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WHEN RECORDED, RETURN TO:

APN 138-30-113-014 *

* see attached parcel numbers
continued sheet

THE HOWARD HUGHES CORPORATION
10000 West Charleston Boulevard, Suite 200
Las Vegas, Nevada 89135
Attention: Legal Department

77

(Space Above For Recorder's Use Only)

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

SUMMERLIN WEST

PARCEL NUMBERS CONTINUED:

AFN: 138-30-113-011,
138-30-113-007 through 138-30-113-009,
138-24-816-001,
138-30-113-003,
137-25-602-001,
137-25-515-001 through 137-25-515-014,
137-25-612-001 through 137-25-612-202,
137-25-517-001 through 137-25-517-013,
137-25-518-001 through 137-25-518-029,
137-25-620-001 through 137-25-620-010,
137-25-519-001 through 137-25-519-029,
137-25-613-002,
137-25-613-003,
137-25-711-004,
137-25-711-005,
138-30-319-001,
137-25-613-002,
137-25-613-003,
137-25-711-004,
137-25-711-005,
138-30-319-001,
137-25-511-002,
137-25-517-001 through 137-25-517-013,
137-25-518-001 through 137-25-518-029,
137-25-620-001 through 137-25-620-010,
137-25-519-001 through 137-25-519-029

**DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS AND
RESERVATION OF EASEMENTS
FOR SUMMERLIN WEST COMMUNITY ASSOCIATION**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATION OF EASEMENTS FOR SUMMERLIN WEST COMMUNITY ASSOCIATION is made as of the 16th day of January, 2001, by THE HOWARD HUGHES CORPORATION, a Delaware corporation ("Declarant").

PART ONE: INTRODUCTION TO THE COMMUNITY

The Howard Hughes Corporation, as the developer of Summerlin West has established this Declaration to provide a governance structure and a flexible system of standards and procedures for the overall development, administration, maintenance and preservation of Summerlin West as a master planned community.

ARTICLE 1. CREATION OF THE COMMUNITY

1.1 Purpose and Intent. Declarant, as the owner of all of the Initial Property and all of the Annexable Property intends, by Recording this Declaration, to create a general plan of development for the Project. This Declaration provides a flexible and reasonable procedure for the future expansion of the Project to include additional real property as Declarant deems appropriate and provides for the overall development, administration, maintenance and preservation of the real property now and hereafter comprising the Project.

An integral part of the development plan is the creation of Summerlin West Community Association, an association comprised of all owners of real property in the Project, to own, operate and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referred to in this Declaration.

This Declaration is intended to create a common interest community, which will be a "planned community" within the meaning of the Act.

1.2 Governing Documents.

The Governing Documents create a general plan of development for the Project which may be supplemented by additional covenants, conditions, restrictions and easements applicable to particular Neighborhoods within the Project. In the event of a conflict between or among the Governing Documents and any such additional covenants or restrictions, and/or the provisions of any other articles of incorporation, by-laws, rules or policies governing any Neighborhood, the Governing Documents shall control. Nothing in this Section shall preclude any Supplemental Declaration or other Recorded covenants applicable to any portion of the Project from containing additional restrictions or provisions which are more restrictive than the provisions of this

Declaration. The Association may, but shall not be required to, enforce any such covenants, restrictions or other instruments applicable to any Neighborhood.

All provisions of the Governing Documents shall apply to all Owners and to all occupants of their Units, as well as their respective tenants, guests and invitees. Any lease on a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of the Governing Documents.

If any provision of this Declaration is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

ARTICLE 2. CONCEPTS AND DEFINITIONS

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

2.1 "Act": The Nevada Uniform Common-Interest Ownership Act, NRS § 116.1101, et. seq., as it may be amended from time to time.

2.2 "Annexable Property": All of the real property described on Exhibit "B" hereto

2.3 "Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contracts, or agreements.

2.4 "Association": Summerlin West Community Association, a Nevada nonprofit corporation, its successors or assigns.

2.5 "Base Assessment": Assessments levied on all Units subject to assessment under Article 8 to fund Common Expenses for the general benefit of all Units, as determined in accordance with Section 8.1.

2.6 "Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the Bylaws and generally serving the same role as the board of directors under Nevada corporate law.

2.7 "Builder": Any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within the Project for further subdivision, development, and/or resale in the ordinary course of such Person's business.

2.8 "Common Area": All real and personal property, including easements, which the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include the Exclusive Common Area, as defined below.

Declarant shall have the right to designate as Common Area any portion of the Project owned by Declarant or any other property within the Project with the consent of the owner.

2.9 "Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including a reserve for repairs, replacements or additions to the Common Area, all expenses, fees and other charges imposed upon the Association by any governmental entity because the Project is a common interest community pursuant to the Act, and such other expenses as the Board may find necessary and appropriate pursuant to the Governing Documents.

2.10 "Community Association": The Association and any other community association comprised of owners of real property within the Project which is formed for the purpose of administering Recorded covenants, conditions, and restrictions pertaining to such real property, but only if so designated by the declarant in the Recorded covenants, conditions and restrictions administered by such Community Association or in a Supplemental Declaration. The term shall not include "sub-associations" within Community Associations.

2.11 "Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing at the Project. Such standard shall be established initially by Declarant and may contain both objective and subjective elements. The Community-Wide Standard may evolve as development progresses and as the needs and demands of the Project change.

2.12 "Council Properties": The Project and any other property over which the Summerlin Council has jurisdiction from time to time pursuant to this Declaration or any other Recorded declaration of covenants, conditions, and restrictions.

2.13 "Declarant": The Howard Hughes Corporation, a Delaware corporation, or any successor or assign who takes title to any portion of the Annexable Property for the purpose of development and/or sale and who is designated as Declarant in a Recorded instrument executed by the immediately preceding Declarant.

2.14 "Declarant Control Period": The period of time during which the Declarant is entitled to appoint a majority of the members of the Board in accordance with procedures set forth in the Bylaws. The Declarant Control Period shall terminate upon the first to occur of the following:

- (a) 60 days after 75% of the Maximum Permitted Units have been conveyed to Resident Members; or
- (b) five years after Declarant has ceased to offer Units for sale in the ordinary course of business; or
- (c) five years after any right pursuant to Article 9 to add all or any portion of the Annexable Property was last exercised by Declarant; or
- (d) when, in its discretion, the Declarant so determines and declares in a Recorded instrument.

2.15 "Design Guidelines": The architectural, design and construction guidelines and review procedures adopted pursuant to Article 4, as they may be amended.

2.16 "Exclusive Common Area": A portion of the Common Area primarily benefiting one or more, but less than all, Neighborhoods, as more particularly described in Article 12. Declarant shall have the right to designate as Exclusive Common Area any portion of the Project owned by Declarant or any other property within the Project with the consent of the owner.

2.17 "Governing Documents": A collective term referring to this Declaration and any applicable Supplemental Declaration, the Bylaws, the Articles, the Design Guidelines, and the Use Restrictions and Rules, as they may be amended.

2.18 "Initial Property": All of the real property described on Exhibit "A" hereto

2.19 "Maximum Permitted Units": The maximum number of Units that Declarant reserves the right to create as described in Section 21.10.

2.20 "Member": A Person subject to membership in the Association pursuant to Section 6.2.

2.21 "Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. A "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

2.22 "Neighborhood": A group of Units designated as a separate Neighborhood for purposes of sharing Exclusive Common Areas and/or receiving other benefits or services from the Association which are not provided to all Units within the Project, and/or for the purpose of electing Voting Delegates as provided in Section 6.4. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Association provides benefits or services to less than all Units within a particular Neighborhood, then the benefited Units shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with procedures set forth in the Bylaws) or Sub-Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 6.4.

2.23 "Neighborhood Assessments": Assessments levied against the Units in a particular Neighborhood to fund Neighborhood Expenses, as described in Section 8.3.

2.24 "Neighborhood Expenses": The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners of Units within a particular Neighborhood, which shall include a reserve for repairs, replacements or additions to the Exclusive Common Areas shared by such Neighborhood, and which may include a reasonable administrative

charge, as may be authorized pursuant to this Declaration or in the applicable Supplemental Declaration(s).

2.25 "Owner": One or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a Recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

2.26 "Person": A natural person, a corporation, a partnership, a trustee, or any other legal entity.

2.27 "Private Amenities": Certain real property and any improvements and facilities thereon located adjacent to or in the vicinity of the Project, which are privately owned and operated by Persons other than the Association for recreational and related purposes, on a club membership basis or otherwise, and shall include, without limitation, the golf course, if any, which is so located and all related and supporting facilities and improvements:

2.28 "Project": The Initial Property described in Exhibit "A," together with such of the Annexable Property as is subjected to this Declaration in accordance with Article 9. The Project is located entirely within the City of Las Vegas and the County of Clark.

2.29 "Record," "Recording," or "Recorded": To file, filing, or filed of record in the Official Records of the Clark County, Nevada Recorder, or such other place which is designated as the official location for recording deeds and similar documents affecting title to real estate. The date of Recording shall refer to that time at which a document, map, or plat is Recorded.

2.30 "Resident Member": Resident Members shall be all Owners except the Declarant. Resident Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2, except that there shall be only one vote per Unit and no vote shall be exercised for any property which is exempt from assessment under Section 8.10. All Resident Member votes shall be cast as provided in Section 6.3 below.

2.31 "Special Assessment": Assessments levied in accordance with Section 8.5.

2.32 "Specific Assessment": Assessments levied in accordance with Section 8.6.

2.33 "Sub-Association": A condominium association or other owners association, if any, having concurrent jurisdiction (subject to this Declaration) with the Association over any Neighborhood. Nothing in this Declaration shall require the creation of a Sub-Association for any Neighborhood.

2.34 "Summerlin Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing throughout the Council Properties at any time. Such standard may contain both subjective and objective elements. Subjective elements of the Summerlin Community-Wide Standard are determined by the Summerlin Council Board and shall provide the basis for the objective elements. Objective elements of the Summerlin Community-Wide Standard

shall be established initially by Declarant and may be more specifically defined in the Summerlin Council Governing Documents. The Summerlin Community-Wide Standard may evolve as development progresses and as needs and demands change in response to, among other things, shifting demographics, advances in technology, and environmental pressures.

2.35 "Summerlin Council": The Summerlin Council, a Nevada nonprofit corporation, its successors and assigns.

2.36 "Summerlin Council Area of Common Responsibility": The property which is the responsibility of the Summerlin Council. Such property may include ownership in fee or by lease and may also include land and facilities over which the Summerlin Council has operation and control responsibilities or for which the Summerlin Council has a maintenance easement.

2.37 "Summerlin Council Articles": The Articles of Incorporation of the Summerlin Council, as filed with the Office of the Secretary of the State of Nevada.

2.38 "Summerlin Council Board of Directors" or "Summerlin Council Board": The body responsible for administration of the Summerlin Council.

2.39 "Summerlin Council Bylaws": The Bylaws of the Summerlin Council, as they may be amended from time to time.

2.40 "Summerlin Council Expenses": The expenses incurred or anticipated to be incurred by the Summerlin Council for the general benefit of Council Properties, including any reasonable contributions to reserve funds, as the Summerlin Council Board may find necessary and appropriate pursuant to the Summerlin Council Governing Documents.

2.41 "Summerlin Council Governing Documents": Article 14 of this Declaration, the Bylaws of the Summerlin Council, and the Articles of Incorporation of The Summerlin Council.

2.42 "Summerlin Council Specific Assessment": Assessments levied in accordance with Section 14.4.

2.43 "Supplemental Declaration": An instrument Recorded pursuant to Article 9 which subjects additional property to this Declaration, designates Neighborhoods, and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

2.44 "Unit": A portion of the Project, whether improved or unimproved, which may be independently owned and is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a building within a condominium or other structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit. With respect to any parcel owned by a Builder not yet subdivided into Units, such Builder shall be charged with one assessment unit for each Unit permitted on such parcel up to the maximum number of

permissible Units for such parcel as set forth in any Recorded agreement affecting such parcel until such time as the parcel has been so subdivided.

2.45 "Use Restrictions and Rules": The use restrictions and rules promulgated by the Board as they may be adopted, supplemented, modified and repealed pursuant to Article 3.

2.46 "Voting Delegate": The representative selected by the Resident Members within each Neighborhood pursuant to Section 6.4.2 to cast the Resident Member votes attributable to their Units on all matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration, in the Bylaws or otherwise specifically required under the Act). The term "Voting Delegate" shall also refer to alternate Voting Delegates acting in the absence of the Voting Delegate and any Owners authorized personally to cast the votes for their respective Units pursuant to Section 6.4.2.

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

The standards for use and conduct, maintenance and architecture at Summerlin West are what give the community its identity and make it a place that people want to call "home." This Declaration establishes procedures for rulemaking as a dynamic process which allows the community standards to evolve as Summerlin West changes and grows over time.

ARTICLE 3. USE AND CONDUCT

3.1 Framework for Regulation. The Governing Documents establish, as part of the Project's general plan of development, a framework of affirmative and negative covenants, easements and restrictions which govern the Project. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technologies which inevitably will affect the Project, its Owners and residents.

3.2 Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules. Voting Delegates shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

(b) Such action shall become effective, after distributing the new rule in the manner described below, unless disapproved at a meeting by Voting Delegates representing more than 50% of the total Resident Member votes in the Association and by the Declarant during the Declarant Control Period. The Board shall have no obligation to call a meeting of the Voting Delegates to consider disapproval except upon receipt of a petition of the Voting Delegates as required for special meetings in the Bylaws. Upon such petition of the Voting Delegates prior to the effective date of any Board action under this Section, the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

(c) Alternatively, Voting Delegates, representing more than 80% of the total Resident Member votes in the Association at an Association meeting duly called for such purpose, may vote to adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions and Rules then in effect. Such action shall require approval of the Declarant during the Declarant Control Period.

(d) Prior to any action taken under this Section becoming effective, the Board shall send a copy of the new rule or explanation of any changes to the Use Restrictions and Rules to each Owner. The effective date shall be at least 30 days following distribution to Owners. The Association shall provide, without cost, a copy of the Use Restrictions and Rules then in effect to any requesting Member or Mortgagee.

(e) Nothing in this Article shall authorize the Board or the Voting Delegates to modify, repeal or expand the Design Guidelines or other provisions of this Declaration. In the event of a conflict between the Design Guidelines or any provision of this Declaration and the Use Restrictions and Rules, the Design Guidelines or such provision of this Declaration shall control.

(f) The procedures required under this Section 3.2 shall not apply to the enactment and enforcement of administrative rules and regulations governing use of the Common Area unless the Board chooses in its discretion to submit to such procedures. Examples of such administrative rules and regulations shall include, but not be limited to, hours of operation of a recreational facility, speed limits on private roads, and the method of allocating or reserving use of a facility (if permitted) by particular individuals at particular times. The Board shall exercise business judgment in the enactment, amendment, and enforcement of such administrative rules and regulations.

3.3 Owners' Acknowledgment and Notice to Purchasers. All Owners are given notice that use of their Units and the Common Area is limited by the Use Restrictions and Rules as they may be amended, expanded and otherwise modified hereunder. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected by this provision and that the Use Restrictions and Rules may change from time to time. All purchasers of Units are on notice that changes may have been adopted by the Association. Copies of the current Use Restrictions and Rules may be obtained from the Association.

3.4 Protection of Owners and Others. Except as may be contained in this Declaration either initially or by amendment, all Use Restrictions shall comply with the following provisions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly under same or similar circumstances; provided, the Use Restrictions and Rules may vary by Neighborhood.

(b) Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except

that the Association may adopt time, place, and manner restrictions with respect to displays visible from outside the dwelling. No rules shall regulate the content of political signs; however, rules may regulate the time, place and manner of posting such signs (including design criteria).

(c) Household Composition. No rule shall interfere with the freedom of Owners to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) Activities Within Dwellings. No rule shall interfere with activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(e) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article 8.

(f) Alienation. No rule shall prohibit leasing or transfer of any Unit, or require consent of the Association or Board for leasing or transfer of any Unit; provided, the Association or the Board may require a minimum lease term of up to 12 months. The Association may require that Owners use lease forms approved by the Association but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the costs to the Association of administering that lease or transfer.

(g) Abridging Existing Rights. No rule shall require an Owner to dispose of personal property that was in or on a Unit prior to adoption of such rule and which was in compliance with all rules previously in force. This dispensation shall apply only for the duration of such Owner's ownership of the Unit personally, and this right shall not run with title to any Unit.

(h) Reasonable Rights To Develop. No rule or action by the Association or Board shall unreasonably impede Declarant's right to develop the Project.

(i) Interference with Private Amenities. No rule or action by the Association shall interfere with use or operation of any Private Amenity.

The limitations in subsections (a) through (g) of this Section 3.4 shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with Article 20.

ARTICLE 4. ARCHITECTURE AND LANDSCAPING

4.1 General.

Nothing shall be placed, erected, or installed upon any Unit within the Project and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Project, except in compliance with this Article and the Design Guidelines.

No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved drawings and specifications. Any Owner may remodel, paint or redecorate the interior of his or her Unit without approval. However, modifications to the interior of screened porches, patios, windows, and similar portions of a Unit visible from outside the structure shall be subject to approval.

All dwellings constructed on any portion of the Project shall be designed by and built in accordance with the drawings and specifications of a licensed architect or a licensed building designer unless otherwise approved by Declarant or its designee in its sole discretion.

This Article shall not apply to Declarant's activities, the activities of a Builder who has obtained Declarant's approval of drawings and specifications for original construction, nor to activities of the Association.

4.2 Architectural Review.

4.2.1 By Declarant. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Project, acknowledges that, as developer of the Project and as an Owner of portions of the Project as well as other real estate within the vicinity of the Project, Declarant has a substantial interest in ensuring that the improvements within the Project enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article ("Work") shall be commenced on such Owner's Unit unless and until Declarant or its designee has given its prior written approval for such Work, which approval may be granted or withheld in the Declarant's or its designee's sole discretion.

In reviewing and acting upon any request for approval, Declarant or its designee shall act solely in Declarant's interest and shall owe no duty to any other Person. Declarant's rights reserved under this Article shall continue so long as Declarant owns any portion of the Project or any real property adjacent to the Project, unless earlier terminated in a written instrument executed and Recorded by Declarant.

Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications hereunder.

Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to (i) a design review committee appointed by the Association's Board of Directors (the "Design Review Committee"), or (ii) a committee comprised of architects, engineers or other persons who may or may not be Members of the Association. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) Declarant's right to revoke such delegation at any time and resume jurisdiction over the matters previously delegated; and (ii) Declarant's right to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as Declarant has any rights under this Article, jurisdiction of the foregoing entities shall be limited to such matters as are specifically delegated to it by Declarant.

4.2.2 Design Review Committee. Upon delegation by Declarant or upon expiration or termination of Declarant's rights under this Article, the Association, acting through the Design Review Committee, shall assume jurisdiction over architectural matters hereunder. The Design Review Committee, when appointed, shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. Members of the Design Review Committee need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board. Unless and until such time as Declarant delegates all or a portion of its reserved rights to the Design Review Committee or Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

4.2.3 Fees; Assistance. For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer." The Reviewer may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. Declarant and the Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include compensation of such persons in the Association's annual operating budget as a Common Expense.

4.3 Guidelines and Procedures.

4.3.1 Design Guidelines. Declarant may prepare the initial Design Guidelines, which may contain general provisions applicable to all of the Project as well as specific provisions which vary from Neighborhood to Neighborhood. The Design Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the Reviewer and compliance with the Design Guidelines does not guarantee approval of any application.

Declarant shall have sole and full authority to amend the Design Guidelines as long as it owns any portion of the Project or has a right to expand the Project pursuant to Section 9.1,

notwithstanding a delegation of reviewing authority to the Design Review Committee, unless Declarant also delegates the power to amend to the Design Review Committee. Upon termination or delegation of Declarant's right to amend, the Design Review Committee shall have the authority to amend the Design Guidelines with the consent of the Board. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Project. In Declarant's discretion, such Design Guidelines may be Recorded, in which event the Recorded version, as it may unilaterally be amended from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

4.3.2 Procedures. No Work shall commence on any portion of the Project until an application for approval has been submitted to and approved by the Reviewer. Such application shall include drawings and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Design Guidelines and the Reviewer may require submission of such additional information as may be reasonably necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factors it deems relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular improvements.

The Reviewer shall, within 30 days after receipt of a completed application and all required information, respond in writing to the applicant at the address specified in the application. The response may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond in a timely manner, approval shall be deemed to have been given, subject to Declarant's right to veto approval by the Design Review Committee pursuant to this Section. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance is granted pursuant to Section 4.5. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U. S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

Until expiration of Declarant's rights under this Article, the Design Review Committee shall notify Declarant in writing within five business days after the Design Review Committee has approved any application relating to proposed Work within the scope of matters delegated to the Design Review Committee by Declarant. The notice shall be accompanied by a copy of the application and any additional information which Declarant may require. Declarant shall have 10 days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the Design Review Committee and the applicant.

If construction does not commence on a project for which Plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to reapply for approval before commencing the proposed Work. Once construction is commenced, it shall be diligently pursued to completion. All Work shall be completed within 180 days of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved Work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant or any aggrieved Owner.

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

4.4 No Waiver of Future Approvals. Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the Reviewer may refuse to approve similar proposals in the future. Approval of applications or Plans for any Work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, Plans, or other matters subsequently or additionally submitted for approval.

4.5 Variances. The Reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. No variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, inability to obtain approval of any governmental agency, issuance of any permit, or terms of any financing shall not be considered a hardship warranting a variance.

4.6 Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Project; they do not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental

requirements, nor for ensuring that all dwellings are of comparable quality, value or size or of similar design.

Declarant, the Association, the Board, any committee, or member of any of the foregoing shall not be held liable for soil conditions, drainage or other general site work, any defects in plans revised or approved hereunder, or any injury, damages, or loss arising out of the manner or quality of approved construction or modifications to any Unit. In all matters, the Board, the Design Review Committee, and any members thereof shall be defended and indemnified by the Association as provided in Section 7.6.

4.7 Certificate of Compliance. Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations of this Article or the Design Guidelines. The Association shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

ARTICLE 5. MAINTENANCE AND REPAIR.

5.1 Maintenance of Units. Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

5.2 Maintenance of Neighborhood Property. Any Sub-Association shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants.

Upon resolution of the Board, Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same.

The Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

5.3 Responsibility for Repair and Replacement. Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standard.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either the Sub-Association (if any) for the Neighborhood in which the Unit is located or the Association carries such insurance (which they may, but are not obligated to do hereunder). If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other drawings and specifications as are approved in accordance with Article 4. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds.

The requirements of this Section shall apply to any Sub-Association responsible for common property within the Neighborhood in the same manner as if the Sub-Association were an Owner and the common property were a Unit. Additional Recorded covenants applicable to any Neighborhood may establish more stringent requirements for insurance and more stringent standards for rebuilding or reconstructing structures on the Units within such Neighborhood and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

The success of Summerlin West is dependent upon the support and participation of every owner in its governance and administration. The Declaration establishes the Association as the mechanism by which each owner is able to provide that support and participation. While many powers and responsibilities are vested in the Association's board of directors, some decisions are reserved for the Association's membership -- the owners of property in the community.

ARTICLE 6. THE ASSOCIATION AND ITS MEMBERS

6.1 Function of Association. The Association is the entity responsible for management, maintenance, operation and control of the Area of Common Responsibility. The Association also is the primary entity responsible for enforcement of the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and Nevada laws.

6.2 Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3 and in the Bylaws, and all such co-Owners shall be jointly and

severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association. The Declarant and Builders shall be Members to the extent they are the Owners of any Units.

6.3 Voting.

6.3.1 Voting Rights. All voting rights shall be subject to this Declaration. Members (including Declarant) shall be entitled to one (1) vote for each Unit owned by such Member in the Project. Each Member's allocable share of voting rights shall therefore be equal to the total number of Units owned by such Member divided by the total number of Units within the Project, as the same may change from time to time. The right to vote may not be severed or separated from any Unit, and any sale, transfer or conveyance of fee interest in any Unit to a new Owner or Owners shall operate to transfer the appurtenant Membership and voting rights without the requirement of any express reference thereto. Each Owner shall, within ten (10) days of any sale, transfer or conveyance of a fee interest in the Owner's Unit, notify the Association of such sale, transfer or conveyance.

All agreements and determinations lawfully made by the Association in accordance with the voting percentages established herein, or in the Bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

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

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

6.3.2 Exercise of Voting Rights. Except as otherwise specified in this Declaration or the Bylaws and except as otherwise may be specifically required under the Act, the vote for each Unit owned by a Resident Member shall be exercised by the Voting Delegate representing the Neighborhood, as provided in Section 6.4.2. The Voting Delegate may cast all such votes as it, in its discretion, deems appropriate.

In any situation where a Member is entitled personally to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

6.4 Neighborhoods and Voting Delegates.

6.4.1 Neighborhoods. Every Unit shall be located within a Neighborhood. Unless and until additional Neighborhoods are established, the Project shall consist of a single Neighborhood. Units within a particular Neighborhood may be subject to additional covenants. In addition, if required by law or otherwise approved by Declarant, Owners within the Neighborhood may be members of a Sub-Association in addition to the Association. Owners within a Neighborhood also may, but shall not be required to, elect a Neighborhood Committee to represent their interests. Neighborhood Committees may be elected as provided for in the Bylaws.

So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, Declarant may unilaterally amend this Declaration or any Supplemental Declaration to redesignate Neighborhood boundaries; provided, however, without consent of the Owners of a majority of Units in the affected Neighborhoods, Declarant shall not combine two or more Neighborhoods.

Any Neighborhood may request that the Association provide a higher level of service than that which the Association generally provides to all Neighborhoods or may request that the Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Units within the Neighborhood, the Association may, in the Board's discretion, provide the requested services. The cost of services requested by a Neighborhood and provided by the Association, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the Units within such Neighborhood as a Neighborhood Assessment.

6.4.2 Voting Delegates. After at least two Neighborhoods have been created, and provided delegate voting as described herein is then permitted by law, each Neighborhood shall elect a Voting Delegate who shall be responsible for casting all votes attributable to Units owned by Resident Members in the Neighborhood on all Association matters requiring a membership vote, except as otherwise specified in this Declaration or the Bylaws. In addition, each Neighborhood shall elect an alternate Voting Delegate who shall be responsible for casting such votes in the absence of the Voting Delegate. The Voting Delegate and alternate Voting Delegate from each Neighborhood shall be elected on an annual basis, either by written ballot cast by mail or at a meeting of the Resident Members within such Neighborhood, as the Board determines; provided, upon written petition signed by Resident Members holding at least 10% of the votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. The presence, in person or by proxy, of Resident Members representing at least 25% of the total Resident Member votes attributable to Units in the Neighborhood shall constitute a quorum at any Neighborhood meeting. If a quorum is not established at a Neighborhood meeting at which a Voting Delegate is to be elected, the Board may appoint a Voting Delegate and alternate Voting Delegate for such Neighborhood.

The Board shall call for the first election of a Voting Delegate from a Neighborhood not later than one year after the conveyance of a Unit in the Neighborhood to a Person other than a Builder. Each Resident Member who owns a Unit within the Neighborhood shall be entitled to cast one equal vote per Unit owned. The candidate who receives the greatest number of votes shall be

elected as Voting Delegate, and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting Delegate. The Voting Delegate and the alternate Voting Delegate shall serve a term of one year and until their successors are elected.

Any Voting Delegate may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Resident Members in the Neighborhood which the Voting Delegate represents.

Until such time as the Board first calls for election of a Voting Delegate for any Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a membership vote under the Governing Documents.

6.5 Election of Members of Board of Directors. The Declarant shall have the right to appoint the members of the Board of Directors during the Declarant Control Period in accordance with procedures set forth in the Bylaws; provided that (i) at least one member and at least 25% of the members of the Board of Directors shall be elected by the Resident Members no later than 60 days after 25% of the Maximum Permitted Units have been conveyed to Resident Members, and (ii) at least 33-1/3% of the members of the Board of Directors shall be elected by the Resident Members no later than 60 days after 50% of the Maximum Permitted Units have been conveyed to Resident Members. The members of the Board of Directors selected by Declarant need not be Members of the Association.

6.5.1 Election of Directors During the Declarant Control Period.

(a) Prior to the Sale of 25% of Maximum Permitted Units. Until 25% of the Maximum Permitted Units have been conveyed to Owners other than Declarant, there shall be three (3) members of the Board of Directors, each of whom shall be appointed by the Declarant and will serve at the sole discretion of the Declarant.

(b) After the Sale of 25% of Maximum Permitted Units. Not later than 60 days after conveyance of 25% of the Maximum Permitted Units to Resident Members, the Board of Directors shall be expanded to seven (7) members. At such time the Resident Members shall elect two (2) Directors at a special meeting called for such purpose in accordance with procedures set forth in the Bylaws. Also at the time of such special meeting, Declarant shall appoint two (2) new Directors so that the Board shall then consist of five (5) Directors appointed by Declarant together with the two (2) Directors elected by the Resident Members.

(c) After the Sale of 50% of Maximum Permitted Units. Not later than 60 days after conveyance of 50% of the Maximum Permitted Units to Resident Members, the Resident Members shall elect one (1) new Director at a special meeting called for such purpose in accordance with procedures set forth in the Bylaws. The Declarant shall select one (1) of its appointed Directors to be removed, if necessary, so that the Board shall then consist of four (4) Directors appointed by Declarant together with the three (3) elected by the Resident Members.

(d) Election of Directors Upon Termination of Declarant Control Period. Not later than the termination of the Declarant Control Period, the Association shall call a special meeting at which all Members, including the Resident Members and Declarant, shall elect seven (7) Directors in accordance with procedures set forth in the Bylaws. The remaining terms of any existing Directors shall expire upon election of the new Board, provided that any Director may be elected to succeed himself.

(e) Term of Office. Directors shall serve for terms determined in accordance with the Bylaws and the Act and shall, in any event, serve in office until the election or appointment of a successor.

6.5.2 Election of Directors Following Termination of Declarant Control Period. After the Declarant Control Period, all members of the Board of Directors shall be elected by all the Members, including Declarant and the Builders (for so long as Declarant or a Builder owns any Unit) and the Resident Members in accordance with this Declaration and the Bylaws.

6.5.3 Election of Directors by Voting Delgates. If permitted by the Act and applicable law, the Bylaws may provide for the Directors (other than those appointed by Declarant) to be elected by the Voting Delegates.

ARTICLE 7. ASSOCIATION POWERS AND RESPONSIBILITIES

7.1 Generally: Acceptance and Control of Association Property.

The Association shall have and may exercise any right or privilege given to it expressly by this Declaration, or reasonably to be implied from the provisions of this Declaration, or given or implied by NRS 116.3102 or other applicable law, or which may be necessary or desirable to fulfill its duties, obligations, rights or privileges, subject only to such limitations provided herein or in the Act or other applicable law.

The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the provisions of Sections 17.9 and 19.4. Declarant and its designees may convey to the Association personal property and fee title, leasehold or other property interests in any of the Initial Property or Annexable Property, improved or unimproved. The Association shall accept and maintain such property at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Upon Declarant's written request, the Association shall reconvey to Declarant any unimproved portions of the Project originally conveyed by Declarant to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make minor adjustments in property lines.

7.2 Maintenance of Area of Common Responsibility. The Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which may include, but need not be limited to:

- (a) all portions of and structures situated on the Common Area;
- (b) landscaping within or adjacent to public rights-of-way within or abutting the Project;
- (c) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, the covenant to share costs, or any contract or agreement for maintenance thereof entered into by the Association;
- (d) all ponds, streams and/or wetlands located within the Project which serve as part of the stormwater drainage system for the Project, including improvements and equipment installed therein or used in connection therewith; and
- (e) any property and facilities owned by Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from Declarant to the Association and to remain a part of the Area of Common Responsibility and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public or otherwise open to the public, if the Board of Directors determines that such maintenance is necessary or desirable for the enjoyment of the Members or to maintain the Community-Wide Standard.

The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs, unless Members representing 75% of the Resident Member votes in the Association and the Declarant agree in writing to discontinue such operation.

Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with Declarant's prior written approval as long as Declarant owns any of the Annexable Property.

Costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other Recorded covenants, or agreements with the owner(s) thereof. Maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed to the Neighborhood(s) to which the Exclusive Common Areas are

assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

Notwithstanding the above, by agreement with the Summerlin Council, the Association may delegate any of its maintenance responsibilities hereunder to the Summerlin Council. No such delegation shall be revoked without the written consent of the Summerlin Council.

7.3 Insurance.

7.3.1 Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(a) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within the Area of Common Responsibility to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;

(c) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(d) Directors and officers liability coverage;

(e) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's best business judgment but not less than an amount equal to one-sixth of the annual Base Assessments on all Units plus reserves on hand; provided, there shall be no requirement that the Association maintain fidelity insurance during the Declarant Control Period. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(f) Such additional insurance as the Board, in its best business judgment, determines advisable.

In addition, the Association shall, if so specified in a Supplemental Declaration applicable to any Neighborhood, obtain and maintain property insurance on the insurable improvements within such Neighborhood which insurance shall comply with the requirements of Section 7.3.1(a). Any such policies shall provide for a certificate of insurance to be furnished upon request to the Owner of each Unit insured.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses, except that (i) premiums for property insurance on Units within a Neighborhood shall be a Neighborhood Expense; and (ii) premiums for insurance on Exclusive Common Areas may be included in the Neighborhood Expenses of the Neighborhood(s) to which such Exclusive Common Areas are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate.

7.3.2 Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the metropolitan Las Vegas area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3.1. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(a) be written with a company authorized to do business in Nevada which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(b) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members. Policies secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees, as their interests may appear;

(c) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually;

- (d) contain an inflation guard endorsement;
- (e) include an agreed amount endorsement, if the policy contains a co-insurance clause;
- (f) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member);
- (g) provide a waiver of subrogation under the policy against any Owner or household member of an Owner;
- (h) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and
- (i) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

- (j) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;
- (k) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;
- (l) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;
- (m) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;
- (n) a cross liability provision; and
- (o) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

7.3.3 Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Voting Delegates representing at least 75% of the total Resident Member votes in the Association, and the Declarant, if any, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members or the Owners of Units within the insured Neighborhood, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Voting Delegates, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.3.1.

7.4 Compliance and Enforcement. Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in the Bylaws. Such sanctions may include, without limitation:

- (a) imposing reasonable monetary fines (subject to any applicable limitations contained in the Act) which shall constitute a lien upon the violator's Unit;
- (b) suspending an Owner's right to vote;
- (c) suspending any Person's right to use any recreational facilities within the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Unit;

(d) suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association;

(e) exercising self-help or taking action to abate any violation of the Governing Documents in a non-emergency situation;

(f) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of Article 4 and to restore the Unit to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(g) without liability to any Person, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of Article 4 and the Design Guidelines from continuing or performing any further activities in the Project; and

(h) levying Specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in the Bylaws:

(i) exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations); and

(j) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may Record a notice of violation or perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner as a Specific Assessment. If a Sub-Association fails to perform its maintenance responsibilities, the Association may perform such maintenance and assess the costs as a Specific Assessment against all Units within such Neighborhood. Except in an emergency situation, the Association shall provide the Owner or Sub-Association reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take any action if the Board reasonably determines that the Association's position is not strong enough to justify taking such action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction or rule.

The Association, by contract or other agreement, may enforce applicable ordinances and permit Clark County and the City of Las Vegas to enforce ordinances within the Project for the benefit of the Association and its Members.

In addition to its enforcement powers under Article 14, the Summerlin Council and its successors or assigns shall have the authority to enforce any other provision of this Declaration which specifically so provides.

7.5 Implied Rights: Board Authority. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

7.6 Indemnification of Officers, Directors and Others.

Subject to Nevada law, the Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under this Section.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director and committee member harmless from any and all liability to others on account of any such contract, commitment or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.7 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Project designed to make the Project safer than they otherwise might be. Neither the Association nor Declarant shall in any way be considered insurers or guarantors of security within the Project, nor shall either be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation

or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Project, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Unit that the Association, its Board and committees, and Declarant are not insurers and that each Person using the Project assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

7.8 Powers of the Association Relating to Sub-Associations.

The Association shall have the power to veto any action taken or contemplated to be taken by any Sub-Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association also shall have the power to require specific action to be taken by any Sub-Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor.

A Sub-Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Sub-Association fails to comply, the Association shall have the right to effect such action on behalf of the Sub-Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.

7.9 Provision of Services. The Association may provide or provide for services and facilities for the Members, their guests, lessees, and invitees, and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant and the Summerlin Council, to provide such services and facilities. The Board may charge use and consumption fees for such services and facilities. By way of example, some services and facilities which might be offered include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities. Nothing herein shall be construed as a representation by Declarant or the Association as to what, if any, services shall be provided. In addition, the Board shall be permitted to modify or cancel existing services provided, in its discretion, unless otherwise required by the Governing Documents. No Owner shall be exempt from the obligation to pay for such services, if provided to all Owners as a Common Expense, based upon non-use or any other reason.

7.10 Relations with Other Properties; Entities. The Association may enter into contractual agreements or covenants to share costs with the owner of any neighboring property or Private Amenity including, for example, the Summerlin Council, to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

7.11 Relationship to Summerlin Council. The Association shall be a Community Association, as defined in Article 2. The Association establishes standards and conducts activities

for the property under its responsibility. The Summerlin Council sets and engenders those standards and activities which apply to all Council Properties. The Association shall, in all respects, be subordinate to the Summerlin Council, and the provisions of Article 14 shall in all respects, take precedence over the other provisions of this Declaration.

7.12 Facilities and Services Open to the Public. Certain facilities and areas within the Project may be open for use and enjoyment of the public. Such facilities and areas may include, by way of example: greenbelts, trails and paths, parks, and other neighborhood spots conducive to gathering and interaction, roads, sidewalks, and medians. Declarant may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Area of Common Responsibility or the Board may so designate at any time thereafter.

ARTICLE 8. ASSOCIATION FINANCES

8.1 Budgeting and Allocating Common Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year in compliance with NRS §116.311512(a), which shall include the budget for the daily operation of the Association and an adequate reserve for the repair, replacement and restoration of the major components of the Common Areas pursuant to Section 8.4. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 8.5.

The Association is hereby authorized to levy Base Assessments equally against all Units subject to assessment under Section 8.7 to fund the Common Expenses. A sum sufficient to pay Common Expenses pursuant to the budget, shall be assessed as Base Assessments against the Owners of Units within the Association. Base Assessments shall be assessed against all Owners, as follows: the Owner of each Unit shall be charged with one (1) assessment unit for each such Unit. Each Owner's proportionate share of the Base Assessments shall be a fraction, the numerator of which shall be the number of assessment units charged to such Owner and the denominator of which shall be the total number of assessment units charged to all Units in the Project. Annexable Property shall not be assessed or counted in the denominator until Base Assessments therefor commence pursuant to the next paragraph hereof. In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year.

Base Assessments shall commence as to each Unit within any property annexed on the first day of the month immediately following the month in which a Supplemental Declaration is Recorded causing such Unit to be annexed.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 8.8.2), which may be either a contribution, an advance against future assessments due from Declarant, or a loan,

in Declarant's discretion. Any such subsidy shall be disclosed as a line item in the income portion of the budget. Payment of such subsidy in any year shall not obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

The Board shall send a copy of the final budget or a summary thereof, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner not less than 30 days before the beginning of each fiscal year and the Board shall set a date for a meeting of the Owners to consider ratification of the budget. The meeting shall be not less than 14 or more than 30 days after mailing of the budget or summary. Unless at that meeting a majority of the total voting power of the Association reject the budget, the budget is ratified, whether or not a quorum is present.

If any proposed budget is rejected, the periodic budget last ratified by the Owners continues until the Owners ratify a subsequent budget proposed by the Board of Directors.

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Owners to disapprove the revised budget as set forth above.

8.2 Limitations on Base Assessment Increases. The Board shall not levy, for any fiscal year, a Base Assessment which exceeds the "Maximum Authorized Base Assessment," unless first approved by the vote of a majority of the total voting power of the Association. The "Maximum Authorized Base Assessment" in any fiscal year following the initial budgeted year shall equal not more than the greater of (i) one hundred fifteen percent (115%) of the Base Assessment for the prior year; or (ii) an amount equal to the Base Assessment for the prior year multiplied by a fraction, the numerator of which is the CPI (as defined below) for the month in which the Board is setting the Base Assessments for the next year (or the latest month for which such index is available), and the denominator is the CPI for the same month of the preceding year. The "CPI" shall mean the Consumer Price Index for All Urban Consumers, U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics. In the event the CPI ceases to be published, the index to be used in its place shall be that substitute index identified by the Bureau of Labor Statistics or other agency of the federal government or, in the absence of such a substitute, then an index determined by the Board of Directors as a reasonable approximation of the CPI.

8.3 Budgeting and Allocating Neighborhood Expenses.

At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year. Each such budget shall be prepared in compliance with NRS §116.311512(a), and shall include any costs for additional services or a higher level of services which the Owners in such Neighborhood have ratified pursuant to Section 6.4(a) and an adequate reserve for the repair, replacement and restoration of the major components of the Exclusive Common Areas attributable to the Neighborhood pursuant to Section 8.4. The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources

other than assessments levied against the Units, and the amount required to be generated through the levy of Neighborhood and Special Assessments against the Units in such Neighborhood.

The Association is hereby authorized to levy Neighborhood Assessments equally against all Units in the Neighborhood which are subject to assessment under Section 8.7 to fund Neighborhood Expenses; provided, if so specified in the applicable Supplemental Declaration or if so directed by petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Units in proportion to the benefit received.

The Board shall send a copy of the final Neighborhood budget or a summary thereof, together with notice of the amount of the Neighborhood Assessment to be levied pursuant to such budget, to each Owner in the respective Neighborhood not less than 30 days before the beginning of each fiscal year and the Board shall set a date for a meeting of the Neighborhood Owners to consider ratification of the Neighborhood budget. The meeting shall be not less than 14 or more than 30 days after mailing of the Neighborhood budget or summary. Unless at that meeting a majority of the total voting power of the Neighborhood rejects the budget, the Neighborhood budget is ratified, whether or not a quorum is present.

If any proposed budget for any Neighborhood is rejected, the periodic budget last ratified by the applicable Owners continues until the Owners ratify a subsequent budget proposed by the Board of Directors. Rejection of a Neighborhood budget shall not constitute rejection of the Association budget establishing the Base Assessments for the Owners within the Neighborhood.

The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the Owners of Units in the affected Neighborhood to disapprove the revised budget as set forth above.

8.4 Budgeting for Reserves. The Board shall establish and maintain a separate reserve account for the repair, replacement and restoration of the major components of the Common Areas based upon the age, remaining life and the quantity and replacement cost of major components of the Common Areas, in accordance with the provisions of this Declaration and the Bylaws; provided, however, that the reserves of the Association must not be used for the daily maintenance expenses of the Project. The Board shall additionally cause to be conducted at least once every 5 years a study of the reserves required for the repair, replacement and restoration of the major components of the Common Areas. Such reserve study shall be prepared in compliance with the Act and shall be reviewed at least annually (during the preparation of the Association budget) to determine if those reserves are sufficient in order to make any adjustments as may be necessary to maintain adequate reserves.

8.5 Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments to cover capital improvements, to cover unbudgeted expenses or to cover expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units

within any Neighborhood if such Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Owners representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Declarant, during the Declarant Control Period. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.6 Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 7.9). Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Specific Assessment under this subsection (b).

The Association may also levy a Specific Assessment against the Units within any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in, or the Voting Delegate representing, the Neighborhood and an opportunity for such Owners or Voting Delegate to be heard before levying any such assessment.

The Summerlin Council shall notify the Board of any Summerlin Council Specific Assessment to be levied (a) against the Association or (b) against individual Owners on behalf of the Summerlin Council and the Units to be assessed. The Board shall be responsible for sending notices of such assessment to (a) all Members or (b) to the Owners of such Units, whichever is appropriate, collecting such assessments, and disbursing all funds collected, less reasonable costs of collection actually incurred, to the Summerlin Council.

8.7 Authority To Assess Owners: Time of Payment.

Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later. The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence

on the Unit. With respect to any parcel owned by a Builder not yet subdivided into Units, such Builder shall be charged assessments in accordance with Section 2.44.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

8.8 Obligation for Assessments.

Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Project, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of Nevada law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance.

Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Neighborhood Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

Upon written request, the Association shall furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

8.9 Lien for Assessments.

The Association shall have a lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of Nevada law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens which are Recorded after the Recordation of this Declaration, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any Recorded first Mortgage (meaning any Recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure. A lien under this Section is also prior to all first Mortgages described in (b) above to the extent that the Common Area assessments are based on the periodic budget adopted by the Association in accordance with the provisions of this Declaration and would have become due in the absence of acceleration, during the six months immediately preceding institution of an action to enforce the Association's lien. This Subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association.

Fees, charges, late charges, fines and interest charged pursuant to the Governing Documents are enforceable as assessments under this Section. To the extent permitted by law, the Association may foreclose upon a lien for unpaid assessments levied against an Owner for violation of the Governing Documents. The Association's lien may be foreclosed in the manner set forth in NRS §§116.31162 and 116.31164 or in any other manner provided by law.

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

Sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure. The subsequent Owner of the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8.7, including such acquirer, its successors and assigns. The lien rights created in this Declaration shall be for the benefit of the Association and the Summerlin Council, in that order of priority.

8.10 **Exempt Property.** The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

- (a) All Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility;

- (b) Any property dedicated to and accepted by any governmental authority or public utility;
- (c) Property owned by any Sub-Association for the common use and enjoyment of its members, or owned by the members of a Sub-Association as tenants-in-common; and
- (d) Property owned in fee by the Summerlin Council.

In addition, Declarant and/or the Association shall have the right, but not the obligation, to grant exemptions to certain Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

8.11 Capital Contributions. Upon acquisition of record title to a Unit by the first Owner thereof other than Declarant or a Builder, a contribution shall be made by or on behalf of the purchaser to the working capital of the Association in an amount equal to one-half of the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed therefrom to the Association. From each such deposit by a purchaser and distribution to the Association, the Association shall distribute to the Summerlin Council an amount equal to one-third of the annual Base Assessment for that Unit for that year.

PART FOUR: COMMUNITY DEVELOPMENT

The Declaration reserves various rights to the developer in order to facilitate the smooth and orderly development of Summerlin West and to accommodate changes in the development plan which inevitably occur as a community the size of Summerlin West grows and matures.

ARTICLE 9. EXPANSION OF THE COMMUNITY

9.1 Expansion by Declarant.

Declarant, from time to time, may make subject to the provisions of this Declaration all or any portion of the Annexable Property by Recording a Supplemental Declaration describing the additional property to be subjected. Declarant shall have the right hereunder to create up to a total of 30,000 Units in the Project. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

Declarant's right to expand the Project pursuant to this Section shall expire when all of the Annexable Property has been subjected to this Declaration or fifty (50) years after this Declaration is Recorded, whichever is earlier. Until then, Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the Annexable Property. Any such transfer shall be memorialized in a written, Recorded instrument executed by Declarant. Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the Annexable Property in any manner whatsoever.

9.2 Expansion by the Association. The Association may also subject additional property to the provisions of this Declaration by Recording a Supplemental Declaration describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Voting Delegates representing more than 50% of the Resident Member votes of the Association represented at a meeting duly called for such purpose and the consent of the owner of the property. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, Declarant's consent shall be necessary. The Supplemental Declaration shall be signed by the President and Secretary of the Association, by the owner of the property and by Declarant, if Declarant's consent is necessary.

9.3 Additional Covenants and Easements. Declarant may subject any portion of the Project to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Neighborhood Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by someone other than Declarant, then the consent of the Owner(s) shall be necessary and shall be evidenced by their execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4 Effect of Filing Supplemental Declaration. A Supplemental Declaration shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration.

9.5 Addition of Unspecified Real Estate. In addition to its right to add any portion of the Annexable Property, Declarant reserves the right to add additional property to the Project; provided, the area of land so added shall not exceed ten percent (10%) of the aggregate of the Initial Property and the Annexable Property. Such right may be exercised by Recording a Supplemental Declaration describing the additional property to be subjected at any time that Declarant has the right to add any portion of the Annexable Property. A Supplemental Declaration Recorded pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

ARTICLE 10. ADDITIONAL RIGHTS RESERVED TO DECLARANT

10.1 Withdrawal of Property. Declarant reserves the right to amend this Declaration, so long as it has a right to annex additional property pursuant to Section 9.1, for the purpose of removing any portion of the Project which has not yet been improved with structures from the coverage of this Declaration, provided such withdrawal does not reduce the total number of Units then subject to the Declaration by more than 10 percent. Such amendment shall not require the consent of any Person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the property is Common Area, the Association shall consent to such withdrawal.

10.2 Marketing and Sales Activities. Declarant and Builders authorized by Declarant may construct and maintain upon portions of the Common Area and Exclusive Common Areas such facilities and activities as, in Declarant's sole opinion, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices. Declarant and authorized Builders shall have easements for access to and use of such facilities.

10.3 Right To Develop.

Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion.

Every Person that acquires any interest in the Project acknowledges that the Project is a master planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge or otherwise object to (a) changes in uses or density of property outside the Neighborhood in which such Person holds an interest, or (b) changes in the City General Plan as it relates to property outside the Neighborhood in which such Person holds an interest.

10.4 Right To Approve Additional Covenants. No Person shall Record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Project without Declarant's review and written consent. Any attempted Recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed and Recorded by Declarant.

10.5 Right To Approve Changes in Use Restrictions and Rules or Design Guidelines. No amendment to or modification of any Use Restrictions and Rules or Design Guidelines shall be effective without prior notice to and the written approval of Declarant so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1.

10.6 Right To Transfer or Assign Declarant Rights. Any or all of Declarant's special rights and obligations set forth in this Declaration or the Bylaws may be transferred in whole or in part to other Persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the Bylaws. No such transfer or assignment shall be effective unless it is in a written instrument signed and Recorded by Declarant. The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall not be necessary to Record any written assignment unless necessary to evidence Declarant's consent to such exercise.

10.7 Exclusive Rights To Use Name of Development. No Person shall use the name "Summerlin West" or any derivative of such name in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Summerlin West" in printed or promotional matter where such term is used solely to specify that particular property is located

within the Project and the Association shall be entitled to use the words "Summerlin West" in its name.

10.8 Termination of Rights. The rights contained in this Article shall not terminate until the earlier of (a) 40 years from the date this Declaration is Recorded, or (b) Recording by Declarant of a written statement that all sales activity has ceased.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

The nature of living in a planned community, with its wide array of properties and development types and its ongoing development activity, requires the creation of special property rights and provisions to address the needs and responsibilities of the Owners, Declarant, the Association, and others within or adjacent to the community.

ARTICLE 11. EASEMENTS

11.1 Easements in Common Area.

Declarant grants to each Owner a nonexclusive right and easement of use, access, and enjoyment in and to the Common Area, subject to:

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The Board's right to:
 - i. adopt rules regulating use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;
 - ii. suspend the right of an Owner to use recreational facilities within the Common Area (A) for any period during which any charge against such Owner's Unit remains delinquent, and (B) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation, of the Governing Documents after notice and a hearing in accordance with procedures set forth in the Bylaws;
 - iii. dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;
 - iv. impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility situated upon the Common Area;

- v. permit use of any recreational facilities situated on the Common Area by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board and designate other areas and facilities within the Area of Common Responsibility as open for the use and enjoyment of the public; and
 - vi. mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Sections 17.9 and 19.4;
- (d) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Exclusive Common Areas," as described in Article 12;
 - (e) the Summerlin Council Governing Documents; and
 - (f) any other applicable covenants.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such rights to the lessee of such Unit for the period of the lease.

11.2 Easements of Encroachment. Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3 Easements for Utilities, Etc.

11.3.1 Installation and Maintenance. Declarant reserves for itself, so long as Declarant owns any of the Annexable Property, and grants to the Association and all utility providers, perpetual non-exclusive easements throughout the Project (but not through a structure) to the extent reasonably necessary for the purpose of:

- (a) installing utilities and infrastructure to serve the Project, cable and other systems for sending and receiving data and/or other electronic signals, security and similar systems, walkways, pathways and trails, drainage systems, street lights and signage on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on Recorded plats;

(b) inspecting, maintaining, repairing and replacing the utilities, infrastructure and other improvements described in Section 11.3.1(a); and

(c) access to read utility meters.

11.3.2 Specific Development. Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property in the Project. The Owner of any property to be burdened by any easement granted pursuant to this subsection (b) shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed or conditioned.

11.3.3 Minimal Interference. All work associated with the exercise of the easements described in subsections 11.3.1 and 11.3.2 shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Regardless of whether such specification is made, upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.4 Easements To Serve Additional Property.

Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and mortgagees, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the Annexable Property, whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of their actions in connection with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such Property.

11.5 Easements for Maintenance, Emergency and Enforcement. Declarant grants to the Association easements over the Project as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance and to inspect for the purpose of ensuring compliance with and enforce the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents

and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.6 Easements for Golf Course.

Every Unit and the Common Area and the common property of any Sub-Association are burdened with an easement permitting golf balls unintentionally to come upon such areas, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, common property of a Neighborhood, or the exterior portions of a Unit to retrieve errant golf balls; provided, however, if any Unit is fenced or walled, the golfer must obtain the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: Declarant; the Association or its Members (in their capacities as such); The Howard Hughes Corporation, its successors, successors-in-title to the golf course, or assigns; any Builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing, or any officer or director of any partner.

The owner of any golf course within or adjacent to any portion of the Project, its agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of its golf course.

Portions of the Project immediately adjacent to any golf course are hereby burdened with a non-exclusive easement in favor of the owner of such golf course for overspray of water, materials used in connection with fertilization, and effluent from any irrigation system serving such course. Owners of Units adjacent to any golf course expressly acknowledge that treated effluent may be used in the irrigation of any golf course. Under no circumstance shall the Association or the owner(s) of any golf course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

The owner of any golf course within or adjacent to any portion of the Project, its successors and assigns, shall have a perpetual, exclusive easement of access over the Project for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from its golf course.

11.7 Easement for Special Events. Declarant hereby reserves for itself and grants to the Summerlin Council, and their respective successors, agents, assigns and designees, a perpetual, nonexclusive easement over the Common Area for the purpose of sponsoring or conducting activities, events or projects of general community interest at such locations and times as Declarant, in its sole discretion, or the Summerlin Council, in its sole discretion, deems appropriate. Each Owner, by accepting a deed or other instrument conveying any interest in a Unit, acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the occupants of its Unit to take no action, legal or otherwise, which would interfere with the exercise

of such easement. The Association shall take no action which would interfere with or otherwise attempt to restrict the exercise of this easement.

11.8 Easement Location Data. As required by NRS 116.2105(m), the file number and book or other information to show where easements and licenses are Recorded appurtenant to or included in the common interest community or to which any portion of the common interest community is or may become subject by virtue of a reservation in this Declaration is the same as the Recording information for this Declaration.

ARTICLE 12. EXCLUSIVE COMMON AREAS

12.1 Purpose. Certain portions of the Common Area may be designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes and other portions of the Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of an Exclusive Common Area shall be a Neighborhood Expense allocated among the Owners in the Neighborhood(s) to which the Exclusive Common Areas are assigned.

12.2 Designation.

Initially, any Exclusive Common Area shall be designated as such in the deed conveying such area to the Association or on the subdivision plat relating to such Common Area; provided, however, any such assignment shall not preclude Declarant from later assigning use of the same Exclusive Common Area to additional Units and/or Neighborhoods, so long as Declarant has a right to subject additional property to this Declaration pursuant to Section 9.1.

Thereafter, a portion of the Common Area may be assigned as Exclusive Common Area and Exclusive Common Area may be reassigned upon approval of the Board and the vote of Voting Delegates representing a majority of the total Resident Member votes in the Association, including a majority of the Resident Member votes within the Neighborhood(s) affected by the proposed assignment or reassignment. As long as Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, any such assignment or reassignment shall also require Declarant's written consent.

12.3 Use by Others. Upon approval of a majority of Owners of Units within the Neighborhood to which any Exclusive Common Area is assigned, the Association may permit Owners of Units in other Neighborhoods to use all or a portion of such Exclusive Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Exclusive Common Area.

ARTICLE 13. PARTY WALLS AND OTHER SHARED STRUCTURES

13.1 General Rules of Law to Apply. Each wall, fence, driveway or similar structure built as a part of the original construction on the Units which serves and/or separates any two adjoining

Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

13.2 Maintenance; Damage and Destruction.

The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

13.3 Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

13.4 Disputes. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article 15.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

The growth and success of Summerlin West as a community in which people enjoy living, working, and playing requires good faith efforts to resolve disputes amicably, attention to and understanding of relationships within the community and with our neighbors, and protection of the rights of others who have an interest in the community.

ARTICLE 14. THE SUMMERLIN COMMUNITY AND THE SUMMERLIN COUNCIL

14.1 The Summerlin Community.

14.1.1 Mission Statement for the Community. It is Declarant's intent to develop the Project as a portion of the larger community known as Summerlin and, through this Article and the governing documents described in Section 14.1.2, to establish a flexible system of standards and procedures for the overall development, administration, and operation of the Council Properties as the vibrant community of Summerlin and to articulate a set of goals and aspirations for the life of the community itself.

The Summerlin Council is not, nor is it intended to be, a homeowners association. This Article does not and is not intended to create a common interest community within the meaning of the Act. This Article does not create "units" of real estate which are separately owned by individuals; does not create any area of property which is collectively owned by a group of

individuals or in which any owner has an undivided interest; and does not obligate any person, by virtue of his ownership of real estate, to pay for the expenses associated with any real estate other than that owned by such person.

If any provision of this Article is determined by a final unappealable judgment or court order to fall under the coverage of the Act, such provision shall be void and such determination shall not affect the validity of other provisions of this Article.

14.1.2 Governing Documents. The governing structure for the Council Properties consists of the Summerlin Council and two or more Community Associations having jurisdiction over separate portions of the Council Properties. The Summerlin Council shall have jurisdiction over all the Council Properties.

This Declaration and similar documentation for other Community Associations (collectively referred to as the "Community Association Restrictions"), together with the Summerlin Council Bylaws and Summerlin Council Articles of Incorporation set forth the standards for the Council Properties and the Summerlin Council. However, in the event of any conflict between or among such documents, the Summerlin Council Governing Documents shall at all times take precedence over any Community Association Restrictions or similar instrument.

Nothing in this Section shall preclude any Community Association Restrictions, supplemental declaration or other Recorded covenants applicable to any portion of the Council Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Article and the Summerlin Council Governing Documents.

14.2 Creation and Maintenance of Community Standards.

14.2.1 Role of Summerlin Council. The Association and each other Community Association establishes standards and conducts activities for the property under its responsibility. The Summerlin Council sets and engenders those standards and activities which have community-wide application. It fosters and implements projects, services, and activities for all of the Council Properties. The Summerlin Council will have responsibility for maintenance of some property within the Council Properties. Such property may include, without limitation or obligation, road streetscapes, Summerlin Parkway, parks and community centers, if any, and one or more entry monuments.

14.2.2 Use and Conduct.

(a) Framework for Regulation. Declarant has established a general plan of development for the Council Properties as a master planned community in order to enhance all Owners' quality of life and collective interests, the aesthetics and environment within the Council Properties, and to engender a pride of place and sense of community within the Council Properties. To accomplish this objective, the Project, which is a part of the Council Properties, is subject to (i) land development, architectural, and design standards; (ii) the provisions of this Declaration governing individual conduct and use; and (iii) the guidelines, rules and restrictions promulgated pursuant to this Section, all of which establish affirmative

and negative covenants, easements, and restrictions for the Council Properties. Notwithstanding this, the Summerlin Council Board shall have the ability, through the rulemaking procedures set forth below, to respond to changes in circumstances, conditions, needs, and desires within the Council Properties. All provisions of the Summerlin Council Governing Documents and rules adopted in accordance therewith shall apply to all Persons who own property within or take any other actions within the Project.

(b) Rule Making Authority. Subject to this Declaration and in accordance with its duty of care and undivided loyalty to the Council Properties and those who reside therein, the Summerlin Council Board may adopt, modify, and repeal rules governing access to and the use of the Summerlin Council Area of Common Responsibility.

14.2.3 Operation, Maintenance and Insurance of Summerlin Council Area of Common Responsibility. The Summerlin Council shall cause the Summerlin Council Area of Common Responsibility and improvements thereon to be maintained and operated in a manner consistent with the Summerlin Community-Wide Standard. This obligation shall include the obligation to make any necessary capital repairs and replacements. In addition, the Summerlin Council shall obtain and maintain in effect property and public liability insurance on the Summerlin Council Area of Common Responsibility and fidelity insurance on all persons responsible for handling funds on behalf of the Summerlin Council in such amounts as the Summerlin Council Board may determine in the exercise of its business judgment and as required in the Summerlin Council Bylaws.

14.2.4 Other Activities of the Summerlin Council. The Summerlin Council may, but shall not be obligated to, provide or perform such services for the Council Properties as permitted by the Summerlin Council Bylaws and the Summerlin Council Articles and as it deems to be in the community's best interest, as determined in the exercise of the Summerlin Council Board's business judgment. The Summerlin Council will be the coordinator and facilitator of activities among and between all components of the Council Properties. The Summerlin Council has the power to and may establish community-wide rules and procedures. It is specifically provided and acknowledged that the responsibilities and powers of the Summerlin Council are not limited to property management and maintenance but extend to varied activities intended to build and maintain a sense of community.

14.2.5 Compliance and Enforcement. Every resident or occupant within the Project shall comply with the Summerlin Council Governing Documents and this Article 14. The Summerlin Council Board may impose sanctions for violation of the Summerlin Council Governing Documents and this Article 14 after notice, and in appropriate cases, an opportunity to cure the violation. Any Person charged with a violation may request a hearing in accordance with the procedures set forth in the Summerlin Council Bylaws. The sanctions which may be imposed include, without limitation:

(a) suspending any Person's right to use any recreational facilities within the Summerlin Council Area of Common Responsibility; provided, however, nothing herein shall authorize the Summerlin Council Board to limit ingress to or egress from a Person's property;

- (b) suspending any services provided by the Summerlin Council to an Owner or the Owner's property or the Association, if the Owner or the Association is more than 30 days delinquent in paying any assessment or other charge owed to the Summerlin Council;
- (c) exercising self-help or taking action to abate any violation of the Summerlin Council Governing Documents in a non-emergency situation;
- (d) levying Summerlin Council Specific Assessments to cover costs incurred by the Summerlin Council to bring any Person's property into compliance with the Summerlin Council Governing Documents; and
- (e) recording a notice of violation.

In addition, the Summerlin Council Board may take the following enforcement action to ensure compliance with the Summerlin Council Governing Documents and this Article 14 without the necessity of compliance with the procedures set forth in Section 4.27 of the Summerlin Council Bylaws:

- (f) exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);
- (g) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both, subject to the requirements of Article 15.

All remedies set forth in the Summerlin Council Governing Documents and this Article 14 shall be cumulative of any remedies available at law or in equity. In any action to enforce the Summerlin Council Governing Documents and this Article 14, if the Summerlin Council prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs reasonably incurred in such action.

The Summerlin Council shall not be obligated to take any action if the Summerlin Council Board reasonably determines that the Summerlin Council's position is not strong enough to justify taking such action. Such a decision shall not be construed as a waiver of the right of the Summerlin Council to enforce such provision at a later time under other circumstances or estop the Summerlin Council from enforcing any other covenant, restriction or rule.

The Summerlin Council, by contract or other agreement, may, but shall not be obligated to, enforce applicable city and county ordinances and may, but shall not be obligated to, permit Clark County or the City of Las Vegas, Nevada, to enforce ordinances within the community for the benefit of the Summerlin Council and the residents.

14.3 Community Governance and Administration.

14.3.1 The Summerlin Council.

(a) Function of the Summerlin Council. The success of the Summerlin community is dependent upon the support and participation of every Owner in its governance and administration. This Article establishes the Summerlin Council as the mechanism through which each Owner is able to provide that support and participation. The Summerlin Council shall (i) be responsible for management, maintenance, operation and control of the Summerlin Council Area of Common Responsibility; (ii) be the primary entity responsible for compliance with and enforcement of this Article and such reasonable rules regulating use of the Council Properties as the Summerlin Council Board may adopt; and (iii) be permitted to provide for and fund such activities, projects, and services for the Council Properties, its residents, and the surrounding community as it deems necessary, appropriate or desirable in accordance with the Summerlin Council Governing Documents, or as may be required by the City of Las Vegas or Clark County, Nevada.

The Summerlin Council shall engage only in activities which will actively foster and promote the common good and general welfare of the Summerlin community, its users, and the surrounding community and shall perform its functions in accordance with the Summerlin Council Governing Documents and the laws of the State of Nevada, as amended from time to time.

Declarant has established a comprehensive plan for the Council Properties which is to be administered by the Summerlin Council. The comprehensive plan strives, among other things, to protect and preserve open space and the natural environment of the Summerlin region while providing for and balancing jobs and housing within the community. Each Owner, by acceptance of an interest in any part of the Project, acknowledges that to accomplish the goals of the comprehensive plan it may be necessary to subject one or more portions of the community to additional covenants and restrictions.

The covenants and restrictions set forth herein shall not prevent or restrict a developer of property within the community from imposing additional or more restrictive covenants on its property; provided, however, no additional covenants or restrictions shall be imposed that are in derogation of or contrary to this Declaration, the goals of the comprehensive plan as determined by Declarant or the Summerlin Council, or the purposes for which the Summerlin Council has been established.

Every Person shall have the affirmative obligation to request review by and obtain written consent of Declarant, so long as Declarant owns any of the Annexable Property and of the Summerlin Council prior to attempting to make any dedication or attempting to Record any declaration of covenants, conditions, and restrictions; subdivision plat; declaration of condominium; or similar instrument affecting the Summerlin Council or any portion of the Project or the Council Properties.

Any attempted dedication or Recordation of any covenants, conditions, and restrictions; subdivision plat; declaration of condominium; or similar instrument containing any such dedication without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by Recorded consent signed by Declarant, if Declarant owns any Annexable Property and by the Summerlin Council.

The Summerlin Council may delegate its responsibilities pursuant to the comprehensive plan to committees, employees, or outside professionals.

(b) Composition. As more particularly provided in the Summerlin Council Bylaws, there are no members of the Summerlin Council.

(c) Voting. All voting in the Summerlin Council shall be as provided in the Summerlin Council Bylaws. *Except as specifically provided in the Summerlin Council Governing Documents, there are no rights to vote in the Summerlin Council.*

14.3.2 Summerlin Council's Powers and Responsibilities.

(a) Goals and Objectives. The mission and basic goals of the Summerlin Council are set forth in the preceding sections of this Article. The Summerlin Council has much of the function of a Summerlin Council of governments since its constituents are various owners groups and associations which themselves have business and governmental roles and responsibilities. Additionally, however, it has a regulatory and supervisory power over the entire Summerlin community to ensure compliance with the Summerlin Community-Wide Standard and the elements of conduct deemed to be of community-wide significance. The ultimate responsibility of the Summerlin Council is to be a catalyst for the creation of a sense of community and community activities at Summerlin. To accomplish these goals, the Summerlin Council has expressed and implied powers in furtherance of those goals which include but are not limited to:

- i. providing services to, and projects and activities for, members of the community, groups within the community, and those beyond Summerlin's boundaries.
- ii. maintaining the Summerlin Council Area of Common Responsibility and other property for which the Summerlin Council has assumed maintenance responsibility pursuant to this Declaration or any Recorded agreement executed by the Summerlin Council and using its enforcement power to cure any situation which the Summerlin Council deems, in its sole discretion, to be a nuisance within the Council Properties by enforcing maintenance obligations of the Association and Members which arise from this Declaration.
- iii. using its enforcement power to abate any condition existing in violation of Article 7 that the Summerlin Council, in its sole discretion, deems to be a nuisance within the Council Properties.

(b) Management and Control.

- i. Acceptance and Control of Summerlin Council Property. The Summerlin Council may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant and others may

convey to the Summerlin Council improved or unimproved real estate located within the Council Properties, personal property and leasehold and other property interests. Such property shall be accepted by the Summerlin Council and thereafter shall be maintained as Summerlin Council Area of Common Responsibility by the Summerlin Council as a Summerlin Council Expense, subject to any restrictions set forth in the deed, including but not limited to restrictions governing the use of such property.

ii. Maintenance. The Summerlin Council shall maintain and keep in good repair the Summerlin Council Area of Common Responsibility. The Summerlin Council shall have no obligation for the maintenance of privately owned property.

The Summerlin Council may maintain and improve property which it does not own, including, without limitation, property dedicated to public use, if the Summerlin Council Board determines that such maintenance benefits the members of any Community Association or is necessary or desirable to maintain the Summerlin Community-Wide Standard and if otherwise permitted by applicable law.

If the Association or any Owner fails to maintain, in a manner consistent with the Summerlin Community-Wide Standard, any portion of the Project for which the Association or Owner, respectively, has or has assumed maintenance responsibility pursuant to this Declaration or any agreement, the Summerlin Council may, from time to time, perform maintenance on such property to the extent necessary to bring such property into compliance with the Summerlin Community-Wide Standard. In the event that the Summerlin Council performs such maintenance obligations, the Summerlin Council shall charge the Association or the Owner, whichever is appropriate, therefor. Such charge shall be in the form of a Summerlin Council Specific Assessment in accordance with Section 14.4.

Except as otherwise specifically provided herein, all costs of maintenance, repair and replacement of the Summerlin Council Area of Common Responsibility shall be a Summerlin Council Expense, without prejudice to the right of the Summerlin Council to seek reimbursement from the Persons responsible for the need of such work pursuant to this Declaration, other Recorded covenants, or agreements with such Persons.

iii. Use and Consumption Fees. The Summerlin Council shall have the right, but not the obligation, to provide services and facilities to owners of property within the Council Properties. The Summerlin Council shall have the right, but not the obligation, to extend the enjoyment of any such services or facilities to individuals who do not own property within the Project or within the Council Properties.

The Summerlin Council shall, in its sole discretion, have the authority to charge use and consumption fees to any Person, regardless of whether such Person owns property within the Council Properties, who uses services or facilities provided by the Summerlin Council. Prior to providing any such service or facility for which the Summerlin Council will charge a use or consumption fee, the Summerlin Council shall notify the potential consumer that a use or consumption fee is applicable to use of the facility or service. The Summerlin Council shall have the sole discretion to determine the amount of and method of determining any such use or consumption fees.

The Summerlin Council shall have the right, in its sole discretion, but not the obligation, to charge lower use and consumption fees to owners of property within the Council Properties than those individuals who do not own property within the Council Properties. The Summerlin Council shall have the sole discretion to determine the manner in which such use or consumption fees shall be collected. The Summerlin Council shall use any use or consumption fees it collects to exercise its powers, duties, or authority in accordance with this Declaration or the Summerlin Council Bylaws.

iv. Powers of the Summerlin Council Relating to the Association. The Summerlin Council shall have the power to veto any action taken or contemplated to be taken by the Association which the Summerlin Council Board reasonably determines to be adverse to the interests of the Summerlin community or the Summerlin Council or inconsistent with this Article or the Summerlin Community-Wide Standard; provided, such authority shall not extend to matters related only to internal Association affairs; further provided, prior to disapproving any such action, the Summerlin Council shall make a good faith effort to demonstrate to the Board the action's aforementioned adverse consequences.

The Summerlin Council also shall have the power to require that specific action be taken by the Association in connection with its obligations and responsibilities hereunder or under other covenants affecting the community. Without limiting the generality of the foregoing, the Summerlin Council may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by the Association, and (b) require that a proposed budget include certain items and that expenditures be made therefor.

Any action required by the Summerlin Council in a written notice pursuant to the foregoing paragraph shall be taken within the reasonable time frame set by the Summerlin Council in such written notice. If the Association fails to comply with the requirements set forth in such written notice, the Summerlin Council shall have the right to effect such action on behalf of the Association. To cover the Summerlin Council's administrative expenses in connection with the foregoing and to discourage failure to

comply with the requirements of the Summerlin Council, the Summerlin Council shall assess the Association for any expenses incurred by the Summerlin Council in taking such action. Such assessments may be collected as a Summerlin Council Specific Assessment hereunder and shall be subject to all lien rights provided for in Section 14.4.

v. Powers of the Summerlin Council Relating to Architectural Standards. The Summerlin Council shall have the power to abate any condition, which exists in violation of Article 7, that the Summerlin Council, in its sole discretion, deems a nuisance within the Summerlin community. In the event that the Summerlin Council abates such condition, the Summerlin Council shall charge the Owner therefor. Such charge shall be in the form of a Summerlin Council Specific Assessment in accordance with Section 14.4.

(c) Community and Governance.

i. Service and Facilities Provision. The Summerlin Council may provide services and facilities for the Council Properties and for third parties. The Summerlin Council shall be authorized to enter into contracts or other similar agreements with other entities, including Declarant, to provide such services and facilities. The Summerlin Council Board shall be authorized to charge use and consumption fees for use of selected services and facilities. The Summerlin Council Board shall be permitted to modify or cancel existing services or facilities provided, if any, or to provide additional services and facilities. Nothing contained herein is a representation as to what services and facilities will or will not be provided.

Certain facilities within the Summerlin Council Area of Common Responsibility to be maintained by the Summerlin Council may be open for the use and enjoyment of the public. Such facilities shall be open for the use and enjoyment of the public if, and only if, such facilities (a) are designated as such by Declarant when constructed and made part of the Summerlin Council Area of Common Responsibility or (b) are designated as such subsequently by the Summerlin Council Board.

ii. Governmental, Educational and Religious Interests. So long as Declarant owns any of the Annexable Property it may designate property it owns within the Project for governmental, educational, or religious activities and interests, including, but not limited to, fire, police, utility facilities, schools or education facilities, houses of worship, libraries, parks, art, nature study, museum, and other public facilities. Declarant may convey such sites to the Summerlin Council or the Association and may, thereafter, re-designate the purpose for which such site may be used. Such sites shall, so long as Declarant owns any of the Annexable Property be used for such purposes as Declarant shall have designated.

14.4 Authority To Levy Specific Assessments.

14.4.1 Creation of and Obligation for Specific Assessments. There are hereby created, and the Summerlin Council is hereby authorized to levy, Summerlin Council Specific Assessments for expenses incurred or anticipated to be incurred by the Summerlin Council in exercising its rights and powers under this Declaration and the Summerlin Council Governing Documents. Specifically, the Summerlin Council shall have the power to levy Summerlin Council Specific Assessments against property to cover costs incurred in bringing the property(s) into compliance with the terms of the Summerlin Council Governing Documents in accordance with subsection 14.3.2(b)(ii), or costs incurred as a consequence of the conduct of the owner(s) or occupants of individually owned property, their agents, contractors, employees, licensees, invitees, or guests; provided, the Summerlin Council Board shall give the individually owned property owner or the Association prior written notice and an opportunity for a hearing prior to levying any Summerlin Council Specific Assessment.

Regardless of whether any such obligation shall be expressed in any deed, each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Project, and the Association, is deemed to covenant and agree to pay any Summerlin Council Specific Assessment levied against it by the Summerlin Council. The obligation to pay any such Summerlin Council Specific Assessments required by the Summerlin Council shall commence at the time set forth in subsection 14.4.4.

The obligation to pay Summerlin Council Specific Assessments hereunder shall be a separate and independent covenant on the part of each Owner and the Association, and no diminution or abatement of the assessment or setoff shall be claimed or allowed by reason of any alleged failure of the Summerlin Council to perform its responsibilities adequately hereunder. The sole remedy of any Owner or the Association for failure of the Summerlin Council to perform shall be a resolution of the dispute in accordance with the procedures set forth in this Declaration, if applicable, or a suit at law or in equity.

14.4.2 Personal Obligation. All Summerlin Council Specific Assessments, together with interest (computed from the due date of such assessment at a rate the Summerlin Council Board may establish, subject to the limitations of Nevada law), late charges in such amount as the Summerlin Council Board may establish by resolution (subject to the limitations of Nevada law), costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon each property against which the Summerlin Council Specific Assessment is made until paid, as more particularly provided in subsection 14.4.3. Each such Summerlin Council Specific Assessment, together with interest, late charges, costs, and reasonable attorneys' fees, also shall be the personal obligation of the person who was the owner of such property at the time the Summerlin Council Specific Assessment arose. Upon a transfer of title, the grantee shall be jointly and severally liable with its grantor for any Summerlin Council Specific Assessments and other charges due at the time of conveyance. However, no first mortgagee who obtains title, directly or through an affiliate, by exercising the remedies provided in its mortgage, or any other person purchasing at a foreclosure sale pursuant to a first mortgage, shall be liable for unpaid assessments which accrued prior to such acquisition of title.

Summerlin Council Specific Assessments shall be paid in such manner and on such dates as the Summerlin Council Board may establish. The Summerlin Council Board may impose special requirements for Owners with a history of delinquent payment or for the Association, if it has such a history.

No Owner or the Association may exempt itself from liability for Summerlin Council Specific Assessments. No diminution or abatement of Summerlin Council Specific Assessments or set-off shall be claimed or allowed for any alleged failure of the Summerlin Council or Summerlin Council Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action the Summerlin Council or Summerlin Council Board takes.

The Summerlin Council shall, upon request, furnish to any owner liable for any Summerlin Council Specific Assessment a certificate in writing signed by a Summerlin Council officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of the payment or non-payment of such assessment up to the date of issuance of the certificate. The Summerlin Council may require the advance payment of a reasonable processing fee for the issuance of such certificate.

14.4.3 Lien for Specific Assessments. The Summerlin Council shall have a lien against property owned by the Association and any lot to secure payment of delinquent Summerlin Council Specific Assessments, as well as interest, late charges (subject to the limitations of Nevada law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens Recorded prior to the Recordation of this Declaration, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, 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. Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure in the same manner as mortgages are foreclosed under Nevada law. This Subsection does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association.

Although no further action is required to create or perfect the lien as to any such property, the Summerlin Council may, as further evidence and notice of the lien, execute and Record a document setting forth the amount of the delinquent sums due the Summerlin Council at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Summerlin Council to execute and Record any such document shall not, to any extent, affect the validity, enforceability, perfection or priority of the lien. The lien created hereunder must be foreclosed by the same procedure set forth in NRS §§116.31162 and 116.31164.

The Summerlin Council may bid for the property on which a lien has been created at the foreclosure sale and acquire, hold, lease, mortgage, and convey the property. While such property is owned by the Summerlin Council following foreclosure, no assessment shall be levied on it by the Association, and no Summerlin Council Specific Assessment shall be levied on it by the Summerlin Council. All other property within the Project shall be charged, in addition to its usual assessment levied by the Association, its pro rata share of the assessment that would have been charged by the Association to such property had it not been acquired by the Summerlin Council.

The Summerlin Council may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any property shall not affect the assessment lien or relieve such property from the lien for any subsequent assessments. However, the sale or transfer of any property pursuant to foreclosure of the first mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A mortgagee, its affiliate or any other purchaser who obtains title pursuant to foreclosure of the mortgage shall not be personally liable for assessments on such individually owned property due prior to such acquisition of title.

14.4.4 Date of Commencement of Specific Assessments. The obligation to pay any Summerlin Council Specific Assessments levied by the Summerlin Council shall commence upon acceptance of a deed or upon entering into a Recorded contract of sale for any portion of the Council Properties.

14.4.5 Failure to Assess. Failure of the Summerlin Council Board to levy a Summerlin Council Specific Assessment in any case in which it is entitled to levy such an assessment shall not be deemed a waiver, modification, or a release of any owner from the obligation to pay assessments.

14.4.6 Agreements Between the Summerlin Council and the Association. The Association and the Summerlin Council may create or enter into agreements or contracts with, or grant exclusive and/or nonexclusive easements over the Summerlin Council Area of Common Responsibility to, each other for the use of facilities; either party's provision of services; the development of activities, events, and procedures for the benefit of the Project, all of the Council Properties, and the surrounding community; and the sharing of costs.

The Association may not exempt itself from liability for any amount payable to the Summerlin Council pursuant to any such contract or agreement ("Contractual Expense") by non-use of such services or facilities or any other means. In addition, the Association may not allocate any Contractual Expense to the Summerlin Council's provision of one or more facilities or services in order to exempt itself from liability for any portion of the Contractual Expense. The Summerlin Council shall have a lien against all property owned by the Association to secure payment of delinquent Contractual Expenses, as well as interest, late charges (subject to the limitations of Nevada law), and costs of collection (including attorneys' fees) in the same manner as it has a lien for delinquent Specific Assessments of the Association pursuant to Section 14.4.3.

14.4.7 Association Obligations. Notwithstanding each Owner's obligation to pay Summerlin Council Specific Assessments hereunder, the Association shall be deemed to covenant and agree to collect and pay to the Summerlin Council all Summerlin Council Specific Assessments due from its Members to the Summerlin Council. If the Association fails to pay all or any portion of any Summerlin Council Specific Assessment due from an Owner or Summerlin Council Specific Assessment or Contractual Expense due from the Association to the Summerlin Council when due, (a) the Summerlin Council may, but shall not be obligated to, deny services to the Association or its Members until the Association pays such delinquent amounts, and (b) a lien in favor of the Summerlin Council shall attach to all property owned by the Association in an amount equal to the delinquent amount.

Such lien(s) shall also secure interest (not to exceed the maximum lawful rate) on the principal amount due, all late charges from the date first due and payable, all costs of collection, reasonable attorneys' fees actually incurred, and any other amounts provided or permitted by law. Such lien shall be treated as all liens for assessments in the manner described in subsection 14.4.3.

In the event that the Association fails to pay Summerlin Council Specific Assessments for which it is responsible, or any Contractual Expense, for a period exceeding 90 days from the due date for such Summerlin Council Specific Assessment or Contractual Expense, the Summerlin Council may institute suit against the Association to collect such amounts past due.

All payments shall be applied first to costs and attorneys' fees, then to late charges, then to interest, and then to delinquent Summerlin Council Specific Assessment or Contractual Expenses.

14.4.8 Expenditure of Funds. Any funds collected by the Summerlin Council shall be used in such manner as the Summerlin Council Board deems appropriate in fulfilling the Summerlin Council's responsibilities. The Summerlin Council Board shall exercise its judgment in good faith when determining the level of funds to be collected and the allocation and expenditure of such funds. The judgment of the Summerlin Council Board with respect to determination of such matters shall be final so long as such judgment is exercised in good faith. Neither the Summerlin Council, its board of directors, any director nor officer shall be liable to any person or entity for any error in judgment, or any action or inaction of the Summerlin Council, its board, or any director or officer, relating to the expenditure of such funds; provided, nothing herein shall protect any person from liability for gross negligence or willful misconduct in the handling of such funds.

14.5 Easements. Living or working in a planned community involves sharing and cooperation. The various types of properties and development and uses require the creation of special property rights and provisions to address the multiple needs and responsibilities of those in the community. The following easements are established to that end:

14.5.1 Easement for Administration. There is hereby reserved to the Summerlin Council, for itself and its employees, agents, assignees and designated contractors, a perpetual, nonexclusive easement over, under and across the Council Properties for access, ingress and egress, maintenance and repair, to the extent reasonably necessary for the Summerlin Council to perform its responsibilities hereunder and as otherwise assigned. The exercise of this easement shall not unreasonably interfere with the use of any property and, except in an emergency situation, entry onto any private property shall be made only after reasonable notice to the owner or occupant.

14.5.2 Right of Entry. The Summerlin Council shall have the right, but not the obligation, to enter upon any property for emergency, security, and safety reasons, and to inspect for the purpose of ensuring compliance with the Summerlin Council Governing Documents. This right may be exercised by any member of the Summerlin Council Board, any officer, manager, agent or employee of the Summerlin Council acting with the permission of the Summerlin Council Board, and all police, fire and similar emergency personnel in the performance of their duties. This right of entry shall include the right of the Summerlin Council to enter upon private property to perform maintenance or cure any condition which may increase the possibility of a fire or other hazard in the

event that the owner fails or refuses to perform such maintenance or cure such condition within a reasonable time after request by the Summerlin Council Board.

Except to avoid an imminent threat of personal injury or property damage, entry onto any portion of any property not generally open to the public shall only be authorized during reasonable hours and after receipt of the owner's or occupant's consent, which consent shall not unreasonably be withheld.

14.6 Relationships With Other Entities. The growth and success of Summerlin as a true community in the broadest sense of that term and as one in which people enjoy living, working and spending their lives and raising their families requires a fresh approach to the structure and function of a planned community. It will require the development of interlocking relationships within and outside the development so that there is a genuine sense of community.

14.6.1 Relationships with Government and Other Entities. The Summerlin Council is specifically authorized to enter into cooperative agreements for the use of facilities, sharing of services, development of projects, activities, and procedures for the benefit of the Council Properties and the surrounding community. The use of Summerlin Council funds for such purposes is specifically authorized.

14.6.2 Relationships With Tax-Exempt Organizations. Declarant or the Summerlin Council may create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Summerlin Council Area of Common Responsibility to non-profit, tax-exempt organizations, the operation of which confers some benefit upon the Project, the Summerlin Council, or residents. The Summerlin Council may contribute money, real or personal property, or services to such entity, so long as such contributions benefit, as determined in the sole discretion of the Summerlin Council, the Summerlin community, its residents, or the surrounding community. Any such contribution shall be a Summerlin Council Expense and included as a line item in the Summerlin Council's annual budget. For the purposes of this Section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities which are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

The Summerlin Council may maintain multiple use facilities within the Project for temporary use by tax-exempt organizations. Such use may be on a scheduled or "first-come, first-served" basis. A reasonable maintenance and use fee may be charged for the use of such facilities.

14.7 Declarant's Rights. Declarant reserves various rights to the developer in order to facilitate the smooth and orderly development of Summerlin and to accommodate changes in the plan which inevitably occur as a community the size of Summerlin grows and matures.

14.7.1 Duration. Unless otherwise specifically indicated in this Article, Declarant's rights under this Article shall exist for so long as Declarant, any affiliate of Declarant or any assignee of Declarant's rights as long as Declarant owns any of the Annexable Property.

14.7.2 Transfer of Declarant Rights. Any or all of the special rights and obligations of Declarant reserved in this Article may be transferred in whole or in part to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Article or the Summerlin Council Bylaws, and provided further, no such transfer shall be effective unless it is in a written, Recorded instrument signed by Declarant. Any such transfer may be made effective only for so long as the transferee is the owner of any of the Annexable Property provided, after such time any rights shall revert to the transferor for so long as it owns any of the Annexable Property.

The foregoing sentence shall not preclude Declarant from permitting other Persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this Article where Declarant does not intend to transfer such right in its entirety. In such case, it shall not be a requirement that the written assignment be Recorded; however, Declarant may Record the assignment, in its discretion, to evidence its intentions.

14.7.3 Approval of Additional Covenants. Every Person shall have the affirmative obligation to request review by and obtain written consent of Declarant, so long as Declarant owns any of the Annexable Property and the Summerlin Council prior to attempting to Record any declaration of covenants, conditions and restrictions; subdivision plat; declaration of condominium; or similar instrument affecting the Summerlin Council or any portion of the Summerlin community. Any attempted Recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by a Recorded consent signed by Declarant, if Declarant owns any of the Annexable Property and the Summerlin Council.

14.7.4 Amendment. This Section 14.7 may not be amended without the written consent of Declarant so long as Declarant, or the assignee of any Declarant rights, owns any of the Annexable Property.

14.8 Changes in the Community. Communities such as Summerlin are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change; as the residents age and change over time; and as the surrounding community changes. Summerlin and its governing documents must be able to adapt to these changes while protecting the things that make Summerlin unique.

14.8.1 Transfer or Dedication of Community Property. The Summerlin Council may dedicate portions of property owned by the Summerlin Council to local, state or federal governmental or quasi-governmental entities.

14.8.2 Enforcement. The covenants, conditions, and restrictions contained in this Article are made for the express benefit of the Summerlin Council, all owners and the Association. The obligations created hereunder may be enforced by Declarant, the Summerlin Council, any owner and/or the Association by any means available at law or in equity.

14.8.3 Governmental Interests. So long as Declarant owns any of the Annexable Property, Declarant may designate sites within the Summerlin community for fire, police, utility facilities, public parks, and other public or quasi-public facilities. The sites may include undeveloped portions

of the Summerlin community, in which case the Summerlin Council shall take whatever action is required with respect to such site to permit such use, including conveyance of the site, if so directed by Declarant. The sites may include other property not owned by Declarant provided the owner consents.

14.8.4 Amendment of Article 14.

(a) By Declarant. In addition to the rights set forth in Section 14.7 and notwithstanding the provisions of Section 20.1 of this Declaration, this Article may be amended unilaterally by Declarant for so long as Declarant owns any portion of the Summerlin community if such amendment (i) is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which is in conflict therewith; (ii) is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Summerlin community; (iii) is required by an institutional or governmental lender, purchaser, holder, insurer or guarantor of mortgage loans to enable it to make, purchase, insure or guarantee mortgage loans on any portion of the Summerlin community; or (iv) does not materially and adversely affect the title to any individually owned property unless the owner thereof shall consent thereto in writing.

(b) By the Summerlin Council. In addition to the above, notwithstanding the provisions of Section 20.2 of this Declaration, this Article may be amended upon the affirmative vote or written consent, or any combination thereof, of at least a majority of the directors of the Summerlin Council and, so long as Declarant owns any portion of the Summerlin community, the consent of Declarant or its assignee. No amendment to this Article by the Summerlin Council may materially and adversely affect the title to any individually owned property unless the owner thereof shall consent thereto in writing.

Notwithstanding the above, no amendment to this Article shall remove, revoke, or modify any right or privilege of Declarant without the written consent of Declarant or its assignee of such right or privilege.

(c) Validity of Amendments. Amendments to this Article shall become effective upon Recordation, unless a later effective date is specified therein. Any challenge to an amendment of this Article must be made within six months of its Recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of this Article.

ARTICLE 15. DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

15.1 Consensus for Association Litigation. Except as provided in this Section, the Association shall not commence a judicial or administrative proceeding without the vote of Owners of 75% of the total number of Units in the Project. This Section shall not apply, however, to (a) actions brought by the Association to enforce this Declaration (including, without limitation, the foreclosure of liens), the Bylaws, or the rules and regulations of the Association; (b) the collection of assessments; (c) counterclaims brought by the Association in proceedings instituted against it, or

(d) to protect the health, safety and welfare of the Members to the extent permitted under NRS 116.3115(9)(e).

15.2 Alternative Method for Resolving Disputes.

In the event that the laws of the State of Nevada, as they exist or may be amended from time to time, mandate arbitration or mediation for any claim related to the Project, Sections 15.2 through 15.4 shall be of no force or effect. In the event that the laws of the State of Nevada, as they exist or may be amended from time to time, do not mandate arbitration or mediation for any such claim, such Sections 15.2 through 15.6 shall apply. Declarant; the Summerlin Council, its officers, directors, and committee members; the Association, its officers, directors, and committee members; all Persons subject to this Declaration; any Builder; and any Person not otherwise subject to this Declaration who agrees to submit to this Article (each such entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes involving the Project, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 15.3 ("Claims") to the procedures set forth in Section 15.4 in lieu of filing suit in any court.

The Association agrees that any claims or disputes among or between itself and one or more other Community Associations shall be submitted to the terms of this Article and that the Summerlin Council or its designee shall be the party to resolve or mediate the dispute. Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Sections 15.3 ("Claims") to the procedures set forth in Section 15.3 prior to filing suit in any court.

15.3 Claims. Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Project shall be subject to the provisions of Section 15.4. Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 15.4:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article 8 or by the Summerlin Council against any Bound Party to enforce the obligation to pay any amounts due to the Summerlin Council pursuant to Article 14;

(b) any suit by Declarant, the Association, or the Summerlin Council to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve Declarant's, the Association's, or the Summerlin Council's ability to enforce the provisions of Article 3 and Article 4;

(c) any suit between Owners, which does not include Declarant, the Association, or the Summerlin Council as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(d) any suit in which any indispensable party is not a Bound Party; and

(e) any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 15.4.1, unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 15.4.

15.4 Mandatory Procedures.

15.4.1 Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

(a) the nature of the Claim, including the Persons involved and Respondent's role in the Claim;

(b) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(c) Claimant's proposed remedy; and

(d) that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

15.4.2 Negotiation and Mediation.

(a) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

(b) If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of an independent agency providing dispute resolution services in the Las Vegas area.

(c) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and

Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(d) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to sue in any court of competent jurisdiction or to initiate proceedings before any appropriate administrative tribunal on the Claim. Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 15.4 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 15.4. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

ARTICLE 16. PRIVATE AMENITIES

16.1 General. Neither membership in the Association nor ownership or occupancy of a Unit shall confer any ownership interest in or right to use any Private Amenity. Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined from time to time by the respective owners of the Private Amenities. The owners of the Private Amenities shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities, including, without limitation, eligibility for and duration of use rights, categories of use and extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the terms of any written agreements with their respective members.

16.2 Conveyance of Private Amenities. All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of any Private Amenity, and no purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity. Further, the ownership or operation of the Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of any Private Amenity by a Person other than the current owner or operator; (b) the establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of the Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity; or (c) the

conveyance of any Private Amenity to one or more of Declarant's affiliates, shareholders, employees, or independent contractors. Consent of the Association, any Sub-Association, any Voting Delegate, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, for or without consideration and subject to or free of any mortgage, covenant, lien or other encumbrance.

16.3 View Impairment. Declarant, the Association, or the owner of any Private Amenity, does not guarantee or represent that any view over and across the Private Amenity from Units adjacent to the Private Amenity will be preserved without impairment. Owners of the Private Amenities, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Private Amenities from time to time. In addition, the owner of any Private Amenity which includes a golf course may, in its sole and absolute discretion, change the location, configuration, size and elevation of the trees, bunkers, fairways and greens from time to time. Any such additions or changes may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

16.4 Cost Sharing. The Association may enter into a contractual arrangement or covenant to share costs with any Private Amenity obligating the Private Amenity to contribute funds for, among other things, shared property or services and/or a higher level of Common Area maintenance.

16.5 Limitations on Amendments. In recognition of the fact that the provisions of this Article are for the benefit of the Private Amenity, no amendment to this Article, and no amendment in derogation of any other provisions of this Declaration benefiting any Private Amenity, may be made without the written approval of the Private Amenity. The foregoing shall not apply, however, to amendments made by Declarant.

16.6 Jurisdiction and Cooperation. It is Declarant's intention that the Association and the Private Amenity shall cooperate to the maximum extent possible in the operation of the Project and the Private Amenity. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance and the Design Guidelines. The Association shall have no power to promulgate Use Restrictions or Rules affecting activities on or use of the Private Amenity without the prior written consent of the owners of the Private Amenity affected thereby.

ARTICLE 17. MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Project. The provisions of this Article apply to both this Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

17.1 Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage which provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Project or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or Occupant which is not cured within 60 days;

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

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

17.2 Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first Mortgagees or Voting Delegates representing at least 67% of the total Association vote consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently Recorded on any portion of the Project regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on

casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

17.3 Other Provisions for First Lien Holders. To the extent not inconsistent with Nevada law:

(a) Any restoration or repair of the Project after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original drawings and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

17.4 Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association as a result of destruction, damage, or condemnation pursuant to Section 17.3.1 and 17.3.2, or to the addition of land in accordance with Article 9:

(a) The consent of Voting Delegates representing at least 67% of the Resident Member votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least 67% of the votes of Units subject to a Mortgage appertain, shall be required to terminate the Association.

(b) The consent of Voting Delegates representing at least 67% of the Resident Member votes and of Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to a Mortgage appertain, shall be required materially to amend any provisions of the Declaration, Bylaws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

- i. voting;
- ii. assessments, assessment liens, or subordination of such liens;
- iii. reserves for maintenance, repair, and replacement of the Common Area;
- iv. insurance or fidelity bonds;
- v. rights to use the Common Area;

- vi. responsibility for maintenance and repair of the Project;
- vii. expansion or contraction of the Project or the addition, annexation, or withdrawal of properties to or from the Association;
- viii. boundaries of any Unit;
- ix. leasing of Units;
- x. imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Unit;
- xi. establishment of self-management by the Association where professional management has been required by an Eligible Holder; or
- xii. any provisions included in the Governing Documents which are for the express benefit of holders, guarantors, or insurers of first Mortgages on Units.

17.5 No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

17.6 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

17.7 Failure of Mortgagee To Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

17.8 Construction of this Article. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this Declaration, the Bylaws, or Nevada law for any of the acts set out in this Article.

17.9 HUD/VA Approval. The following actions shall require the prior approval of the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the Mortgage on any Unit: merger, consolidation or dissolution of the Association; annexation of additional property other than the Annexable Property; dedication, conveyance or mortgaging of Common Area; or material amendment of this Declaration. The granting of easements for utilities or other similar purposes consistent with the

intended use of the Common Area shall not be deemed a conveyance within the meaning of this Section.

PART SEVEN: CHANGES IN THE COMMUNITY

Communities such as Summerlin West are dynamic and constantly evolving as circumstances, technology, needs and desires, and laws change, as the residents age and change over time, and as the surrounding community changes. Summerlin West and its Governing Documents must be able to adapt to these changes while protecting the things that make Summerlin West unique.

ARTICLE 18. CHANGES IN OWNERSHIP OF UNITS

Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board and the Summerlin Council at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until the date upon which such notice is received by the Board and the Summerlin Council, notwithstanding the transfer of title.

ARTICLE 19. CHANGES IN COMMON AREA

19.1 Condemnation.

If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Delegates representing at least 67% of the total Resident Member votes in the Association and of Declarant, as long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking Declarant, so long as Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1, and Voting Delegates representing at least 75% of the total Resident Member vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3(c) regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or

replacement is complete, then such award or net funds shall be disbursed to the Association in trust for the Owners and lien holders as their interests appear.

19.2 Partition. Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

19.3 Transfer or Dedication of Common Area. The Association may dedicate portions of the Common Area to the City of Las Vegas, or to the County of Clark, Nevada, or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by Sections 17.9 and 19.4.

19.4 Actions Requiring Owner Approval. If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs insures or guarantees the Mortgage on any Unit, then the following actions shall require the prior approval of Voting Delegates representing not less than two-thirds (2/3) of the total Resident Member votes in the Association and the consent of the Declarant, during the Declarant Control Period: merger, consolidation or dissolution of the Association; annexation of additional property other than the Annexable Property or in accordance with Section 9.5; and dedication, conveyance or mortgaging of Common Area. Notwithstanding anything to the contrary in Section 19.1 or this Section, the Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

ARTICLE 20. AMENDMENT OF DECLARATION

20.1 By Declarant.

In addition to specific amendment rights granted elsewhere in this Declaration, Declarant may unilaterally amend this Declaration if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units; or (d) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing.

In addition, so long as Declarant owns any of the Annexable Property for development as part of the Project, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner or unless such Owner shall consent in writing.

20.2 By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners representing 75% of the total Resident Member votes in the Association, including 75% of the Resident Member votes held by Members other than Declarant, and Declarant's consent, so long Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1. In addition, the approval requirements set forth in Article 17 shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

20.3 Validity, Effective Date, and Conflicts.

No amendment may remove, revoke, or modify any right or privilege of Declarant without Declarant's written consent (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon Recording, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its Recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

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

20.4 Exhibits. Exhibits "A" and "B" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

20.5 Binding Effect.

All of the Initial Property and any additional property which is made a part of the Project in the future by Recording one or more Supplemental Declarations, shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such

property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Project, their heirs, successors, successors-in-title, and assigns.

Unless terminated as provided below, this Declaration shall have perpetual duration. If Nevada law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for 20 years each, unless terminated as provided below. Notwithstanding this, if any provision of this Declaration would be unlawful, void, or voidable by reason of applicability of the rule against perpetuities, such provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

Unless otherwise required herein or by Nevada law, this Declaration shall not be terminated except by an instrument approved by a majority of the directors of the Summerlin Council, at least a majority of the Community Associations which have received consent from at least 75% of their members, and, so long as the Declarant owns any of the Annexable Property, the consent of the Declarant.

ARTICLE 21. INTEREST AND EXEMPTION OF DECLARANT

21.1 Interest of Declarant. It is acknowledged that the property covered by this Declaration is a portion of a larger parcel of land which Declarant is causing to be developed into a master planned community. Each Owner of a Unit acknowledges by acceptance of a Deed or other conveyance therefor, whether or not it shall be so expressed in any such Deed, notice or other instrument, that Declarant has a substantial interest to be protected with regard to assuring compliance with, and enforcement of, the covenants, conditions, restrictions, reservations and other matters contained in this Declaration along with any amendments thereto. Consequently, until such time as Declarant no longer owns any Units in the Project, the following actions, before being undertaken by the Members or by the Association, shall first be approved in writing by Declarant:

- (a) Any amendment or action specifically requiring the approval of First Mortgagees pursuant to this Declaration, or specifically requiring the approval of Declarant pursuant to this Declaration;
- (b) The levy of a Special Assessment for the construction of new facilities; and,
- (c) Any significant reduction of Association maintenance or other services.

21.2 Declarant's and Builders' Rights to Complete Project. No provision of this Declaration shall be construed to prevent or limit Declarant's and Builders' rights (i) to complete the construction, promotion, marketing, sale and leasing of properties within the Project or the Annexable Property; (ii) to construct or alter Improvements on any property owned by Declarant or a Builder within such boundaries; (iii) to maintain model homes, offices for construction, sales or leasing purposes or similar facilities on any property owned by Declarant or a Builder within such boundaries; or (iv) to post signs incidental to the Project, construction, promotion, marketing, sale

and leasing of property within such boundaries. Nothing contained in this Declaration shall limit the right of Declarant or a Builder or require Declarant or a Builder to obtain approval to: (a) excavate, cut, fill or grade any property owned by Declarant or a Builder or to construct, alter, remodel, demolish or replace any Improvements on any property owned by Declarant or a Builder; (b) use any structure on any property owned by Declarant or a Builder as a construction, model home or real estate sales or leasing office in connection with the sale of any property within such boundaries; or (c) require Declarant or a Builder to seek or obtain the approval of the Design Review Committee or of the Association for any such activity or Improvement to Property by Declarant or a Builder on any property owned by Declarant or a Builder. Nothing in this Section shall limit or impair the reserved rights of Declarant or a Builder as elsewhere provide in this Declaration.

21.3 Developmental Rights Reserved. Pursuant to NRS 116.2105 Declarant reserves the following Developmental Rights:

(a) The right to add real estate to the Project by annexation of all or a portion of the Annexable Property as provided herein until the fiftieth (50th) anniversary of the Recordation of this Declaration. Declarant makes no assurance as to the boundaries of those portions of the Annexable Property that may be annexed from time to time or the order or time in which they will be annexed or developed.

(b) The right to create Units, Common Areas or Exclusive Common Areas anywhere within the Project until the fiftieth (50th) anniversary of the Recordation of this Declaration.

(c) The right to subdivide Units or convert Units into Common Areas or Exclusive Common Areas anywhere within the Project until the fiftieth (50th) anniversary of the Recordation of this Declaration.

(d) The right to withdraw real estate from the Project until the fiftieth (50th) anniversary of the Recordation of this Declaration as provided in Article 9.

Any Developmental Right of Declarant may be exercised at different times with respect to different parcels. Declarant makes no assurances with respect to the boundaries of those portions of the Project that may be subject to the exercise of any Developmental Right or the order in which such portions of the Project may be subjected to the exercise of such Developmental Right. If any Developmental Right is exercised in any portion of the property subject to that Developmental Right, that Developmental Right may or may not, at Declarant's discretion, be exercised in all or any other portion of the property subject to that Developmental Right. All Developmental Rights shall be exercised in the manner prescribed in NRS 116.211. Unless otherwise provided herein with respect to a particular Developmental Right, all Developmental Rights shall expire on the fiftieth (50th) anniversary of the Recordation of this Declaration unless exercised prior to such date.

21.4 Special Declarant's Rights. Pursuant to NRS 116.2105 Declarant reserves the following Special Declarant's Rights:

- (a) The right to complete all Improvements to the Common Areas and Exclusive Common Areas and to any portion of the Project owned in whole or in part by Declarant.
- (b) The right to exercise any Developmental Right described herein.
- (c) The right to maintain sales offices, management offices and models and signs advertising the Project on the Common Areas, Exclusive Common Areas and any Units or portions of the Project owned in whole or in part by the Declarant for so long as Declarant owns any Unit or any portion of the Annexable Property.
- (d) The right to use easements through the Common Areas and Exclusive Common Areas and the Annexable Property for the purpose of making improvements to the Project for so long as Declarant owns any Unit or any portion of the Annexable Property.
- (e) The right to make the Association subject to a master association as described in NRS 116.212.
- (f) The right to merge or consolidate the Association with another common-interest community as described in NRS 116.2121.
- (g) The right to appoint or remove officers of the Association or any member of the Board during the Declarant Control Period to the extent permitted by law.

Unless otherwise provided herein with respect to a particular Special Declarant's Right, all Special Declarant's Rights shall expire on the fiftieth (50th) anniversary of the Recordation of this Declaration.

21.5 Declarant Exempt from Design Review Committee. Declarant need not seek or obtain Design Review Committee approval of any Improvement constructed or placed on any portion of the Project by Declarant.

21.6 Limitation on Amendment. Notwithstanding any other provision of this Declaration, the prior written approval of Declarant will be required before any amendment to this Article shall be effective.

21.7 Special Power of Attorney. Each Owner hereby grants, upon acceptance of a Deed to his Unit, an irrevocable, special power of attorney to Declarant to execute and Record all documents and maps necessary to allow Declarant to exercise its rights under this Article.

21.8 Notice to Declarant. The Association shall provide Declarant with all notices and other documents to which a First Mortgagee is entitled pursuant to this Declaration, provided that Declarant shall be provided such notices and other documents without making written request therefor.

21.9 Assignment. All or any portion of the rights of Declarant in this Declaration may be assigned by Declarant to any successor in interest, by an express and written Recorded assignment which specifies the rights of Declarant so assigned.

21.10 Maximum Number of Units. Notwithstanding anything in this Declaration to the contrary, the maximum number of Units that Declarant reserves the right to create in the Project is 30,000 (the "Maximum Permitted Units").

21.11 Supersede Conflicting Provisions. The provisions of this Article 21 shall supersede any contrary provision contained in this Declaration.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration the date and year first written above.

THE HOWARD HUGHES CORPORATION,
a Delaware corporation

By: John T. Potts

Name: JOHN T. POTTS

Title: SR. V. P.

STATE OF NEVADA)
)
COUNTY OF CLARK)

This instrument was acknowledged before me on JANUARY 22, 2001, by
JOHN T. POTTS as S.E.V.P. of The Howard Hughes Corporation.

Rose N. Rudolph
Notary Public

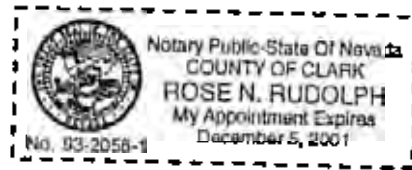


EXHIBIT "A"

INITIAL PROPERTY

LOTS 3-8 AS SHOWN ON THE FINAL MAP OF THE VISTAS AT
SUMMERLIN VILLAGE 20, UNIT NO. 2 ON FILE IN BOOK 98 OF PLATS
AT PAGE 0011, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK
COUNTY, NEVADA.

EXHIBIT "B"

ANNEXABLE PROPERTY

SUMMERLIN WESTERN PLANNING AREA

BEING A PORTION OF SECTIONS 13, 14, 15, 16, 17, 20, 21, 22, 23, 26, 27, 28, 29, 32, 33, 34 AND 35, TOWNSHIP 20 SOUTH, RANGE 59, EAST AND A PORTION OF SECTIONS 3 AND 4, TOWNSHIP 21 SOUTH, RANGE 59 EAST, M.D.M., CLARK COUNTY, NEVADA, DESCRIBED AS FOLLOWS:

BEING PARCEL 1 AS SHOWN BY MAP THEREOF ON FILE IN FILE 91, PAGE 28 OF PARCEL MAPS, OFFICIAL RECORDS, CLARK COUNTY, NEVADA;

EXCEPTING THEREFROM THAT CERTAIN AREA OF RIGHT-OF-WAY DEDICATED TO THE COUNTY OF CLARK FOR THE "WESTERN BELTWAY" PER "GRANT, BARGAIN, SALE DEED" ON FILE IN BOOK 991210 AS INSTRUMENT NO. 01049, OFFICIAL RECORDS, CLARK COUNTY, NEVADA.

FURTHER EXCEPTING THEREFROM THAT CERTAIN AREA OF RIGHT-OF-WAY DEDICATED TO THE COUNTY OF CLARK FOR THE "WESTERN BELTWAY" PER "GRANT, BARGAIN, SALE DEED" ON FILE IN BOOK 20000405 AS INSTRUMENT NO. 00608, OFFICIAL RECORDS, CLARK COUNTY, NEVADA.

FURTHER EXCEPTING THEREFROM THAT CERTAIN AREA OF RIGHT-OF-WAY DEDICATED TO THE COUNTY OF CLARK FOR THE "WESTERN BELTWAY" PER "GRANT, BARGAIN, SALE DEED" ON FILE IN BOOK 20000405 AS INSTRUMENT NO. 00610, OFFICIAL RECORDS, CLARK COUNTY, NEVADA.

THIS DESCRIPTION IS PROVIDED AS A CONVENIENCE AND IS NOT INTENDED FOR THE PURPOSES OF SUBDIVIDING LAND NOT IN CONFORMANCE WITH THE NEVADA REVISED STATUTES (NRS).

CLARK COUNTY, NEVADA
JUDITH A. VANDEVER, RECORDER
RECORDED AT REQUEST OF:

NEVADA TITLE COMPANY
01-23-2001 14:20 KGP -- 77
OFFICIAL RECORDS
BOOK: 20010123 INST: 01409
FEE: 83.00 RPTT: .00

