type transportation. In addition, no Owner shall park, store, or keep anywhere within the Project any vehicle or vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board of Directors. All trailers, campers, motor homes, golf cars and similar recreational vehicles shall be parked in enclosed garages or otherwise adequately screened from view by a structure approved by the Design Review Committee. Garages shall be kept closed at all times, except as reasonably required for (a) ingress to and egress from the interiors of the garages and (b) maintenance of the Lot or Condominium or other Residence. No Owner of a Lot or Condominium shall conduct repairs or restorations of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of any Lot or Condominium or elsewhere within the Project, except wholly within the Owner's garage; provided, however, that such activity shall at no time be permitted if it is determined by the Board of Directors to be a nuisance. Notwithstanding the foregoing, these restrictions shall not be interpreted in such a manner so as to permit any activity which would be contrary to any local ordinance. The Master Association may enforce these parking limitations by all lawful means for such enforcement on public or private streets including the removal of any violating vehicle in accordance with applicable laws.

Section 11.18. Lakes, Water Bodies and Wetlands . All lakes, ponds, wetlands, marshes, ditches and streams within the Project, if any, shall be for drainage and irrigation purposes only, and no other use thereof, including, without limitation, swimming, boating, fishing, playing or use of personal flotation devices shall be permitted. No representation or warranty is made by the Declarant or the Master Association that the ponds and other water amenities or the water level thereof will be maintained or remain during the life of the Project. No Persons other than Declarant shall construct any piers or docks on any portion of lakes, streams or ponds, nor attached to the shoreline or banks thereof. No dredging or filling shall be undertaken on or adjacent to any water body or wetland within the Project, except by Declarant or, with Declarant's approval, the Master Association or a Participating Builder. The Declarant or other owner of the Golf Facilities shall have exclusive control over the drainage, maintenance and use of any lake, pond, stream or other water body within the Project or Golf Facilities. Neither the Master Association nor Declarant shall be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams or other water body within or adjacent to the Project.

Section 11.19. Construction Activities . Normal construction activities and parking in connection with the building of Improvements in the Project shall not be considered a nuisance or otherwise prohibited by this Master Declaration, but Lots, Condominiums and surrounding areas shall be kept in a neat, orderly and clean condition during construction periods and trash and debris shall not be permitted to accumulate. During construction activities, Participating Builders, contractors and their employees, agents and suppliers shall use only the access routes within the Project which Declarant or the Design Review Committee specifies or designates for such use. All construction equipment and building materials stored or kept (other than by Declarant) during construction of Improvements shall be kept only in areas approved by the Design Review Committee, which may also require screening of the storage areas. The construction activities of contractors and other construction personnel (other than by Declarant and its contractors, employees and agents) shall be conducted in accordance with and subject to such requirements, rules and regulations as the Design Review Committee shall determine, including without limitation on the time of day for



commencement and cessation of work and limitations on animals that are allowed to be present on or about the construction site. The Owner of the Lot upon which the construction activity occurs shall be responsible for compliance with such requirements, rules and regulations.

Section 11.20. Golf Carts . All golf carts operated within the Project may only be operated on roads and pathways designated by the Board of Directors for such use and in accordance with the Rules and Regulations and applicable law. Golf cart operators hereby waive against Declarant and the Master Association all liability for injury, damage to property or claims in any way whatsoever related to the operation of the golf carts in the Project.

Section 11.21. Hazardous and Toxic Substances . No toxic or hazardous substances shall be brought upon or kept on any Lot or Condominium, except in such form and quantity as is customary for household use. Each Owner and Sub-Association hereby agrees to indemnify and hold harmless Declarant, the Master Association and the Owner of the Golf Facilities from and against any and all claims, damages and losses of any kind that may be imposed upon or assessed against them and which arise out of or is caused by any hazardous substance leaked, spilled, disposed of, kept, stored or used in the Project by an Owner or any lessee, guest, Family member, invitee, contractor or subcontractor of any Owner. This indemnification shall survive the sale of a Lot or Condominium by an Owner.

Section 11.22. Building Envelopes . Building envelopes may, at the sole discretion of Declarant, be required for any or all of the Lots within the Project.

Section 11.23. Party Walls . Each wall or fence, including patio or courtyard walls or fences, any part of which is placed on the dividing line between Lots, Limited Common Elements, or both, shall constitute a "Party Wall". With respect to any Party Wall, each adjoining Owner shall assume the burdens and be entitled to the benefits of these restrictive covenants, and, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto. The Owners of the adjoining properties shall equally have the right to use any Party Wall between such property for any normal purpose in connection with the use of their property; provided, however, that such use does not interfere with the use and enjoyment of the Party Wall by the other Owner. The preservation and maintenance of any Party Wall, except for interior decoration, shall be the joint duty and obligation of the Owners sharing the particular Party Wall. The cost of reasonable repair and maintenance of the Party Wall shall be shared by the Owners who make use of the wall in the same proportion as the frontage of their respective property on the Party Wall. In the event any Party Wall is damaged or destroyed through the act of one adjoining Owner or any of his guests, tenants, licensees, agents or members of his family, then such responsible party shall forthwith proceed to rebuild or repair the same to as good condition as prior to such damage or destruction without cost to the adjoining Owner. In the event any Party Wall is damaged or destroyed (including deterioration from ordinary wear and tear, lapse of time or exposure to the elements) other than by the act of an adjoining Owner, or his guests, tenants, licensees, agents or members of his family, it shall be the obligation of all Owners whose property adjoin such Party Wall to rebuild and repair such Party Wall at their joint expense, such expense to be allocated among the Owners in the same proportion as the frontage of their respective properties on the Party Wall. In addition to meeting the other requirements of this Master Declaration, any Owner proposing to alter a Party Wall (including any modifications, additions to or rebuilding of a Residence in any manner which requires the extension



or other alteration of the Party Wall), shall first obtain the written consent of the adjoining Owner. Such written consent shall not be unreasonably withheld. Each Owner shall permit the adjacent Owner or its representatives, when so required, to enter his property for the purposes of repairing or replacing a Party Wall; provided that request for entry therein for purposes of said repair or replacement shall be made in advance and such entry shall be at a time reasonably convenient to the Owner of such property.

Notwithstanding anything herein to the contrary, no wall or fence, any part of which is placed on the dividing line between a Lot or Limited Common Element and a Common Element shall be a Party Wall. Neither Declarant or the Master Association shall have any duty to construct, maintain, repair or reconstruct any such fence nor have any obligation to contribute to the cost of construction, maintenance, repair or reconstruction of any wall or fence located on the dividing line between a Lot or Limited Common Element and Common Element.

Section 11.24. Easements for Cross-Drainage . The Declarant hereby reserves for itself and grants to the Master Association over the Project easements for drainage of storm water, irrigation water and other water runoff.

Section 11.25. Water Rights, Runoff, Effluent and Water Reclamation . Declarant hereby reserves all ownership, right, title and interest in any and all water, water rights and ditch rights appurtenant to or serving the Project and all portions thereof, including without limitation storm water runoff and effluent used, located or produced in the Project, and all right to appropriate, collect and use the same, together with easements to construct, maintain, replace and repair all equipment, facilities, pumps, pipes, ditches and other apparatus necessary, convenient or appropriate to collect, carry, use or transport such water, water rights, runoff and effluent. The rights reserved or created by this Section shall survive termination of this Master Declaration.

Section 11.26. Easement Around Bodies of Water and Wetlands . Declarant hereby reserves an easement in favor of Declarant and the Master Association, over, under and across the twenty feet (20') abutting the perimeter edges of all bodies of water located within the Project for purposes of landscaping, maintenance, and related purposes. Declarant and the Master Association shall be entitled to preclude, limit or restrict the construction of Improvements within such easement.

Section 11.27. Grey Water Facilities, Odor Easement . Declarant, at Declarant's election, shall be entitled to construct and authorize the construction of "grey water" facilities and to use and to authorize the use of grey water for irrigation and other purposes, including without limitation the irrigation of the Common Elements, Limited Common Elements and Golf Facilities. Declarant hereby reserves an easement in, on and over the Project for odor emanating from the Project, the Annexable Area, the Golf Facilities and the Red Hawk golf facilities, including, without limitation, the lakes, wetlands and "grey" water.

Section 11.28. Mosquito and Insect Abatement Easement . Declarant hereby reserves in favor of Declarant, the Master Association and their respective designees an easement in, on and over the Project for mosquito and insect abatement purposes, including without limitation access for purposes of surface and aerial spraying.

Section 11.29. Easement for Encroachments . Each Lot or Condominium and all Limited Common Elements are burdened with an easement for encroachments by (a) Common Elements and (b) Golf Facilities and (c) adjacent Lots and Condominiums, resulting from the construction, reconstruction, repair, shifting, settlement or other movement of any portion of Improvements. A valid easement for such encroachments and for the maintenance thereof exist for so long as the encroachment exists and is hereby created.

Section 11.30. Other Easement Rights of Declarant . Declarant reserves unto itself, its agents, employees, designees, successors and assigns, a perpetual, non-exclusive right, privilege and easement over, upon, across, under and through the Project (or any portion thereof), at any time, without the need for any joinder, ratification or consent by the Master Association, any Owner, or any insurer, guarantor or holder of a Mortgage, for (1) constructing, installing, using, operating, maintaining, repairing, inspecting, extending and/or replacing (i) all Improvements and systems related to the Project (ii) facilities reasonably necessary to service or market the Project, (iii) facilities for monitoring wells, electric, gas, water (including "grey"water), sewer, security, drainage, irrigation, Common Elements, landscaping, pedestrian access, loading operations and (iv) facilities for all other service systems and utility systems, (2) constructing, improving, selling or leasing property within the Project whether or not such property is owned by Declarant, (3) posting signs and maintaining offices for sales, resales and leasing, (4) conducting sales, resales and leasing activities within the Project and activities reasonably related to sales, resales and leasing within the Project, and (5) storm, irrigation, effluent and other water runoff within the Project; provided, however, that said easements so reserved shall not materially interfere with the use for which the Project or any portion thereof is intended. If requested, the Master Association, all Sub-Associations, all Owners, and all insurers, guarantors and holders of Mortgages shall join in documents specifically describing the easements reserved hereunder for purposes of evidencing same. It is understood that such easements may be used by Declarant, or its designees, successors or assigns.

ARTICLE XII GOLF FACILITIES

Section 12.1. Ownership and Operation of Golf Facilities . Declarant may, but is under no obligation to, construct the Golf Facilities. In the event Declarant elects to construct the Golf Facilities the following provisions shall govern the such Golf Facilities. Declarant will be the sole owner of the Golf Facilities and except for any right the owner of the Golf Facilities at its election may hereafter expressly grant in writing, the Master Association and Owners other than Declarant shall have no right, title or interest therein. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other Person with regard to the continuing existence, ownership or operation of the Golf Facilities. The ownership and/or operation of the Golf Facilities may terminate or change at any time from time to time by virtue of, but without limitation, (a) the sale to or assumption of operations of the Golf Facilities by an independent entity or entities; (b) the creation or conversion of the ownership and/or operating structure of the Golf Facilities to an "equity" club or similar arrangement whereby the Golf Facilities or the right to operate the Golf Facilities are transferred to an entity which is owned or controlled by the Golf Facility members; or (c) the transfer of ownership or control of the Golf Facilities to one or

more affiliates, shareholders, employees, or independent contractors of the Declarant. No consent of the Master Association, any Sub-association, or any Owner shall be required to effectuate such termination, transfer or conversion.

Section 12.2. No Right of Members to Use . Neither membership in the Master Association nor ownership or occupancy of a Lot or Condominium shall confer any ownership interest in or right to use the Golf Facilities or the Red Hawk golf facilities. Rights to use the Golf Facilities or the Red Hawk golf facilities may be granted from time to time by the owner of such facilities at the sole discretion of each respective owner. The owner of the Golf Facilities shall have the right, from time to time in its sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of the Golf Facilities, including without limitation, eligibility for and duration of use rights, categories of use, extent of use privileges, and number of users.

Section 12.3. Limitations on Amendment . In recognition of the fact that the provisions of this Article are for the benefit of the owner of the Golf Facilities and the Red Hawk golf facilities, no amendment to this Article, and no amendment in derogation of any rights reserved or granted to the owner of the Golf Facilities or the Red Hawk golf facilities by other provisions of this Master Declaration, may be made without the written approval of the owner of the Golf Facilities and the Red Hawk golf facilities. The foregoing shall not apply, however, to amendments made by the Declarant.

Section 12.4. Reservation of Easements . The Declarant hereby reserves for itself and for the benefit of any Persons developing, managing or owning the Golf Facilities, the following:

(a) Golf Car Path Easement. An easement on, under, over and across such portions of the Project as may be designated on any subdivision map or parcel map or in any Recorded document by which any title or interest to a portion of the Project is conveyed, for use for golf car paths, pedestrian walkways, maintenance and vehicle access, and unhindered access between said paths and the Golf Facilities. Nothing shall be placed or maintained in such easements which shall interfere with the use thereof.

(b) Golf Facilities Easement. An easement on, under, over and across such portions of the Project as may be designated on any subdivision map or parcel map or in any Recorded document by which any title or interest portion of the Project is conveyed, for use and development as part of the Golf Facilities for purposes of landscaping, and the placement of Improvements for or related to the Golf Facilities.

(c) Easement for Maintenance of Golf Facilities. The Common Elements, Limited Common Elements and every Lot and Condominium is burdened with a non-exclusive easement for ingress, egress, installation, replacement, repair and maintenance of the golf course, including without limitation overspray, drainage or migration of water, fertilizers, pesticides, herbicides, and effluent from any irrigation system serving the Golf Facilities.

(d) Additional Rights. Declarant reserves the right to reserve for itself or to grant or deed to and Person owning, developing, managing or operating the Golf Facilities, such easements and other rights and to impose such additional restrictions on the easements described in Section 12.4 (a), (b) and (c), which from time to time may be reasonably required to effectuate the purposes of

such easements.

(e) Easement for Golf Balls on Common Elements and Limited Common Elements. The Limited Common Elements and Common Elements are burdened with an easement permitting golf balls unintentionally to come upon the Limited Common Elements and Common Elements and for golfers at reasonable times and in a reasonable manner to come upon the Limited Common Elements and Common Elements to retrieve errant golf balls.

(f) Easement for Golf Balls on Lots or Condominiums. Every Lot and Condominium is burdened with an easement permitting golf balls unintentionally to come upon such property and for golfers at reasonable times and in a reasonable manner to come upon the exterior portions of a Residence to retrieve errant golf balls; provided, however, if a Residence is fenced or walled, the golfer shall seek the Owner's permission before entry. Each Owner shall be solely responsible to undertake necessary measures and Improvements to protect their Lot, Residence, property, guests, Family members, invitees and other Persons and property on such Owner's property from errant golf balls, which Improvements shall be subject to the approval of the Design Review Committee. All Owners, Members and their Family, guests, invitees, licensees and other Persons in the Project hereby waive against Declarant, the Master Association, Participating Builders, and the owner, developer, operator and manager of the Golf Facilities all claims and liability for damage to property or injury to persons arising from or caused by errant golf balls or the exercise of the easements contained in this Section 12.4.

Section 12.5. Assumption of Risk and Indemnification . Each Owner, by its purchase of a Lot or Condominium in the Project, hereby expressly assumes the risk of noise, personal injury or property damage and all other losses, damages, costs and liabilities caused by the use, maintenance and operation of the Golf Facilities, including, without limitation: (a) noise from maintenance equipment (it being specifically understood that such maintenance typically takes place around sunrise or sunset), (b) reduction in privacy caused by constant golf traffic on the golf facilities or the maintenance of the golf facilities, (c) design of the golf course, and (d) use of any easements specified in this Section 12. The Master Association, each Sub-Association and each Owner agrees to hold harmless and indemnify the Declarant and the owner, developer, manager and operator of The Golf Facilities from any claim or action for any such risk.

Each Owner agrees that neither Declarant, the Association nor any of Declarant's affiliates or agents shall be liable to any Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage, arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Lot or Condominium to the Golf Facilities, including, without limitation, any claim arising in whole or in part from the negligence of Declarant, any of Declarant's affiliates or agents or the Master Association. The Owner hereby agrees to indemnify and hold harmless Declarant, Declarant's affiliates and agents and the Master Association against any and all claims by Owner's visitors, tenants and others upon such Owner's Lot.

Section 12.6. View Impairment, Changes . Neither the Declarant nor the Master Association guaranties or represents that any view over or across the Golf Facilities from adjacent



Lots or Condominiums will be preserved without impairment. No provision of this Master Declaration shall be deemed to create an obligation of the Master Association or the Declarant to relocate, prune, or thin trees or other landscaping. The owner of the Golf Facilities may, in its sole and absolute discretion, add trees and other landscaping to such Golf Facilities from time to time. In addition, the owner of the Golf Facilities may, in its sole and absolute discretion, change the location, configuration, size and elevation of the tees, bunkers, fairways and greens from time to time. Any such additions or changes to the Golf Facilities may diminish or obstruct any view from the Lots or Condominiums and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

Section 12.7. Sale of Golf Balls Prohibited . The sale of golf balls by Persons other than Declarant or its designees from any portion of the Project is strictly prohibited.

Section 12.8. Water Courses . The Declarant or other developer, owner, operator or manager of the Golf Facilities shall have the sole and exclusive right to use, operate, manage and control all lakes, ponds, streams, ditches, wetlands and other water bodies and associated areas (collectively, "Water Courses") located on the Golf Facilities. Declarant hereby reserves for itself and for the benefit of any other Persons developing, managing, operating or owning the Golf Facilities, an easement on, under, over and across all Water Courses located in the Project that serve, support or constitute a part of the drainage and irrigation system serving the Golf Facilities for purposes of drainage and irrigation, including without limitation, the storage, transportation and use of water and the construction, maintenance, repair and replacement of facilities, equipment and Improvements related thereto. Declarant shall have the sole and exclusive right to use the water contained in or transported through and to determine the amount and level of water located or contained in all Water Courses located in the Project and the Golf Facilities. Neither the Master Association nor any Owner or Sub-Association shall take any actions, including without limitation the construction of any Improvements or the alteration of any Water Courses, that could impair or interfere with the easements reserved in this Section 12.8 or the use, operation, management or control of the Water Courses by the Declarant or other developer, owner, operator or manager of the Golf Facilities. Nothing herein shall obligate the Declarant or the developer, manager, operator or owner of the Golf Facilities to maintain, repair or replace, for the benefit of the Master Association, any Sub-Association, the Owners or otherwise, all or any portion of the Water Courses located on or serving the Project.

ARTICLE XIII MISCELLANEOUS

Section 13.1. Term . The provisions of this Master Declaration shall run with and bind the Project, and shall inure to the benefit of and be enforceable by the Master Association or the owner of any land subject to this Master Declaration, their respective legal representatives, successors and assigns, for a term of fifty (50) years from the date of Recordation of this Master Declaration, after which time such provisions shall be automatically extended for successive periods of ten (10) years unless a declaration of termination meeting the requirements of an amendment to this Master Declaration as set forth in Section 13.2 of this Article have been Recorded.

Section 13.2. Amendments .

(a) By Declarant. Prior to the transfer of a Lot or Condominium to an Owner other than a Participating Builder, the provisions of this Master Declaration may be amended or terminated unilaterally by Declarant by Recordation of a written instrument signed by Declarant setting forth such amendment or termination.

(b) By Members. After the transfer of a Lot or Condominium to an Owner other than a Participating Builder, the provisions of this Master Declaration, with the written consent of Declarant so long as Declarant owns any property in the Project or the Annexable Area, may be amended by the Recordation of a certificate, signed and acknowledged by the Declarant (if Declarant's consent is required) and the president and secretary of the Master Association, setting forth the amendment and certifying that such amendment has been approved by sixty-seven percent (67%) of the voting power of the Master Association and the requisite percentage of holders and insurers of First Mortgages required hereunder, if any.

(c) Approval of First Mortgagees. Notwithstanding the foregoing, any of the following amendments, to be effective, must be approved by the record holders and insurers of the First Mortgages requesting in writing notice of amendments, based upon one (1) vote for each Mortgage owned or insured:

(i) Any amendment which affects or purports to affect the validity or priority of encumbrances or the rights or protection granted to holders, insurers and guarantors of First Mortgages as provided herein;

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

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

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

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

(vi) Any amendment concerning voting rights, the method of allocation of interests in Common Elements, rights to use the Common Elements, responsibility for maintenance, repair, and replacement of the Common Elements, the right of annexation or deannexation of real property to or from the Project, boundaries of any Lot or Condominium, the conversion of Lots or

Condominiums into Common Elements or Common Elements into Lots or Condominiums, leasing of Lots or Condominiums, and the establishment of self-management by the Master Association where professional management has been required by any institutional holder or insurer of a First Mortgage;

(vii) Any amendment resulting in an increase of more than twenty-five percent (25%) of the Common Assessment over the prior Assessment Year and any amendment affecting assessment liens or the priority thereof; and

(viii) Any amendment imposing restrictions on the leasing of or right to sell or transfer Lots or Condominiums.

(d) Other Amendments.

(i) Anything in this Article to the contrary notwithstanding, to the extent allowed by law, Declarant reserves the right at any time to amend all or any part of this Master Declaration to such an extent and with such language (1) as may be requested by the FHA or the VA and (2) requested by any other federal, state or local governmental or public agencies which request such amendments as a condition precedent to such agency's approval of this Master Declaration and (3) to bring any provision hereof into compliance with applicable law. Any such amendment shall be effectuated by the Recordation, by Declarant, of a certificate of amendment duly signed by an authorized agent or authorized officer of Declarant, as applicable, with the signatures acknowledged, specifying the reason for such amendment and setting forth the amendment. Recordation of such a certificate shall be binding upon all of the Project and all Persons having an interest therein.

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

(e) Any action to challenge the validity of any amendment of the Master Declaration must be brought or filed within one (1) year after the date of Recordation of such amendment or such amendment shall be conclusively presumed to have been validly made.

Section 13.3. Mortgagee Protection . Notwithstanding any other provision of this Master Declaration, except for the Priority Lien provided in Section 6.15 hereof, no amendment or violation of this Master Declaration shall operate to defeat or render invalid the rights of the Beneficiary under any First Mortgage upon a Lot or Condominium made in good faith and for value, and Recorded prior to the Recordation of such amendment, provided that after the foreclosure of any such First Mortgage such Lot or Condominium shall remain subject to this Master Declaration, as amended. Notwithstanding any and all provisions of this Master Declaration to the contrary, in order to induce the FHA and the VA to participate in the financing of the sale of Single Family Residential Lots and Condominiums within the Project, the following provisions shall apply (and to the extent the provisions of this Section 13.3 shall conflict with any other provisions of this Master Declaration or any other of the Restrictions, the provisions of this Section 13.3 shall control):



(a) Each holder, insurer and guarantor of a First Mortgage encumbering any Lot or Condominium, upon filing a written request for notification with the Board of Directors, is entitled to written notification from the Master Association of any default by the Mortgagor of such Lot or Condominium in the performance of such Mortgagor's obligations under this Master Declaration, the Articles or Bylaws, if such default is not cured within thirty (30) days after the Master Association learns of such default;

(b) Except for the Priority Lien described in Section 6.15, each First Mortgagee of a Mortgage encumbering any Lot or Condominium which obtains title to such Lot or Condominium pursuant to either judicial foreclosure or the powers provided in such Mortgage, shall take title to such Lot or Condominium free and clear of any claims for unpaid assessments or charges pursuant to this Master Declaration against such Lot or Condominium which accrued prior to the acquisition of title by the First Mortgagee to such Lot or Condominium; and,

(c) When professional management has been previously required by a holder, insurer or guarantor of a First Mortgage, any decision to undertake self-management by the Master Association shall require the prior approval of a majority of votes cast at a meeting of Members at which a Quorum is present and the holders of fifty-one percent (51%) of the First Mortgages on Lots or Condominiums that have filed a written request for notice with the Board of Directors.

(d) Unless at least fifty-one percent (51%) of the First Mortgagees that have filed a written request for notice with the Board of Directors have given their prior written approval, neither the Master Association nor the Owners shall:

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

(ii) Change the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(iii) Fail to maintain fire and extended coverage insurance on insurable Common Elements in the amount set forth in Section 10.1;

(iv) Terminate the Project as a common interest community (as defined in the Act) for any reason; or

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

(f) All holders, insurers and guarantors of First Mortgages on Lots or Condominiums, upon written request, shall have the right to (i) examine the books and records of the Master Association during normal business hours, (ii) require from the Master Association the submission of an audited annual financial statement within one hundred twenty (120) days after the end of each fiscal year (without expense to the holder, insurer or guarantor requesting such statement) and other financial data concerning the Master Association, (iii) receive written notice of all meetings of the Members, and (iv) designate in writing a non-voting representative to attend all such meetings.

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

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

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

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

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

(l) In addition to the foregoing, the Board of Directors may, in its sole discretion, enter into such contracts or agreements on behalf of the Master Association as are required in order to satisfy the guidelines of FHA, VA, FHLMC, FNMA, GNMA or any similar entity, so as to allow for the purchase, guaranty or insurance, as the case may be, by such entities of First Mortgages



encumbering Lots or Condominiums with Residences thereon. Each Owner hereby agrees that it will benefit the Master Association and the Membership of the Master Association, as a class of potential Mortgage borrowers and potential sellers of their respective Lots or Condominiums if such agencies approve the Project as a qualifying community under their respective policies, rules and regulations, as adopted from time to time. Mortgagee are hereby authorized to furnish information to the Board of Directors concerning the status of any Mortgage encumbering a Lot or Condominium.

(m) Any termination of the Project as a Common Interest community (as defined in the Act) shall require the approval of sixty-seven percent (67%) of the total voting power of the Master Association.

Section 13.4. Mortgage Approval . Notwithstanding anything to the contrary herein, any approval of any Mortgagee or any other holder, insurer or guarantor of any Mortgage required under this Master Declaration (excluding approval by the FHA or VA) shall be deemed given if no written notice of disapproval is received by the Master Association within thirty (30) days following written request for approval by the Master Association to such Mortgagor or other holder, insurer or guarantor of a Mortgage, which request shall be sent by certified mail.

Section 13.5. Notices . Any notice permitted or required to be delivered as provided herein shall be in writing and may be delivered either personally, by mail or by telegraph, telex, telecopy or cable. For the purposes of this provision, personal delivery shall include service by a reputable overnight carrier which provides a receipt indicating date and time of delivery, location of delivery and person to whom transmitted. If delivery is made by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to any Person at the address given by such Person to the Master Association for the purpose of service of such notice, or to the Residence of such Person if no address has been given to the Master Association. Such address may be changed from time to time by notice in writing to the Master Association. If delivery is made by telegraph or cable, it shall be deemed to have been delivered when delivered to the telegraph company with charges prepaid, and, if made by telex or telecopy, it shall be deemed to have been delivered when sent. Any notice sent by cable, telex or telecopy must be confirmed within forty-eight (48) hours by letter mailed or personally delivered in accordance with the foregoing. Notwithstanding anything to the contrary herein, each Person entitled to notice under this Master Declaration shall be entitled to specify only one address, telex number, telecopy number or combination thereof at which to receive notice, which address and number shall be located in the United States.

Section 13.6. Conflict . In the event of a conflict between any provision of this Master Declaration and any provision of The Foothills Development Documents, the most-restrictive provision shall control.

Section 13.7. Enforcement and Non-Waiver .

(a) Right of Enforcement. Except as otherwise expressly provided herein, the Master Association, any Sub-Association, any Owner and Declarant (so long as Declarant shall own any portion of the Project or the Annexable Area), shall have the right to enforce any or all of the

provisions of the Restrictions against any property within the Project and the owners thereof. Such right shall include an action for damages, as well as an action to enjoin any violation of the Restrictions. Each Owner and Declarant (so long as Declarant shall own any portion of the Project or the Annexable Area) shall have a right of action against the Master Association for its failure to comply with the Restrictions.

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

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

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

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

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

Section 13.8. Member Indemnity . Each member shall indemnify and hold Declarant, the Master Association and their respective officers, directors, members, employees and agents (each an "Indemnified Party" and collectively, the "Indemnified Parties") harmless from all claims, damages, loss, costs, expenses and liability arising from or in any way connected with the use of the Common Areas or Limited Common Areas by the Member, his family, guests, lessees, invitees or licensees, except to the extent such claim arises solely from the gross negligence or intentional misconduct of an Indemnified Party.

Section 13.9. Mandatory Dispute Resolution . Notwithstanding anything to the contrary herein, prior to bringing any action or proceeding relating to this Master Declaration or the Master Association to which NRS 38.300 - 35.360, inclusive, applies, the Master Association and all Owners shall comply in all respects with the requirements of such provisions.

Section 13.10. Interpretation .

(a) Restrictions Construed Together. All of the provisions of this Master Declaration shall be independent and several and shall be liberally construed with the other provisions herein to promote and effectuate the fundamental concepts of the Project as set forth in this Master Declaration. This Master Declaration shall be construed and governed by the laws of the State of Nevada.

(b) Singular Includes Plural; Gender Specification. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

(c) Captions. All captions and titles used in this Master Declaration are intended solely for convenience of reference and shall not affect that which is set forth in any of the provisions hereof.

Section 13.11. No Public Dedication . Nothing contained in this Master Declaration shall be deemed to be a gift or dedication of all or any part of the Project to the public, or for any public use.

Section 13.12. Constructive Notice and Acceptance . Every Person who owns, occupies or acquires any right, title, estate or interest in or to any Lot or Condominium or other portion of the Project does consent and agree, and shall be conclusively deemed to have consented and agreed, to every limitation, restriction, easement, reservation, condition and covenant contained herein, whether or not any reference to this Master Declaration is contained in the instrument by which such Person acquired an interest in the Project, or any portion thereof.

Section 13.13. No Representations or Warranties . No representations or warranties of any kind, express or implied, have been given or made by Declarant or its agents or employees in connection with the Project or any portion of the Project, or any Improvement thereon, its physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance or taxes, except as specifically and expressly set forth in this Master Declaration and except as may be filed by Declarant from time to time with the Agency or with any other governmental or public authority having jurisdiction thereof. Nothing in this Master Declaration shall obligate the Declarant to develop any portion of the Golf Facilities, the Project or the Annexable Area, to develop any portion of the Golf Facilities, the Project or the Annexable Area as currently planned or to annex all or any portion of the Annexable Area.

Section 13.14. Non-liability and Indemnification . Except as specifically provided in the Restrictions or provided by law, no right, power, or responsibility conferred on the Board of Directors or the Design Review Committee by this Master Declaration, the Articles or Bylaws shall be construed as a duty, obligation or disability charged upon the Board of Directors, the Design Review Committee, any member of the Board of Directors or of the Design Review Committee, or any other officer, employee, consultant or agent of the Master Association. No such person shall be liable to any party for injuries or damage resulting from such Person's acts or omissions, either within what such Person reasonably believes to be the scope of his Master Association duties, or actually within the scope of such duties, except to the extent that such injuries or damage result from such Person's willful or wanton misfeasance or gross negligence.



The Master Association shall indemnify and hold harmless any such Person for all losses, claims, damages, obligations, fines and penalties, and pay all costs of defense, arising from such Person's acts or omissions either when acting within what such Person reasonably believed to be within the scope of his Master Association duties, or when actually acting with the scope of such duties, unless and until it is proven in a court of appropriate jurisdiction that such Person acted with willful or wanton misfeasance or with gross negligence. After such proof the Master Association shall no longer be liable for the cost of defense and may recover from such Person costs previously expended by Master Association on such Person's behalf. The Declarant, the Master Association, the members of the Board of Directors and the members of the Design Review Committee and all other officers, employees, consultants and agents of any of them are not liable to the victims of crimes occurring on or about the Project. Punitive damages may not be recovered against the Master Association, but may be recovered from persons who caused such damages to the extent provided by applicable law.

The entitlement to indemnification hereunder shall inure to the benefit of the estate, executor, administrator, heirs, legatees, or devisees of any Person entitled to such indemnification.

Section 13.15. FHA/VA Approval . In the event Declarant or any Participating Builders obtain VA or FHA approval of the Project, for so long as Declarant and any Participating Builders have effective control of the Master Association, the following actions will require the prior approval of the FHA and the VA, as applicable: (a) annexation of any Annexable Area that is intended to include Lots or Condominiums encumbered by Mortgages insured or guaranteed by the FHA or VA, (b) expansion of the Annexable area, (c) deannexation of property from the Project, (d) dedication, conveyance or Mortgage of Common Elements; (e) any amendment of this Master Declaration materially affecting or impairing the interests of the FHA or VA, and (f) any merger, consolidation or dissolution of the Master Association.

Section 13.16. Maintenance by City of Sparks .

(a) If the Master Association fails to maintain any portion of the Common Elements in reasonable order and condition, the City of Sparks may serve written notice upon the Master Association, setting forth the manner in which the Master Association has failed to maintain the Common Elements in reasonable order and condition. The notice must set the date for a hearing to be held before the Sparks Planning Commission or City Council which date shall be within fourteen (14) days after the receipt of the notice.

(b) At the hearing the City of Sparks shall present evidence to support why it believes the Common Elements are not being maintained in reasonable order and condition and the Master Association may present evidence to show why the Common Elements are being maintained in reasonable order and condition. After consideration of the evidence, The City of Sparks may withdraw the notice of deficiency, modify the terms of the original notice of deficiency and/or may give an extension of time within which the Master Association must cure any deficiencies reasonably found to exist. If the deficiencies are not cured by the Master Association within the time provided, or any extension thereof, the City of Sparks, in order to preserve the taxable values of the Lots and

Condominiums within the Project and to prevent the Common Elements from becoming a public nuisance, may enter upon the Common Elements and maintain them for one (1) year or such shorter time as the City of Sparks shall elect.

(c) Entry and maintenance by the City of Sparks shall not vest in the public any right to use the Common Elements except when such a right is voluntarily dedicated to the public by the Master Association.

(d) The reasonable maintenance costs incurred by the City of Sparks shall be paid by the Master Association within thirty (30) days from receipt of written request therefor and in the event the Master Association fails to reimburse the City of Sparks within such time period, the City of Sparks shall have the right to Record a lien against each Lot or Condominium in the Project for its pro-rata share of such maintenance costs which assessment lien shall be subordinate to all other matters of record then encumbering such Lot.

(e) Before the expiration of the one (1) year or shorter period of maintenance set forth in Section 13.14(b) above, the City of Sparks shall, upon its own initiative or upon the request of the Master Association, call a public hearing upon notice to the Master Association and to the Owners, to be held by the Planning Commissioner or City Counsel of the City of Sparks. At such hearing the Master Association or Owners may show cause why the maintenance by the City of Sparks need not continue for a succeeding period.

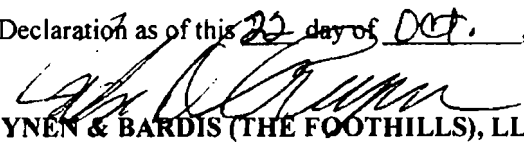
(f) If the City of Sparks determines in its reasonable discretion that the Master Association is ready and able to maintain the Common Elements in a reasonable condition, the City of Sparks shall cease its maintenance.

(g) If the City of Sparks determines in its reasonable discretion that the Master Association is not ready and able to maintain the Common Elements in a reasonable condition, the City of Sparks may continue the maintenance of the Common Elements during the next succeeding year or such shorter period as the City of Sparks shall elect, subject to a similar hearing and determination in each year or shorter period thereafter.

(h) The decision of the City of Sparks in any case referred to in this Section 13.14 constitutes a final administrative decision subject to review.

Section 13.17. Priorities and Inconsistencies . If there are conflicts or inconsistencies between this Master Declaration and either the Articles or the Bylaws, the terms and provisions of this Master Declaration shall prevail.

Declarant has executed this Master Declaration as of this 22 day of Oct., 2003.


REYNEN & BARDIS (THE FOOTHILLS), LLC,
a Nevada limited liability company

John D. Reynen

72

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102203/FoothillsCCRs.wpd/7

Order: S8NNWQXG7



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10/23/2003
79 of 83

Document not for resale
HomeWiseDocs

By:
Print Name: John O. Reynen
Its: Manager

STATE OF NEVADA

COUNTY OF WASHOE

This instrument was acknowledged before me on Oct. 22, 2003 by
John O. Reynen as Manager of Reynen & Bardis (The Foothills, LLC, a Nevada
limited liability company.

M. Molnar
NOTARY PUBLIC

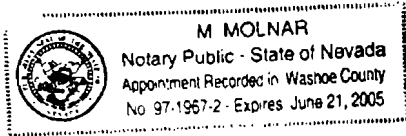


Exhibit A

Legal Description of the Initial Property

All that certain real property situate in the City of Sparks, County of Washoe, State of Nevada, described as follows:

Parcel 1 of Parcel Map 4082 filed in the Office of the County
Recorder of Washoe County, State of Nevada, on September 10,
2003 as File No. 2918994 of Official Records.

Exhibit B

Legal Description of the Annexable Area

All that certain real property situate in the City of Sparks, County of Washoe, State of Nevada, described as follows:

Parcels 2, 3 and 4 of Parcel Map 4082 filed in the Office of the
County Recorder of Washoe County, State of Nevada, on September
10, 2003 as File No. 2918994 of Official Records.

Exhibit B-1

Plot of Annexable Area



A Portion of APN: 084-010-14

WHEN RECORDED,
RETURN TO:

Carl D. Savely
Lionel Sawyer & Collins
1100 Bank of America Plaza
50 West Liberty Street
Reno, Nevada 89501



GRANT OF EASEMENT

THIS GRANT OF EASEMENT ("Grant"), is made as of this 22 day of Oct., 2003, by Reynen & Bardis (The Foothills), LLC, a Nevada limited liability company ("Grantor"), in favor of The Foothills at Wingfield, LLC, a Nevada limited liability company ("Grantee"), whose address is 6295 Wingfield Springs Road, Sparks, Nevada 89436.

WITNESSETH:

That Grantor, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does by these presents grant, bargain, sell and convey to Grantee, its successors and assigns, an exclusive easement and right-of-way for the purposes of constructing, operating, maintaining, repairing and reconstructing a production well, pumps, motors, control panels, an underground water pipeline, underground power and telemetry cables, and appurtenances thereto, on, in, under, over and across the land described on Exhibit A attached hereto and incorporated herein and as shown on Exhibit B attached hereto and incorporated herein (the "Easement"), together with the right of ingress and egress over and through the Easement for the purposes granted herein.

Grantee, its successors and assigns, shall install and maintain fencing or other appropriate security measures to secure the well site in a manner that is compatible with Grantor's adjacent residential development. Further, Grantee shall install and maintain landscaping on and within the Easement in a manner consistent with the general landscaping plans for Grantor's development commonly known as The Foothills at Wingfield.

Grantee, for itself and its contractors, agents, employees and servants shall be responsible for any damage to improvements or other personal property constructed or located on lands adjacent to the Easement that are suffered by Grantor, its successors and assigns, agents and invitees by reason of the construction, operation, maintenance, repair, reconstruction or removal of said well and pipeline facilities and appurtenances related thereto.

IN WITNESS WHEREOF, Grantor has caused this Grant to be executed as of the date first written above.

GRANTOR:

REYNEN & BARDIS (THE FOOTHILLS), LLC,
a Nevada limited liability company

By: [Signature]
Print Name: John D. Reynen
Its: Manager

STATE OF NEVADA)
) ss.
COUNTY OF WASHOE)

This instrument was acknowledged before me on Oct. 22, 2003, by John D. Reynen as the Manager of Reynen & Bardis (The Foothills), LLC, a Nevada limited liability company.

M. Molnar
Notary Public

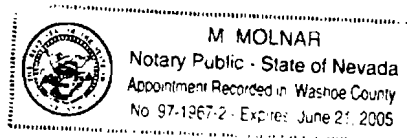


Exhibit A

Legal Description of Easement

Order: S8NNWQXG7

Address: 3692 Virgin Ct



2943853
18/23/2883
3 of 7

Order Date: 10-06-2026
Document not for resale
HomeWiseDocs



Land Information Solutions

TRI STATE SURVEYING, LTD.

1925 E. Prater Way
Sparks, Nevada 89434

Telephone (775) 358-9491 ♦ FAX (775) 358-3664
Toll Free: 1-800-411-3752

October 22, 2003
Job No. 03274.01.M

EXHIBIT "A"

WELL SITE EASEMENT DESCRIPTION

All that certain easement situate within a portion of the Southwest One-Quarter (SW 1/4) of Section Seven (7), Township Twenty (20) North, Range Twenty-One (21) East, Mount Diablo Meridian, City of Sparks, Washoe County, Nevada, being a portion of Parcel 1 as shown and so designated on Parcel Map No. 4082, File No. 2918994 in the Official Records of Washoe County, Nevada, said easement being more particularly described as follows:

COMMENCING at the southwest corner of said Section 7;

THENCE North 22°01'52" East, 143.09 feet to the **POINT OF BEGINNING**;

THENCE from the **POINT OF BEGINNING**, North 01°34'45" East, 161.45 feet;

THENCE North 89°47'42" East, 136.56 feet to a point on a non-tangent curve to the left;

THENCE from a tangent which bears South 00°12'18" East, 35.00 feet along the arc of a 50.00 foot radius curve, through a central angle of 40°06'25";

THENCE South 49°41'17" West, 200.49 feet to the **POINT OF BEGINNING**.

Said Well Site Easement contains 14,178 square feet, more or less.

TOGETHER WITH an Access Easement, being 20 feet in width and being more particularly described as follows:

COMMENCING at the southwest corner of said Section 7;

THENCE along the westerly line of said Section 7 and the westerly line of the above mentioned Parcel 1, North 01°34'45" East, 295.52 feet to the **POINT OF BEGINNING**;

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THENCE continuing along said westerly lines, North 01°34'45" East, 20.00 feet;

THENCE leaving said westerly lines, South 88°25'15" East, 50.00 feet to the northwest corner of the above described Well Site Easement;

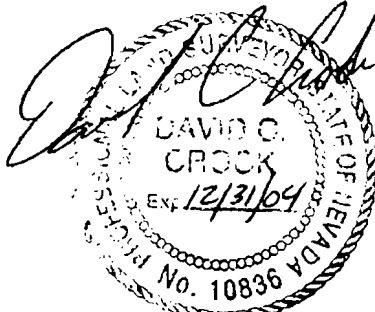
THENCE along the westerly line of said Well Site Easement, South 01°34'45" West, 20.00 feet;

THENCE leaving said westerly line, North 88°25'15" West, 50.00 feet to the POINT OF BEGINNING.

Said Access Easement contains 1,000 square feet, more or less.

Prepared by:

TRI STATE SURVEYING, LTD.



10/22/03

David C. Crook, P.L.S.
Nevada Certificate No. 10836

Order: S8NNWOXG7

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Exhibit B
Plot of Easement



PARCEL 1
P.M. NO. 4082

WINGFIELD SPRINGS
UNIT 6
TM 3219

VISTA BOULEVARD
N01°34'45"E 2198.68'

20' ACCESS EASEMENT

S88°25'15"E 50.00'

N89°47'42"E (R) 136.56'

OWELL

Δ 40°06'25"
R=50.00'
L=35.00'

WELL SITE EASEMENT

N01°34'45"E 161.45'

S49°41'17"W (R) 200.49'

N22°01'52"E 143.09' TIE

295.52'

13 7 18

501°29'24"W 460.01'

1535.77'

N89°20'14"W 1712.75'

(DEDICATED PER TM 3219)

N.T.S.



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