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DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
TOSCANA AT D'ANDREA
An Active Adult Planned Community

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
TOSCANA AT D'ANDREA
A Master Planned Golf Community

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SUPPLEMENTAL DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
TOSCANA AT D'ANDREA
An Active Adult Planned Community

This Supplemental Declaration of Covenants, Conditions and Restrictions for Toscana at D'Andrea is made by D'ANDREA NEVADA LLC, a Delaware limited liability company and Shamrock-Jenamar Communities, LLC a California limited liability company (collectively, "Declarants").

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RECITALS

A. Declarants owns that certain real property located in the City of Sparks, County of Washoe, State of Nevada, more particularly described in Exhibit "A" (the "Toscana Properties"). The Toscana Properties are situated within the master planned community known as D'Andrea (the "Master Community") and is also subject to the Declaration of Covenants, Conditions and Restrictions for D'Andrea, A Master Planned Golf Community, recorded in the Office of the Washoe County Recorder on December 8, 1999 as Document No.238877, beginning in Book 5712, at Page 0494 ("Master Declaration"). This Supplemental Declaration is prepared in accordance with Section 15.06 of the Master Declaration, and is a "Supplemental Declaration" as defined by that Section.

B. This Declaration shall apply to all of the Toscana Properties. It is the present intention of the Declarants that the Toscana Properties constitute the all of the Phases of a multi-Phased active adult residential development. Other portions or Phases of the Master Community may be made subject to this Declaration by annexation in accordance with the terms of Article XV, below, and in the event of such annexation the added property shall become a part of the Toscana Properties, as defined herein. If developed as planned, the Toscana Properties will contain 481 Lots, provided that the Declarants expressly reserves the right to annex additional property into the Toscana Properties, subject to the limitations contained in this Declaration.

C. Declarants hereby declare that all of the Toscana Properties shall be held, sold, disposed, and conveyed subject to the following easements, restrictions, associations, reservations, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Toscana Properties. These

covenants, easements, restrictions, conditions, associations and reservations are (i) for the benefit and protection of the Toscana Properties and for the protection and enhancement of the desirability, value and attractiveness of all Lots, Common Elements and other parcels of property located therein; (ii) run with the Toscana Properties and bind all parties having or acquiring any right, title or interest in the Toscana Properties or any part thereof; and (iii) inure to the benefit of the successors and assigns of each Owner of any property within the Toscana Properties.

D. It is the further intention of the Declarants to sell and convey residential Lots to Owners, subject to the protective covenants, conditions, restrictions, limitations, reservations, liens, grants of easements, rights, rights of way, charges and equitable servitudes between Declarants and such Owners as set forth in this Declaration and any duly adopted amendments thereto.

E. This Declaration shall restrict the occupancy of Residences within Toscana at D'Andrea to Qualifying Residents and Qualified Permanent Residents, as these terms are defined in Sections 1.32 and 1.31, below. By adhering to the occupancy age restrictions, Declarants also intend for the project to constitute housing for older persons under the terms and conditions of the Federal Fair Housing Act Amendments of 1988 and the Housing for Older Persons Act of 1995 and applicable regulations thereunder.

F. It is also the intention of Declarants to convey to the Toscana Community Association the "Common Elements" and "Common Facilities" located within the Toscana Properties and which are more particularly described in Sections 1.08 and 1.10 to be owned and maintained by the Toscana Community Association and reserved exclusively for the use and enjoyment of the Members of the Toscana Community Association, their tenants, lessees, guests and invitees, subject to the terms and conditions of this Declaration and the other Governing Documents.

G. Notwithstanding the anticipated development of the Toscana Properties in accordance with the plan of phased development contemplated by this Declaration, nothing in this Declaration shall be construed or interpreted to commit Declarants to the development of any portion of the Toscana Properties in accordance with any present planning, or to the annexation of all or any part of the Master Community to this Declaration, whether or not it is so developed. Accordingly, nothing contained herein shall obligate Declarants to refrain from the further subdivision or resubdivision of the lands comprising the Toscana Properties, and Declarants shall be free to so further subdivide or resubdivide. Nothing contained herein shall obligate Declarants to refrain from the further subdivision, resubdivision or reversion to acreage of portions of the

Master Community not theretofore annexed, and Declarants shall be free to so further subdivide or resubdivide, or revert those portions of the Master Community.

H. Also included within the boundaries of the Master Community, but not included in the Toscana Properties subject to this Declaration, are parcels of real property, approximately 192 acres in size which are planned for development as an 18 hole golf course and related facilities (collectively referred to herein as the "Golf Course"). It is not the intention of the Declarants to annex the Golf Course to the Toscana Properties or to subject the Golf Course property to this Declaration, or to convey any of the improvements or lands comprising the Golf Course to the Toscana Community Association. Nevertheless, various provisions of this Declaration are for the benefit of the owner of the Golf Course. At the present time the Golf Course is under construction within the Master Community.

I. Finally, located within the Master Community there may be other private areas which may be developed with commercial structures or activities, recreational facilities, real estate sales offices or other improvements without being annexed to the Toscana Properties or subjected to this Declaration.

ARTICLE I
Definitions

Section 1.01 "Act" means the Nevada Common Interest Ownership Act, Nevada Revised Statutes, Chapter 116.1101, et seq., as it may be amended from time to time.

Section 1.02. "Active Adult Builder", means any person who acquires a Phase of the Toscana Properties from a Declarant for purposes of development and resale to the general public and who is designated as an Active Adult Builder in the contract by which the designated Active Adult Builder acquires an interest in any portion of the Toscana Properties from Declarant. An Active Adult Builder may also be a successor Declarant if so designated in accordance with Section 1.13, below.

Section 1.03 "Articles" means the Articles of Incorporation of the Toscana Community Association.

Section 1.04. "Assessment" means any Regular, Special or Special Individual Assessment made or assessed by the Toscana Community Association against an Owner and his or her Lot in accordance with the provisions of Article V, below.

Section 1.05. "Bylaws" means the Bylaws of the Toscana Community Association, as such Bylaws may be amended from time to time.

Section 1.06. "Board of Directors", "Executive Board" or "Board" means the Board of Directors of the Toscana Community Association. The Board of Directors is an "Executive Board" as defined by Section 116.110345 of the Act.

Section 1.07. "Charter Club" means any group of Members formally organized and recognized by the Board of Directors as a "Charter Club" in accordance with the Bylaws of the Toscana Community Association.

Section 1.08. "Common Elements" means all real property owned, controlled or maintained by the Toscana Community Association for the common use and enjoyment of the Owners, all real property designated as a "common element" on a Map or in a Supplemental Declaration, and all interests as provided in Section 116.110318 of the Act. Common Elements shall including, but not limited, to any detention basins, open space, trails, sound walls, fences, gates and parking areas located within any portion of the Common Element areas. Common Elements does not mean or include Club Property or any property which is described as common elements in any Supplemental Declaration pertaining to a separate residential subdivision within a particular Phase of the Toscana Properties and which is owned or controlled by a separate sub-association applicable only to that subdivision.

Section 1.09. "Common Expense" means any use of Common Funds authorized by Article IV, below, and Article IX of the Bylaws and includes, without limitation: (a) all expenses or charges incurred by or on behalf of the Toscana Community Association for the management, maintenance, administration, insurance, operation, repairs, additions, alterations or reconstruction of the Common Elements and Common Facilities; (b) all expenses or charges reasonably incurred to procure insurance for the protection of the Toscana Community Association and its Executive Board; (c) any amounts reasonably necessary for reserves for maintenance, repair and replacement of the Common Elements and Common Facilities, and for nonpayment of any Assessments; and (d) the use of such funds to defray the costs and expenses incurred by the Toscana Community Association in the performance of its functions or in the proper discharge of the responsibilities of the Board as provided in the Governing Documents.

Section 1.10. "Common Facilities" means the Recreational Center, and the trees, hedges, plantings, lawns, shrubs, entry gates (and their related systems), private streets,

pedestrian paths, landscaping, fences, utilities, berms, pipes, lines, lighting fixtures, buildings, structures and other facilities constructed or installed, or to be constructed or installed, or currently located within the Common Elements and owned by the Toscana Community Association.

Section 1.11. A "Cost Center" shall be a designation assigned by the Toscana Community Association to a discrete portion of the Toscana Properties (and to the Owners of Lots located therein) for the purpose of expense accounting and Assessment, all as more particularly provided in Sections 4.01(e) and 4.02(b), below. A Cost Center is likely to be created when the Toscana Community Association is maintaining property or Common Facilities located within the designated Cost Center area which are fully or partially restricted to Owners of the Lots within the Cost Center.

Section 1.12. "County" means the County of Washoe, State of Nevada, and its various departments, divisions, employees and representatives

Section 1.13. "Declarant" means D'Andrea Nevada LLC, a Delaware limited liability company, and Shamrock-Jenamar Communities, LLC, a California limited liability company, and their successors and assigns who (i) acquire any portion of the Toscana Properties for development and resale; and (ii) who is specifically designated by a Declarant in a written and recorded instrument as a successor Declarant as to the property so acquired, or acquires any portion of the Toscana Properties from D'Andrea Nevada LLC, Shamrock-Jenamar Communities, LLC or their successors, pursuant to a foreclosure or deed in lieu of foreclosure. Each Declarant shall be a Declarant only with respect to those portions of the Toscana Properties owned by that Declarant. Accordingly, at any given time, it is possible that there may be several Declarants as to portions of the Toscana Properties. At any time there are two (2) or more Declarants, all rights and privileges granted to the Declarants pursuant to this Declaration and the Act shall be allocated to the Declarants based on the proportion of Lots owned by each Declarant which are subject to Assessments pursuant to Section 4.02, below. Any instrument designating a successor Declarant shall specify the special declarant's rights, as defined in Section 116.110385 of the Act, which are being transferred to the successor Declarant.

Section 1.14. "Declaration" means this instrument, as it may be amended from time to time, together with any Declarations of Annexation or Supplemental Declarations recorded pursuant to Article XV, below.

Section 1.15. "Declaration of Annexation" means a instrument Recorded to annex portions of the Master Community to the Toscana Properties, thereby subjecting the

real property described therein to this Declaration, all as more particularly described in Article XV, below.

Section 1.16. "Design Guidelines" means the Design guidelines and procedural rules of the Design Review Committee, adopted pursuant to Section 5.04, below.

Section 1.17. "Design Review Committee" means the committee created in accordance with Article V, below.

Section 1.18. "Golf Course" means the the golf course located outside the Toscana Properties which is described in the Master Declaration.

Section 1.19. "Governing Documents" is a collective term that means and refers to this Declaration, the Articles and Bylaws of the Toscana Community Association, the Master Declaration and the documents defined as "Governing Documents" therein, and the Toscana Association Rules (including any Design Guidelines adopted in accordance with Section 5.04, below).

Section 1.20. "Improvement" as used herein includes, without limitation any improvement or project undertaken or contemplated by an Owner (other than a Declarant) within any portion of the Toscana Properties involving the construction, installation, alteration or remodeling of any Residence structures, garages, out buildings, walls, fences, swimming pools, landscaping, landscape structures, solar heating equipment, spas, antennas, television satellite reception equipment, utility lines or any other structure of any kind. Improvement projects are subject to Design review and approval pursuant to Article V, below.

Section 1.21. "Lot" means any parcel of real property designated by a number on the Subdivision Map for any portion of the Toscana Properties, excluding the Common Elements. When appropriate within the context of this Declaration, the term "Lot" shall also include the Residence and other Improvements constructed or to be constructed on a Lot.

Section 1.22. "Majority of a Quorum" means the vote of a majority of the votes cast at a meeting or by written ballot when the number of Members attending the meeting in person or by proxy or the number of Members casting written ballots equals or exceeds the quorum requirement for Member action, as specified by the Bylaws or otherwise by statute.

Section 1.23. "Master Association" means the D'Andrea Community Association, a Nevada nonprofit corporation, its successors and assigns. D'Andrea Community Association is intended to constitute a "master association" as that term is defined in Section 116.2120 of the Act.

Section 1.24. "Master Community" means the D'Andrea planned development, as more particularly described in the Master Declaration.

Section 1.25. "Master Declaration" means and refers to the declaration of covenants, conditions and restrictions referenced in Recital "A", above.

Section 1.26. "Member", depending on the context in which the term is used, means every person or entity who holds either (i) a membership in the Toscana Community Association and whose rights as a Member are not suspended pursuant to Section 13.06, below; or (ii) a membership in the Master Association and whose rights as a Member are not suspended pursuant to Section 13.06 of the Master Declaration.

Section 1.27. "Mortgage" means any security device encumbering all or any portion of the Toscana Properties, including any deed of trust. "Mortgagee" shall refer to a beneficiary under a deed of trust as well as to a mortgagee in the conventional sense.

Section 1.28. "Owner" means any person, firm, corporation or other entity which owns a fee simple interest in any Lot within the Toscana Properties. The term "Owner" shall include a Declarant for so long as the Declarant possesses any Lot within the Toscana Properties, and, except where the context otherwise requires, the family, guests, tenants and invitees of an Owner.

Section 1.29 "Phase" means those Lots and/or Common Elements within a Subdivision Map which subdivides all or any portion of the Toscana Property. A Declarant may also record a Supplemental Declaration to designate specific Lots and/or Common Elements within the Toscana Properties as a "Phase".

Section 1.30 "Permitted Health Care Resident" means a person hired to provide live-in, long term, or terminal health care to a Qualifying Resident.

Section 1.31. "Qualified Permanent Resident" means any of the following persons occupying a Residence:

(a) A Qualified Resident;

(b) A Person 19 years of age or older occupying a Residence with a Qualifying Resident;

(c) A Person 19 years of age or older who occupied a Residence with the Qualifying Resident prior to the death, hospitalization, or other prolonged absence of, or the dissolution of marriage with, the Qualifying Resident;

For purposes of this section, the terms "occupying" and "occupied" shall mean staying overnight in a particular Residence for at least 60 days within a one (1) year period.

Section 1.32. "Qualifying Resident" means a person fifty-five (55) years of age or older.

Section 1.33. "Recreational Facility" means the all real property (including the improvements thereon) and personal property owned by the Toscana Community Association for the common recreational use and enjoyment of the Members. The Recreational Facility is a Common Facility, as defined in Section 1.10, above.

Section 1.34. "Regular Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.02, below.

Section 1.35. "Residence" means a private, single-family dwelling constructed or to be constructed on any Lot.

Section 1.36. "Resident" means:

(a) an Owner of a Lot actually residing thereon and/or therein;

(b) any person who has executed a contract to purchase any Lot actually residing thereon and/or therein (i.e., renting until his/her Residence is completed), regardless of whether the contract is recorded, and each tenant or lessee of a Lot actually residing thereon and/or therein; and

(c) members of the immediate family, or other Qualifying Residents or Qualified Permanent Residents of each Owner and of each buyer and tenant referred to in subparagraph (b) actually living in the same household in Toscana at D'Andrea with such Owner or such buyer or tenant; and

(d) in accordance with the laws and regulations relating to developments which are intended to provide housing for older persons, at least eighty percent (80%) of the occupied Residences within the Toscana Properties must be occupied by at least one Qualifying Resident.

Section 1.36. "Single Family Residential Use" means occupation and use of a Residence for single family dwelling purposes in conformity with this Declaration and the requirements imposed by applicable zoning or other applicable laws or governmental regulations limiting the number of persons who may occupy single family residential dwellings.

Section 1.37. "Special Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.03, below.

Section 1.38. "Special Individual Assessment" means an Assessment levied against an Owner and his or her Lot in accordance with Section 4.04, below.

Section 1.39. "Sub-Association" means any incorporated or unincorporated association organized to own and maintain Common Elements or residence exteriors within a Phase of Toscana at D'Andrea developed as a condominium project or a cluster home or townhome planned development. Sub-Associations may be authorized and established pursuant to a Supplemental Declaration recorded in connection with the annexation of Subsequent Phase Property.

Section 1.40. "Subdivision Map" means a final subdivision map filed for record with the County Recorder for Washoe County, Nevada, for any portion of the Toscana Properties.

Section 1.41. "Subsequent Phase Property" means those portions of the Master Community which are not initially subject to this Declaration, but which may, from time to time, be made subject to this Declaration by annexation. Any portion of the Master Community not at a particular time subject to this Declaration is referred to as "Subsequent Phase Property."

Section 1.42. "Supplemental Declaration" means any declaration recorded pursuant to Section 15.06, below, which supplements this Declaration and which may affect solely a condominium project, a planned development or some other Phase of the Toscana Properties.

Section 1.43. "Toscana Association Rules" means the rules, regulations and policies adopted by the Executive Board, pursuant to Section 3.08, below, as the same may be in effect from time to time. Once the Design Review Committee is a committee whose members are all appointed by the Toscana Community Association's Executive Board (see Section 5.03, below) the Toscana Association Rules shall also include the Design Guidelines.

Section 1.44. "Toscana Community Association" means the Association of owners more particularly described in Article III, below, its successors and assigns. Toscana Community Association is a nonprofit corporation and is intended to be a unit-owners' association as defined in Section 116.3101 of the Act.

Section 1.45. "Toscana Properties" means all parcels of real property (Common Elements and Lots) described in Exhibit "A", together with all buildings, structures, utilities, Common Facilities, and other Improvements now located or hereafter constructed or installed thereon, all appurtenances thereto. The term "Toscana Properties" shall also include any additional real property that is hereafter annexed to the real property described in Exhibit "A" and made subject to this Declaration pursuant to Article XV, below. At times herein, the Toscana Properties are referred to as "Toscana at D'Andrea".

ARTICLE II
Property Rights and Obligations of Owners

Section 2.01. Declaration Regarding Toscana Properties.

(a) Toscana Properties Subject to Declaration. The Toscana Properties shall be held, conveyed, divided, encumbered, hypothecated, leased, rented, used, occupied and improved only upon compliance with and subject to the provisions of this Declaration, which is hereby declared to: (i) be in furtherance of a plan for the subdivision of the Toscana Properties and the sale of residential Lots therein; (ii) be for the benefit and protection of the Toscana Properties and to enhance the desirability, value and attractiveness of the Residences, Common Elements, and Common Facilities located or to be located therein; (iii) be for the benefit of the Owners; (iv) run with the land and be binding upon all parties having or acquiring any right, title or interest in the Toscana Properties or any portion thereof; (v) inure to the benefit of every portion of the Toscana Properties and any interest therein; and (vi) inure to the benefit of and be binding upon each Owner, the Declarant and each successor in interest of the Declarant as long as the Declarant or any successor shall hold an interest in any portion of the Toscana Properties.

(b) Binding Effect on Successors In Interest. Each conveyance, transfer, sale, assignment, lease or sublease made by Declarant of the Common Elements and of any Lot shall be deemed to incorporate by reference all of the provisions of this Declaration. All present and future Owners, tenants and occupants within the Toscana Properties shall be subject to, and shall comply with, each and every provision of the Governing Documents, as the same shall be amended from time to time unless a particular provision of the Governing Documents is specifically restricted to one or more classes of persons (i.e., Owners, tenants, invitees, etc.). The acceptance of a deed to any Lot, the execution of a lease, sublease or contract of sale with respect to any Lot or the entering into occupancy of any Residence shall make the provisions of this Declaration binding upon said persons and they shall thereafter be obligated to observe and comply with all Governing Documents.

(c) Allocation of Interests.

(i) Assessments. As more particularly described in Article IV, below, each Lot shall be obligated to pay an equal pro-rata share of the Toscana Community Association's Regular and Special Assessments, except for Cost Center Assessments as described in Section 4.01(e) and 4.02(b)(ii), which shall be allocated in equal shares to those Lots subject to such Cost Center Assessments. Lots within the Toscana Properties shall also be subject to assessment by the Master Association in accordance with the terms of the Master Declaration.

(ii) Voting Rights. As more particularly described in Article III, below, and in the Bylaws, each Lot shall have an equal portion of the voting power of the Toscana Community Association.

Section 2.02. General Declaration Creating Toscana at D'Andrea as a Development Providing Housing to Older Persons. Declarants hereby declare that all of the real property constituting the Toscana Properties is and shall be subject to this Declaration and any applicable recorded Supplemental Declaration, with the exception of any Toscana Properties which are dedicated to the public, a governmental entity for public purposes, or any quasi- public entity or public utility (which Toscana Properties shall not be subject to this Declaration while owned by the public or the governmental entity), although restrictions imposed in this Declaration upon the Owners and Residents concerning the use and maintenance of such public areas shall at all times apply to the Owners and Residents.

Toscana at D'Andrea is a senior citizen housing development that is intended to qualify as "housing for older persons" exempt from the age restriction prohibition contained in the Fair Housing Amendments Act of 1988 and the Housing for Older Persons Act of 1995 (the "Fair Housing Act"). In order to satisfy the requirements of the Fair Housing Act, the Toscana Community Association shall:

(a) use its best efforts to provide significant facilities and services specifically designed to meet the physical or social needs of persons 55 years of age or older; and

(b) publish and adhere to policies and procedures which demonstrate an intent by the Toscana Community Association to provide housing for persons 55 years of age or older.

The requirements contained in this Section 2.02, above, are intended to comply with the exemption requirements under the Fair Housing Act, and the regulations issued thereunder. If the Fair Housing Act, or the regulations are amended, modified or repealed, the provisions of this Section 2.02, above, and Section 8.01, below, automatically shall be amended, modified, or repealed in the same manner by action of the Executive Board and without necessity of further Member approval.

A determination as to whether Toscana at D'Andrea has sufficient "accommodations designed to meet the physical and social needs of senior citizens" in order to qualify for the exemption is a subjective determination. As a result, neither Declarants nor the Toscana Community Association represent or warrants that Toscana at D'Andrea will contain either the type or amount of "accommodations designed to meet the physical and social needs of senior citizens" needed to qualify for the exemption, and neither Declarants nor the Toscana Community Association, nor any of their respective agents, shall be liable to any person if a final determination is made that is Toscana at D'Andrea does not have "accommodations designed to meet the physical and social needs of senior citizens" as required in the Fair Housing Act or its promulgated regulations.

Section 2.03. Number of Lots. Declarants reserve the right to create up to 481 Residences within the Toscana Properties; provided, however, that nothing in this Section 2.03 shall be construed to limit possible annexation of other properties to the Toscana Properties. The actual number of dwelling units that will ultimately be built will depend on many factors, including the product mix, terrain, Lot sizes, market conditions and future annexations, provided, the maximum number of Lots permitted to be subject to this Declaration shall be 2330.

Section 2.04. Property Rights in Common Elements.

(a) Fee Title in Toscana Community Association. Declarant shall convey fee simple title to the Common Elements located in each Phase of the Toscana Properties to the Toscana Community Association, free of all encumbrances and liens, with the exception of current real property taxes (which shall be prorated as of the date of such conveyance) and any easements, conditions and reservations then of record, including those set forth in this Declaration. Such conveyance shall be made prior to, or concurrently with, the first transfer or conveyance by a Declarant or a successor Declarant of a Lot in such Phase to a purchaser.

(b) Rights of Owners in Common Elements. The interest of each Lot Owner in and to the use and benefit of the Common Elements and the Common Facilities shall be appurtenant to the Lot owned by the Owner and shall not be sold, conveyed or otherwise transferred by the Owner separately from the ownership interest in the Lot. Any sale, transfer or conveyance of such Lot shall transfer the appurtenant right to use and enjoy the Common Elements and Common Facilities. There shall be no judicial partition of the Common Elements or any part thereof, and each Owner, whether by deed, gift, devise, or operation of law for his or her own benefit and for the benefit of all other Owners specifically waives and abandons all rights, interest and causes of action for a judicial partition of any ownership interest in the Common Elements and does further covenant that no action for judicial partition shall be instituted, prosecuted or reduced to judgment. The rights of all Owners in the Common Elements shall be further subject to the requirements and restrictions set forth in Section 2.05, below.

Section 2.05. Owners' Nonexclusive Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Elements, including ingress and egress to and from his or her Lot, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) Right of Toscana Community Association to Regulate Common Elements Uses. The right of the Toscana Community Association to charge reasonable admission and other fees or to limit the number of guests of Members who may use any recreational Common Facilities within the Common Elements. Notwithstanding the foregoing and so long as an Owner is current in the payment of all Assessments and other charges owing to the Toscana Community Association, for each Lot owned, the Owner shall receive up to two (2) membership cards for each Owner of the Residence who is either a Qualifying Resident or a Qualified Permanent Resident. In addition, the Toscana Association Rules

may provide for the issuance of Recreational Facilities use privilege cards (in addition to the membership cards) for use by other persons residing the an Owner's Residence in accordance with the occupancy restrictions imposed by Section 8.01, below. The Executive Board may impose a reasonable fee or charge for any additional Recreational Facilities use privilege card or cards issued to such Owner or Resident. In addition, the Board may at any time adopt a limit on the number of cards that may be issued for each Lot or on guest privilege cards, but no such action shall affect previously issued cards. To be eligible to use the Recreational Facilities of Toscana at D'Andrea, a Resident must be either a Qualifying Resident, as defined in Section 1.32, above, or a Qualified Permanent Resident as defined in Section 1.31, above.

(b) Right of Toscana Community Association to Adopt Rules. The right of the Toscana Community Association to adopt Toscana Association Rules as provided in Section 3.08, below, regulating the use and enjoyment of the Toscana Properties for the benefit and well-being of the Owners in common, and, in the event of the breach of such rules or any provision of any Governing Document by any Owner or tenant, to initiate disciplinary action against the violating Owner or tenant in accordance with Section 13.06, below. Such action may include the levying of fines and/or the temporary suspension of the voting rights and/or the right to use recreational Common Facilities by any Owner and the Owner's tenants and guests.

(c) Right to Incur Indebtedness. The right of the Toscana Community Association, in accordance with its Articles and Bylaws and Section 116.3112 of the Act, to borrow money for the purpose of improving the Common Elements and Common Facilities.

(d) Rights of Conveyance. In accordance with Section 116.3112 of the Act, the right of the Toscana Community Association to convey, dedicate, transfer, or subject to a security interest, all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed by the Owners; provided, however, that no such dedication or transfer shall be effective unless an instrument, approved by at least a majority of the Owners of Lots other than Declarant consenting to such dedication or transfer has been recorded. Furthermore, no dedication shall be permitted that impairs the ingress and egress to any Lot. The instrument effecting the dedication may be executed in counterparts so long as each counterpart is in recordable form.

(e) Rights of Easement Holders. All easements affecting the Common Elements which are described in Article IX, below.

(f) Rights of Use by Declarant. The right of Declarant and any Active Adult Builder and the employees, sales agents, prospective purchasers, customers and representatives of either a Declarant and/or an Active Adult Builder, to enter upon and to use the Common Elements for development and sales activities in accordance with Section 16.03, below. Such use shall not unreasonably interfere with the rights of use and enjoyment of the other Owners as provided herein.

Section 2.06. Right to Use the Golf Course. The Golf Course is not included in the Toscana at D'Andrea common interest development and there is no guarantee that the property identified as the Golf Course will be operated as such indefinitely. Accordingly, neither being an Owner of a Lot within Toscana at D'Andrea nor being a Member of the Toscana Community Association shall confer any property rights, ownership interest, or rights of access, use or enjoyment in and to the Golf Course. Rights to use and enjoy the Golf Course are within the exclusive control of the owner of the Golf Course and will be given by such owner to such persons, including without limitation, members of the general public, and on such terms and conditions as the owner of the Golf Course may determine from time to time. The owner of the Golf Course may amend or waive its determinations and policies with respect to use of the Golf Course at any time. See also Sections 8.06, 8.07, and 8.08, below, which also pertain to the Golf Course.

Section 2.07. Delegation of Use.

(a) Delegation of Use, Generally. Any Owner may delegate, in accordance with the Toscana Association Rules, his or her right to use and enjoy the Common Elements and Recreational Facilities to the Qualifying Resident (if the Owner is not the Qualifying Resident), Qualified Permanent Residents residing in Owner's Residence, and the Owner's tenants or contract purchasers who reside in the Owner's Residence (so long as the tenant or contract purchaser is in compliance with the residency restrictions imposed by Section 8.01 of this Declaration).

Except as provided in this paragraph, during the period of any lease or rental of a Residence to Qualifying Resident tenants or during the sale of a Residence to contract purchasers, neither the Owner nor his or her family or other parties claiming use rights through Owner, shall be entitled to use the Toscana Community Association's Common Facilities during the period of delegation (other than any roads providing access to the leased Residence), unless the Owner-lessor is a Qualifying Resident who is contemporaneously residing in another Residence within Toscana at D'Andrea. Owner-lessors who are not contemporaneously residing in another Residence, shall surrender his or her Recreational Facilities cards to the Toscana Community Association for the period

of delegation, and any issuance of cards to Qualifying Resident tenants or contract purchasers will be conditioned upon such surrender. Nothing in this paragraph shall preclude the Toscana Community Association from issuing temporary user cards to new purchasers of Residences who are in the process of selling another residence and who have not yet moved to their new Residence within Toscana at D'Andrea.

Guests of an Owner may use the Common Elements and Recreational Facilities only in accordance with the Toscana Association Rules which may, among other things: (i) limit the number of guests; (ii) include a reasonable fee or charge for such use by guests; (iii) require that Owners accompany guests to the facilities and remain with guests under 19 years old at the Common Facilities; and (iv) restrict the times during guests may use certain facilities.

Nothing herein shall be interpreted as permitting transfer to tenants or contract purchasers of an Owner's voting rights, which shall not be delegated.

(b) Requirements That Must Be Observed In All Residential Leases. The following specific limitations shall apply to all leases or tenancies of a Residence within the Toscana Properties: (i) no Residence may be leased or rented for a period of less than ninety (90) days; (ii) the lease or rental must be to a single family; (iii) the rental shall apply to not less than an entire Residence including its appurtenant rights (except voting rights in the Toscana Community Association which may not be transferred to a tenant or lessee); (iv) the leased or rented Residence must be managed either by the management company that serves as the manager for the Toscana Community Association, or by the Owner-lessor, unless another management arrangement is approved by the Board; and (v) any rental shall be evidenced by a written lease or rental agreement which shall provide that the tenancy is subject to the terms of the Governing Documents and that any failure of the tenant to comply with the terms of any Governing Document relating to residential leases, property use restrictions or the use and enjoyment of any portion of the Common Elements and Common Facilities shall constitute a default under the lease or rental agreement and shall entitle the Owner to terminate the tenancy upon thirty (30) days' written notice. The Owner-lessor's right to terminate a lease or rental agreement on account of the tenant's violation of the Governing Documents shall in no way restrict the right of the Toscana Community Association, the Declarant, or any Owner to enforce the Governing Documents in accordance with Article XIII, below, when the Owner's tenant is violating the Governing Documents.

(c) Discipline of Lessees. Subject to subparagraph (d) below, in the event that any tenant or lessee fails to honor the provisions of any Governing Document, the Toscana

Community Association shall be entitled to take such corrective action as it deems necessary or appropriate under the circumstances in order to preserve the quiet enjoyment of other Owners and residents within the Properties. Without limiting, the foregoing, the Toscana Community Association's actions in response to a tenant's violation of the Governing Documents may include: (i) suspension of the tenant's privileges to use the Common Elements and/or Common Facilities, or (ii) the imposition of fines and penalties against the Owner-lessor of the Residence.

(d) Due Process Requirements for Disciplinary Action. Except for circumstances in which immediate corrective action is necessary to prevent damage or destruction to the Toscana Properties or to preserve the rights of quiet enjoyment of other Owners, the Toscana Community Association shall have no right to initiate disciplinary action against an Owner-lessor (or the Owner's lessee or tenant) on account of the misconduct of the Owner's lessee or tenant unless and until the following conditions have been satisfied: (i) the Owner has received written notice from the Board, the Toscana Community Association's management staff or agent or an authorized committee of the Board detailing the nature of the lessee's/tenant's alleged infraction or misconduct and advising the Owner of his or her right to a hearing on the matter in the event the Owner believes that remedial or disciplinary action is unwarranted or unnecessary; (ii) the Owner has been given a reasonable opportunity to take corrective action on a voluntary basis or to appear at a hearing, if one is requested by the Owner, and (iii) the Owner has failed to prevent or correct the tenant's objectionable actions or misconduct. Any hearing requested hereunder shall be conducted in accordance with Section 13.06, below.

ARTICLE III
The Community Associations

Section 3.01. Description of Associations With Jurisdiction Within Toscana.

(a) The Master Association. Persons who acquire ownership of a Lot in Toscana thereby become members in both the D'Andrea Community Association (the "Master Association") and the Toscana Community Association. The rights, preferences, privileges and obligations of members of the Master Association are more particularly described in the Master Declaration and in the Articles and Bylaws of the Master Association.

(b) The Toscana Community Association The Toscana Community Association is a Nevada nonprofit corporation. On or before the first close of escrow for the sale of

a Lot in each Phase of the Toscana Properties to an Owner, the Declarant shall convey fee simple title to the Common Elements located in that Phase to the Toscana Community Association as provided in Section 15.04, below, and thereupon the Toscana Community Association shall be charged with the duties and invested with the powers set forth in the Governing Documents, including, but not limited to, the ownership, control, maintenance and repair of the Common Elements and Common Facilities.

Section 3.02. Toscana Community Association Action; Executive Board and Officers. With the exception of those matters requiring approval of Members under the Governing Documents or Nevada law, the affairs of the Toscana Community Association shall be conducted and all corporate powers shall be exercised by the Executive Board and such officers as the Board may elect or appoint. Except as otherwise provided in the Governing Documents or Nevada law, all matters requiring the approval of Members shall be deemed approved if approved by a Majority of a Quorum of the Members.

Section 3.03. Membership in the Toscana Community Association.

(a) Qualifications. Each Owner of a Lot, including a Declarant, shall be a Member of the Toscana Community Association. An Owner shall hold one membership in the Toscana Community Association for each Lot that the Member owns. Sole or joint ownership of a Lot shall be the sole qualification for membership in the Toscana Community Association. Each Owner shall remain a Member of the Toscana Community Association until his or her ownership of, or ownership interest in, all Lots in the Toscana Properties ceases, at which time the Owner's membership in the Toscana Community Association shall automatically cease. Persons or entities who hold an interest in a Lot merely as security for performance of an obligation are not Members.

(b) Members' Rights and Duties. Membership in the Toscana Community Association shall give rise to the rights, duties, and obligations set forth in the Governing Documents and any amendments thereto.

Section 3.04. Membership Voting.

(a) Commencement of Voting Rights. Voting rights attributable to the ownership of Lots shall not vest until Assessments against those Lots have been levied by the Toscana Community Association.

(b) Single Class of Membership. The Toscana Community Association shall have a single class of voting membership, with each Membership vote being an equal

fraction of the total number of Membership of the Toscana Community Association. Notwithstanding the foregoing, the Declarant shall have the right to appoint and remove the officers and Executive Board of the Toscana Community Association during the period of Declarant's control, all as more particularly provided in Section 116.31032 of the Act and the Bylaws of the Toscana Community Association.

(c) Suspension of Voting Rights. Voting rights may be temporarily suspended under those circumstances described in Section 13.06, below.

Section 3.05. Assessments. The Toscana Community Association shall have the power to establish, fix and levy Assessments against the Owners of Lots within the Toscana Properties and to enforce payment of such Assessments, as more particularly provided in Article IV, below. Any Assessments levied by the Toscana Community Association against its Members shall be levied in accordance with, and pursuant to, the provisions of this Declaration.

Section 3.06. Transfer of Memberships. Membership in the Toscana Community Association shall not be transferred, encumbered, pledged or alienated in any way, except upon the sale of the Lot to which it is appurtenant, and then, only to the purchaser. In the case of a sale, the membership appurtenant to the transferred Lot shall pass automatically to the purchaser upon the recordation of a deed evidencing the transfer of title. In the case of an encumbrance recorded with respect to any Lot, the Mortgagee shall not possess any membership rights until the Mortgagee becomes an Owner by foreclosure or acceptance of a deed in lieu thereof. Tenants who are delegated rights of use pursuant to the rental or lease of a Residence (see Section 2.07, above) do not thereby become Members, although the tenant and his or her family and guests shall at all times be subject to the property use restrictions and enforcement/disciplinary provisions of the Governing Documents. If any Owner fails or refuses to transfer the membership registered in his or her name to the purchaser of his or her Lot, the Toscana Community Association shall have the right to record the transfer upon its books and thereupon any other membership outstanding in the name of the seller shall be null and void.

Section 3.07. Powers and Authority of the Toscana Community Association.

(a) Powers, Generally. The Toscana Community Association shall have the responsibility of owning, managing and maintaining the Common Elements and Common Facilities and discharging the other duties and responsibilities imposed on the Toscana Community Association by the Governing Documents. In the discharge of such responsibilities and duties, the Toscana Community Association shall have all of the

powers of a nonprofit corporation organized under the laws of the State of Nevada in the ownership and management of its Toscana Properties and the discharge of its responsibilities hereunder for the benefit of its Members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Governing Documents. The Toscana Community Association shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of Section 116.3102 of the Act and the Governing Documents, and to do and perform any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers of the Toscana Community Association for the peace, health, comfort, safety or general welfare of the Owners. The specific powers of the Toscana Community Association and the limitations thereon are set forth in Article IX of the Bylaws.

(b) Toscana Community Association's Limited Right of Entry.

(i) Right of Entry, Generally. Without limiting the foregoing description of powers, but in addition thereto, the Toscana Community Association and its agents shall have the right and power to enter any Lot to perform the Toscana Community Association's obligations under this Declaration, including: (A) obligations to enforce the architectural review and approval requirements, minimum construction standards and/or land use restrictions of Articles V, VI and VIII, below; (B) any obligations with respect to construction, maintenance and repair of adjacent Common Elements and Common Facilities; or (C) to make necessary repairs that an Owner has failed to perform which, if left undone, will pose a threat to, or cause an unreasonable interference with, any portion of the Toscana Properties or the Owners in common.

(ii) Limitations on Exercise of Right. The Toscana Community Association's right of entry pursuant to this subparagraph (b) shall be subject to the following:

(A) The right of entry may be exercised immediately and without prior notice to the Owner or resident in case of an emergency originating in or threatening the Lot where entry is required or any adjoining Lots or Common Elements. The Toscana Community Association's work may be performed under such circumstances whether or not the Owner or his or her lessee is present.

(B) In all non-emergency situations involving routine repair and/or maintenance activities, the Toscana Community Association, or its agents, shall furnish the Owner or his or her lessee with at least 24 hours prior written notice of its intent to enter the Lot, specifying the purpose and scheduled time of such entry, and shall make

every reasonable effort to perform its work and schedule its entry in a manner that respects the privacy of the persons residing on the Lot.

(C) In all non-emergency situations involving access by the Toscana Community Association for purposes of enforcing the Governing Documents against an Owner in default, the Toscana Community Association's entry shall be subject to observance of the notice and hearing requirements imposed by Section 13.06, below.

(D) In no event shall the Toscana Community Association's right of entry hereunder be construed to permit the Toscana Community Association or its agents to enter any Residence without the Owner's express permission.

Section 3.08. Toscana Association Rules.

(a) Rule Making Power. The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations of general application to the Owners ("Toscana Association Rules"). The Toscana Association Rules may concern, but need not be limited to: (i) administration and enforcement of the development's age occupancy restrictions; (ii) matters pertaining to use of the Common Elements and Common Facilities; (iii) architectural control and the guidelines of the Design Review Committee adopted pursuant to Section 5.05, below; (iv) regulation of pet ownership, parking, signs, collection and disposal of refuse and other matters subject to regulation and restriction under Article VIII, below; (v) collection of delinquent Assessments; (vi) minimum standards of maintenance of landscaping or other Improvements on any Lot; (vii) the conduct of disciplinary proceedings in accordance with Section 13.06, below, and (viii) any other subject or matter within the jurisdiction of the Toscana Community Association as provided in the Governing Documents.

Notwithstanding the foregoing grant of authority, the Toscana Association Rules shall not be inconsistent with or materially alter any provision of the Governing Documents or the rights, preferences and privileges of the Owners thereunder. In the event of any material conflict between any Toscana Association Rule and the provisions of any other Governing Document, the conflicting provisions contained in the other Governing Document shall prevail.

(b) Distribution of Rules. A copy of the Toscana Association Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. A copy of the Toscana Association Rules shall also be available and open

for inspection by any Owner during normal business hours at the principal office of the Toscana Community Association.

(c) Adoption and Amendment of Rules. Toscana Association Rules may be adopted or amended from time to time by majority vote of the Board, provided, however, that no Toscana Association Rule or amendment thereto shall be adopted by the Board until at least thirty (30) days after the proposed rule or rule amendment has been: (i) published in the Toscana Community Association newsletter, if any, or otherwise communicated to the Owners in writing; and (ii) posted in the Toscana Community Association's principal office. The notice describing the proposed rule or amendment shall also set forth the date, time and location of the Board meeting at which action on the proposal is scheduled to be taken.

Any duly adopted rule or amendment to the Toscana Association Rules shall become effective immediately following the date of adoption thereof by the Board, or at such later date as the Board may deem appropriate. Any duly adopted rule or rule amendment shall be distributed to the Owners by mail.

Section 3.09. Breach of Rules or Restrictions. Any breach of the Design Guidelines or of any other Governing Document provision shall give rise to the rights and remedies set forth in Article XIII, below.

Section 3.10. Limitations on Liability.

(a) Limitation on Liability of the Toscana Community Association's Directors and Officers. No director or officer of the Toscana Community Association (collectively and individually referred to as the "Released Party") shall be personally liable to any of the Members, or to any other person, for any error or omission in the discharge of his or her duties and responsibilities or for his or her failure to provide any service required under the Governing Documents; provided that such Released Party has, upon the basis of such information as he or she possessed, acted in good faith, in a manner that such person believes to be in the best interests of the Toscana Community Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In the performance of their duties, the officers and members of the Executive Board are fiduciaries and are subject to the insulation from liability provided for directors of corporations by the laws of the State of Nevada.

Without limiting the generality of the foregoing, this standard of care and limitation of liability shall extend to such matters as the establishment of the Toscana Community

Association's annual financial budget, the funding of Toscana Community Association capital replacement and reserve accounts, repair and maintenance of Common Elements and Common Facilities and enforcement of the Governing Documents.

(b) Tort and Contract Liability. Neither the Toscana Community Association nor any Lot Owner, other than the Declarant, shall be liable for the torts of the Declarant arising out of or related to any part of the Toscana Properties which a Declarant has to responsibility to maintain. Otherwise, an action alleging a wrong done by the Toscana Community Association must be brought against the Association and not against any Lot Owner. If the alleged wrong occurred during any period of Declarant control and the Toscana Community Association gives the Declarant reasonable notice of, and an opportunity to defend against the accusation, the Declarant who then controlled the Toscana Community Association is liable to the Association or to any Owner for all tort losses not covered by insurance maintained by the Toscana Community Association or that Owner, and all costs of that the Association would not have incurred but for a breach of contract or other wrongful act or omission. This subparagraph (b) is intended to reflect the statutory liability protections of Section 116.3111 of the Act, and if such statute should be amended or superseded in the future, this subparagraph shall also be deemed to be amended to conform to the revised statutory language.

ARTICLE IV
Assessments

Section 4.01. Assessments Generally.

(a) Covenant to Pay Assessments. The Declarants, for each Lot owned within the Toscana Properties, and each Owner of a Lot by acceptance of a deed therefor (whether or not it shall be so expressed in such deed), covenants and agrees to pay to the Toscana Community Association: (i) Regular Assessments; (ii) Special Assessments; and (iii) Special Individual Assessments (if levied against the Owner, individually). Each such Assessment shall be established and collected as hereinafter provided. In addition, Owners are liable for the payment of assessments duly imposed on such Owners by the Master Association pursuant to (and to the extent provided in) the Master Declaration. All references in this Article IV to "Assessments" are intended to refer to Toscana Community Association Assessments unless the context clearly indicates that the reference is intended to refer to Master Association assessments.

(b) Extent of Owner's Personal Obligation for Assessments. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a debt and a personal obligation of the person who is the Owner of the Lot at the time the Assessment is levied as well as a charge on the land and shall be a continuing lien upon the Lot with respect to which each such Assessment has been levied. Each Owner who acquires title to a Lot (whether by conventional conveyance, at a judicial sale, trustee's sale or otherwise) shall be personally liable only for Assessments attributable to the Lot which become due and payable after the date that the person acquires title. Accordingly, when a person acquires title to a Lot, he or she shall not be personally liable for delinquent Assessments of prior Owners unless the new Owner expressly assumes the personal liability. However, if the acquired Lot is conveyed subject to a valid lien for delinquent Assessments (and related costs of collection), the Toscana Community Association may continue to exercise its foreclosure remedies against the Lot, regardless of the change of ownership, and/or the Toscana Community Association may pursue its collection remedies against the prior Owner, individually.

(c) Creation of Assessment Lien. All Assessments, together with late charges, interest, and reasonable costs (including reasonable attorneys' fees) for the collection thereof, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which such Assessment is made. Any lien for unpaid Assessments created pursuant to the provisions of this Article may be subject to foreclosure as provided in Section 4.10(b), below.

(d) No Avoidance of Assessment Obligations. No Owner may exempt himself/herself or the Owner's Lot from liability or charge for the Owner's share of any Assessment made against the Owner or his or her share of any Regular or Special Assessment made against the Owner's Lot, by waiving or relinquishing, or offering to waive or relinquish, the Owner's right to use and enjoy all or any portion of the Common Elements or Common Facilities or by the abandonment or non-use of the Owner's Lot.

(e) Designation of Cost Centers. The Toscana Community Association shall have the power and authority to designate Lots, Parcels and Common Elements within the Toscana Properties as Cost Centers for purposes of expense accounting and the equitable allocation of Regular Assessments, in accordance with Section 4.02(b)(ii), below. A Cost Center is likely to be designated when one of the following occurs: (i) the maintenance or use of a particular Improvement or maintenance area within the designated Cost Center is fully or partially restricted to Owners of Lots located within the area designated as a "Cost Center," or (ii) when certain Owners of Lots within a designated Cost Center are

receiving services from the Toscana Community Association that are in addition to, or significantly greater than, the services provided to other Owners or residents.

There are no Cost Centers in the first Phase of the Toscana Properties. As Subsequent Phase Property is subjected to this Declaration and additional Phases become subject to Assessment in accordance with Section 4.02(e), below, new Cost Centers within the annexed Phase may be designated in the Supplemental Declaration recorded with respect to the annexed Phase which shall (i) identify the Lots comprising the Cost Center; (ii) identify the Common Facilities, maintenance areas or other services that will exclusively or disproportionately benefit the Owners of Lots within the Phase; and (iii) provide for the allocation of Common Expenses attributable to the identified Common Facilities or services to Owners within the Cost Center as a Cost Center Assessment Component of their Regular Assessment.

Section 4.02. Regular Assessments.

(a) Preparation of Annual Budget; Establishment of Regular Assessments. Not less than forty-five (45) days prior to the beginning of the Toscana Community Association's fiscal year, the Board shall estimate the total amount required to fund the Toscana Community Association's anticipated Common Expenses for the next succeeding fiscal year (including additions to any reserve fund established to defray the costs of future repairs, replacement or additions to the Common Facilities). Within thirty (30) days after adoption of any proposed budget for the Association, the Executive Board shall provide a summary of the budget to all Owners and shall set a date for a meeting of the Owners to consider ratification of the budget. That meeting shall be held not less than fourteen (14) nor more than thirty (30) days after mailing the summary. Unless at that meeting a majority of all Owners reject the budget, the budget shall be deemed ratified, whether or not a quorum is present. If the proposed budget is rejected, the budget which was last ratified by the Owners shall continue in effect until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

(b) Components of The Regular Assessment; Cost Centers.

(i) General Assessment Component. The Common Expenses of the Toscana Community Association, exclusive of Common Expenses budgeted to any Cost Center, shall be the "General Assessment Component" of the Regular Assessment and shall take into account the amount of contributions to be made pursuant to any Maintenance Agreement to defray Common Expenses included in the General Assessment Component.

(ii) Cost Center Assessment Component. When a Cost Center is established, the expenses of operating, maintaining and replacing the included Improvements or maintenance areas (including, without limitation, reserve contributions and expenses for insurance and management, utility, legal, accounting and patrol services) shall be borne solely or disproportionately by the Owners of the Lots within the designated Cost Center ("Cost Center Assessment Component"). The Cost Center Assessment Component shall take into account the amount of contributions to be made pursuant to any Use/Maintenance Agreement (Section 7.05(b)) which pertain to expense items identified as part of the Cost Center.

(c) Establishment of Regular Assessment; Member Approval Requirements for Certain Assessment Increases. Unless Member approval is required as a prerequisite to the imposition of an increase in the annual Regular Assessment as stated in this subparagraph (c), the total Common Expenses estimated in the Toscana Community Association's budget (less projected income from sources other than Assessments) shall become the aggregate Regular Assessment for the next succeeding fiscal year. Subject to Section 4.05, below, ("Emergency Assessments"), the Toscana Community Association shall not levy, for any fiscal year, an annual Regular Assessment per Lot which is more than twenty percent (20%) greater than the Regular Assessment levied in the immediately preceding fiscal year (the "Maximum Authorized Regular Assessment") without the prior approval of the Members in accordance with Section 4.08, below.

The Member approval provisions of Section 4.08, below, shall be applied separately to the General Assessment Component and the Cost Center Assessment Component, if any, of the Regular Assessment so that if an increase of more than twenty percent (20%) affects only a particular Cost Center, the required approval shall be of Members whose Lots are subject to the Cost Center Assessment Component. During the first fiscal year in which Regular Assessments are imposed, the Maximum Authorized Regular Assessments shall be determined by reference to the Regular Assessments disclosed in the budget of the Toscana Community Association.

(d) Allocation of Regular Assessment.

(i) General Assessment Component. The Common Expenses of the Toscana Community Association exclusive of Common Expenses budgeted to any Cost Center (the "General Assessment Component") shall be allocated among and charged to all the Owners according to the ratio of the number of Lots owned by the assessed Owner to the total number of Lots subject to assessment so that each Lot bears an equal share of the aggregate General Assessment Component.

(ii) Cost Center Assessment Component. Whenever it is determined by a Declarant or by an Active Adult Builder that a Cost Center should be designated to fairly allocate the expenses incurred or to be incurred by the Toscana Community Association to operate, maintain, repair and replace a particular Common Elements Improvement(s) or maintenance areas (the "Cost Center Assessment Component"), unless otherwise provided in the Supplemental Declaration establishing the Cost Center, each Lot within a designated Cost Center shall be allocated an equal share of the Cost Center Assessment Component of the Toscana Community Association's Common Expenses chargeable to the Cost Center. The Cost Center Assessment Component shall take into account the amount of contributions to be made pursuant to any Use/Maintenance Agreement (Section 7.05(b)) which pertain to expense items identified as part of the Cost Center.

(iii) Annexation. After annexation of each Phase, the allocation and assessment of the Common Expenses identified in the Toscana Community Association's budget shall be reallocated among all Lots within the Toscana Properties, including those in the annexed Phase, in accordance with the allocation formulas set forth above.

(iv) Partial Exemption for Uncompleted Common Facilities. All Owners, including Declarant, shall be exempt from the payment of that portion of any Regular Assessment which is for the purpose of defraying expenses and reserves directly attributable to the existence and use of any Common Facility that is not completed at the time Assessments commence. The Assessment exemption provided by this subparagraph shall be in effect only until the earliest of the following events: (A) a notice of completion of the Common Facility has been recorded; or (B) the Common Facility has been placed in use.

(e) Commencement Date for Regular Assessments. Regular Assessments shall commence as to each Lot within a Phase upon the earlier to occur of (i) the date specified in a Notice of Commencement of Regular Assessments, recorded by Declarant or an Active Adult Builder with respect to the Phase (which date shall be after the date that this Declaration is recorded); or (ii) the first day of the first month following the month in which the first Close of Escrow occurs for the sale of a Lot in the Phase to a person other than the Declarant or an Active Adult Builder. Each Lot in the subject Phase shall thereafter be subject to its share of the then established annual Regular Assessment. The first annual Regular Assessment shall be pro rated, if necessary, according to the number of months remaining in the fiscal year established in the Toscana Community Association's Bylaws.

(f) Assessment Roll. That portion of the estimated Common Expenses assessed against and charged to each Owner shall be set forth and recorded in an Assessment roll which shall be maintained and available with the records of the Toscana Community Association and shall be open for inspection at all reasonable times by each Owner or his or her authorized representative for any purpose reasonably related to the Owner's interest as a property Owner or as a Member of the Toscana Community Association. The Assessment roll (which may be maintained in the form of a computer printout) shall show, for each Lot, the name and address of the Owner of record, all Regular, Special and Special Individual Assessments levied against each Owner and his or her Lot, and the amount of such Assessments which have been paid or remain unpaid.

(g) Mailing Notice of Assessment. No less than forty-five (45) days prior to the beginning of the next fiscal year, the Executive Board shall mail to each Owner (including Declarant with respect to any unsold or retained Lots), at the street address of the Owner's Lot, or at such other address as the Owner may from time to time designate in writing to the Toscana Community Association, a statement of the amount of the Regular Assessment for the next succeeding fiscal year.

(h) Failure to Make Estimate. If, for any reason, the Executive Board fails to make an estimate of the Common Expenses for any fiscal year, then the Regular Assessment made for the preceding fiscal year, together with any Special Assessment made pursuant to Section 4.03(a)(i), below, for that year, shall be assessed against each Owner and his or her Lot on account of the then current fiscal year, and installment payments (as hereinafter provided) based upon such automatic Assessment shall be payable on the regular payment dates established by the Board.

(i) Installment Payment. The Regular Assessment made against each Owner shall be due and payable in advance to the Toscana Community Association in equal monthly installments on the first day of each month or on such other date or dates as may be established from time to time by the Toscana Community Association's Executive Board. Installments of Regular Assessments shall be delinquent if not paid within fifteen (15) days of the due date as established by the Board.

Section 4.03. Special Assessments.

(a) Purposes for Which Special Assessments May Be Levied. Subject to the membership approval requirements set forth in subparagraph (b) below, the Executive Board shall have the authority to levy Special Assessments against the Owners and their Lots for the following purposes:

(i) Regular Assessment Insufficient in Amount. If, at any time, the Regular Assessment for any fiscal year is insufficient in amount due to extraordinary expenses not contemplated in the budget prepared for said fiscal year, then the Executive Board shall levy and collect a Special Assessment, applicable to the remainder of such year only, for the purpose of defraying, in whole or in part, any deficit which the Toscana Community Association may incur in the performance of its duties and the discharge of its obligations hereunder.

(ii) Capital Improvements. The Board may also levy Special Assessments for additional capital Improvements within the Common Elements (i.e., Improvements not in existence on the date of this Declaration that are unrelated to repairs for damage to, or destruction of, the existing Common Facilities). The Special Assessment power conferred hereunder is not intended to diminish the Board's obligation to plan and budget for normal maintenance, and replacement repair of the Common Elements or existing Common Facilities through Regular Assessments (including the funding of reasonable reserves) and to maintain adequate insurance on the Common Elements and any Common Facilities in accordance with Article X, below.

(b) Special Assessments Requiring Membership Approval. The following Special Assessments require prior membership approval in accordance with Section 4.08, below: (i) any Special Assessments which, in the aggregate, exceed 5 percent of the Toscana Community Association's budgeted gross expenses for the fiscal year in which the Special Assessment(s) is/are levied; and (ii) any Special Assessments imposed pursuant to subparagraph (a)(i) of this section when the Board has failed to distribute a budget to the Members within the time specified in Section 4.02(a), above. The foregoing Member approval requirements shall not apply, however, to any Special Assessment imposed to address any "emergency situation" as defined in Section 4.05, below.

In addition to the foregoing, the Toscana Community Association shall provide written notice to the Owner of each Lot in the Toscana Properties of a meeting at which an assessment for a capital improvement or the commencement of a civil action is to be considered or action is to be taken on such an assessment at least twenty one (21) calendar days prior to the date of the meeting. Except as otherwise provided in this subparagraph, the Association may commence a civil action only upon a vote or agreement of the Owners of Lots to which at least a majority of the votes of the Members of the Association are allocated. The provisions of this subparagraph do not apply to a civil action that is commenced (i) to enforce the payment of an Assessment; (ii) to enforce the Governing Documents of the Toscana Community Association; (iii) to proceed with a counterclaim; or (iv) to protect the health, safety and welfare of the Members of the Association.

(c) Cost Center Special Assessments. In the event that a Special Assessment is only needed to fund an extraordinary expense within a Cost Center, the Board may levy a Special Assessment that is applicable solely to that Cost Center.

(d) Allocation and Payment of Special Assessments. When levied by the Board or approved by the Members as provided above, the Special Assessment shall be divided among, assessed against and charged to each Owner who is subject to the Special Assessment and his or her Lot (including the Declarant as to any unsold or retained Lots) in the same manner prescribed for the allocation of Regular Assessments pursuant to Section 4.02(d), above. The Special Assessment so levied shall be recorded on the Toscana Community Association's Assessment roll and notice thereof shall be mailed to each Owner.

Special Assessments for purposes described in subparagraph (a)(i) of this Section 4.03 shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable to the Toscana Community Association in equal monthly installments during the remainder of the then current fiscal year. Special Assessments for purposes described in subparagraph (a)(ii) of this Section 4.03 shall be due as a separate debt of the Owner and a lien against his or her Lot, and shall be payable in full to the Toscana Community Association within thirty (30) days after the mailing of such notice or within such extended period as the Board shall determine to be appropriate under the circumstances giving rise to the Special Assessment.

Section 4.04. Special Individual Assessments.

(a) Circumstances Giving Rise to Special Individual Assessments. In addition to the Special Assessments levied against all Owners in accordance with Section 4.03, above, the Executive Board may impose Special Individual Assessments against an Owner in any of the circumstances described in subparagraphs (i) through (iii) below; provided, however, that no Special Individual Assessments may be imposed against an Owner pursuant to this Section 4.04 until the Owner has been afforded the notice and hearing rights to which the Owner is entitled pursuant to Section 13.06, below, and, if appropriate, has been given a reasonable opportunity to comply voluntarily with the Governing Documents. Subject to the foregoing, the acts and circumstances giving rise to liability for Special Individual Assessments include the following:

(i) Damage to Common Elements or Common Facilities. In the event that any damage to, or destruction of, any portion of the Common Elements or the Common Facilities is caused by the willful misconduct or negligent act or omission of any

Owner, any member of his or her family, or any of his or her tenants, guests, servants, employees, licensees or invitees, the Board shall cause the same to be repaired or replaced, and all costs and expenses incurred in connection therewith (to the extent not compensated by insurance proceeds) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(ii) Expenses Incurred in Gaining Member Compliance. In the event that the Toscana Community Association incurs any costs or expenses to: (A) accomplish the payment of delinquent Assessments; (B) perform any repair, maintenance or replacement to any portion of the Toscana Properties that the Owner is responsible to maintain under the Governing Documents but has failed to undertake or complete in a timely fashion; or (C) otherwise bring the Owner and/or his or her Lot into compliance with any provision of the Governing Documents, the amount incurred by the Toscana Community Association (including reasonable fines and penalties duly imposed hereunder, title company fees, accounting fees, court costs and reasonable attorneys' fees) shall be assessed and charged solely to and against such Owner as a Special Individual Assessment.

(iii) Required Maintenance on Lots. If any Lot is maintained so as to become a nuisance, fire or safety hazard for any reason, the Toscana Community Association shall have the right to enter said Lot, correct the condition and recover the cost of such action through imposition of a Special Individual Assessment against the offending Owner. Any entry on the property of any Owner by the Toscana Community Association shall be effected in accordance with Section 3.07(b), above.

(b) Levy of Special Individual Assessment and Payment. Once a Special Individual Assessment has been levied against an Owner for any reason described, and subject to the conditions imposed, in subparagraph (a) of this section, such Special Individual Assessment shall be recorded on the Toscana Community Association's Assessment roll and notice thereof shall be mailed to the affected Owner. The Special Individual Assessment shall thereafter be due as a separate debt of the Owner payable in full to the Toscana Community Association within thirty (30) days after the mailing of notice of the Assessment.

Section 4.05. Assessments to Address Emergency Situations. The requirement of a membership vote to approve: (a) Regular Assessment increases in excess of twenty percent (20%) of the previous year's Regular Assessment; or (b) Special Assessments which, in the aggregate, exceed five percent (5%) of the Toscana Community Association's budgeted gross expenses for the fiscal year in which the Special

Assessment(s) is/are levied, shall not apply to Assessments necessary to address emergency situations. For purposes of this section, an emergency situation is any of the following:

(i) An extraordinary expense required by an order of a court.

(ii) An extraordinary expense necessary to repair or maintain the Common Elements or Common Facilities where a threat to personal safety is discovered.

(iii) An extraordinary expense necessary to repair or maintain the Common Elements or Common Facilities that could not have been reasonably foreseen by the Board in preparing and distributing the budget pursuant to Section 4.02(a), above; provided, however, that prior to the imposition or collection of an assessment under this subparagraph (iii), the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. The Board's resolution shall be distributed to the Members together with the notice of assessment.

Section 4.06. Purpose and Reasonableness of Assessments. Each Assessment made in accordance with the provisions of this Declaration is hereby declared and agreed to be for use exclusively: (a) to promote the recreation, health, safety and welfare of individuals residing within the Toscana Properties; (b) to promote the enjoyment and use of the Toscana Properties by the Owners and their families, tenants, invitees, licensees, guests and employees; and (c) to provide for the repair, maintenance, replacement and protection of the Common Elements and Common Facilities.

Each and every Assessment levied hereunder is further declared and agreed to be a reasonable Assessment, and to constitute a separate, distinct and personal obligation of the Owner of the Lot against which the Assessment is imposed that shall be binding on the Owner's heirs, successors and assigns; provided, however, that the personal obligation of each Owner for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them. The Toscana Community Association shall also be entitled to collect delinquent Assessments through lien and foreclosure, as more particularly provided in Section 4.10, below.

Section 4.07. Exemption of Certain of the Toscana Properties From Assessments. The following real property subject to this Declaration shall, unless devoted to the use as a residential dwelling, be exempt from the Assessments and the lien thereof provided herein:

(a) Any portion of the Toscana Properties dedicated and accepted by a local public authority;

(b) The Common Elements and Common Facilities;

(c) The common elements and common facilities within the Toscana Properties owned or controlled by the Master Association; and

(d) Any Lot owned by the Toscana Community Association.

Section 4.08. Notice and Procedure for Member Approval Pursuant to Sections 5.02, 5.03 and 5.04. In the event that Member approval is required in connection with any increase or imposition of Assessments pursuant to sections 4.02 and 4.03, the affirmative vote required to approve the increase shall be a Majority of a Quorum of the Members who are or may be liable for payment of the Assessment, as provided below ("eligible Members"). The quorum required for such membership action shall be twenty percent (20%) of the eligible Members, and the required affirmative vote shall be at least (i) in the case of an increase in the General Assessment Component, a Majority of a Quorum of the total membership of the Toscana Community Association; and (ii) in the case of an increase in a Cost Center Assessment Component, a Majority of a Quorum of the Members owning Lots within the Cost Center to which the Cost Center Assessment Component is attributable. The minimum quorum percentage for any vote pursuant to this section shall be the attendance in person or by proxy, of eligible Members voting by written ballot comprising at least twenty percent (20%) of the total voting power of the eligible Members.

Section 4.09. Maintenance of Assessment Funds.

(a) Bank Accounts. All sums received or collected by the Toscana Community Association from Assessments, together with any interest or late charges thereon, shall be promptly deposited in one or more insured checking, savings or money market accounts in a bank or savings and loan association selected by the Executive Board. In addition, the Board shall be entitled to make prudent investment of reserve funds in insured certificates of deposit, money market funds or similar investments consistent with the investment standards normally observed by trustees. The Board and such officers or agents of the Toscana Community Association as the Board shall designate shall have exclusive control of said account(s) and investments and shall be responsible to the Owners for the maintenance at all times of accurate records thereof. Any interest received on deposits shall be credited proportionately to the balances of the various Assessment fund

accounts maintained on the books of the Toscana Community Association as provided in subparagraph (b), below.

(b) Expenditure of Assessment Funds. Except as provided below, the proceeds of each Assessment shall be used only for the purpose for which such Assessment was made, and such funds shall be received and held in trust by the Toscana Community Association for such purpose. Notwithstanding the foregoing, the Board, in its discretion, may make appropriate adjustments among the various line items in the Board's approved general operating budget if the Board determines that it is prudent and in the best interest of the Toscana Community Association and its Members to make such adjustments. If the proceeds of any Special Assessment exceed the requirement of which such Assessment was levied, such surplus may, in the Board's discretion, be: (i) returned proportionately to the contributors thereof; (ii) reallocated among the Toscana Community Association's reserve accounts if any such account is, in the Board's opinion, under funded; or (iii) credited proportionately on account of the Owners' future Regular Assessment obligations.

(c) Separate Accounts; Commingling of Funds. To preclude a multiplicity of bank accounts, the proceeds of all Assessments may be commingled in one or more accounts and need not be deposited in separate accounts so long as the separate accounting records described herein are maintained. For purposes of accounting, but without requiring any physical segregation of assets, the Toscana Community Association shall keep a separate accounting of all funds received by it in payment of each Assessment and of all disbursements made therefrom; provided, however, that receipts and disbursements of Special Assessments made pursuant to Section 4.03(a)(i), above, shall be accounted for together with the receipts and disbursements of Regular Assessments, and a separate accounting shall be maintained for each capital Improvement for which reserve funds for replacement are allocated.

Unless the Toscana Community Association is exempt from federal or state taxes, all sums allocated to capital replacement funds shall be accounted for as contributions to the capital of the Toscana Community Association and as trust funds segregated from the regular income of the Toscana Community Association or in any other manner authorized by law or regulations of the Internal Revenue Service that will prevent such funds from being taxed as income of the Toscana Community Association.

(d) Reserve Funds. The Board shall not expend funds designated as reserve funds for any purpose other than the repair, restoration, replacement, or maintenance of, or litigation involving the repair, restoration, replacement, or maintenance of, major components which the Toscana Community Association is obligated to repair, restore,

replace, or maintain and for which the reserve fund was established. However, the Board may authorize the temporary transfer of money from a reserve fund to the Toscana Community Association's general operating fund to meet short-term cash-flow requirements or other expenses, provided the Board has made a written finding, recorded in the Board's minutes, explaining the reasons that the transfer is needed, and describing when and how the money will be repaid to the reserve fund. The Board shall exercise prudent fiscal management in order to maintain the integrity of the Association's reserve funds.

Section 4.10. Collection of Assessments; Enforcement of Liens.

(a) Delinquent Assessments. If any installment payment of a Regular Assessment or lump sum or installment payment of any Special Assessment or Special Individual Assessment assessed to any Owner is not paid within fifteen (15) days after the same becomes due, such payment shall be delinquent and the amount thereof may, at the Board's election, bear interest at the maximum rate allowed by law commencing thirty (30) days after the due date until the same is paid. In addition to the accrual of interest, the Executive Board is authorized and empowered to promulgate a schedule of reasonable late charges for any delinquent Assessments.

(b) Effect of Nonpayment of Assessments.

(i) Creation and Imposition of a Lien for Delinquent Assessments. The provisions of Uniform Common-Interest Ownership Act, (Nevada Revised Statute section 116.1101, et. seq.) or any successor statute or statutes are hereby adopted and incorporated herein for the purpose, among other things, of establishing the manner in which assessments are other charges referred to herein shall be and become a lien against a Lot and the priority of such liens, and the manner in which they are enforced. Any lien so created shall also secure reasonable costs of collection, including attorneys' fees, incurred by the Toscana Community Association in connection with the collection of delinquent Assessments or the enforcement of the Toscana Community Association's assessment lien. The lien may also be enforced in any other manner permitted by law.

(ii) Actions for Money Judgment. In the event of a default in payment of any Assessment, the Toscana Community Association, in its name but acting for and on behalf of all other Owners, may initiate legal action, in addition to any other remedy provided herein or by law, to recover a money judgment or judgments for unpaid Assessments, costs and attorneys' fees without foreclosure or waiver of the lien securing same.

(iii) Limitation on Right of Toscana Community Association to Acquire Lots in Foreclosure. The Toscana Community Association shall not have the right or power to purchase Lots except at sales in foreclosure of liens for assessments, at which sales the Toscana Community Association may bid no more than the amount secured by its lien, but nothing herein contained shall be construed as prohibiting the Toscana Community Association from accepting a surrender or other conveyance which does not impose significant cost or liability upon the Toscana Community Association of a Lot from the Owner thereof.

Section 4.11. Priorities. The Toscana Community Association's assessment lien hereunder shall be prior and superior to all other liens except: (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to the transfer of such property pursuant to the exercise of a power of sale or a judicial foreclosure involving a default under such first Mortgage or other prior encumbrance.

ARTICLE V
Design Review and Approval of Improvement Projects

Section 5.01. Design Review Committee Approval of Improvements.

(a) Approval Generally. Prior to commencement of construction or installation of any landscaping or Improvement (as defined in Section 1.23, above) within the Toscana Properties, other than the initial construction of Residences and Common Facilities by a Declarant, the Owner planning such Improvement must submit to the Toscana Design Review Committee a written request for approval. The procedures for requesting approval and the Toscana Design Review Committee's procedures for reviewing and granting or denying approval of such written requests shall be the same as apply to the Master Association pursuant to Article V of the Master Declaration, except as modified in this Article V, and the provisions of Article V of the Master Declaration shall be deemed to be incorporated herein for that purpose, except that any reference to the Association in that Article shall be interpreted to mean and refer to the Toscana Community Association for purposes of this Article V. The Owner's request shall include structural plans, specifications and plot plans satisfying the minimum requirements set forth in the Design Guidelines adopted pursuant to Section 5.04 of the Master Declaration. Unless the Toscana Design Review Committee's approval of the proposal is first obtained, along with

the approval of the Master Design Review Committee to the extent required by Section 5.02, below, no work on the Improvement shall be undertaken by or on behalf of any Owner.

(b) Modifications to Approved Plans Must Also Be Approved. Once a proposed work of Improvement has been duly approved by the Toscana Design Review Committee, no material modifications shall be made in the approved plans and specifications therefore and no subsequent alteration, relocation, addition or modification shall be made to the work of Improvement, as approved, without a separate submittal to, and review and approval by, the Committee. If the proposed modification will have, or is likely to have, a material affect on other aspects or components of the work, the Committee, in its discretion, may order the Owner and his or her contractors and agents to cease working not only on the modified component of the Improvement, but also on any other affected component.

In the event that it comes to the knowledge and attention of the Toscana Design Review Committee, or the agents or employees of either that a work of Improvement, or any modification thereof, is proceeding without proper approval, the Committee shall be entitled to exercise the enforcement remedies specified in Section 5.11 of the Master Declaration, including, without limitation, ordering an immediate cessation and abatement of all aspects of the work of Improvement by "red tagging" the project until such time as proper Design Review Committee review and approval is obtained.

Section 5.02. Master Architectural Approval. The approvals required to be obtained pursuant to this Declaration are in addition to the approvals required to be obtained from the design review committee established in Article V of the Master Declaration (the "Master Design Review Committee"). Except as otherwise provided in this Section 5.02, upon approval by the Toscana Design Review Committee of the plans and specifications in accordance with the provisions set forth in Article V of the Master Declaration and this Article V, an Owner shall submit such plans and specifications to the Master Design Review Committee for approval by the Master Design Review Committee in accordance with the provisions and procedures set forth in the Master Declaration. In the event the Master Design Review Committee disapproves the plans and specifications, and requires any changes thereto, then the revised plans and specifications shall be resubmitted to the Toscana Design Review Committee for approval and if the Toscana Committee reasonably determines that the changes requested by the Master Committee have been made, the Toscana Committee's approval of the revised plans shall be final (unless the Master Committee specifically requires a resubmittal of revised plans).

In the event of a conflict between the approvals granted by the Toscana Design Review Committee and the Master Design Review Committee, the plans and specifications approved by the Master Design Review Committee shall control. The Toscana Design Review Committee shall have the right to condition its approval upon receipt of evidence that an Owner has received the necessary preliminary and final approvals of the Master Design Review Committee required under the Master Declaration.

Notwithstanding the foregoing, the Design Guidelines adopted pursuant to the Master Declaration may (i) identify classifications of projects which require only approval of the Toscana Design Review Committee; (ii) set forth pre-approved plans and specifications for minor, recurring Improvement projects; and (iii) empower the Master Design Review Committee to approve master site plans for Phases as well as several plans, specifications and elevations for Residences submitted by Active Adult Builders and intended for use in residential construction projects within the Active Adult Builder's Phase or Phases of the Toscana Properties.

Section 5.03. Establishment of Design Review Committee. The Toscana Design Review Committee shall consist of three members appointed by the Declarant. Committee members shall be subject to removal by the Declarant and any vacancies from time to time existing shall be filled by appointment of the Declarant. The power to appoint or remove Committee members shall be transferred permanently to the Toscana Community Association upon the sale by Declarant of all Lots within the Toscana Properties to persons other than the Declarant or an Active Adult Builder, or at any time prior thereto at the discretion of the Declarant. If a successor Declarant is designated for all or any portion of the Toscana Properties, the Supplemental Declaration applicable to the affected Phase or Phases may provide for a separate design review committee with jurisdiction within the Phase or Phases and for composition of that committee in the manner provided in the Supplemental Declaration.

Section 5.04. Powers and Duties. It shall be the duty of the Toscana Design Review Committee to consider and act upon the proposals and plans for Improvements submitted to it pursuant to this Declaration and in accordance with Article V of the Master Declaration, to adopt Design Guidelines pursuant to Section 5.05 of the Master Declaration, to perform other duties delegated to it by the Executive Board and to carry out all other duties imposed upon it by this Declaration and the Master Declaration. Such powers and duties of the Toscana Design Review Committee include holding meetings, adopting Design Guidelines, enforcing plan and specification approvals and abating unauthorized improvements, and granting variances, as more specifically described in Article V of the Master Declaration. The Toscana Design Review Committee shall apply

the same basis for approval of improvements as provided in Section 5.06 of the Master Declaration. In addition, the Master Declaration's provisions shall apply for establishing time limits for approval or rejection of submitted plans and specifications, the Owner's obligations to diligently proceed with approved work, including landscaping, and the consequences for failing to complete approved work and enforcement rights.

Section 5.05. Variances. The Toscana Design Review Committee shall be entitled to allow reasonable variances in any procedures specified in this Article or the minimum construction standards specified in Article VI, below, to overcome practical difficulties, avoid unnecessary expense or prevent unnecessary hardships; provided, however, that unless specifically exempted therefrom by a Declarant, any variance granted by the Toscana Design Review Committee shall be deemed a recommendation to the Master Design Review Committee which must be confirmed in writing by that Committee.

Section 5.06. Limitation on Liability. Neither a Declarant, the Toscana Community Association, the Toscana Design Review Committee nor any member thereof shall be liable to any Owner for any damage, loss or prejudice suffered or claimed on account of any mistakes in judgment, negligence or nonfeasance arising out of: (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective; (b) the construction or performance of any Improvement project, whether or not pursuant to approved plans, drawings specifications; (c) the development of any Lot within the Toscana Properties; or (d) the granting of a variance pursuant to Section 5.05, above.

Section 5.07. Compliance With Governmental Regulations. Review and approval by the Toscana Design Review Committee of any proposals, plans or other submittals pertaining to Improvements shall in no way be deemed to constitute satisfaction of, or compliance with, any building permit process or any other governmental requirements, the responsibility for which shall lie solely with the Lot Owner who desires to construct, install, or modify the Improvement.

ARTICLE VI
Minimum Construction Standards

Unless a variance is requested from, and granted by, the Toscana Design Review Committee in accordance with Section 5.05, above, or unless otherwise provided in a Supplemental Declaration, Improvements constructed on any Lot shall conform to the minimum construction standards established in Article VI of the Master Declaration and the following additional minimum construction standards:

Section 6.01. Approval by Design Review Committee. No building, fence, wall or other permanent structure or Improvement shall be erected, altered or placed on any Lot until building plans, specifications and a plot plan showing the location of structures on the Lots have been submitted to the Toscana Design Review Committee for review and approval as described in Article V, above.

Section 6.02. Minimum Square Footage Requirements. Each Residence constructed on any Lot shall have a fully enclosed floor area (exclusive of roofed or unroofed porches, decks, terraces, garages, carports or other outbuildings) of not less than 900 square feet.

Section 6.03. Single Story Residences. All Residences shall be single-story in height and design.

Section 6.04. Garages. Each Residence shall have at least a one-car garage which may be either of an attached or detached design and which shall not exceed 650 square feet of enclosed space.

Section 6.05. Fences. All screening and fencing must be approved by the appropriate Design Review Committee and must be designed to conform to the design of the proposed or existing residence; such screening must be architecturally designed and in its construction wood, rock, masonry or wrought iron or a combination thereof shall be employed. Screening and fencing must be so designed as to face its most attractive side toward the street or toward any neighboring vacant Lots or Common Elements. The screening must be a quality design, construction and materials to complement the existing adjacent structures.

Section 6.06. Antennas. No outside television antenna, aerial, or other such device ("Video Antenna") with a diameter or diagonal measurement greater than thirty-six inches (36") shall be erected, constructed to placed in any Common Elements or any Lot. Video Antennas with a diameter or diagonal measurement of thirty-six inches (36") or less may be installed only if approved by the Architectural Committee in accordance with the provisions of Article V, above. Reasonable restrictions which do not significantly increase the cost of a Video Antenna or significantly decrease its efficiency or performance, including, without limitation, a requirement that antennas or reception dishes be screened from view from streets or neighboring Lots, the Golf Course or Common Elements, may be imposed as part of the Design Guidelines.

ARTICLE VII
Exterior Maintenance Responsibilities

Unless otherwise provided in a Supplemental Declaration applicable to a Phase or Phases of the Toscana Properties, the following allocation of maintenance, repair and replacement obligations shall apply to Lots and Common Elements within the Toscana Properties:

Section 7.01 Master Association Maintenance Responsibilities. The Master Association shall have those maintenance, repair and replacement responsibilities within the Toscana Properties identified in Section 7.01 of the Master Declaration.

Section 7.02 Maintenance and Repair Responsibilities of the Toscana Community Association.

(a) Common Elements Maintenance Obligations, Generally. The Toscana Community Association shall be solely responsible for all maintenance, repair, upkeep and replacement within the Common Elements of the Toscana Properties. No person other than the Toscana Community Association or its duly authorized agents shall construct, reconstruct, refinish, alter or maintain any Improvement upon, or shall create any excavation or fill or change the natural or existing drainage of any portion of the Common Elements. In addition, no person shall remove any tree, shrub or other vegetation from, or plant any tree, shrub, or other vegetation upon the Common Elements without express approval of the Toscana Community Association. Maintenance of private streets within the Toscana Properties shall be to a level substantially equivalent to the City of Sparks' street maintenance schedule for public streets within the City. The Toscana Community Association shall also be responsible for snow removal from the private roadways with the Toscana Properties, and shall have the right, but not the obligation, to remove snow from sidewalks and driveways with the Toscana Properties.

(b) Additional Maintenance/Repair Responsibilities Imposed by Supplemental Declarations or Declarations of Annexation. Supplemental Declarations and/or Declarations of Annexation may provide for additional Common Elements to be owned and maintained or simply maintained by the Toscana Community Association. In such cases, the Toscana Community Association shall accept and/or maintain the areas described and provided for therein.

(c) Commencement of Maintenance of Common Elements. Notwithstanding any conveyance of Common Elements to the Toscana Community Association, the Toscana Community Association's responsibility to maintain the Common Elements located in any Phase shall not begin until the later of the following events: (i) inspection and approval of such Common Elements by the Toscana Community Association, not to be unreasonably withheld or delayed, or (ii) commencement of Regular Assessments in such Phase; except that, if such Phase consists of only Common Elements, subdivision (ii) shall be inapplicable. Prior to the commencement of the Toscana Community Association's maintenance responsibility, such maintenance shall be the responsibility of Declarant.

(d) Toscana Community Association Front Yard Lot Maintenance. The Toscana Community Association shall maintain front yards of Residential Lots (including, without limitation, repairing, maintaining, and replacing the landscaping and irrigation facilities within the front yard areas of Lots) if so provided by any Supplemental Declaration or by any maintenance agreement between the Toscana Community Association and a Sub-Association.

(e) Toscana Community Association Maintenance Schedule. The Toscana Community Association shall update, on an annual basis, to the satisfaction of the City of Sparks public works director, a maintenance schedule for the Common Element roadways with the Toscana Properties, including the estimated costs associated with the maintenance of the Common Element roadways to a level equivalent to the City of Sparks' street maintenance schedule for public roadways.

Section 7.03. Owner Maintenance Responsibility. Each Owner shall be responsible for the maintenance and repair of his or her Residence and Lot, except for landscaping and sprinklers located within any front yard areas of a Lot which have been designated by a Supplemental Declaration or maintenance agreement as the responsibility of the Toscana Community Association. Without limiting the foregoing, Lot and Residence maintenance shall be conducted at a level and with such consistency as to prevent the Lot/Residence from becoming unsightly. The vegetation and landscaping on any Lot shall be planted and/or maintained by the Owner or resident in such a manner as to reduce the risk of fire, prevent or retard shifting or erosion of soils, and to prevent the growth of weeds or natural plants which were not intended as part of the Owner's landscape plan. No weeds, rubbish, debris, objects, equipment, or materials of any kind shall be placed or permitted to accumulate on any Lot so as to be or become unsightly, offensive or detrimental to the high aesthetic standards generally prevailing within the development. In the event the Toscana Community Association elects not to remove snow

from sidewalks with the Toscana Properties, the Owner of each Lot appurtenant to a sidewalk shall responsible for snow removal from the adjacent sidewalk area.

Section 7.04. Toscana Community Association Recovery of Costs of Certain Repairs and Maintenance.

(a) Association Maintenance Caused by Owner Negligence. If the need for maintenance or repair, which would otherwise be the Toscana Community Association's responsibility hereunder is caused through the willful or negligent acts of an Owner, his or her family, guests, tenants, or invitees, and is not covered or paid for by Toscana Community Association insurance policies or any liability insurance maintained by the responsible Owner, the cost of such maintenance or repairs shall be subject to recovery by the Toscana Community Association through the imposition of a Special Individual Assessment against the offending Owner in accordance with Section 4.04, above.

(b) Owner Defaults in Maintenance Responsibilities. If an Owner fails to perform maintenance or repair functions on the Owner's Lot for which he or she is responsible, the Toscana Community Association may give written notice to the offending Owner with a request to correct the failure within fifteen (15) days after receipt thereof. If the Owner refuses or fails to perform any necessary repair or maintenance, the Toscana Community Association may exercise its rights under Section 4.07(b), above, to enter the Owner's Lot and perform the repair or maintenance so long as the Owner has been given notice and the opportunity for a hearing in accordance with 13.06, below.

Section 7.05. Cooperative Maintenance Obligations.

(a) Cooperation Among Toscana Community Association and Owners. To the extent necessary or desirable to accomplish the Toscana Community Association's maintenance obligations hereunder, individual Owners shall cooperate with the Toscana Community Association and the agents and maintenance personnel of the Toscana Community Association and/or the Golf Course owner in the prosecution of their respective maintenance activities.

(b) Execution of Use and Maintenance Agreements. The Declarant may cause agreements, contracts, declarations or other documents to be executed which impose on owners of portions of the Master Community that are not yet annexed to the Toscana Properties obligations to make contributions with respect to certain Regular Assessment components. If any Use/Maintenance Agreements terminates or expires or ceases to apply to particular property, the Toscana Community Association shall have the power and the

duty, at the request of the owner of the unannexed portion of the Master Community who was signatory to the Use/Maintenance Agreement, to execute an agreement and acknowledgment that the Use/Maintenance Agreement has terminated, expired, or ceases to apply to a particular property, as the case may be. The Toscana Community Association may also enter into maintenance agreements with the Declarant, and any Sub-Toscana Community Association or Sub-Associations in order to achieve economies of scale or to effectively share maintenance equipment, personnel and other resources. Any agreement executed pursuant to this subparagraph (b) shall be referred to herein as a "Use/Maintenance Agreement."

Section 7.06. Maintenance of Fences.

(a) Master Association Maintenance. The Master Association shall have the obligation to maintain the exterior of the fences and walls located on the outermost perimeter of the Toscana Properties and shall repair and replace such fencing, as provided in the Master Declaration.

(b) Toscana Community Association Maintenance. The Toscana Community Association shall maintain, repair and replace as necessary the side of any fence facing any Toscana Community Association property.

(c) Owner Maintenance Obligations. Each Owner shall maintain, repair, and replace the interior and exterior of all fencing surrounding such Owner's Residential Lot, including, but not limited to, both sides of the side yard return fencing or walls bordering the Front Yard maintenance Area, except for fences to be maintained by the Master Association or the Toscana Community Association as provided for above, and the shared Owner obligations described in Section 7.06(d), below.

(d) Interior Fencing Between Two Residential Lots. For any fencing which separates two (2) Residential Lots, each Owner shall have the obligation to maintain the interior of the fence and the Owners shall share, on an equitable basis, the cost or replacing such fencing. Each Owner shall have a reciprocal non-exclusive easement for the limited purpose and only to the extent necessary to maintain the party wall or fence.

(e) Liability for Damages. Notwithstanding any other provision of this Section 7.06, an Owner who by his or her negligent or willful act causes a wall or fence within the Master Community to be damages shall bear the whole cost of repairing such damage.

ARTICLE VIII
Use of Toscana Properties and Restrictions

In addition to the restrictions established by law or by Toscana Rules promulgated by the Executive Board (consistent with this Declaration), and the property use restrictions contained in Article VIII of the Master Declaration, (but subject to the Declarants' development rights contained in Article XVI, below), the following additional property use restrictions are hereby imposed upon the use of Lots, Common Elements and other parcels within the Toscana Properties:

Section 8.01. Age Restrictions.

(a) Permitted Occupancy. Each Residence within the Toscana Properties, if occupied, must be occupied by at least one (1) Qualifying Resident, a person fifty five (55) years of age or older. All other persons occupying a Residence shall be Qualified Permanent Residents as defined in Article I above. Provided, however, that a Permitted Health Care Resident may occupy a Residence for any period that such person is actually providing live-in, long-term, or hospice health care to a Qualifying Resident for compensation.

(b) Occupancy Exceptions. Upon the death or dissolution of marriage, or upon hospitalization, or other prolonged absence of the Qualifying Resident, any Qualified Permanent Resident shall be entitled to continue his/her occupancy, residency or use of the Residence; provided, however, that the Board determines that such continued occupancy shall not result in less than eighty percent (80%) of the Residences being occupied by at least one Qualifying Resident. This Section is intended to comply with the Fair Housing Act Amendments of 1988 and the Housing for Older Persons Act of 1995, as they may be amended from time-to-time.

(c) Guests. The Qualifying Resident and Qualified Permanent Resident may have as guests persons under forty-five (45) years of age for periods of time, up to sixty (60) days total for each such guest in any calendar year.

(d) Conveyance of Fee Simple Interest. Each Lot shall be conveyed as a separately designated and legally described fee simple estate, subject to this Declaration.

Section 8.02. Use of Lots.

(a) Single Family Residential Use. All Lots within the Toscana Properties shall be used solely for the construction of Residences whose occupancy and use shall be restricted to Single Family Residential Use. In no event shall a Residence be occupied by more individuals than permitted by applicable law, zoning or other local governmental regulation.

(b) Construction and Design. All Residence and related structures erected on any Lot shall conform to the minimum construction standards set forth in Article VI, above, or in the Design Guidelines, unless a variance has been granted by the Design Review Committee in accordance with Section 5.05, above.

(c) Temporary Occupancy of a Lot. No camping, whether temporary or permanent, and no temporary structures of any kind (other than Declarant's sales offices) shall be permitted on any Lot.

Section 8.03. Common Elements.

(a) Use of Common Elements. Except for Common Facilities, the Common Elements shall be preserved as open space, and the Common Elements and Common Facilities shall be used for recreational and other purposes incidental and ancillary thereto. Such use shall be limited to the private use for aesthetic and recreational purposes by the Members and their tenants, families and guests, subject to the provisions of the Governing Documents. No Improvement, excavation or work which in any way alters any Common Elements or Common Facility from its natural or existing state on the date such Common Elements or Common Facility were conveyed or transferred to the Toscana Community Association shall be made or done except by the Toscana Community Association and then only in strict compliance with the provisions of this Declaration.

(b) Pesticides and Fertilizers. Pesticides, fertilizers and other chemicals will be utilized in connection with the maintenance of the open space Common Elements and in connection with the Toscana Community Association's front yard maintenance responsibilities as described in Section 7.02(d) above, and the Owners acknowledge, accept the use and assume the risk of such pesticides, fertilizers and chemicals.

(c) Overspray. Owners of Lots, particularly Owners of Lots abutting or adjacent to any Common Element open space, may experience "overspray" from Common Element irrigation systems, and the Owners acknowledge, accept and assume the risk of such

"overspray." Water used to irrigate the Golf Course and Common Elements may be untreated irrigation water obtained from the local water agency.

(d) Noise and Light. Owners of Lots, particularly Owners of Lots in proximity to the Toscana Community Association Recreation Facility, may be exposed to lights, noise or activities resulting from use of the recreational center for dining and entertainment and use of the parking lot, and the Owners acknowledge, accept and assume the risk of such light, noise or activities.

(e) Maintenance. Portions of the Common Elements, including the open space areas may require daily maintenance, including mowing, irrigation and grooming, during early morning and evening hours, including without limitation the use of tractors, blowers, pumps, compressors and utility vehicles. Owners of Lots, particularly Owners of Lots in proximity of the open space portions of the Common Element, will be exposed to the noise and other effects of such maintenance, and the Owners acknowledge, accept and assume the risk of such noise and effects.

Section 8.04. Variances. Upon application by any Owner, the Executive Board shall be authorized and empowered to grant reasonable variances from the property use restrictions set forth in this Article VIII, if specific application of the restriction will, in the sole discretion of the Board, either cause an undue hardship to the affected Owner or fail to further or preserve the common plan and scheme of development contemplated by this Declaration; provided, however, that for so long as a Declarant owns any property comprising the Master Community, the granting of any such variance shall also require the prior approval of a Declarant.

Section 8.05. Enforcement of Property Use Restrictions. The objective of this Declaration shall be to promote and seek voluntary compliance by Owners and tenants with the environmental standards and property use restrictions contained herein. Accordingly, in the event that the Toscana Community Association becomes aware of a design review or property use infraction that does not necessitate immediate corrective action under Section 13.06, below, the Owner or tenant responsible for the violation shall receive written notice thereof and shall be given a reasonable opportunity to comply voluntarily with the pertinent Governing Document provision(s). Such notice shall describe the noncomplying condition, request that the Owner or tenant correct the condition within a reasonable time specified in the notice, and advise the Owner or tenant of his or her right to be heard on the matter.

Section 8.06. Golf Course Entry. Neither the Toscana Community Association, nor any Owner or Sub-Association shall have any right of entry on to the Golf Course without the prior written consent of the owner of the Golf Course. Without limiting the foregoing, no Owner, Resident, or other occupant of a Lot, shall have a right of access to any portion of the Golf Course directly from any Lot or Common Element.

Section 8.07. No Representations or Warranties. Ownership or operation of the Golf Course may change at any time. The consent of the Toscana Community Association or any Owner is not required to effect any change in the ownership or operation of the Golf Course. The owner of the Golf Course may provide promotional offers or privileges to initial purchasers of Lots subject to such terms and conditions as determined by the Owner or operator of the Golf Course, and except as provided in writing by the owner of the Golf Course, all Owners are hereby advised that no representations or warranties have been made or are made by Declarant or the owner of the Gold Course regarding the continuing existence, ownership or operation of the Golf Course.

Section 8.08. Right to Use the Golf Course. Neither being an Owner of a Lot within the Toscana Properties or being a Member of the Toscana Community Association confers any ownership interest in or right to use the Golf Course (see Section 2.06, above).

Section 8.09. Amendment. Sections 8.06, 8.07, 8.08, and 8.09 of this Article may not be amended without the written consent of the owner of the Golf Course and the written consent of the Declarant; provided, however, that the requirement for prior consent of the Declarant shall terminate when all Annexable Property has been annexed to the Toscana Properties and all of the Lots in the Toscana Properties owned by Declarant have been sold.

ARTICLE IX
Easements

Section 9.01. Blanket Utility Easement. There is hereby created a blanket easement upon, across, over and under the Common Elements for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to water, sewers, gas, telephones, drainage and electricity and the master television antenna or cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment and underground facilities on the Common Elements at locations approved by the Design Review Committee. Notwithstanding the foregoing, no sewer, electrical lines, water lines,

or other utilities may be installed or relocated on said Toscana Properties except as initially designed and approved by a Declarant or thereafter approved by the Toscana Community Association's Design Review Committee. The easements provided for in this section shall in no way affect any other recorded easement on the Toscana Properties.

Section 9.02. Maintenance Easements. An easement is hereby granted to the Declarant and the Toscana Community Association, their officers, agents, employees, and to any management company or contractor selected by the Declarant or the Toscana Community Association to enter in or to cross over the Common Elements and any Lot to perform the Toscana Community Association's duties of maintenance and repair of the Lots, Common Elements, and Common Facilities as provided herein, including an express easement for maintenance of the front yard areas of any Lot to the extent that such maintenance is imposed on the Toscana Community Association pursuant to Section 7.02(d), above. This maintenance easement shall include the right to place snow removed from the Common Element roadways and sidewalks on individual Lots.

Section 9.03. Easements in Favor of Declarant in Common Elements. For so long as Declarant is subject to a bond for uncompleted Common Facilities or has the right to annex additional Toscana Properties to the Toscana Properties pursuant to Article XV, below, Declarant shall have an easement for ingress to an egress from the Common Elements for (i) the purpose of completing Improvements thereon; (ii) for the performance of necessary repair work and for entry on any portion of the Subsequent Phase Property in connection with the development of additional phases of the Master Community; and (iii) for marketing and sales activities to the extent described in Section 16.03, below. The easements in favor of the Declarant conferred by this Section 9.03 shall also extend to the benefit of any Active Adult Builder to the extent that the Declarants have authorized Active Adult Builder development, sales and marketing activities within the Common Elements pursuant to Article XVI, below.

Section 9.04. Avigation Easement. The Toscana Properties are subject to a blanket easement in favor of the Airport Authority of Washoe County, as more particularly described in a separately recorded Grant of Easement For Avigation, recorded in the Official Records of Washoe County, Nevada.

Section 9.05. Other Easements. Each Lot and its Owner (including, without limitation, any Active Adult Builder), the Toscana Community Association and Declarant, as the case may be, is hereby declared to be subject to all the easements, dedications and rights-of-way granted or reserved in, on, over and under the Toscana Properties and each Lot as shown on the Subdivision Map for any portion of the Toscana Properties.

ARTICLE X
Insurance

Section 10.01. Types of Insurance Coverage. The Toscana Community Association shall, at the discretion of the Executive Board, purchase, obtain and maintain, with the premiums therefor being paid out of Common Funds, the following types of insurance, if and to the extent they are available at a reasonable premium cost:

(a) Property Insurance. A policy of special form property insurance naming as parties insured the Toscana Community Association and containing the standard extended coverage and replacement cost endorsements and such other or special endorsements as will afford protection and insure, for the full insurable, current replacement cost (excluding foundations and excavation, but without deduction for depreciation) as determined annually by the insurance carrier, of all Common Facilities and the personal property of the Toscana Community Association for or against the following:

(i) Loss or damage by fire or other risks covered by the standard extended coverage endorsement.

(ii) Loss or damage from theft, vandalism or malicious mischief.

(iii) Such other risks, perils or coverage as the Executive Board may determine.

Such policy or the endorsement made a part thereof shall, to the extent available, provide that the insurer issuing the policy agrees to abide by the decision of the Toscana Community Association made in accordance with the provisions of Article XI, below, as to whether or not to repair, reconstruct or restore all or any damaged or destroyed portion of the Common Facilities.

(b) General Liability Insurance. To the extent such insurance is reasonably obtainable, a policy of comprehensive general liability insurance naming as parties insured the Toscana Community Association, each member of the Toscana Community Association Executive Board, any manager, anyone acting on the Toscana Community Association's behalf, the Owners and occupants of Lots, and such other persons as the Board may determine. The policy will insure each named party against any liability incident to the ownership and use of the Common Elements and including, if obtainable, a cross-liability

or severability of interest endorsement insuring each insured against liability to each other insured. The limits of such insurance shall not be less than One Million Dollars ($1,000,000.00) covering all claims for death, personal injury and property damage arising out of a single occurrence. Such insurance shall include coverage against water damage liability, liability for nonowned and hired automobiles, liability for property of others and any other liability or risk customarily covered with respect to common interest development projects similar in construction, location, facilities, and use.

(c) Directors and Officers Liability Insurance. To the extent such insurance is reasonably obtainable, the Toscana Community Association shall maintain a policy or policies of director's and officer's liability insurance providing coverage of at least One Million Dollars ($1,000,000.00).

(d) Additional Insurance and Bonds. To the extent such insurance is reasonably obtainable, the Toscana Community Association may also purchase with Common Funds such additional insurance and bonds as it may, from time to time, determine to be necessary or desirable, including, without limiting the generality of this section, demolition insurance and workers' compensation insurance. The Board shall also purchase and maintain fidelity bonds or insurance in an amount not less than five percent (5%) of each year's estimated annual operating income and shall contain an endorsement of any person who may serve on the Board's behalf. The Board shall purchase and maintain such insurance on personal property owned by the Toscana Community Association and any other insurance, including directors and officers liability insurance, that it deems necessary or desirable.

Section 10.02. Coverage Not Available. In the event any insurance policy, or any endorsement thereof, required by Section 10.01, above, is for any reason unavailable, then the Toscana Community Association shall obtain such other or substitute policy or endorsement as may be available which provides, as nearly as possible, the coverage described in this Article X. The Board shall notify the Owners of any material adverse changes in the Toscana Community Association's insurance coverage.

Section 10.03. Copies of Policies. Copies of all insurance policies (or certificates thereof showing the premiums thereon have been paid) shall be retained by the Toscana Community Association and shall be available for inspection by Owners at any reasonable time.

Section 10.04. Trustee. All insurance proceeds payable under Section 10.01, above, may, in the discretion of the Executive Board, be paid to a trustee to be held and

expended for the benefit of the Owners and others, as their respective interests shall appear. Said trustee shall be a commercial bank in the County that agrees in writing to accept such trust.

Section 10.05. Adjustment of Losses. The Board is appointed attorney-in-fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to Section 10.01, above. The Board is granted full right and authority to compromise and settle any claims or enforce any claim by legal action or otherwise and to execute releases in favor of any insured.

Section 10.06. Policies Obtained by Declarant. It is contemplated that Declarant may contract for the insurance coverage contemplated by this Article prior to or concurrently with obtaining financing for the development of the Toscana Properties, and any such obligations or commitments for the payment of premiums or expenses with respect thereto shall become an obligation of the Toscana Community Association, shall be treated as a Common Expense, and shall be paid out of the Common Funds as provided herein.

ARTICLE XI
Damage or Destruction

Section 11.01. Common Facilities; Bids and Determination of Available Insurance Proceeds. In the event any Common Facilities are ever damaged or destroyed, then, and in such event, as soon as practicable thereafter the Executive Board shall: (a) obtain bids from at least two reputable, licensed contractors, which bids shall set forth in detail the work required to repair, reconstruct and restore the damaged or destroyed portions of the Common Facilities to substantially the same condition as they existed prior to the damage and the itemized price asked for such work; and (b) determine that amount of all insurance proceeds available to the Toscana Community Association for the purpose of effecting such repair, reconstruction and restoration.

Section 11.02. Common Facilities; Sufficient Insurance Proceeds. Subject to the provisions of Section 11.01, above, if, in the event of damage to or destruction of any portion of any Common Facility, the insurance proceeds available to the Toscana Community Association are sufficient to cover the costs of repair, reconstruction and restoration, then the Toscana Community Association may cause such facilities to be repaired, reconstruction and restored; provided, however, that in the event of a total destruction of the Common Facility, the Toscana Community Association shall not be

obligated to restore the facilitate to its prior appearance and condition if the Board's opinion, architectural or design modifications to the Facilities will result in providing the Members with an improved facility available for substantially the same use and enjoyment as the destroyed facility.

Section 11.03. Common Facilities; Insurance Proceeds Insufficient in an Amount Exceeding Association Special Assessment Authority. In the event that any Common Facility is totally or substantially damaged or destroyed or, if , in the event of damage to or destruction of only a portion of the Common Facilities, the insurance proceeds and capital replacement reserves available to the Toscana Community Association for the repair, replacement or major reconstruction of the damaged or destroyed facility are insufficient in an amount exceeding the dollar amount that the Board can raise by assessment without prior Member approval (see Sections 4.02 and 4.03, above), then the issue of whether repair or replacement of the Common Facility should be funded by a Special Assessment shall be presented to the Members for approval in accordance with Section 4.08, above. The solicitation materials distributed to the Members in connection with any such vote shall include sufficient replacement cost and bid information to enable to the Members to make an informed decision and the issue shall be presented on the ballot with the following alternatives: (a) to repair, reconstruct and restore the damaged or destroyed Common Facilities and specially assess all Owners for such additional funds as may be needed for such purpose (with the amount of the Special Assessment stated); or (b), in the alternative, not to repair, reconstruct or restore the damaged or destroyed Common Facilities but rather to utilize the insurance proceeds available for such reconstruction, together with any other sums otherwise available to the Toscana Community Association for such purpose, to demolish and remove the damaged or destroyed Improvements from the Common Elements and to level and landscape the sites thereof and apply any balance of such proceeds and/or funds as the Members holding such voting power and their first mortgagees may determine.

Section 11.04. Damage or Destruction of Residences.

(a) Obligation to Rebuild or Clear Damaged Structures. If all or any portion of any Residence is damaged or destroyed by fire or other casualty, it shall be the duty of the Owner of said Residence to rebuild, repair or reconstruct said Residence or clear the Lot of all damaged or destroyed structures or portions thereof. If structural improvements other than a Residence, garage or fence are damaged or destroyed and the Owner prefers not to rebuild the improvement, the Owner shall clear his or her Lot of all damaged or destroyed materials and return the affected area to an attractive appearance.

(b) Design Review Committee Approval. Any Owner whose Residence or other structural improvements have been damaged or destroyed shall apply to the Toscana Design Review Committee for approval of plans for the reconstruction, rebuilding, or repair of the damaged or destroyed Residence or structure. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawing and elevations showing the proposed reconstruction and the end result thereof. The Design Review Committee shall grant such approval only if the design proposed by the Owner satisfies the requirements for approval set forth in Article V, above.

(c) Time Limitation for Reconstruction or Removal. The Owner or Owners of any damaged Residence(s) and the Design Review Committee shall be obligated to proceed with all due diligence hereunder to remove damaged structures (or portions thereof), prepare and process reconstruction plans and specifications and complete the repair and restoration work. At a minimum, whenever Owners are required to prepare and submit repair or reconstruction plans to the Design Review Committee, said submittal shall be made within sixty (60) days following the event and reconstruction shall commence within forty-five (45) days following receipt of approval from the Committee. The Committee may impose reasonable deadlines for completion of any repair or reconstruction project.

ARTICLE XII
Condemnation

If all or part of the Common Elements shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for or on account of the taking of the Common Elements, exclusive of compensation for consequential damages to certain affected Lots or Parcels, shall be payable to the Toscana Community Association as trustee for all Owners and mortgagees according to the loss or damages to their respective interest in the Common Elements. The Toscana Community Association, acting through its Executive Board, shall have the right to act on behalf of the Owners with respect to the negotiation, settlement and litigation of the issues with respect to the taking and compensation affecting the Common Elements. Each Owner hereby designates and appoints the Toscana Community Association as his or her attorney-in-fact for such purposes.

ARTICLE XIII
Breach and Default

Section 13.01. Remedy at Law Inadequate. Except for the nonpayment of any Assessment, it is hereby expressly declared and agreed that the remedy at law to recover damages for the breach, default or violation of any of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration are inadequate and that the failure of any Owner, tenant, occupant or user of any Lot, or any portion of the Common Elements or Common Facilities, to comply with any provision of the Governing Documents may be enjoined by appropriate legal proceedings instituted by Declarant, any Owner, the Toscana Community Association, its officers or Executive Board, or by their respective successors in interest.

Section 13.02. Nuisance. Without limiting the generality of the foregoing Section 13.01, above, the result of every act or omission whereby any covenant contained in this Declaration is violated in whole or in part is hereby declared to be a nuisance, and every remedy against nuisance, either public or private, shall be applicable against every such act or omission.

Section 13.03. Costs and Attorneys' Fees. In any action brought because of any alleged breach or default of any Owner or other party hereto under this Declaration, the court may award to the prevailing party in such action such attorneys' fees and other costs as it may deem just and reasonable.

Section 13.04. Cumulative Remedies. The respective rights and remedies provided by this Declaration or by law shall be cumulative, and the exercise of any one or more of such rights or remedies shall not preclude or affect the exercise, at the same or at different times, of any other such rights or remedies for the same or any different default or breach or for the same or any different failure of any Owner or others to perform or observe any provision of this Declaration.

Section 13.05. Failure Not a Waiver. The failure of Declarant, any Owner, the Executive Board, the Toscana Community Association or its officers or agents to enforce any of the covenants, conditions, restrictions, limitations, reservations, grants or easements, rights, rights-of-way, liens, charges or equitable servitudes contained in this Declaration shall not constitute a waiver of the right to enforce the same thereafter, nor

shall such failure result in or impose any liability upon the Declarant, the Toscana Community Association or the Board, or any of its officers or agents.

Section 13.06. Rights and Remedies of the Toscana Community Association.

(a) Rights Generally. In the event of a breach or violation of any Toscana Association Rule or of any of the restrictions contained in any Governing Document by an Owner, his or her family, or the Owner's guests, employees, invitees, licensees, or tenants, the Board, for and on behalf of all other Owners, may enforce the obligations of each Owner to obey such Rules, covenants, or restrictions through the use of such remedies as are deemed appropriate by the Board and available in law or in equity, including but not limited to the hiring of legal counsel, the imposition of fines and monetary penalties, the pursuit of legal action, or the suspension of the Owner's right to use recreation Common Facilities or suspension of the Owner's voting rights as a Member of the Toscana Community Association; provided, however, the Toscana Community Association's right to undertake disciplinary action against its Members shall be subject to the conditions set forth in this section.

The decision of whether it is appropriate or necessary for the Toscana Community Association to take enforcement or disciplinary action in any particular instance shall be within the sole discretion of the Toscana Community Association's Board or its duly authorized enforcement committee. If the Toscana Community Association declines to take action in any instance, any Owner shall have such rights of enforcement as may be available in law or in equity.

(b) Schedule of Fines. The Board may implement a schedule of reasonable fines and penalties for particular offenses that are common or recurring in nature and for which a uniform fine schedule is appropriate (such as fines for late payment of Assessments or illegally parked vehicles). Once imposed, a fine or penalty may be collected as a Special Individual Assessment (see Section 4.04, above).

(c) Definition of "Violation". A violation of the Governing Documents shall be defined as a single act or omission occurring on a single day. If the detrimental effect of a violation continues for additional days, discipline imposed by the Board may include one component for the violation and, according to the Board's discretion, a per diem component for so long as the detrimental effect continues. Similar violations on different days shall justify cumulative imposition of disciplinary measures. The Toscana Community Association shall take reasonable and prompt action to repair or avoid the

continuing damaging effects of a violation or nuisance occurring within the Common Elements at the cost of the responsible Owner.

(d) Limitations of Disciplinary Rights. No penalty or temporary suspension of rights shall be imposed pursuant to this Article unless the Owner alleged to be in violation is given at least fifteen (15) days' prior notice of the proposed penalty or temporary suspension and is given an opportunity to be heard before the Executive Board or appropriate committee established by the Board with respect to the alleged violation(s) at a hearing conducted at least 5 days before the effective date of the proposed disciplinary action.

Notwithstanding the foregoing, under circumstances involving conduct that constitutes: (i) an immediate and unreasonable infringement of, or threat to, the safety or quiet enjoyment of neighboring Owners; (ii) a traffic or fire hazard; (iii) a threat of material damage to, or destruction of, the Common Elements or Common Facilities; or (iv) a violation of the Governing Documents that is of such a nature that there is no material question regarding the identity of the violator or whether a violation has occurred (such as late payment of Assessments or parking violations), the Executive Board, or its duly authorized agents, may undertake immediate corrective or disciplinary action and, upon request of the offending Owner (which request must be received by the Toscana Community Association, in writing, within five days following the Toscana Community Association's disciplinary action), or on its own initiative, conduct a hearing as soon thereafter as reasonably possible.

If the Toscana Community Association acts on its own initiative to schedule a hearing, notice of the date, time and location of the hearing shall accompany the notice of disciplinary action. If the accused Owner desires a hearing, a written request therefor shall be delivered to the Toscana Community Association no later than five (5) days following the date when the fine is levied.

The hearing shall be held no more than fifteen (15) days following the date of the disciplinary action or fifteen (15) days following receipt of the accused Owner's request for a hearing, whichever is later. Under such circumstances, any fine or other disciplinary action shall be held in abeyance and shall only become effective if affirmed at the hearing.

At the hearing, the accused shall be given the opportunity to be heard, including the right to present evidence and to present or question witnesses. The Board shall notify the accused Owner, in writing, of the Board's decision within five (5) business days following conclusion of the hearing. In no event shall the effective date of any disciplinary action

commence sooner than five (5) days following conclusion of the hearing unless: (i) the hearing merely affirms summary disciplinary action initiated pursuant to the immediately preceding paragraph; or (ii) earlier commencement is necessary to preserve the quiet enjoyment of other residents or to prevent further damage to, or destruction of, the Toscana Properties or any portion thereof.

The notice and hearing procedures set forth in this Section 13.06, above, shall not apply to any actions by the Toscana Community Association or its duly authorized agents to collect delinquent assessments. Assessment collections shall be subject to Section 4.10, above, and any other notice, hearing and/or dispute resolution requirements or procedures as may be specifically applicable by law to Toscana Community Association assessment collection.

(e) Notices. Any notice required by this Article shall, at a minimum, set forth the date and time for the hearing, a brief description of the action or inaction constituting the alleged violation of the Governing Documents and a reference to the specific Governing Document provision alleged to have been violated. The notice shall be in writing and may be given by any method reasonably calculated to give actual notice; provided, however, that if notice is given by mail it shall be sent by first-class or certified mail sent to the last address of the Member shown on the records of the Toscana Community Association.

(f) Rules Regarding Disciplinary Proceedings. The Board, or an appropriate committee appointed by the Board to conduct and administer disciplinary hearings and related proceedings, shall be entitled to adopt rules that further elaborate and refine the procedures for conducting disciplinary proceedings. Such rules, when approved and adopted by the Board, shall become a part of the Toscana Association Rules.

Section 13.07. Court Actions. Court actions to enforce the Governing Documents may only be initiated on behalf of the Toscana Community Association by resolution of the Board.

ARTICLE XIV
Protection of Mortgagees

Section 14.01. Assessment Lien Subordinated. Any lien created or claimed under the provisions of Section 4.10, above, shall be subject and subordinate to the lien of any first Mortgage given in good faith and for value. No such Mortgagee who acquires title

to any Lot by judicial foreclosure or by exercise of power of sale contained in the Mortgage shall be obligated to cure any breach of this Declaration by a former Owner of such Lot or shall be liable for any unpaid Assessments made against the Lot which accrued prior to the date the Mortgagee acquired such title. No lien created or claimed under the provisions of Section 4.10, above, shall in any way defeat, invalidate or impair the rights of any Mortgagee under any such recorded Mortgage.

Section 14.02. Amendment of This Declaration. Except where an amendment has been approved in accordance with Section 14.12, below, no amendment of this Declaration shall affect any of the rights of the holder of any Mortgage described in Section 15.01, above, which is made in good faith and for value, if such Mortgage is recorded and notice of the delivery and recording thereof is given to the Toscana Community Association prior to the recording of such amendment.

Section 14.03. Default by Owner; Mortgagee's Right to Vote. In the event of a default by any Owner under a Mortgage encumbering such Owner's Lot, the Mortgagee under such Mortgage shall, upon: (a) giving written notice to the defaulting Owner; (b) recording a Notice of Default in accordance with Nevada law; and (c) delivering a copy of such recorded Notice of Default to the Toscana Community Association, have the right to exercise the vote of the Owner at any regular or special meeting of the Toscana Community Association held only during such period as such default continues.

Section 14.04. Breach; Obligation After Foreclosure. No breach of any provision of this Declaration by Declarant, the Toscana Community Association or any Owner shall impair or invalidate the lien of any recorded Mortgage made in good faith and for value and encumbering any Lot. The Declarant, the Toscana Community Association or their successor and assigns shall be obligated to abide by all of the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes provided for in this Declaration as it may be amended from time to time with respect to any person who acquires title to or any beneficial interest in any Lot through foreclosure, trustee's sale or otherwise.

Section 14.05. Exchange of Information. The Toscana Community Association shall, at the written request of any Mortgagee, insurer or guarantor, notify such party of:

(a) Any condemnation or casualty loss that affects either a material portion of the Toscana Properties or the Lot(s) security the Mortgage;

(b) Any delinquency of sixty (60) days or more in the payment of Assessments or charges owed by the Owner(s) of the Lot(s) securing the Mortgage;

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

(d) Any proposed action of the Toscana Community Association that requires the consent of a specified percentage of Eligible Mortgagees (see Section 14.12(a), below, for definition of "Eligible Mortgagee").

To be entitled to receive this information, the Mortgagee, insurer or guarantor must send a written request to the Toscana Community Association, stating both its name and address and the number or address of the Lot(s) securing the Mortgage. Any Mortgagee of any Lot is hereby authorized to furnish to the Executive Board, upon written request by the Board therefor, the amount of any unpaid balance of any indebtedness secured by a lien of a Mortgage and the amount and due date of any delinquent payment or payments of such indebtedness.

Section 14.06. Certain Restrictions Affecting the Toscana Community Association. Notwithstanding any other provisions of this Declaration, without the prior written consent of at least sixty-seven (67) percent of the Owners or sixty-seven (67) percent of the first Mortgagees, such percentage to be based upon the total of number of Lots so mortgaged, with each such Mortgagee entitled to one vote for each Lot, the Toscana Community Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements or any Improvements thereon (except that the granting of any easement for public utilities, or for other public purposes consistent with the intended use of the Toscana Properties, shall not be deemed a "transfer" as that term is used in this subparagraph(a));

(b) Change the method provided for in this Declaration of determining the Assessments or other charges which may be assessed against an Owner, or the method of allocating distributions of hazard insurance proceeds or condemnation awards;

(c) By act or omission, change, waive or abandon the scheme of maintenance and repair of the Toscana Properties, or the enforcement thereof, as provided for in this Declaration;

(d) Fail to maintain fire and extended coverage insurance on the Common Facilities in the amount and against the risks provided for in Section 10.01, above; and

(e) Use any insurance proceeds received as a result of the loss or damage to the Common Facilities for any purpose other than the repair, replacement or reconstruction of such Common Facilities.

Section 14.07. Right of First Mortgagees to Make Certain Payments and Right of Reimbursement Therefor. The holders of first Mortgages on the Lots shall have the right (but not the obligation), jointly or singly: (a) to pay taxes or other Assessments or charges which are in default and which may or have become a lien or charge against the Common Facilities; (b) to pay overdue premiums on casualty insurance policies for the Common Facilities; and (c) to secure and pay for new casualty insurance coverage on the Common Facilities upon the lapse of any such policy, in the amount and against the risks provided for in Section 10.01, above. Any first Mortgagee making such payment shall be entitled to immediate reimbursement therefor from the Toscana Community Association. Upon the request of any first Mortgagee, the Toscana Community Association shall, by separate instrument, signed by the president or any vice president and the secretary, evidence its agreement to the provisions of this section as the same affects the Mortgage held by such Mortgagee.

Section 14.08. Right to Examine Books and Records of the Toscana Community Association. All Mortgagees, insurers and guarantors of any Mortgages on any Lot shall have the right, upon written request to the Toscana Community Association, to:

(a) Examine current copies of the Governing Documents and the Toscana Community Association's books, records and financial statements, during normal business hours;

(b) Require the Toscana Community Association to provide an audited statement for the preceding fiscal year: (i) at no expense to the requesting entity when the Toscana Properties consist of fifty (50) or more Lots; and (ii) at the requesting entity's expense when the Toscana Properties consist of fewer than fifty (50) Lots and no audited statement is available; and

(c) Receive a written notice of all meetings of the Toscana Community Association and designate a representative to attend all such meetings.

Section 14.09. Notices to First Mortgagees. The Toscana Community Association shall furnish to the holder of any first Mortgage on any Lot or on the Common Elements, upon written request by the first Mortgagee, thirty (30) days prior written notice of: (a) abandonment or termination of the Toscana Community Association; (b) the effective date of any proposed material amendment to the Declaration; (c) the effectuation of any decision by the Toscana Community Association to terminate professional management, if any, and assume self-management of the Toscana Properties; (d) any condemnation or eminent domain proceeding; and (e) any extensive damage to or destruction of any Improvements located in or on the Common Elements.

Section 14.10. Superiority of Mortgage to Condemnation Proceeds. If any Lot, or portion thereof, or the Common Elements, or any portion thereof, is made the subject of any condemnation or eminent domain proceeding, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Lots or Common Elements with respect to any distribution of the proceeds of any condemnation award or settlement.

Section 14.11. Superiority of Mortgage to Insurance Proceeds. In the event of any substantial damage to or destruction of the Improvements on any Lot, or on any part of the Common Elements, the lien of any first Mortgage shall be prior and superior to the claims of the Owners of said Improvements with respect to any distribution of any insurance proceeds relating to such damage or destruction.

Section 14.12. Approval of Material Amendments or Termination.

(a) Material Amendments. In addition to the approvals required by Article XVIII, below (Amendments), Eligible Mortgagees who represent at least fifty-one percent (51%) of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any amendment to this Declaration of a material nature. An Eligible Mortgagee is the beneficiary of a first Mortgage who has requested the Toscana Community Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgagees. A change to any of the following would be considered as material:

(i) voting rights;

(ii) assessments, assessment liens or the priority of assessment liens;

(iii) reserves and responsibility for maintenance, repair and replacement of the Common Elements;

(iv) convertibility of Lots into Common Elements and vice versa;

(v) annexation or deannexation of property to or from the Toscana Properties;

(vi) insurance or fidelity bonds;

(vii) leasing of Lots;

(viii) imposition of any restrictions on an Owner's right to sell or transfer his or her Lot;

(ix) a decision by the Toscana Community Association to establish self-management when professional management had been required previously by the Governing Documents or by an Eligible Mortgagee;

(x) restoration or repair of the Toscana Properties (after a hazard damage or partial condemnation) in a manner other than that specified in the Governing Documents;

(xi) any action to terminate the legal status of the Toscana Properties after substantial destruction or condemnation occurs; or

(xii) any provisions that expressly benefit Mortgagees, insurers or guarantors.

(b) Termination. In addition to the approvals required by Article XVIII, below, Eligible Mortgagees who represent at least sixty-seven percent (67%) of the votes of Lots that are subject to Mortgages held by Eligible Mortgagees must approve any proposed termination of the legal status of the project for reasons other than substantial destruction or condemnation of the Toscana Properties.

(c) Implied Approval. Each Eligible Mortgagee which receives notice of a proposed amendment or termination of this Declaration by certified or registered mail, with a "return receipt" requested, shall be deemed to have approved the amendment or termination if the Eligible Mortgagee fails to submit a response to the notice within 30 days of receiving the notice.

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Section 14.13. Quality of Future Improvements. All intended Improvements in any future phase of the Toscana Properties shall be consistent with the Improvements in the first phase in terms of quality of construction. The requirements of this section are solely for the benefit of and may be enforced only by the Federal National Mortgage Association.

Section 14.14. Declaration to Conform With Mortgagee Requirements. It is the intent of this Article that this Declaration, the Articles of Incorporation, the Bylaws and the Toscana Properties in general, shall now and in the future meet all requirements of any institutional Mortgagee intending to secure its Mortgage by a Lot or necessary to purchase, guarantee, insure or subsidize any Mortgage of a Lot by the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or the Veterans' Administration.

ARTICLE XV
Annexation, Supplemental Declarations

Section 15.01. Annexations, Generally. Any or all of the Master Community may be annexed to and made subject to this Declaration by any of the methods hereinafter set forth. In this Article XV, any reference to the "annexed property" or to an "Annexed Phase" shall mean the property that is described in a duly recorded Declaration of Annexation or Supplemental Declaration.

Section 15.02. Unilateral Annexations. Declarant may, at any time on or before fifteen (15) years from the date of this Declaration, pursuant to the provisions of this Article XV annex from time to time all or any portions of the Master Community which are not included in the Toscana Properties, so as to be subject to this Declaration and so that membership in the Toscana Community Association shall be appurtenant to ownership of Lots within the annexed Phase. Such annexation shall not require the approval of either the Toscana Community Association, its Board or its Members.

The annexation of any such property shall become effective when, and only when, the last of each of the following events occurs:

(a) A subdivision, parcel or other similar map shall have been filed with respect to all of the real property to be annexed, if required by law; and

(b) Declarant shall have recorded a Declaration of Annexation and/or a Supplemental Declaration in accordance with Sections 15.05 and 15.06, below.

Section 15.03. Other Annexations. In addition to annexations effected by a Declarant pursuant to Section 15.02, above, annexations of other real property (not included in the Master Community as defined herein) may be made by a Declarant in accordance with Section 116.2122 of the Act. To annex any real property pursuant to this Section 15.03, Declarant shall record a Declaration of Annexation and, if appropriate, a Supplemental Declaration, as more particularly described in Sections 15.05 and 15.06, below.

Section 15.04. Conveyances of Common Elements. Prior to the conveyance by Declarant of any Lot within a Phase annexed to this Declaration, fee simple title to any Common Elements to be owned by the Toscana Community Association within such Phase shall be conveyed to the Toscana Community Association free and clear of any and all encumbrances and liens, except current real property taxes, which taxes shall be prorated to the date of transfer, and reservations, easements, covenants, conditions and restrictions then of record, including those set forth in this Declaration.

Section 15.05. Declaration of Annexation.

(a) Effect of Recordation of a Declaration of Annexation. Any annexation of portions of the Master Community to the Toscana Properties authorized by this Declaration shall be made by recording a Declaration of Annexation, or other similar instrument, with respect to the additional real property which shall be executed by Declarant or the Owner thereof and shall extend this Declaration to such real property. The recordation of such a Declaration of Annexation shall constitute and effectuate the annexation of the additional real property described therein, and thereupon said real property shall become and constitute a part of Toscana Properties, become subject to this Declaration and encompassed within the general plan and scheme of the covenants conditions and restrictions contained herein, and become subject to Assessment by the Toscana Community Association and to the functions, powers and jurisdiction of the Toscana Community Association, and the Owners of Lots in said real property shall automatically become Members of the Toscana Community Association.

(b) Contents of Declaration of Annexation. The Declaration of Annexation shall include the following:

(i) Legal Description of the Annexed Property. A legal description of the property included in the annexed property, separately identifying Lots and any Common Elements;

(ii) Statement Regarding Commencement of Assessments. The Declaration of Annexation shall provide for a specified date on which Assessments shall commence for Lots in the annexed Phase, provided that the date specified may not be later than the first day of the first month following the month in which the first Lot in the annexed Phase is conveyed to an Owner;

(iii) Application of Equitable Servitudes. A statement that all of the covenants, conditions and restrictions of this Declaration shall apply to property within the Annexed Phase in the same manner as if the annexed property was originally covered by this Declaration; provided, however, that additional or revised covenants, conditions and restrictions applicable to the annexed property (collectively, "supplemental restrictions"), may be imposed by a Supplemental Declaration when, in the sole discretion of a Declarant, it is deemed necessary or appropriate and to impose supplemental restrictions in order to reflect differences in the nature, Design or use of the Improvements to be constructed on Lots or Common Elements in the annexed Phase.

Supplemental restrictions may not alter the general common plan or scheme created by this Declaration, revise any restriction imposed by a governmental entity as a condition of Subdivision Map approval (without the consent of that entity) or revoke, modify or add to the covenants, conditions and restrictions imposed by this Declaration with respect to portions of the Toscana Properties initially subject to this Declaration or Toscana Properties annexed prior the annexed Phase. If supplemental restrictions are considered necessary or appropriate for a particular Phase, they shall be set forth in a Supplemental Declaration attached to, or incorporated in, the Declaration of Annexation (see Section 15.06, below).

Additional real property may be annexed to the Toscana Properties and become subject to this Declaration in accordance with this section. Although the present intention of the Declarant is to develop the Toscana Properties as age restricted residential subdivisions with Common Elements and Common Facilities in conformance with a plan of phased development, nothing in this Declaration shall be construed or interpreted to commit Declarant to the development or annexation of any portion of the Master Community other than the Toscana Properties in accordance with any present planning.

Section 15.06. Supplemental Declarations.

(a) Authority to Record Supplemental Declarations. During the course of developing the Property, it may become necessary or appropriate for a Declarant to record a Supplemental Declaration. Recordation of Supplemental Declarations by a Declarant is

hereby approved. In addition, if a Declarant conveys a Phase of the Toscana Properties to a builder of cluster or townhome residences, the Declarant can join with that purchaser in recording a Supplemental Declaration applicable to that Phase.

(b) Content of Supplemental Declarations. Any Supplemental Declaration shall describe the portion of the Subsequent Phase Property to which it is to apply, recite that the Supplemental Declaration is being recorded pursuant to the authority conferred by this section and may include, without limitation:

(i) Description of Common Elements and Common Facilities. A description of any Common Elements and Common Facilities within the annexed Phase;

(ii) Specification of Property Use Restrictions Applicable to the Annexed Property. Property use restrictions and design and building standards which shall apply solely to the Lots (and any Improvements constructed thereon) within the annexed Phase;

(iii) Separate Design Review. A separate design review committee to perform design review and approval functions described in the Supplemental Declaration with respect to Improvement projects on Lots in the annexed Phase (if different from those described in Article V, above) or to perform the functions described in Article V in lieu of the Design Review Committee constituted in accordance with Section 5.03, above. If a particular Lot is affected by a Supplemental Declaration that establishes a separate design review committee, that committee shall have jurisdiction over the initial design and construction of any Improvements proposed for construction on such Lot, as well as subsequent changes in exterior design or appearance; provided, however, that the Supplemental Declaration can provide that the committee's determination must also be ratified by the Design Review Committee.

(iv) Supplemental or Separate Improvement Requirements. Supplemental Declarations may also include authorization for the adoption of separate or supplemental Improvement Requirements applicable to Improvement projects on Lots located within the annexed Phase.

(v) Establishment of Sub-Association(s). A Supplemental Declaration may, but need not, provide for the establishment of a Sub-Association, to be comprised of Owners of Lots within the Planned Development or Condominium Project described in the Supplemental Declaration; and

(vi) Designation of Cost Centers. A Supplemental Declaration may designate one or more Cost Centers within the annexed Phase by including the information described in Section 4.01(e), above.

Section 15.07. Reconciling Conflicts Among Documents. This Declaration shall control if there is any conflict between any Declaration of Annexation or Supplemental Declaration and the provisions of this Declaration; provided, however, that to the extent that any provision hereof is expressly modified by a Supplemental Declaration, no conflict shall be deemed to exist; and, provided further, that this Declaration and any Supplemental Declaration shall be construed so as to be consistent with one another to the extent that the reconciliation of provisions is reasonably possible. However, the inclusion in any Supplemental Declaration of covenants, conditions, restrictions, rights, reservations, easements, equitable servitudes, limitations, liens or charges which are more restrictive or more inclusive than in the Governing Documents shall not be deemed to constitute a conflict with the provisions of this Declaration.

Section 15.08. Effect of Annexation.

(a) Application of Declaration to Annexed Phase. The recordation of a Declaration of Annexation shall constitute and effectuate the annexation of the Subsequent Phase Property described therein, and thereupon the annexed Phase shall become and constitute a part of the Toscana Properties, and be subject to, and encompassed within, the general plan and scheme of this Declaration, subject only to such modification in said general plan as may be imposed by the Declaration of Annexation. Lots within the annexed Phase shall thereupon become subject to Assessment by the Toscana Community Association and to the functions, powers and jurisdiction of the Toscana Community Association, and the Owners of Lots within the annexed Phase shall automatically become Members of the Toscana Community Association. Any Common Facilities (including private roads) which are included within the annexed Phase shall be conveyed to the Toscana Community Association, free of all liens and encumbrances, other than liens, rights-of-way or other encumbrances disclosed on the preliminary title report for the annexed Phase and approved by the Toscana Community Association. The conveyance of any Common Facilities in the annexed Phase to the Toscana Community Association shall occur immediately following recordation of the Declaration of Annexation.

(b) Board's Obligation to Approve Budget Applicable to Phase. After a new Phase has been annexed, the Board shall approve a budget for the remainder of the current fiscal year for use upon commencement of Regular Assessments against Lots within the annexed Phase.

Section 15.09. Amendment of Annexation Provisions. Until such time as a Declarant no longer has any rights of unilateral annexation pursuant to Section 15.02, above, this Article may not be amended without the written consent of the Declarant.

ARTICLE XVI
Declarant and Active Adult Builder Privileges and Exemptions

Section 16.01. Interest of the Declarant; Material Actions Requiring Declarant Approval. Each Owner of a Lot which is part of the Toscana Properties acknowledges by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in any such deed or other instrument, that Declarants have a substantial interest to be protected with regard to assuring compliance with and enforcement of, the covenants, conditions, restrictions and reservations contained in this Declaration and any amendments thereto and any Supplemental Declarations recorded pursuant to this Declaration. Notwithstanding any other provisions of the Governing Documents, until such time as Declarants are no longer entitled to create Subsequent Phase Property by annexation without the vote of the Members, the following actions, before being undertaken by the Members or the Toscana Community Association, shall first be approved in writing by the Declarants:

(a) Specified Approvals. Any amendment or action requiring the approval of the Declarant pursuant to this Master Declaration, and any amendment or action requiring the approval of first Mortgagees pursuant to this Master Declaration. The Toscana Community Association shall provide Declarants with all such notices and other documents to which a Mortgagee is entitled pursuant to this Master Declaration, provided that Declarants shall be furnished such notices and other documents without making written request;

(b) Annexation. The annexation to the Toscana Properties of any real property that is not included in the Master Community and which is subject to annexation by the Declarants;

(c) Special Assessments. The levy of a Special Assessment for the construction of new facilities by the Toscana Community Association not originally included in the Common Elements; or

(d) Design Guidelines. Any supplement or amendment to the Design Guidelines, including Design Guidelines applicable to a particular Phase within the Toscana Properties (see Section 5.04, above).

Section 16.02. Exemptions From Restrictions Otherwise Applicable. Nothing in the Governing Documents shall limit and no Owner, Sub-Association or the Toscana Community Association shall do anything to interfere with the right of the Declarants or any Active Adult Builder, either directly or through their respective agents and representatives, to subdivide, re-subdivide, sell, resell, rent or re-rent any portion of the Toscana Properties, or the right of a Declarant or any Active Adult Builder to complete excavation, grading, construction of Improvements or other development activities to and on any portion of the Toscana Properties owned by a Declarant/Active Adult Builder or to alter the foregoing and its construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Toscana Properties so long as any Lot or any portion of the Master Community is owned by a Declarant. Such right shall include, but shall not be limited to, carrying on by a Declarant and their respective agents and representatives of such grading work as may be approved by the County or other agency having jurisdiction, and erecting, constructing and maintaining on the Toscana Properties such structures, signs and displays as may be reasonably necessary for the conduct of its business of completing the work and disposing of the same by sale, lease or otherwise. Each Owner, by accepting a deed to a Lot, hereby acknowledges that any construction or installation by a Declarant may impair the view of such Owner, and hereby consents to such impairment. The extent to which the benefits and exemptions of this Section are enjoyed by an Active Adult Builder may be further defined in a Supplemental Declaration applicable to the Phase or property owned by the Active Adult Builder or in any instrument designating an Active Adult Builder as a successor Declarant.

Section 16.03. Rights to Use Common Elements and Common Facilities in Connection With Development and Sales Activities. Declarants and any Active Adult Builder who is authorized in writing by a Declarant, may enter upon the Common Elements, for the benefit of Declarant/Active Adult Builder or for the benefit of portions of the Master Community whether or not then annexed, or any combination of them, to complete the development, improvement and sale of Lots and the construction of any landscaping or other Improvement to be installed on the Common Elements. Declarants and Active Adult Builders to the extent authorized by a Declarant shall also have the right of nonexclusive use of the Common Elements and the Common Facilities, without charge, for sales, display, access, ingress, egress, exhibition and occasional special events for promotional purposes, which right Declarants hereby reserve; provided, however, that

such use rights shall terminate on the date on which a Declarant no longer owns any Lots within the Toscana Properties and Declarants' unilateral right to annex portions of the Master Community has expired. Such use shall not unreasonably interfere with the rights of enjoyment of the other Owners as provided herein and all direct costs and expenses associated with Declarant/Active Adult Builder sales and promotional activities (including, without limitation, any costs or expenses required to clean or repair any portion of the Common Elements that are damaged or cluttered in connection with such activities) shall be borne solely by the Declarant and any other sponsor of the activity or event. The rights reserved to the Declarants by this section shall extend to any employee, sales agents, prospective purchasers, customers and/or representatives of the Declarants and to any Active Adult Builder, its agents, employees, sales agents, prospective purchasers and customers so long as Active Adult Builder activities pursuant to this Section are authorized in writing by a Declarant.

Section 16.04. Amendment of Plans. Subject to approval, as necessary, by the County, a Declarant may, from time to time as it deems fit, amend its plans for the Master Community, combine or split Lots or Parcels, and apply for changes in the Development Agreement, changes in zoning, use and use permits, for any property within the Master Community.

Section 16.05. Right to Enforce Design Review and Approval Requirements. For so long as the Declarants have the right to appoint any members of the Design Review Committee, the Declarants shall have the right to initiate action to correct or prevent any activity, condition or Improvement that is not in substantial compliance with approved plans and specifications to the same extent as the Toscana Community Association if: (a) the Committee has issued a Notice of Noncompliance; and (b) the Toscana Community Association, after having a reasonable opportunity to do so, is unable or unwilling to initiate enforcement action. In the event that such action is initiated by the Declarants and it is later determined by an arbitrator or a court of competent jurisdiction that the Owner of the subject Lot was, in fact, proceeding in violation of the approved plans and specifications, any reasonable costs incurred by the Declarants in initiating enforcement action, including reasonable attorneys fees, which are not the subject of an award of fees and/or costs against the offending Owner may be charged to the Toscana Community Association.

Section 16.06. Termination of Any Responsibility of Declarant. In the event a Declarant conveys all of its rights, title and interest to and in all or a portion of the Toscana Properties, and the acquiring person or entity is designated as a successor Declarant as to all the property conveyed, then and in such event, the Declarant shall be

relieved of the performance of any further duty or obligation hereunder, and such partnership, individual or individuals, corporation or corporations, shall be obligated to perform all such duties and obligations of the Declarant. This Article shall not terminate any responsibility of the Declarant for acts or omissions occurring prior to the conveyance to such partnership, individual or individuals, corporation or corporations. However, this shall not limit a Declarant's right to enter into a contract or agreement dealing with such acts or omissions provided the contract or agreement is enforced by the Declarant, if necessary.

Section 16.07. No Amendment or Repeal. So long as a Declarant owns any Lots within the Toscana Properties, the provisions of this Article may not be amended or repealed without the consent of that Declarant.

ARTICLE XVII
Notices

Section 17.01 Mailing Addresses. Any communication or notice of any kind permitted or required herein shall be in writing and may be served, as an alternative to personal service, by mailing the same as follows:

If to Declarant:	D'Andrea Nevada LLC, 2500 Vista Boulevard, Sparks, Nevada 89432; Shamrock-Jenamar Communities, LLC 8780 Auburn-Folsom Road, Granite Bay California 95746 (or to such other address as the Declarant may from time to time designate in writing to the Toscana Community Association)
If to any Owner:	To the street address of his or her Lot or to such other address as he or she may from time to time designate in writing to the Association for purposes of notice.
If to the Association:	Toscana Community Association, at the principal office of the Association (or to such other address as the Association may from time to time designate in writing to the Owners).
If to the Master Assn:	D'Andrea Community Association, at the principal office of the Master Association (or such other address

as the Master Association may, from time to time, designate in writing to the Owners of Lots in Toscana.

Section 17.02. Personal Service Upon Co-Owners and Others. Personal service of a notice or demand to one of the co-Owners of any Lot, to any general partner of a partnership which is the Owner of record of the Lot, or to any officer or agent for service of process of a corporation which is the Owner of record of the Lot, shall be deemed delivered to all such co-Owners, to such partnership, or to such corporation, as the case may be.

Section 17.03. Deposit in United States Mails. All notices and demands served by mail shall be by first-class or certified mail, with postage prepaid, and shall be deemed delivered four days after deposit in the United States mail.

ARTICLE XVIII
Amendment of Declaration

Section 18.01. Amendment Before Close of First Sale. Before the close of escrow for the first sale of a Lot in the Toscana Properties to a purchaser other than a Declarant, this Declaration may be amended or revoked in any respect by the execution of an instrument amending or revoking the Declaration signed by the Declarants and any Mortgagee of record. The amending or revoking instrument shall make appropriate reference to this Declaration and shall be recorded in the official records of Washoe County, Nevada.

Section 18.02. Amendment After Close of First Sale. After the close of escrow for the first sale of a Lot in the Toscana Properties to a purchaser other than Declarant, any amendment of this Declaration shall be approved by the vote or assent by written ballot of the holders of not less than fifty-one percent (51%) of the Voting Power of the Members of the Toscana Community Association. Notwithstanding the foregoing, no amendment of this Declaration affecting the rights of the Declarants shall be effective unless consented to by the Declarants.

Section 18.03. Mortgagee Approval. Mortgagee approval of any proposed material amendment shall be required in accordance with Section 14.12, above.

Section 18.04. Effective Date of Amendment. The amendment will be effective upon the recording in the official records of Washoe County, Nevada of a Certificate of Amendment, duly executed and certified by the president and secretary of the Toscana Community Association setting forth in full the amendment so approved and that the approval requirements of subsection (a) or (b) above have been duly met.

Section 18.05. Reliance on Amendments. Any amendments made in accordance with the terms of this Declaration shall be presumed valid by anyone relying on them in good faith.

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ARTICLE XIX
General Provisions

Section 19.01. Term. The covenants, conditions, restrictions, limitations, reservations, grants of easement, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration shall run with, and shall benefit and burden the Lots and the Common Elements as herein provided, and shall inure to the benefit of and be binding upon the Owners, Declarant, the Toscana Community Association, its Executive Board, and its officers and agents, and their respective successors in interest, for the term of sixty (60) years from the date of the recording of this Declaration. After the expiration of the initial term, the same shall be automatically extended for successive periods of ten (10) years each unless, within six (6) months prior to the expiration of the initial sixty (60) year term or any such ten (10) year extension period, a written instrument, approved by Owners entitled to vote and holding at least a majority of the voting power of the Toscana Community Association terminating the effectiveness of this Declaration, is recorded.

Section 19.02. Waiver of Partition. No Owner may bring an action for partition of the Common Elements or any portion thereof except as otherwise provided in Section 117.050 of the Act, and every Owner by accepting title to a Lot covenants and agrees to this waiver of the right of partition and does waive, for himself/herself, his or her heirs, executors, successors and assigns, any and all other rights of partition. Any reference in such statute to a condominium shall be deemed, for the purposes of this Section 19.02, to be a reference to a Lot. Any reference in such statute to a condominium project shall be deemed, for purposes of this section, to be a reference to the Common Elements.

Section 19.03. Construction.

(a) Restrictions Construed Together. All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the development of the Toscana Properties as set forth in the Recitals of this Declaration. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce that provision in a subsequent application or any other provision hereof.

(b) Restrictions Severable. Notwithstanding the provisions of subparagraph (a) above, the covenants, conditions and restrictions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

(c) Singular Includes Plural. The singular shall include the plural and the plural the singular unless the context requires the contrary, and the masculine, feminine or neuter shall each include the masculine, feminine and neuter, as the context requires.

(d) Captions. All captions or titles used in this Declaration are intended solely for convenience of reference and shall not affect the interpretation or application of that which is set forth in any of the terms or provisions of the Declaration.

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(e) Exhibits. All exhibits to which reference is made herein are deemed to be incorporated herein by reference, whether or not actually attached.

Dated: 2-18, 2000

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"Declarant"

D'ANDREA NEVADA LLC, a Delaware limited liability company

By: D'ANDREA NEVADA PROPERTIES, LLC, a Delaware limited liability company,

By: JENAMAR LLC, a Nevada limited liability company, Managing Manager

By: Jonathan A. Cohen
Name Jonathan A. Cohen
Its: Manager

SHAMROCK-JENAMAR COMMUNITIES, LLC, a California limited liability company

By: JENAMAR TOSCANA LLC, a Nevada limited liability company, a Member

By: Jonathan A. Cohen
Name: Jonathan A. Cohen
Its: Manager

{Notary Acknowledgment Attached}

STATE OF NEVADA)
)ss
COUNTY OF WASHOE)

THIS INSTRUMENT WAS ACKNOWLEDGED BEFORE ME ON FEBRUARY 17,2000, by JONATHAN A. COHEN.

P. HANSON
Notary Public - State of Nevada
Appointment Recorded in Washoe County
No: 96-3503-2 Expires August 30, 2000

UNOFFICIAL DOCUMENT

EXHIBIT "A"
THE TOSCANA PROPERTIES

All that real property situated in the County of Washoe, State of Nevada, described as follows:

Parcels 1, 2, 3, and 4 of Parcel Map 3596, Fourth Parcel Map for D'ANDREA NEVADA, LLC., according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on December 17, 1999, as File No. 2406965, Official Records.

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DOC # 2423800
02/18/2000 04:06P Fee:92.00
REST BK1
Requested By
WESTERN TITLE INCORPORATED
Washoe County Recorder
Kathryn L. Burke - Recorder
Pg 86 of 86 RPTT 0.00