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FIRST AMENDED AND RESTATED

DECLARATION OF

COVENANTS, CONDITIONS AND RESTRICTIONS

OF

DAYTON VALLEY COUNTRY CLUB

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FIRST AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF DAYTON VALLEY COUNTRY CLUB

THIS FIRST AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF DAYTON VALLEY COUNTRY CLUB is made this 17th day of May, 1990, by the undersigned owners of the property described in Exhibit "A", and are hereinafter referred to as "Declarant" or "Declarants",

ARTICLE I

RECITALS AND DECLARATIONS

WHEREAS, on November 2, 1989, Declarant recorded, and on November 21, 1989, rerecorded, its Declaration of Covenants, Conditions and Restrictions of Dayton Valley Country Club; and

WHEREAS, Declarant now intends to amend and restate said Declaration with the foregoing First Amended and Restated Declaration of Covenants, Conditions and Restrictions; and

WHEREAS, Declarant is the owner of the real property in the County of Lyon, State of Nevada, which is more particularly described on Exhibit "A", attached hereto and incorporated herein by this reference, which described real property, together with certain additional lands, as hereinafter provided, is hereinafter referred to as "DAYTON VALLEY COUNTRY CLUB" or "the Project"; and

WHEREAS, the Project is in an area of unique natural beauty featuring distinctive terrain. It is the desire and intent of Declarant to create a community in which such beauty shall be substantially preserved and, for the enjoyment and convenience of the persons living within the Property, enhanced by the development of a community consisting of single-family, multi-family, and commercial lots and improvements. These covenants, conditions and restrictions, all of which are hereinafter included in the term "Declaration", are intended to secure such objectives.

NOW, THEREFORE, in furtherance of such intent, Declarant hereby declares that all of the real property referred to herein as the "Project" or "DAYTON VALLEY COUNTRY CLUB", more particularly described in Exhibit "B" attached hereto, and such other real property as may become annexed and subject hereto as described in Article IV of this Declaration is and shall henceforth be owned, held, conveyed, encumbered, leased, improved, used, occupied and enjoyed subject to the following uniform covenants, conditions, restrictions and equitable servitudes in furtherance of, and the same shall constitute, a general plan for the subdivision, ownership, improvement, sale, use and occupancy of the Project, and to enhance the value, desirability and

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attractiveness of the Project. This Declaration shall run with the Project and all parts thereof; shall be binding upon all persons having or acquiring any interest in the Project or any part thereof; shall inure to the benefit of and be binding upon every part of the Project and every interest therein; and shall inure to the benefit of, be binding upon, and be enforceable by Declarant, its successors in interest, each Owner and his successors in interest, and the Association and its successors in interest. Each and all of the limitations, easements, uses, obligations, covenants, conditions and restrictions herein imposed shall be deemed to be and shall be construed as equitable servitudes, enforceable by any of the owners of any portion of the real property subject hereto against any other owner, tenant or occupant of said real property or any portion thereof.

ARTICLE II

DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in this First Amended and Restated Declaration shall have the meanings hereinafter specified.

2.01 Architectural Committee. The committee created pursuant to Article IX hereof (hereinafter sometimes referred to as "Committee").

2.02 Architectural Committee Rules. The rules adopted by the Architectural Committee pursuant to Section 9.04 hereof (hereinafter sometimes referred to as "Committee Rules") .

2.03 Articles. The Articles of Incorporation of the Association which have been or will be filed in the office of the Secretary of State of the State of Nevada, as the same may from time to time be amended.

2.04 Assessments. Assessments of the Association including both regular and special assessments as set forth in Article X hereof.

2.05 Association. DAYTON VALLEY COMMUNITY ASSOCIATION, a Nevada non-profit corporation described in Article III, including its successors and assigns.

2.06 Association Property. All real and personal property now or hereafter owned by or leased to the Association.

2.07 Beneficiary. A mortgagee under a mortgage or a beneficiary under a deed of trust, as the case may be.

2.08 Board. The Board of Directors of the Association as provided in the Articles and Bylaws.

2.09 Bylaws. The Bylaws of the Association which may be adopted by the Board, as such Bylaws may be amended from time to time.

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2.10 Club Facilities. Any land and facilities adjacent to, within or in the vicinity of the Project which are separate from the common areas of the Association, which are privately owned by Declarant, its successors, successors-in-title, or assigns, and which may be operated as a recreational facility (including without limitation, a golf course(s), clubhouse(s), tennis court(s) and swimming pool(s), the use thereof which may be limited by Section 3.02B hereof.

2.011 Commercial Site. Any unit of land, whether or not improved, which is designated for Commercial Use. If such Commercial Site is shown on a recorded Subdivision plat, its size and dimensions shall be as shown thereon, and if such Commercial Site is not shown on a recorded Subdivision plat, its size and dimensions shall be established by the legal description in the original recorded conveyance from Declarant to the first fee owner thereof. A Commercial Site may also be established as such by Declarant by a recorded instrument wherein Declarant designated a unit of land as a Commercial Site.

2.012 Commercial Use. Any governmental, professional, office, business, business park, eleemosynary, trade or industrial use, including any activity involving the offering of goods or services which is permitted by applicable zoning laws, ordinances and regulations. Included in this definition shall be the main clubhouse structure erected within the club facilities and any expansion thereto.

2.013 Common Area. All real and personal property which the Association now or hereafter owns within DAYTON VALLEY COUNTRY CLUB that is available for the common use and enjoyment of any Member, or their lessees and invitees, including driveways, walkways, plazas, hiking trails, open spaces, planted and landscaped areas, and utility facilities designated on the Subdivision Map therefor as Common Area whether or not the same is owed in fee by the Association or whether by easement or equitable servitude.

2.014 Condominium Building. A building containing Condominium Units.

2.015 Condominium Unit. An estate in real property as defined in Chapter 117 of Nevada Revised Statutes consisting of (a) a fee interest in a unit, and (b) an undivided fractional interest in Limited Common Area, together with all easements, rights and appurtenances belonging thereto.

2.016 Dayton Valley Country Club. All that real property described on Exhibit "A" to this Declaration. DAYTON VALLEY COUNTRY CLUB shall also mean such additional lands as may be annexed to DAYTON VALLEY COUNTRY CLUB and subjected to this Declaration by Declarant or by other Persons with Declarant's written consent pursuant to Article IV.

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2.017 Dayton Valley Community Association Maintenance Fund. The fund created for the receipts and disbursements of the Master Association, pursuant to Section 10.01 hereof.

2.018 Dayton Valley Country Club Restrictions. This Declaration, together with any and all Supplemental Declarations which may be recorded pursuant to Sections 3.01 and 4.01 hereof, as this Declaration or said Supplemental Declarations may be amended from time to time, together with the Dayton Valley Community Association Rules from time to time in effect, and the Articles and By-laws of the Master Association from time to time in effect.

2.019 Dayton Valley Community Association Rules. The rules adopted by the board pursuant to Section 3.10 hereof, as they may be amended from time to time.

2.020 Declarant. The owner or owners of the property described in Exhibit "A", and their successors and assigns, if such successors or assigns acquire the majority of the Lots subject to this Declaration for the purpose of resale to others.

2.021 Declaration. This document as it may be amended from time to time.

2.022 Deed of Trust. A mortgage or a deed of trust, as the case may be.

2.023 Improvement. Any structure and all appurtenances thereto of every type and kind, including but not limited to building, outbuilding, patio, tennis court, pool, garage, shed, doghouse, mailbox, aerial, antenna, road, driveway, parking area, walk, fence, screening wall, retaining wall, stair, deck, landscaping, court, gate, statue, marker, hedge, windbreak, planting, planted tree and shrub, pole, sign, exterior air conditioning, water softener fixture or equipment, pole, pump, well, ditch, tank, reservoir, pipe, line, meter, tower and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.

2.024 Limited Common Area shall mean and refer to certain portions of the Common Area which are in the sole discretion of the Board for the exclusive use and benefit of one or more Neighborhoods. All costs associated with maintenance, repair, replacement and insurance of Limited Common Areas may be assessed against the Owners of Units in only those Neighborhoods which are benefited thereby as a Neighborhood Assessment, as defined herein. By way of illustration and not limitation, Limited Common Areas may include recreational facilities intended for the exclusive use of Owners within a particular Neighborhood or Neighborhoods and supported exclusively by Neighborhood Assessments. Initially, any Limited Common Areas shall be designated as such and the exclusive use thereof shall be assigned in the deed conveying the Common Area to the Association. A portion of the Common Area may be assigned as Limited Common Area of a particular Neighborhood or Neighborhoods and Limited Common Area may be reassigned upon the vote of a majority of the total members.

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2.025. Lot. Any unit of land which is designated on any recorded Subdivision plat, whether or not improved, for a single-family residence.

2.026 Major Developer. Any person or persons designated as such by Declarant in an instrument recorded in the real property records of the county wherein the land lies.

2.027 Manager. Manager shall mean the person, firm or corporation employed, if any, by the Master Association pursuant to Section 3.06 and delegated the duties, powers or functions of the Association pursuant to said section.

2.028 Member. Any person who is designated as a member pursuant to Section 3.02 hereof.

2.029 Mortgage. Any mortgage or deed of trust given to secure the payment of a debt.

2.030 Multi-Family Site. Any unit of land, whether or not shown on a recorded subdivision plat and whether or not improved, which is designated for apartments, condominiums or townhouses.

2.031 Neighborhood. Neighborhood shall mean and refer to each separately developed and denominated residential area comprised of one (1) or more housing types subject to this Declaration, whether or not governed by an additional owners association, in which owners may have common interests other than those common to all Members, such as a common theme, entry feature, development name, and/or common areas and facilities which are not available for use by all Members. For example, and by way of illustration and not limitation, each condominium, townhouse development, cluster home development, and single-family detached housing development shall constitute a separate Neighborhood. In addition, each parcel of land intended for development as any of the above shall constitute a Neighborhood, subject to division into more than one (1) Neighborhood upon development. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) of Neighborhood Association. Neighborhood and Village shall have the same meaning as used in this Declaration.

2.032 Notice and Hearing. Ten days' written notice given as provided in Section 11.03 and a public hearing at which the person to whom the notice is directed shall have the opportunity to be heard in person or by counsel at his expense.

2.033 Owner. The record owner of any Lot, Multi-Family Site, Commercial Site or Condominium Unit subject to this Declaration, or any record owner of any Lot, Multi-Family Site, Commercial Site, or Condominium Unit that is annexed hereto pursuant to Article IV. "Owner" shall include the vendee under an Installment Contract of Sale and shall exclude the vendor thereunder and those having an

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interest in any property that is subject to this Declaration solely for security for the performance of an obligation.

2.034 Person. A natural individual or any other entity with the legal right to hold title to real property.

2.035 Plans and Specifications. Any and all documents designed to guide or control an Improvement, including but not limited to those indicating size, shape, configuration or materials, all site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services, and all other documentation or information relevant to the Improvement.

2.036 Project. The DAYTON VALLEY COUNTRY CLUB as generally depicted on the overall Dayton Valley Master Plan as recorded in the office of the Lyon County Recorder.

2.037 Purchaser. A purchaser who is unrelated to Declarant or any corporation, partnership, joint venture, or other business entity in which Declarant has an ownership interest or over which Declarant exercises contractual or other control relating to the improvement, development or sale of Property.

2.038 Record, Recorded and Recordation. With respect to any document, the recordation of such document in the office of the Clerk and Recorder of the county wherein the land lies.

2.039 Recreation and Open Space. All areas designated by Declarant and thereafter to be held for recreational purposes for the benefit of all Members not including any portion of the club facility; provided, however, that access to any area or facility except for neighborhood parks, may be subject to fees and other charges, or otherwise conditioned or restricted, and made available to non-Members, all on such terms and conditions as the Board may determine.

2.040 Single Family. One or more persons each related to the other by blood, marriage or legal adoption or a group of not more than four persons not all so related, together with their domestic employees and servants who maintain a common household in a residential unit and casual guests or as defined under the provisions of the Lyon County Code.

2.041 Single Family Residential Use. The occupancy and use of a residential unit or lot by a Single Family in conformity with the covenants, conditions and restrictions hereof, the rules and requirements imposed by applicable zoning laws and other state or local rules and regulations.

2.042 Subassociation. Any non-profit Nevada corporation or unincorporated association and its successors, organized and established by Declarant or by Declarant and a Major Developer pursuant to or in connection with a Supplemental Declaration recorded by Declarant

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or by Declarant and a Major Developer, as provided in Sections 3.01 and 4.01.

2.043 Subdivision. A parcel of land which has been shown on a final and recorded subdivision plat pursuant to N.R.S. Chapter 278 or 278A, as amended.

2.044 Supplemental Declaration. Any declaration of covenants, conditions and restrictions which may be hereafter recorded by Declarant or by Declarant and a Major Developer.

2.045 Village. Any separately developed and denominated residential area within the project as more specifically and synonomously defined in section 2.032 above.

2.046 Visible from Neighboring Property. With respect to any given object, such object is or would be visible to a person six feet tall standing on an assumed floor elevation two feet above the surface of any neighboring property in the area involved, assuming that the property had an elevation equal to the highest elevation of the ground surface of that portion of the area upon which the object is located.

ARTICLE III

DAYTON VALLEY COMMUNITY ASSOCIATION

3.01 (a) Organization. The Association is a non-profit Nevada membership corporation created for the purposes, charged with the duties, and invested with the powers prescribed by law or set forth in its Articles and Bylaws or in this Declaration. Neither the Articles nor Bylaws shall for any reason be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. Nothing in this Declaration shall prevent the creation, by provision therefor in Supplemental Declarations executed and recorded by Declarant, or, as to lands owned by a Major Developer, by Declarant and such Major Developer, of Subassociations to own, assess, regulate, operate, maintain or manage the portions of the Project subject to such Supplemental Declarations or to own or control portions thereof for the common use or benefit of Owners in the portion of the Project subject to such Supplemental Declarations.

(b) Successor Associations. In the event that the Association as a corporate entity is dissolved, a non-profit unincorporated association shall forthwith and without further action or notice be formed to succeed to all the rights and duties of the Association hereunder. The affairs of said unincorporated association shall be governed by the laws of the State of Nevada and, to the extent not inconsistent therewith, by the Articles and By-Laws of the Association as if they were created for the purpose of governing the affairs of an unincorporated association.

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3.02 Membership Rights.

A. Membership. Only Owners and Declarant shall be Members of the Association; provided, however, that no Person shall be a Member by reason of ownership of lands used for public school or governmental or quasi-governmental purposes, or by reason of ownership of any park, public land, road, easement, right-of-way, mineral interest, mortgage or deed of trust. Each Owner shall automatically be a Member of the Association without the necessity of any further action on his part, and Association membership shall be appurtenant to and shall run with the property interest ownership of which qualifies the Owner thereof to membership. Membership may not be severed from, or in any way transferred, pledged, mortgaged or alienated except together with the title to the property interest, ownership of which qualifies the Owner thereof to membership, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void.

B. Club Facilities. Declarant or its designated parties may from time to time provide club facilities within the Project (including without limitation a golf course, fairways, driving range(s), putting green(s), clubhouse(s), tennis court(s), and swimming pool(s) which are separate from the Common Areas of the Association, any Village or any Neighborhood Association ("Club Facilities"). The Club Facilities shall be developed and provided at the discretion of the Declarant. Whoever owns any of these Club Facilities at any particular time has the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom the Club Facilities shall be used, if at all. By way of example, but not limitation, the Declarant has the right to approve users and determine eligibility for use, to reserve use rights for future purchasers in the Project, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the Club Facilities, to transfer any or all of the Club Facilities or the operation thereof to anyone (including without limitation a member-owned or equity club) and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, membership contribution, initiation fee, initiation deposit, dues and other charges for use privileges. Ownership of any portion of or all of the Project or membership in the Association does not establish or give any vested right or easement, prescriptive or otherwise, to use the Club Facilities, and does not grant any ownership or membership interest in the Club Facilities.

Notwithstanding the exclusion of the Club Facility from the control or ownership of the Association, a portion of the Club facilities, designated herein, shall be deemed a commercial use for purposes of voting and assessment. Said portion of the Club facilities shall consist of the main clubhouse structure erected thereon, and any extension thereof.

3.03 Voting Rights.

A. Entitlement. The right to cast votes, and the number of votes which may be cast, for election of members to the Board of

Directors of the Master Association and on all other matters to be voted on by the Members shall be calculated as follows:

(1) Class A Members. Class A Members shall be all Owners excepting Declarant and shall have one vote for each Lot, Condominium Unit or 1000 square feet or portion thereof designated for Commercial Use owned.

(2) Class B Member. The Class B Member shall be Declarant. The Class B Member shall be entitled to three votes for each Lot, Condominium Unit or 1000 square feet or portion thereof designated for Commercial Use owned. The voting rights of the Class B membership shall be reduced by two-thirds on the happening of one of the following events, whichever occurs earlier: (a) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or (b) fifteen years from the first sale to a Purchaser other than Declarant which takes place after the effective date of this Declaration.

(3) Votes Upon Annexation. If and when additional parcels are annexed hereto, Declarant shall become a Class B Member for each Lot, Condominium Unit or 1000 square feet or portion thereof designated for Commercial Use within the added premises so annexed and shall be entitled to cast four votes for each such Lot, Condominium Unit or 1000 square feet or portion thereof designated for Commercial Use that it owns in the added land even though its Class B voting rights for the parcels owned within a previous phase had theretofore ceased pursuant to Section 3.03A.(2).

B. Joint or Common Ownership. If any property interest, ownership of which entitles the Owner thereof to vote, is held jointly or in common by more than one Person, the vote or votes to which such property interest is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for such property interest shall be cast, if at all, as a unit, and neither fractional votes nor split votes shall be allowed. In the event that such joint or common Owners are unable to agree among themselves as to how their vote or votes shall be cast as a unit, they shall lose the right to cast their vote or votes on the matter in question. Any joint or common Owner shall be entitled to cast the vote or votes belonging to the joint or common Owners unless another joint or common Owner shall have delivered to the Secretary of the Association prior to the time for casting such vote, a written statement to the effect that the Owner wishing to cast the vote or votes has not been authorized to do so by the other joint or common Owner or Owners.

C. Proxy Voting. Any Owner, including Declarant, may give a revocable written proxy to any person authorizing the latter to cast the Owner's votes on any matter. Such written proxy shall be in such form as may be prescribed by the Bylaws of the Master Association.

D. Cumulative Voting. The cumulative system of voting shall not be used for any purpose.

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E. Voting in the Master Association. The Board shall have the power to vote in the El Dorado Lakes Master Association on behalf of the Association.

3.04 Meetings of Members. The Association shall hold an annual regular meeting of the Members of the Association on the first Tuesday in April of each year at 10:00 a.m. at the principal office of the Association. Except as in the next sentence provided, no notice need be given of said annual regular meeting. Said annual regular meeting may be held at such other reasonable place or time (not more than 30 days before or after the aforesaid date) as may be designated by notice of the Board given to the Members not less than ten nor more than fifty days prior to the date fixed for said regular meeting. Special meetings of the Members may be called at any reasonable time and place by notice by the Board or by notice by Members having one-fifth of the total votes, delivered not less than ten or mailed not less than fifteen days prior to the date fixed for said special meeting, to all Members if given by the Board and to all other Members if given by said Members. All notices of meetings shall be addressed to each Member as his address appears on the books of the Association.

The presence at any meeting, in person or by proxy, of Members entitled to vote at least a majority of the total votes outstanding shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than 48 hours nor more than 30 days from the time set for the original meeting, at which adjourned meeting the quorum requirement shall be the Members entitled to vote 25% of the total votes.

The Chairman of the Board of Directors, or in his absence the Vice Chairman, shall call meetings of Members to order and act as chairman of such meetings. In the absence of both of said officers, any Member entitled to vote thereafter or any proxy of any such Member may call the meeting to order, and a chairman of the meeting shall be elected. The Secretary of the Association, or in his absence the Assistant Secretary, shall act as secretary of the meeting. In the absence of both the Secretary and the Assistant Secretary, a secretary shall be selected in the manner aforesaid for selecting a chairman of the meeting.

Except as provided otherwise in the Declaration including in Sections 3.06(e), (g), (h), 8.03 and 11.02 below, any action may be taken at any legally convened meeting of the Members upon the affirmative vote of the Members having a majority of the total votes present at such meeting in person or by proxy.

3.05 Duties of the Association. Subject to and in accordance with the Dayton Valley Country Club Restrictions, the Association shall have and perform each of the following duties for the benefit of the Members of the Association.

(a) Members. The Association shall accept all Owners as Members.

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(b) Recreation and Open Space Areas and Common Area. The Association shall accept, own, operate and maintain all Recreation and Open Space areas and Common Area which may be conveyed, leased, licensed or otherwise enjoyed by it from the Declarant, together with all Improvements of whatever kind and for whatever purpose which may be located in said areas; and to accept, own, operate and maintain all other property easements, or rights of use whether real and personal, for which it, its members or the Project receives any benefits whether aesthetic or tangible, except this power and duty shall in no way extend to operation or maintenance of any portion of the Club Facilities.

(c) Title to Property Upon Dissolution. The Association shall pay over or convey, upon dissolution of the Association, the assets of the Association to one or more exempt organizations of the kind described in Section 501(c) of the Internal Revenue Code of 1954, as amended from time to time.

(d) Repair and Maintenance of Association Property. The Association shall maintain in good repair and condition all lands, Improvements, and other Association Property enjoyed by, owned by, licensed to or leased to the Association.

(e) Payment of Taxes. The Association shall pay all real and personal property taxes and other taxes and assessments levied upon or with respect to any property owned by or leased to the Association, to the extent that such taxes and assessments are not levied directly upon the Members. The Association shall have all rights granted by law to contest the legality and the amount of such taxes and assessments.

(f) Insurance. The Association shall obtain and maintain in effect policies of insurance adequate, in the opinion of the Board, in kind and amount. Without limiting the generality of the preceding sentence, such policies of insurance shall include:

(1) Fire and extended coverage insurance on all Improvements owned by or leased to the Association, the amount of such insurance to be not less than 90% of the aggregate full insurable value, meaning actual replacement cost exclusive of the costs of excavations, foundations and footings. Such insurance shall insure the Association and the mortgagees, as their interests may appear. As to each such policy which will not be thereby voided or impaired, the Association hereby waives and releases all claims against the Board and Declarant, and the officers, agents and employees of each thereof, with respect to any loss covered by such insurance, whether or not caused by negligence of or breach of any agreement by said persons, but only to the extent that insurance proceeds are received in compensation for such loss. If the foregoing exculpatory clause is held to be invalid, then the liability of the insurance company shall be primary, and the liability of the Board, Declarant and the officers, agents and employees of the Board and of Declarant shall be secondary.

(2) Bodily injury liability insurance, with limits of not less than $500,000 per person and $1,000,000 per occurrence and

property damage liability insurance of not less than $50,000 per occurrence, insuring against liability for each, bodily injury or property damage arising from activities of the Association or with respect to property under its jurisdiction, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured. The liability insurance policies referred to above shall name as separately protected insureds Declarant, the Association, the Board and each of its members, the Architectural Committee and each of its members, and the Manager, and such policies may also name some or all of the respective officers, employees and agents of the foregoing.

(3) Workmen's Compensation Insurance to the extent necessary to comply with all applicable laws.

(4) A fidelity bond in the penal amount of not less than $25,000, naming the members of the Board and such other persons as may be designated by the Board as principals and the Association as obligee.

(5) Such other insurance, including indemnity and other bonds, as the Board shall deem necessary or expedient to carrying out the Association's functions.

The Association shall be deemed trustee of the interests of all Members in all insurance proceeds, and shall have full power to receive and to deal with such proceeds.

(g) Dayton Valley Community Association Rules. The Association shall make, establish and promulgate, and in its discretion amend or repeal and reenact, such Dayton Valley Community Association Rules, not in contradiction to this Declaration, as it deems proper covering any and all aspects of its functions, including the use and occupancy of Association Property. Without limiting the generality of the foregoing sentence, such Rules may set dues and fees and prescribe the regulations governing the operation of Association Property. Each Member shall be entitled to examine such Rules at any time during normal working hours at the principal office of the Association.

(h) Architectural Committee. The Association shall appoint and remove members of the Architectural Committee as provided in Section 9.02 hereof, and insure that at all reasonable times there is available a duly constituted and appointed Architectural Committee.

(i) Enforcement Hereof. The Association shall enforce, in its own behalf and in behalf of all Owners, all of the covenants, conditions and restrictions set forth in this Declaration, under an irrevocable agency (hereby granted) coupled with an interest, as beneficiary of said covenants, conditions and restrictions, and as assignee of Declarant; and to perform all other acts, whether or not anywhere expressly authorized, as may be reasonably necessary to enforce any of the provisions of the Dayton Valley Country Club Restrictions or of the Architectural Committee Rules.

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(j) Long-Term Financing. The Association shall execute mortgages and deeds of trust, both construction and permanent, for construction of facilities, including Improvements, on property owned by or leased to the Association, and shall accept lands in Recreation and Open Space areas and Common Areas, whether or not improved, from Declarant subject to such mortgages and deeds of trust. Such financing may be effected through conventional mortgages or deeds of trust, the issuance and sale of development or other bonds, or in any other form or manner as may be deemed appropriate by the borrower, whether that be Declarant or the Association. The mortgage, deed of trust or other security interest given to secure repayment of such debt may consist of a first lien or a second or other junior lien, as shall be deemed appropriate by such borrower, whether that be Declarant or the Association, on the Improvement or other facility to be constructed, together with such underlying and surrounding lands as Declarant or the Association, as the case may be, deems appropriate. The debt secured by such mortgage, deed of trust or other security instrument may be retired from revenues generated by dues, use fees, assessment of the Members of the Association, or otherwise, or any combination thereof, as may be deemed appropriate by Declarant or the Association, as the case may be, but subject to the limitations imposed by this Declaration.

(k) Audit. The Association shall provide an annual audit by an independent certified public accountant of the accounts of the Association and make a copy of such audit available to each Member during normal business hours at the principal office of the Association. Any Member may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Association by a certified public accountant provided that such audit or inspection is made during normal business hours and without unnecessary interference with the operations of the Association.

(l) Other. The Association shall carry out all duties of the Association set forth in the Dayton Valley Country Club Restrictions, or the Articles or Bylaws of the Association.

3.06 Powers and Authority of the Association. The Association shall have all of the powers of a non-stock, non-profit cooperative corporation organized under the laws of the State of Nevada in operating for the benefit of its members, subject only to such limitations upon the exercise of such powers as are expressly set forth in the Articles, By-Laws and this Declaration. It shall have the power to do any and all lawful things which may be authorized, required or permitted to be done under and by virtue of this Declaration, and to do and perform any and all acts which may be necessary or proper for or incidental to the exercise of any of the express powers of the Association for the peace, health, comfort, safety or general welfare of the Owners. Without in any way limiting the generality of the foregoing, the Association and the Board shall have the following power and authority; without the obligation to exercise such power and authority:

(a) Right of Entry and Enforcement. The Board and its agents and representatives shall have the power and right to enter upon any Lot and the Improvements thereon without liability to any Owner, for the purpose of enforcing any of the provisions of this Declaration, or for the purpose of maintaining and repairing the improvements located on said Lot as provided in this Declaration or, if for any reason whatsoever, the Owner thereof fails to maintain and repair any portion of a Lot as required by this Declaration to be maintained or repaired by said Owner. The Association shall also have the power and authority from time to time in its own name, on its own behalf, or on the behalf of any Owner or Owners who consent thereto, to commence and maintain actions and suits to restrain and enjoin any breach or threatened breach of this Declaration and to enforce, by mandatory injunction or otherwise, all of the provisions of this Declaration. The costs of any such action or suit, including reasonable attorney's fees, shall be paid to the prevailing party as part of its judgment.

(b) Easements and Rights-of-Way. The Association shall have the power to grant and convey to any third party, easements, licenses for use and rights-of-way, in, on, over or under any Common Area conveyed or otherwise transferred to the Association or under its jurisdiction, upon the affirmative vote or written consent of the Board of Directors as ratified by the voting members at the next annual meeting.

(c) Employment of Manager. The Board shall have the power to employ by written agreement the services of a manager or other employee, or a professional manager or management company, subject to the direction and control of said Board, to manage and carry out the affairs of the Association and, to the extent consistent with the laws of the State of Nevada and upon such conditions as are otherwise deemed advisable by the Board, to delegate to the manager any of its powers; provided, however, that any contract with such professional manager or management company, and the compensation to be paid, for a term greater than three (3) years must be approved by at least fifty-one percent (51%) of the Members of the Association. In no event shall any management agreement be for a term greater than five (5) years and said agreement shall provide for termination for cause on a minimum of ninety (90) days written notice.

(d) Services. The Board shall have the power to provide for and engage the services of others for the maintenance, protection and preservation of Association Property and the Common Areas, including grounds keepers, painters, plumbers and such other maintenance personnel, as the nature and character of such common area may require, and including any such necessary personnel as the nature and character of any recreational facilities within such Association Property or Common Area may require; provided, however, that no contract for such services shall be for a duration of more than three (3) years, except with the approval of a majority of the Members of the Association. Said contract shall provide for termination for cause on a maximum of ninety (90) days written notice.

(e) Utilities. The Board shall have the power to contract, use and pay for utility services to the Association Property and Common Area and their facilities.

(f) Other Property: The Board shall have the power to acquire and hold, as trustee for the benefit of its Members, tangible and intangible personal property and to dispose of the same by sale or otherwise.

(g) Mergers: The Association shall have the power, to the extent permitted by law, to participate in mergers and consolidations with other non-profit corporations organized for the same purposes as the Association, provided that any such merger or consolidation shall have the approval by affirmative vote or written consent of the Board of Directors as ratified by a majority of the members at the next succeeding annual meeting.

(h) Dedication: The Association shall have the power to dedicate any of its property to an appropriate public authority for public use, provided that any such dedication shall have the approval either by affirmative vote or written consent of the Board, and such dedication is subject to the existing easements and rights of use of all of the Members of the Association.

(i) Delegation: The Board may delegate any of its powers to any such committees, officers or employees as it deems necessary and proper.

(j) Construction on Association Property: The Association shall have the power to construct new Improvements or additions to Association Property, or demolish existing Association Property or Improvements, subject to the approval of the Architectural Committee as is required in this Declaration.

(k) Maintenance of Card Key Security Systems. The Association shall have the power to operate card key operated security entrances at all points of entry and exit within the project, which may or may not be manned. The Association shall have the power to issue card keys, in its discretion, to control and maintain security related to vehicle entry into and exit from the project. This authority shall include, without limitation, the authority to suspend card use privileges pursuant to section 10.06 herein.

(l) Collection for Subassociations: The Association shall have the power to collect on behalf of and for the account of any Subassociation (but not to levy) any assessment made by a Subassociation created pursuant to this Declaration, provided that such Subassociation has delegated the right, authority and power to the Association to make such collections on its behalf.

(m) Conveyances. To grant and convey to any person real property and interests therein, including fee title, leasehold estates, easements, rights of way, mortgages and deeds of trust, out of, in, on, over or under any Association Property for the purpose of

constructing, erecting, operating or maintaining thereon, therein or thereunder:

(1) Parks, parkways, or other recreational facilities;

(2) Roads, streets, walks, driveways, trails, and paths;

(3) Lines, cables, wires, conduits, pipelines or other devices for utility purposes;

(4) Sewers, water systems, storm water drainage systems, sprinkler systems, and pipelines; and

(5) Any similar public, quasi-public, or private improvements or facilities.

Nothing above contained, however, shall be construed to permit use or occupancy of any land, Improvement or other facility in a way which would violate applicable zoning or use and occupancy restrictions imposed thereon by other provisions of this Declaration.

(n) Legal and Accounting Services. To retain and pay for legal and accounting services necessary or proper in the operation of the Association, the operation and management of its Property, the enforcement of the Dayton Valley Country Club Restrictions, or in the performance of any other duty, right, power or authority of the Association.

(o) Association Property Services. To pay for water, sewer, garbage removal, electricity, telephone, gas, snow removal, landscaping, gardening, and all other utilities, services and maintenance for property owned by or leased to the Association.

(p) Other Areas. To maintain and repair easements, roads, roadways, rights of way, parks, parkways, median strips, sidewalks, paths, trails, ponds, lakes, entry details, guardhouses, and other areas of the Project whether owned by or leased to the Association, and to contribute toward the cost of operation and maintenance of private roads and any other Improvements or other facilities owned by Subassociations in the Project but used in part by Persons who are Members of the Association but not members of the Subassociation.

(q) Recreational Facilities. To own and operate any and all types of facilities for both active and passive recreation, both on and off the Project other than the Club Facilities, including, but not limited to: swimming pools; ice rinks; community clubs; equestrian facilities; picnic areas; parks and playgrounds; trails for hiking, bicycles and horseback riding; lakes and ponds for swimming, water skiing, fishing and other water sports; and other similar and dissimilar recreational facilities.

It is acknowledged that the Association does not own or claim to own any right, title or interest in and to the Golf Course, Clubhouse lakes and ponds and related uses and buildings developed by the Declarant more specifically defined as Club Facilities in 2.10

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above. All proprietary rights of every nature and kind are owned and retained by the Declarant relating to the said Club Facilities, Clubhouse and related uses. All rights of access onto, across or over the Golf Course are owned by the Declarant and subject to the rules and regulations of the Declarant, its successors, successors-in-title, or assigns.

(r) Other Services and Properties. To obtain and pay for any other property and services, and to pay any other taxes or assessments which the Association or the Board is required to secure or to pay for pursuant to applicable law, the terms of the Dayton Valley Country Club Restrictions, this Declaration, or the Articles or Bylaws of the Association.

(s) Contracts. To enter into contracts with Declarant and with Subassociations, Major Developers, and other Persons on such terms and provisions as the Board shall determine, to operate and maintain any Common Area or recreational or other facility or area, or to provide any service or perform any function on behalf of Declarant or such Subassociation, Major Developer or other Person. As to any such contract into which the Association may enter with a Subassociation, the Association may make, establish and promulgate, and in its discretion may amend or repeal and reenact, rules of the kind described in Section 3.10 with respect to the Subassociation's property.

(t) To obtain and hold any and all types of permits and licenses, and to operate a bar, lounge and/or restaurants.

(u) To acquire and own and to dispose of all manner of real and personal property, whether by grant, lease, gift or otherwise.

(v) If it shall ever be ruled or held that an exemption under the Internal Revenue Code is unavailable to the Association because of one or more rights, powers, duties, obligations or functions given to the Association by the Declaration, the Association may create a subsidiary or other association to perform the rights, powers, duties, obligations or functions which prevent the obtaining of the tax exemption; or, alternatively, the Association may retain the rights, powers, duties, obligations and functions which prevent the obtaining of the tax exemption and transfer some or all of its other rights, powers, duties, obligations and functions to such subsidiary or other association.

3.07 Indemnification.

(a) Third Party Actions. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Association) by reason of the fact that he or she is or was a director, officer, employee, servant or agent of the Association against expenses (including attorneys' fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted

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in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) Derivative Actions. The Association may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, servant or agent of the Association, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action, proceeding or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, except that no indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the court in which such action, proceeding or suit was brought shall determine upon application that, despite the adjudication of liability and in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

(c) Determination. Any indemnification which the Association has elected to provide under paragraph (a) or (b) of this Section 3.07 (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the officer, director, employee, servant or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraph (a) or (b) of this Section 3.07. Such determination shall be made (a) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or even if obtainable, a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; provided, however, that if a director, officer, employee, servant or agent of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraph (a) or (b) of this Section 3.07, or in defense of any claim, issue or matter therein, then, to the extent that the Association has elected to provide indemnification, he shall automatically be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith without the necessity of any such determination that he has met the applicable standard of conduct set forth in paragraph (a) or (b) of this Section 3.07.

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(d) Payment in Advance. Expenses incurred in defending a civil or criminal action, suit or proceeding may, in the discretion of the Board, be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board as provided in paragraph (c) of this Section 3.07 upon receipt of an undertaking by or on behalf of the director, officer, employee, servant or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Section 3.07.

(e) Insurance. The Board may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, servant, or agent of the Association, against any liability asserted against him or incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability hereunder or otherwise.

(f) Other Coverage. The indemnification provided by this Section 3.07 shall not be deemed exclusive of any other rights to which anyone seeking indemnification may be entitled under this Declaration, agreement, vote of the Members, vote of disinterested directors, Nevada law, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and may continue as to a person who has ceased to be a director, officer, employee, servant or agent and may inure to the benefit of the heirs and personal representatives of such a person.

3.08 Assessment Benefiting Specific Areas. The Association shall also have authority to levy assessments against specific local areas and Improvements including Neighborhoods and Villages within the project to be expended for the benefit of the properties so assessed. The assessments levied under this Section 3.08 shall be levied in proportion to the benefits conferred or to be conferred, as determined by the Board, and therefore the amount levied against each parcel of land or Improvement need not be equal. Any such assessments shall constitute a lien on the properties so assessed and such liens shall be enforced in the same manner and to the same extent as is provided in Article X of this Declaration for regular and special Assessments.

3.09 Diseased Trees. The Association may enter upon any part of the Project at any time to inspect for, prevent and control diseased trees and other plant life and insect infestation of trees and other plant life. If any diseased or insect infested trees or other plant life are found, the Association may spray, remove diseased trees and other plant life, and take such other remedial measures as it deems expedient. The cost thereof applicable to privately owned property may be levied by the Association as a specific assessment against such property pursuant to Section 3.08 hereof.

3.10 Rules:

(a) Rulemaking Power: The Board may, from time to time and subject to the provisions of this Declaration, propose, enact and amend rules and regulations to be known as the "Dayton Valley

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Community Association Rules". Any rules which relate to the management, operation and control of the Association or the Common Area, common facilities or interests shall become effective and binding on all Owners only after adoption by the Board. Such rules may concern, but need not be limited to: matters pertaining to use of the Common Area and Recreation and Open Space; signs; collection and disposal of refuse; minimum standards of maintenance of property; parking and traffic restrictions; limitations on maintenance of landscaping or other improvements on any property which obstruct the vision of motorists or which create a hazard for vehicular or pedestrian traffic; and any other subject or matter within the jurisdiction of the Association as provided in this Declaration. Said rules may restrict and govern the use of Common Area by any Members, by the family of such Member or by any invitee, licensee or lessee of such Member. Declarant has retained the right, to establish rules relating to the use of that portion of the Common Area and Recreation and Open Space owned by it, and the Association may incorporate such rules in its Rules; the right of an Owner or the Board to enforce the Dayton Valley Community Association Rules is limited to those Owners that are subject to this Declaration.

(b) Notification of Rules: A copy of the Rules, as they may be from time to time adopted, amended or repealed, shall be mailed or otherwise delivered to each Member and may be recorded. The recordation of said Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration. No Rules may be adopted which materially detriment the rights, preferences, or privileges of any Owner as specifically set forth herein.

3.11 Breach of Rules or Restrictions: In the event of a breach of any Rule or of any of the Restrictions contained in this Declaration by an Owner, his family, guests, employees, invitees, licensees or tenants, the Board, for and on behalf of itself and all other Owners, shall enforce the obligations of each Owner to obey such Rules or Restrictions in any manner provided by law or in equity, including, but not limited to, appropriate hiring of legal counsel, the pursuing of legal action, or suspension of the Owner's right to use the facilities of the Common Area or suspension of the Owner's voting rights; provided, however, such suspension may not be for a period in excess of thirty (30) days, after notice and hearing as herein provided, for an infraction of such Rules. In addition to the other remedies herein set forth, including without limitation, assessing the cost of repair of any damage resulting from an infraction of the Rules, the Board, by majority vote, may levy a fine against such Owner, after appropriate notice and hearing as herein provided, in an amount not to exceed an amount equal to six (6) months of the assessments made under Section 10.2(a) for each such violation and the payment of such fine may be enforced in the same manner as set forth in Section 10.5 hereof. Prior to imposing any penalty provided herein for breach of any rules enacted hereunder or of the Restrictions contained in this Declaration, the Board shall send written notice to the Owner specifying the nature of the infraction and shall provide an opportunity to the Owner for a hearing before the Board regarding such infraction and the penalty to

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be imposed. In the event that the Board determines that said infraction has occurred and that a penalty shall be imposed, after a reasonable opportunity for a hearing has been provided, the determination of the Board shall be final. In the event legal counsel is retained or legal action is instituted by the Board pursuant to this paragraph, any settlement prior to judgment or any judgment rendered in any such action shall include costs of collection, court costs, and reasonable attorney's fees.

3.12 Liability of Members of Board: No member of the Board shall be personally liable to any of the other Board members, to the Members or to any other person, including Declarant, for any error or omission of the Association, its representatives and employees, or the Architectural Committee, provided that such Board member has, upon the basis of such information as may be possessed by him, acted in good faith.

3.13 Amendment: The provisions of Section 3.1, 3.2 and 3.3 shall not be amended without the vote or written consent of a majority of all of the Owners.

3.14 Relinquishment of Architectural Control to Subassociations: So long as Declarant is entitled to three votes for every one vote to which another person is entitled pursuant to Section 3.3A(2) above, Declarant may relinquish to any Subassociation established pursuant to a Supplemental Declaration the right to appoint its own Architectural Committee for the area which is subject to such Supplemental Declaration; and after Declarant is no longer entitled to such votes, the Board may make such relinquishment. No such relinquishment shall be effective, however, without the written acceptance of the Subassociation. If such relinquishment is made, then the Architectural Committee of such Subassociation shall have all rights, powers, functions, duties and obligations with respect to the area subject to the Supplemental Declaration as are granted to the Architectural Committee by Article IX or by any other sections of this Declaration.

ARTICLE IV

DEVELOPMENT OF DAYTON VALLEY COUNTRY CLUB: ANNEXATION

4.01 Subdivision and Development by Declarant. Declarant intends to divide the Project into several areas, to develop some of the said areas and, at Declarant's option, to dedicate some of said areas as Common Areas, Recreation and Open Space, or for other purposes for the benefit of the developed areas, in accordance with the Project master plan. It is contemplated that the Project will be developed pursuant to such Project master plan, as it may from time to time be amended or modified, as a unified planned development district in which the development of, and restrictions upon, each portion thereof will benefit each other portion and the whole thereof. As each area is developed or dedicated, Declarant, or if the area is owned by a Major Developer, Declarant and such Major Developer, may record one or

more Supplemental Declarations with respect thereto which will refer to the Declaration and designate the use classification, and which may supplement the Declaration with such additional covenants, conditions and restrictions as Declarant or Declarant and such Major Developer may deem appropriate for that area. Such Supplemental Declaration may, but need not, provide for the establishment of a Subassociation to be comprised of Owners within the area subject thereto. Any Supplemental Declaration may provide its own procedure for the amendment of any provisions thereof, as, for example, by a specified vote of only the Owners of some of the property within the area subject thereto. All lands, Improvements and uses in each area to be developed shall be subject to both this Declaration and the Supplemental Declaration, if any, for that area.

4.02. Annexation. Declarant, and other Persons with Declarant's written consent, may at any time and from time to time add to the lands which are subject to this Declaration. Except as provided in paragraph (4) of this Section 4.02, upon the recording of a Notice of Addition of Land containing the provisions set forth below in this Section 4.02 (which Notice may be contained within any Supplemental Declaration affecting such land), the covenants, conditions and restrictions contained in this Declaration shall apply to the added land in the same manner as if it had been originally subject to this Declaration; and thereafter, except as provided in paragraph (4) of this Section 4.02, the rights, privileges, duties and liabilities of the Persons subject to this Declaration shall be the same with respect to the added land as with respect to the lands originally covered by this Declaration.

The Notice of Addition of Land referred to hereinabove shall contain the following provisions:

(1) A reference to this Declaration, which reference shall state the date of recordation hereof and the book and page numbers wherein this Declaration is recorded;

(2) A statement that the provisions of this Declaration shall apply to the added land as set forth herein;

(3) An adequate legal description of the added land; and

(4) Declarant's written consent if the added land is not then owned by Declarant. As part of such written consent Declarant may agree with the Person who owns such land as to the terms and conditions upon which Declarant will exercise its rights and duties, as Declarant under this Declaration, with respect to such added land. Such terms and conditions may provide for joint exercise, as to such added land, of Declarant's said rights and duties.

(5) Such complementary additions and modifications to this Declaration as may be necessary to reflect the different character, if any, of the added land which may be significantly at variance with the original land.

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4.03. Deannexation. Declarant may deannex any area of land within the Project from this Declaration, without the consent of any Owner at any time prior to the conveyance of any area of land. Such deannexation shall be effected by recording a deannexation declaration. Upon recordation of the deannexation declaration, the land to be deannexed shall be removed and deannexed from the Project and, thereafter, shall be free from the obligations, requirements, declaration, limitations, covenants, conditions and restrictions set forth herein.

4.04. Lands Owned by Major Developer. If an area has been sold to a Major Developer, any Supplemental Declaration with respect thereto shall be executed by both Declarant and such Major Developer.

ARTICLE V

GENERAL RESTRICTIONS

All real property within the Project shall be owned, held, conveyed, encumbered, leased, used, occupied and enjoyed subject to the following limitations and restrictions:

5.01. Antennas. Except for any which may, at Declarant's option, be erected by Declarant or Declarant's designated representative, no exterior radio or television antenna or aerial shall be erected or maintained in the Project without the prior written approval of the Architectural Committee.

5.02. Insurance Rates. Nothing shall be done or kept in the Project which will increase the rate of insurance on any Association Property without the approval of the Board, nor shall anything be done or kept in the Project which would result in the cancellation of insurance on any Association Property or which would be in violation of any law.

5.03. No Further Subdividing. No Lot, Common Area, Commercial Site or Condominium Unit or unit of land which is designated for apartments shall be further divided or subdivided, nor may any easement or other interest therein less than the whole be conveyed by the Owner thereof (including any Subassociation) without the prior written approval of the Architectural Committee; provided, however, that when Declarant is the Owner thereof, Declarant may further divide and subdivide any Lot, Common Area, Commercial Site and Condominium Unit or unit of land which is designated for apartments and convey any easement or other interest less than the whole, all without the approval of the Architectural Committee; and provided, further, that nothing herein shall be deemed to require the approval of the Architectural Committee for the transfer or sale of any Lot, Multi-Family Site, Commercial Site or Condominium Unit, including Improvements thereon, to more than one person to be held by them as tenants in common or joint tenants, or for the granting of any mortgage or deed of trust.

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5.04. Signs. No sign of any kind shall be displayed to the public view without the approval of the Architectural Committee except such signs as may be required by legal proceedings. No flashing or moving signs shall be permitted on the Project. All signage shall be of an architectural style in harmony with the overall Project.

5.05. Fences; Easements Over Certain Lots. The Declarant hereby reserves an easement in favor of the Association along the rear property lines of all those Lots wherein the rear property lines abut the roadways, for the construction, maintenance and repair of fences. This easement is reserved regardless of whether the Owner or the Association constructs said fence, and the Association shall be responsible for the maintenance and repair of all said fences.

All rear yard fences which abut Club Facilities inclusive of fairways, lakes, tees and greens shall be no greater than four (4) feet in height, made of black or dark green wrought iron, or similar materials which allow for viewing through the fence, provided that the Architectural Review Committee shall have the authority to approve fences made with wood or stucco materials provided they are in compliance with the Architectural Review Committee Rules. Notwithstanding the height limitations set forth above, the Architectural Review Committee shall have the authority to approve the construction of side yard privacy fences of a height of up to six (6) feet in the areas alongside each residence provided that said fence meets the Architectural Review Committee Rules standards, and provided that said fence does not extend beyond the rearmost point of the residence, exclusive of any decks or patios. All fences must be approved by the Architectural Review Committee and the owner of Club Facilities. The foregoing may only be varied by a written consent approved by the Architectural Review Committee.

5.06 Easement for Landscaping Over Certain Lots. Declarant hereby reserves, in favor of the Association, its employees or its agents, an easement over, under and across Lots 12, 13 and 16 within the Project, for purposes of planting and maintaining landscaping improvements within the rear ten (10) feet of said lots. By acceptance of a deed, the Owners of said lots agree to provide water to said improvements as necessary.

5.07 Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon any property within the Project and no odors shall be permitted to arise therefrom so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property or to its occupants. No noise or other nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes) shall be located, used or placed on any such property without the prior written approval of the Board.

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5.08 Repair of Building. No Improvement hereafter constructed upon any land within the Project shall be permitted to fall into disrepair, and each such Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner (including any Subassociation) thereof.

5.09 Improvements and Alterations. There shall be no construction other than repairs pursuant to Section 5.06 above, excavation, alteration which in any way alters the exterior appearance of any Improvement, or removal of any Improvement without the prior approval of the Architectural Committee.

5.10 Violation of Dayton Valley Community Association Rules. There shall be no violation of the Dayton Valley Community Association Rules once adopted by the Board and made available to the Persons affected thereby. If any Owner or his family or any guest, licensee, lessee or invitee of such Owner or his family violates the Dayton Valley Community Association Rules, the Board may invoke any one or more of the following remedies: (a) impose a special charge upon such Owner of not more than Fifty Dollars for each violation; (b) suspend the right of such Owner and his family, guests, licensees, lessees and invitees to use Association Property under such conditions as the Board may specify, for a period of not to exceed thirty days for each violation; (c) cause the violation to be cured and charge the cost thereof to such Owner; and (d) obtain injunctive relief against the continuance of such violation. Before invoking any such remedy, the Board shall give such Owner Notice and Hearing except that the Board may suspend the right of any Owner and his family, guests, licensees, lessees and invitees without Notice and Hearing for any period during which any Assessment owed by such Owner is past due and unpaid. Any assessment or charge imposed under this Section 5.09 which remains unpaid for a period of ten days or more, shall become a lien upon the Owner's land or Condominium Unit upon its inclusion in a recorded notice thereof and may be collected as provided in Article X below for the collection of other Assessments.

5.11 Drainage. There shall be no interference with the established drainage patterns over any property within the Project, except by Declarant, unless adequate provision is made for proper drainage and approved by the Architectural Committee.

5.12 No Hazardous Activities. No activities shall be conducted on any property and no Improvements constructed on any property which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any property, and no open fires shall be lighted or permitted on any property except in a contained barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace.

5.13 No Temporary Structures. No tent or shack or other temporary building, Improvement or structure shall be placed upon any property, except that temporary structures necessary for storage of tools and equipment and for office space for architects, builders and

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foremen during actual construction may be maintained with the prior approval of Declarant, such approval to include the nature, size and location of such structure.

5.14 No Mining and Drilling. No property shall be used for the purpose of mining, quarrying, drilling, boring or exploring for or removing water, oil, gas or other hydrocarbons, minerals of any kind, rocks, stones, sand, gravel, aggregate or earth, except that Declarant or the Association may, by appropriate written permit, grant, license or easement, allow the drilling of wells and the installation of infiltration galleries for the extraction of water; and except that Declarant or the Association may, by appropriate written permit, grant, license or easement, allow any of the foregoing activities to the extent permitted by applicable zoning.

5.15 Vehicles. In addition to the provisions of Section 7.05(c) hereof, the use of all vehicles, including but not limited to helicopters, gliders, trucks, automobiles, golf carts, graders, boats, tractors, pickups, mobile homes, trailers, buses, campers, recreational vehicles, bicycles, motorcycles, motor scooters, wagons, sleighs and snowmobiles, shall be subject to the Dayton Valley Community Association Rules, which may prohibit or limit the use thereof within specified parts of Dayton Valley Country Club, and which may also provide parking regulations and adopt other rules regulating the same. In no event shall any recreational vehicle, travel trailer, camp trailer, motor home, camper or other similar recreational vehicle be parked on a lot or in front of any residence. Guests of a residence may park their recreational vehicle on a lot for not more than two (2) nights and thereafter the vehicle will be subject to being towed at the owner's expense.

5.16 Construction Activities. This Declaration shall not be construed so as to unreasonably interfere with or prevent normal construction activities during the construction of Improvements by any Owner (including Declarant) upon property within the Project; provided that when completed such Improvements shall in all ways conform to this Declaration. Specifically, no such construction activities shall be deemed to constitute a nuisance or a violation of this Declaration by reason of noise, dust, presence of vehicles or construction machinery, posting of signs or similar activities; provided that such construction is pursued to completion with reasonable diligence, is in compliance with applicable federal, state and local laws and ordinances and any rules and regulations adopted pursuant thereto, and conforms to usual construction practices in the area. In the event of any dispute, a temporary waiver of the applicable provision, including but not limited to any provision prohibiting temporary structures, may be granted by the Architectural Committee, provided that such waiver shall be only for the reasonable period of such construction. Such waiver may, but need not, be recorded or in recordable form.

5.17 Exemption of Declarant. Notwithstanding anything in this Declaration to the contrary, neither Declarant nor any of Declarant's activities shall in any way be subject to the control of or under the jurisdiction of the Architectural Committee. Without in any

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way limiting the generality of the preceding sentence, this Declaration shall not prevent or limit the right of Declarant to excavate and grade, to construct and alter drainage patterns and facilities, to construct any and all other types of Improvements, to maintain model homes and construction, sales and leasing offices and similar facilities, and to post signs incidental to construction, sales and leasing, all anywhere on the Project.

5.18 Assignment by Declarant. Any other provision of this Declaration to the contrary notwithstanding, Declarant may assign in whole or in part any of its privileges, exemptions, rights and duties under this Declaration to any other Person and may permit the participation in whole or in part by any other Person in any of its privileges, exemptions, rights and duties hereunder. Without in any way limiting the generality of the preceding sentence, Declarant may exempt any Person from the control and jurisdiction of the Architectural Committee.

5.19 Building Permits. Building permits for any structures on property which is the subject of this Declaration, shall only be issued in accordance with the Lyon County Code.

ARTICLE VI

PERMITTED USES AND RESTRICTIONS - RESIDENTIAL AREAS

6.01 Residential Areas. All property within any residential area (excluding any Recreation and Open Space in such residential area) shall be improved and used solely for residential use; except that any Common Area in such residential area may be improved and used for active and passive recreational purposes for the primary benefit of the Owners and occupants of Lots and Multi-Family Sites in such residential area; and except that, as to any specific area, Declarant (or the Board if delegated by Declarant) may, in its sole and absolute discretion, permit other Improvements and uses consistent with the zoning then in effect for such specific area by so providing in a Supplemental Declaration recorded with respect to such specific area. Any Supplemental Declaration recorded for a residential area shall designate such area to be either a single-family residential area or a multi-family residential area, and may further designate such residential use for that area to be attached or detached single-family residences or any combination thereof in the case of a single-family residential area, or one or more apartment houses or Condominium Buildings or townhouses or any combination thereof in the case of a multi-family residential area. The Supplemental Declaration may designate an area as a planned unit development combining both single-family and multi-family residences where permitted by the applicable zoning and this Declaration.

6.02 Improvements and Use.

A. Except as provided in Section 6.01 hereof, no Lot shall be improved or used except by a dwelling or structure designed to accommodate no more than a Single Family plus a garage, fencing and such other Improvements as are necessary or customarily incident to a

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Single-Family residence; provided, however, that separate guest houses, and servants' quarters may be erected on any Lot if permitted by an appropriate Supplemental Declaration and the applicable zoning.

B. Except as provided in Section 6.01 hereof, no Multi-Family Site shall be improved or used except by an apartment house, Condominium Building, or townhouse, or any combination thereof, except that a Multi-Family Site may also be used for single-family residential purposes to the extent permitted by applicable zoning and this Declaration.

C. On Lots which are 18,000 square feet or more, residences constructed therein must be at least 3,500 square feet in size plus a three car garage; on Lots which are 12,000 square feet or more, but less than 18,000 square feet, residences thereon must be at least 2,750 square feet in size plus a three car garage; on Lots which are 8,500 square feet or more, but less than 12,000 square feet, residences constructed thereon must be at least 2,500 square feet in size plus a three car garage; on Lots which are 4,500 square feet or more, but less than 8,500 square feet, residences constructed thereon must be at least 1,800 square feet in size plus a two car garage; residences on all remaining lots must be at least 1,250 square feet in size plus a two car garage.

Townhouses, condominiums or multi-family units within the Project will have at least 600 square feet of living space.

6.03 Residential Use; Rentals. No residence on any Lot or Multi-Family Site shall be used for any purpose other than Single-Family Residential Use. However, nothing in this Declaration shall prevent the rental of property within a residential area by the Owner thereof for residential purposes, on either a short or long-term basis subject to all the provisions of this Declaration. No commune, co-operative or similar type living arrangement shall be permitted anywhere in the Project.

6.04 Animals. No kennel or other facility for raising or boarding dogs or other animals for commercial purposes shall be kept on any Lot or Multi-Family Site. No animals of any kind shall be raised, bred or kept on any Lot of Multi-Family Site except seeing eye dogs.

6.05 Unsightly Articles. No unsightly article shall be permitted to remain on any Lot or Multi-Family Site so as to be Visible from Neighboring Property or public or private thoroughfares. Without limiting the generality of the foregoing, trailers, motor homes, recreation vehicles, graders, trucks other than pickups, boats, tractors, campers, wagons, buses, sleighs, motorcycles, motor scooters, snowmobiles, snow removal equipment and garden and maintenance equipment shall be kept at all ti es, except when in actual use, in an enclosed structure or screened so as not to be Visible from Neighboring Property and no repair or maintenance work shall be done on any of the foregoing, or on any automobile, other than minor emergency repairs, except so as not to be Visible from Neighboring Property. Refuse, garbage and trash shall be kept at all times in a covered container and

any such container shall be kept within an area so as not to be Visible from Neighboring Property. All owners must subscribe to a garbage collection service when the same is available to the Project. Service areas, storage areas, compost piles and facilities for hanging, drying or airing clothing or household fabrics shall be appropriately screened from view; no lumber, grass, plant waste, shrub or tree clippings, metals, bulk materials or scrap or refuse or trash shall be kept, stored or allowed to accumulate on any property except within an enclosed structure or kept so as not to be Visible from Neighboring Property; liquid propane gas, oil and other exterior tanks shall be kept within an enclosed structure or appropriately screened from view.

6.06 Parking Restrictions; Use of Garage. Unless otherwise permitted by the Board, no automobile or motorcycle shall be parked or left within the Project other than within a garage, carport, or assigned or appurtenant parking stall or space. No Owner shall use any area designated as "guest parking" for any purpose other than for parking of guests' vehicles. No boat, trailer, recreational vehicle, camper, truck, or commercial vehicle shall be parked or left within the Project other than in a parking area designated by the Board for the parking and storage of such vehicles and on such terms as the Board may designate, including the charging of fees. However, parking by commercial vehicles for the purpose of making deliveries shall be permitted in accordance with the Rules and Regulations. Any garages shall be used for parking automobiles only and shall not be converted for living or recreational activities.

6.07 Restricted Use of Recreational Vehicles, Etc. No boat, truck, trailer, camper, recreational vehicle, or tent shall be used as a living area while parked or located on the Project.

6.08 Maintenance of Lawns, Plantings and Landscape. Except on those Lots where Declarant or the Association has elected to provide for landscaping, and assessments therefore have levied, each Owner shall complete the landscaping on their Lot, including planting lawn, shrubs, trees or ground cover, within one (1) year of the date of the purchase of the Lot by the Owner, to mitigate and eliminate dust and unslightly yard areas. Each Owner shall keep all shrubs, trees, grass and plantings on his lot neatly trimmed, properly cultivated and free from trash, weeds and other unsightly material. Each Owner shall maintain all trees on his Lot and shall replace any tree that dies or becomes diseased. No Owner shall remove, alter or injure any tree or shrub placed in any area by Declarant or by the Association or any tree in excess of six inches in diameter without the prior written approval of the Design Review Committee. The Association, the Design Review Committee and their respective authorized agents shall have the right (without the duty) to enter upon any Lot at any reasonable time for the purpose of planting, replacing, maintaining or cultivating trees and shrubs.

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ARTICLE VII

PERMITTED USES AND RESTRICTIONS - OTHER AREAS

7.01 Common Areas and Open Space Areas. Any other provision of this Declaration to the contrary notwithstanding, no land within any Common Area and Open Space area may be improved by any Improvement, used or occupied except in such manner as shall have been approved by Declarant in its sole and absolute discretion. Such required approval shall extend to the nature and type of use, occupancy, and Improvement, and may be given by recorded Supplemental Declaration. Declarant may delegate its right to grant such approvals to the Board. No approval shall be granted which would be in contravention of the zoning then in effect for the area in question.

7.02 Commercial Areas. No noxious or offensive trades, services, activities, or businesses shall be conducted on any Commercial Site, nor shall anything be done thereon which may be or become an annoyance or nuisance to other Owners or to other occupants of lands within the Project by reason of unsightliness, or excessive emissions of fumes, exhaust, odors, glare, vibration, gases, air, wind, radiation, dust, liquid waste, solid waste, heat, smoke, noise, light or otherwise. Each Owner and each occupant of a Commercial Site shall keep such Commercial Site and the Improvements thereon in a safe, clean, neat and wholesome condition, and shall comply in all respects with all applicable governmental requirements and the Dayton Valley Country Club Restrictions.

7.03 Lakes, Water Bodies and Wetlands. All lakes, ponds, and streams within the Project, if any, shall be for irrigation purposes only, and no other use thereof, including, without limitation, fishing, swimming, motorized boating, playing or use of personal flotation devices, shall be permitted. Given the arid nature of the area of the Project and the changing laws relating to use of ponds and other water amenities, there is no guarantee or warranty by the Declarant that the ponds will be maintained or remain during the life of the Project. No piers or docks shall be constructed on any portion of lakes, streams or ponds, nor attached to the shoreline or banks thereof. This Section shall not apply to prohibit use by the Club Facilities of lakes, ponds, or streams within or comprising the Club Facilities. The Declarant or other owner of the Club Facilities shall have exclusive control over the drainage and maintenance of any lake, pond, stream or other water body within the Club Facilities. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the Project. Nothing shall be done which disturbs or potentially disturbs wetlands within the Project in any manner. No dredging or filling shall be undertaken on any property adjacent to any water body or wetland, except by Declarant.

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7.03(A) Easement Around Bodies of Water. Declarant hereby reserves an easement in favor of the Association, over, under and across the twenty (20) feet abutting the edges of all bodies of water located within the Club Facilities, for purposes of landscaping and maintenance. The Owner of the Club Facilities may maintain the property within the easement area, but will charge the costs back to the Association. At the sole discretion of the Owner of the Club Facilities, the Owner of the Club Facilities may direct the Association to perform the maintenance obligations within the easement area, in the manner the Owner of the Club Facilities directs.

7.04 Easement of Airspace; Air Traffic not a Nuisance. There is hereby reserved to Declarant the right to all airspace rights above thirty-five (35) feet above the ground elevation of the Lots and Common Area in the Project. By execution of Ownership Documents, each Owner acknowledges that the Project is located in close proximity to airport facilities. The normal operation of said airport facilities will generate low flying air traffic over the Project, which shall not be deemed a nuisance by any Owner.

7.05 Golf Carts. In order to ensure uniform aesthetic qualities and safety within the project, no golf carts shall be allowed within any area of the project except golf carts which are leased or rented from the Dayton Valley Country Club, pursuant to a separate written agreement. Such agreement shall require golf cart rentors or lessors to adhere to a regular maintenance schedule and to maintain the golf cart in a safe working manner at all times.

7.05(A) Operation of Golf Carts. All golf carts operated within the project pursuant to paragraph 7.05 above may only be operated on designated roads and pathways. Operation of golf carts by unlicensed drivers is strictly prohibited. Operation of golf carts within the project is prohibited before sunrise or after sunset. Operators of golf carts must obey all traffic signs and posted speed limits. Golf cart operators assume all liability for injury, damage to property or claims in any way whatsoever related to their operation of the golf carts allowed by this Declaration.

7.05(B) Right of Way of Golf Carts; Easements Across Roadways. Drivers of vehicles within the project shall grant the right of way at all times to drivers of golf carts. The declarant hereby grants an easement in favor of the Association, its members and their guests, and members and guests of the Club Facility within the Project pursuant to Section 3.02B hereof to pass, over, under and across all roadways within the Project for passage of golf carts and vehicles for access to the Club Facilities.

7.05(C) Storage of Golf Carts. When not in use, all golf carts allowed by this Declaration, must be stored in each respective member's garage, along with all vehicles. At no time should a member's vehicles or golf cart be left parked in the member's driveway or street front over night.

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7.06 Jogging, Walking, Bicycling, Picnicking on Golf Course Areas Prohibited. The golf course areas are restricted to golf activities only. Other walking, jogging, bicycling, picnicking or sunbathing in the golf course areas is strictly prohibited.

7.07 Sales of Golf Balls Prohibited. The sale of golf balls by Members on their Lots or in any common area of the Project is strictly prohibited. This section does not prohibit the sale of golf balls by the designated operator of a club facility within the Project.

7.08 Utilities Easement. There is hereby granted in favor of Declarant or its successors or assigns an easement for purposes of installing, facilitating, maintaining, repairing, replacing or inspecting sewer, drainage, and underground power lines or other utilities over, under and across the property described in Exhibit "B" attached hereto and incorporated herein by this reference. Any repair or excavation within the Exhibit "B" property shall not be undertaken until all plans and specifications and procedures have been approved by Declarant, its successors or assigns.

7.09 Easement in Favor of Declarant to Facilitate Sales and Resales. There is hereby reserved to Declarant, its agents and employees the right and exclusive easement to use any units owned or leased by the Declarant as models, management offices, sales and resales offices, or customer service offices. The Declarant reserves the right to relocate the same from time to time within the property; upon relocation, the furnishings thereof may be removed. The Declarant further reserves the right to maintain on the property such advertising signs as may comply with applicable governmental regulations which may be placed in any location on the property and may be relocated or removed all at the sole discretion of the Declarant. The Declarant shall have the right to restrict the use of certain common element parking spaces for sales purposes and to use such spaces for sales purposes. Further, the Declarant shall have the exclusive right to erect temporary offices or certain common elements for models, sales, resales, management, customer service, and similar purposes. The reservation of this easement to facilitate sales also applies to any land annexed or to be covered by these Covenants, Conditions and Restrictions. Any such sales and marketing facilities and common areas shall be maintained at the sole cost of the Declarant so long as Declarant is the sole user of such areas.

ARTICLE VIII

ASSOCIATION PROPERTY

8.01 Use. Each Member of the Association who resides in Dayton Valley Country Club and the members of his family who reside with him, and each lessee of a Lot, a Condominium Unit, or a dwelling unit in an apartment house, shall be entitled to use the Property of the Association, subject to:

(a) The provisions of the Dayton Valley Country Club Restrictions, and each person who uses any Property of the Association, in using the same, shall be deemed to have agreed to comply therewith;

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(b) The right of the Association to charge reasonable dues and use and other fees for those facilities or amenities for which fees are normally charged or assessed.

(c) The right of the Association to suspend the rights to the use of any Property of the Association by any Member or lessee and their respective families, guests and invitees for any period during which any Assessment against the Member's property remains past due and unpaid; and, after Notice and Hearing by the Board, the right of the Association to invoke any remedy set forth above in Section 5.09 for any other infraction of the Dayton Valley Country Club Restrictions;

(d) The right of the Association to require that security deposits be made and deposited with the Association to secure all sums, and to guarantee performance of all duties, due and owing or to become due and owing to the Association;

(e) The right of the Association to allow the general public, or certain segments thereof, to use any Association Property, and in the discretion of the Board, to charge use or other fees therefor subject to subparagraph (b) above provided that the Association may not charge fees for access to public-type parks and sport fields; and

(f) Such rights to use Association Property as may have been granted by the Association to others; and

(g) Such covenants, conditions, and restrictions as may have been imposed by the Association or prior owners on Association Property.

8.02 Easement of Enjoyment. Every Member of the Association shall have a right and easement of enjoyment in and to the Common Area, subject to this Declaration as it may be amended from time to time and to any restrictions or limitations contained in any deed conveying such property to the Association. Any Owner may delegate his or her right of enjoyment to the members of his or her family, tenants, members and social invitees, as applicable, subject to reasonable regulation by the Board and in accordance with procedures it may adopt. An Owner who leases his or her Unit shall be deemed to have delegated all such rights to the Unit's lessee.

Access to the Golf Course(s) within or adjacent to the Properties is strictly subject to the rules and procedures established by the respective owners of the Golf Course(s). No Owner or occupant gains any right to enter or to use those facilities by virtue of ownership or occupancy of a Lot or Unit.

8.03 Easement for Golf Balls. Every Lot, Unit, Common Area, Limited Common Area and the common property of any Neighborhood are burdened with an easement permitting golf balls unintentionally to come upon the Common Area, Limited Common Area, Lots, Units or common property immediately adjacent to the golf course and for golfers at reasonable times and in a reasonable manner to come upon the Common

Area, Limited Common Area, common property of a Neighborhood, or the exterior portions of a Lot or Unit to retrieve errant golf balls; provided, however, if any Lot or Unit is fenced or walled, the golfer will seek the Owner's permission before entry. Lot or Unit owners should undertake all necessary measures to protect their property, guests, family members and invitees from errant golf balls. The acquisition of a Lot within the Properties acknowledges that the Owners are assuming the risk for any damages occurring by virtue of an errant golf ball.

8.04 Easement in Favor of Club Facility. The Declarant hereby reserves a perpetual easement in favor of the Club Facilities, its owner members, guests, invitees, licensees or employees, over, under and across any Association property for purposes of use, maintenance, ingress, egress, sales and marketing, at no fee or cost whatsoever to said Club Facilities, its owner members, guests, invitees, licensees or employees.

8.05 Damages. Each Member and lessee described above in Section 8.01 shall be liable to the Association for any damage to Property of the Association which may be sustained by reason of the negligent or intentional misconduct of such person or of his family, guests or invitees. If the property, the ownership or leasing of which entitles the Owner or lessee thereof to use Association Property, is owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several. The amount of such damage may be assessed against such person's real and personal property on or within the Project, including the leasehold estate of any lessee, and may be collected as provided in Article X below for the collection of Assessments.

8.06 Damage and Destruction. In the case of destruction of or damage to Association Property by fire or other casualty:

A. Reconstruction - Minor. If the insurance proceeds do not exceed the sum of $100,000 and the cost of repairing or rebuilding does not exceed the amount of the available insurance proceeds by more than $25,000, such insurance proceeds shall be paid to the Association, which thereupon shall contract to repair or rebuild the Association Property so damaged; and if the insurance proceeds are insufficient to pay all of the costs of repairing or rebuilding the damage, the Association may levy a special Assessment to make good any deficiency.

B. Reconstruction - Major. If the insurance proceeds exceed $100,000 or the cost of repairing or rebuilding exceeds the available insurance proceeds by more than $25,000, then:

(a) The insurance proceeds shall be paid to such bank or trust company as may be designated by the Board, to be held in separate trust for the benefit of the Members, as their respective interests shall appear. The Association is authorized to enter, on behalf of the Members, into an agreement with such insurance trustee relating to its powers, duties and compensation, on such terms as the Board may approve consistent herewith.

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(b) The Association shall obtain firm bids from two or more responsible contractors to repair and rebuild any or all portions of the Association Property and shall call a special meeting of the Members to consider such bids. At such special meeting, the Members may by three-fourths of the vote cast at such meeting elect to reject such bids and thus not to rebuild. Failure to thus reject such bids shall be deemed acceptance of such bid as may be selected by the Board. If a bid is accepted, the Association may levy special Assessments on the Members to make up the deficiency between the total insurance proceeds and the contract price of repairing or rebuilding the Association Property and such Assessments and all insurance proceeds shall be paid to said insurance trustee to be used for such rebuilding. Such Assessments may be made due on such dates as the Association may designate, and the Association may borrow money to pay the aforesaid deficiency and may secure such borrowing by an assignment of its right to collect such Assessments, by a pledge or mortgage on any personal property owned by the Association or held by it in trust for the Members, or by a mortgage or deed of trust on the facility to be rebuilt or on any other real property owned by the Association. If the Members elect not to rebuild, the proceeds, after payment for demolition of damaged structures and clean-up of the premises, shall be retained by the Association for use in performing its functions under the Dayton Valley Golf Club Restrictions.

C. Decision Not to Reconstruct. If the Board determines not to rebuild any Property so destroyed or damaged, or to build facilities substantially different from those which were destroyed or damaged, it shall call a special meeting of the Members to consider such decision. If the Members, by three-fourths of the votes cast at such meeting, elect to ratify such decision, the Board shall act accordingly; but if the Members do not by such percentage elect to ratify such decision, the Board shall proceed to repair or rebuild the damaged or destroyed facility pursuant to paragraph A or B, as the case may be, of this Section 8.03.

ARTICLE IX

ARCHITECTURAL COMMITTEE

9.01 Members of Committee. There shall be an Architectural Committee which shall consist of three members or five members. There shall also be two alternate members, either of whom may be designated by the Committee to act as substitute on the committee in the event of absence or disability of any member. Each member of the Committee shall hold office until such time as he has resigned or has been removed or his successor has been appointed, as provided herein. Members of the Committee may be removed at any time without cause.

9.02 Declarant's Rights of Appointment. The Board shall have the right to appoint and remove all members of the Committee, including alternates, but so long as Declarant is entitled to three votes for every one vote to which another person is entitled pursuant to Section 3.03 above, Declarant shall have the right to approve or disapprove all members proposed for appointment by the Board. Thereafter, the Board

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shall have the right to appoint and remove all members of the Committee without Declarant's consent.

9.03 Review of Proposed Construction. Whenever in this Declaration or in any Supplemental Declaration the approval of the Architectural Committee is required, it shall have the right to consider all of the Plans and Specifications for the Improvement or proposal in question and all other facts which in its sole discretion are relevant. Except as provided in Sections 5.15 and 5.16 above, prior to commencement of any construction of any Improvement in the Project, the Plans and Specifications therefor shall be submitted to the Architectural Committee, and construction thereof may not commence unless and until the Committee has approved such Plans and Specifications in writing. The Committee shall consider and act upon any and all Plans and Specifications submitted for its approval pursuant to this Declaration, and perform such other duties assigned to it by this Declaration, or as from time to time shall be assigned to it by the Board, including the inspection of construction in progress to assure its conformance with Plans and Specifications approved by the Committee. The Committee shall approve Plans and Specifications submitted for its approval only if it deems that the construction, alterations, or additions contemplated thereby in the locations indicated will not be detrimental to the surrounding area or the Project as a whole, and that the appearance of any structure affected thereby will be in harmony with the surrounding structures. The Committee may condition its approval of Plans and Specifications on such changes therein as it deems appropriate, and may require submission of additional Plans and Specifications or other information prior to approving or disapproving the material submitted. The Committee may also issue rules or guidelines regarding anything relevant to its functions, including but not limited to minimum standards and procedures for the submission of Plans and Specifications for approval. Such rules shall be known as the Architectural Committee Rules. The Committee may require a reasonable fee to accompany each application for approval. The Committee may require such detail in Plans and Specifications submitted for its review and such other information as it deems proper, including without limitation, environmental impact statements. Until receipt by the Committee of all required Plans and Specifications and other information, the Committee may postpone review of anything submitted for approval.

9.04 Architectural Committee Rules. The Architectural Committee shall from time to time and in its sole discretion adopt, amend and repeal by unanimous vote rules and regulations to be known as "Architectural Committee Rules" interpreting and implementing the provisions of this Declaration and setting forth fees to be charged and procedures and design and construction criteria to be followed in submitting proposals to the Committee. The Architectural Committee Rules shall comply with all applicable federal, state and local laws, regulations and ordinances. A copy of the Architectural Committee Rules as they may from time to time be adopted, amended or repealed, certified by any member of the Architectural Committee, shall be maintained at the office of the Association and shall be available for inspection and copying by any Member at any reasonable time during the

business hours of the Association. The following minimum standards and restrictions shall apply to any construction work performed on the Property:

(a) No more than one (1) residential unit shall be constructed on any Lot; however, if the size of the Lot permits, a single detached guest house for guests or domestic employees shall be considered as part of the same residential unit.

(b) All improvements shall be constructed in full compliance with all applicable zoning laws, building codes and other laws, ordinances and regulations applicable to the construction, use and occupancy of improvements.

(c) The placement of the improvements on a Lot, the type of roofs, exterior materials and building shapes shall be established in such manner as to be determined reasonable in the sole discretion of the Architectural Committee.

9.05 Meetings of the Committee. The Committee shall meet from time to time as necessary to perform its duties hereunder, but such meetings shall be held at least annually on or about the first Tuesday in April of each year. The Committee may from time to time by resolution unanimously adopted in writing, designate one of its members to take any action or perform any duties for and on behalf of the Committee, except the granting of variances pursuant to Section 9.10. In the absence of such designation, the vote of a majority of all of the members of the Committee, or the written consent of a majority of all of the members of the Committee taken without a meeting, shall constitute an act of the Committee.

9.06 No Waiver of Future Approvals. The approval or consent of the Committee to any Plans or Specifications for any work done or proposed or in connection with any other matter requiring the approval or consent of the Committee, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any Plans or Specifications or other matter whatsoever subsequently or additionally submitted for approval or consent by the same or a different Person.

9.07 Compensation of Members. The members of the Committee shall be entitled to reasonable compensation from the Association for services rendered, together with reimbursement for expenses incurred by them in the performance of their duties hereunder. Such compensation shall be determined by Declarant while it has the right to approve or disapprove the members of the Committee pursuant to Section 9.02 above and thereafter such compensation shall be determined by the Board.

9.08 Inspection of Work.

A. Completed Work. Inspection of completed work and correction of defects therein shall proceed as follows:

(a) Upon the completion of any Improvement for which approved Plans or Specifications are required under this Declaration,

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the Owner shall give written notice of completion to the Committee.

(b) Within such reasonable time as the Committee may set in its Rules but not to exceed fifteen days thereafter, the Committee or its duly authorized representative may inspect such Improvement. If the Committee finds that such work was not done in strict compliance with all approved Plans and Specifications submitted or required to be submitted for its prior approval, it shall notify the Owner in writing of such noncompliance within such period, specifying in reasonable detail the particulars of noncompliance, and shall require the Owner to remedy the same.

(c) If upon the expiration of thirty days from the date of such notification the Owner shall have failed to remedy such noncompliance, the Committee shall notify the Board in writing of such failure. Upon Notice and Hearing, the Board shall issue a ruling determining whether there is a noncompliance and, if so, the nature thereof and the estimated cost of correcting or removing the same. If noncompliance exists, the Owner shall remedy or remove the same within a period of not more than forty-five days from the date of announcement of the Board ruling. If the Owner does not comply with the Board's ruling within such period, the Board, at its option, may either remove the noncomplying Improvement or remedy the noncompliance, and the Owner shall reimburse the Association upon demand for all expenses incurred in connection therewith. If such expenses are not promptly repaid by the Owner to the Association, the Board shall levy a Special Assessment against such Owner and the Improvement in question and the land upon with the same is situated for reimbursement and the same shall constitute a lien upon such land and Improvement and be enforced as in this Declaration provided.

(d) If for any reason after receipt of said written notice of completion from the Owner, the Committee fails to notify the Owner of any noncompliance within the period provided above in subparagraph (b) of Section 9.08A the Improvement shall be deemed to be in accordance with said approved Plans and Specifications.

B. Work in Progress. The Committee may inspect all work in progress and give notice of noncompliance as provided above in subparagraph (b) of Section 9.08A. If the Owner denies that such noncompliance exists, the procedures set out in subparagraph (c) of Section 9.08A shall be followed, except that no further work shall be done, pending resolution of the dispute, which would hamper correction of the noncompliance if the Board should find that such noncompliance exists.

9.09 Nonliability of Committee Members. Neither the Committee nor any member thereof nor the Board nor any member thereof shall be liable to the Association or to any Owner or to any other Person for any loss, damage or injury arising out of or in any way connected with the performance of the Committee's or the Board's respective duties under this Declaration unless due to the willful misconduct or bad faith of the Committee or its members or the Board or its members, as the case may be. Except insofar as its duties may be

extended with respect to a particular area by a Supplemental Declaration filed by Declarant or by Declarant and a Major Developer, as the case may be, the Committee shall review and approve or disapprove all Plans and Specifications submitted to it for any proposed Improvement, including the construction, alteration or addition thereof or thereto, solely on the basis of aesthetic considerations and the overall benefit or detriment which would result to the surrounding area and Dayton Valley Country Club generally. The Committee shall take into consideration the aesthetic aspects of the architectural designs, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features, but shall not be responsible for reviewing, nor shall its approval of any Plans or Specifications be deemed approval thereof from the standpoint of structural safety, engineering soundness, or conformance with building or other codes.

9.10 Variances. The Committee may authorize variances from compliance with any of the architectural provisions of this Declaration or any Supplemental Declaration, including restrictions upon height, bulk, size, shape, floor area, land area, placement of structures, set-backs, building envelopes, colors, materials, or similar restrictions, when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations may, in its sole and absolute discretion, warrant. Such variances must be evidenced in writing and must be signed by at least a majority of all of the members of the Committee. If such a variance is granted, no violation of the covenants, conditions or restrictions contained in this Declaration or any Supplemental Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration, the Architectural Committee Rules or any Supplemental Declaration for any purpose except as to the particular property and particular provision and in the particular instance covered by the variance.

9.11 Obligations With Respect to Zoning and Subdivisions.

A. The Architectural Committee shall require all Persons to comply fully with the zoning and master plan designations enacted for DAYTON VALLEY COUNTRY CLUB formerly known as ELDORADO LAKES by the Board of County Commissioners of Lyon County, Nevada, and with all applicable federal, state and local laws, regulations and ordinances, insofar as the same is applicable and as the same may hereafter be amended from time to time.

9.12 Relinquishment of Architectural Control To Subassociations. So long as Declarant is entitled to four votes for every one vote to which another person is entitled pursuant to Section 3.03A above, Declarant may relinquish to any Subassociation established pursuant to a Supplemental Declaration under Sections 3.01 and 4.01 above the right to appoint its own architectural committee for the area which is subject to such Supplemental Declaration; and after Declarant is no longer entitled to such votes, the Board of the Association may make such relinquishment. No such relinquishment shall be effective,

however, without the written acceptance of the Subassociation. If such relinquishment is made, then the architectural committee of such Subassociation shall have all rights, powers, functions, duties and obligations with respect to the area subject to the Supplemental Declaration as are granted to the Architectural Committee by this Article IX or by any other sections of this Declaration and the Subassociation shall have all rights, powers, functions, duties and obligations with respect to such Subassociation architectural committee as are granted to the Association with respect to the Architectural Committee by this Article IX or by any other sections of this Declaration.

ARTICLE X

FUNDS AND ASSESSMENTS

10.01 Agreement to Pay. Each Owner, by his acceptance of a deed, for each Lot, Multi-Family Site, and Commercial Site owned, covenants and agrees to pay to the Association such regular and special assessments as are established, made and collected, as provided in this Declaration. Until such time as each Lot within the Project has a residence constructed thereon and such Lot is owned by Declarant, Declarant's assessments under this Article X shall be limited to five dollars ($5.00) per year, per lot.

10.02 Dayton Valley Community Association Maintenance Fund. The Board shall establish a fund (the "Dayton Valley Community Association Maintenance Fund") into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under the Dayton Valley Country Club Restrictions. The funds of the Association must be used solely for purposes related to the areas and Improvements owned by or leased to the Association, or subject by the Dayton Valley Country Club Restrictions to maintenance or operation by the Association, including maintenance and repair of all private roads within the Project, or otherwise for purposes authorized by the Dayton Valley Country Club Restrictions as they may from time to time be amended. Nothing contained herein shall limit, preclude or impair the establishment of other maintenance funds by any Subassociation pursuant to any Supplemental Declaration.

10.03 Regular Annual Assessments. Prior to the beginning of each fiscal year, the Board shall estimate the expenses to be incurred by the Association during such year in performing its functions under the Dayton Valley Country Club Restrictions, including a reasonable provision for contingencies and appropriate replacement reserves, less any expected income and any surplus from the prior year's fund. Uniform and equal Assessments sufficient to pay such estimated net charges shall then be levied and collected as provided in this Article X. If the sums collected prove inadequate for any reason, including nonpayment of any individual Assessment, the Association may at any time and from time to time levy further Assessments in the same manner as aforesaid. All such regular Assessments shall be due and payable to the Association during the fiscal year in equal monthly installments on

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or before the first day of each month, or in such other manner as the Board may designate in its sole and absolute discretion.

10.04 Special Assessments. In addition to the regular annual Assessments provided for above in Section 10.03, the Board shall levy special Assessments, upon the property and in the manner set forth in this Article X, whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the mandatory functions of the Association under the Dayton Valley Country Club Restrictions, and the Board may levy such special Assessments whenever in the Board's opinion such special Assessments are necessary to enable the Board to carry out the optional functions of the Association under the Dayton Valley Country Club Restrictions.

10.05 Notice of Special Assessments; Time for Payment. The Association may, in its discretion, give written notice of special Assessments to each Owner, which notice shall specify the amount of the special Assessment and the date or dates of payment of the same. No payment shall be due fewer than 15 days after such written notice has been given. Failure of the Association to give notice of the special Assessment shall not affect the liability of the Owner of any Private Lot for such special Assessment, but the date when payment shall become due in such a case shall be deferred to a date 15 days after such notice shall have been given.

10.06 Surcharge for Sewer Service. Because the aesthetic qualities of the Club Facilities benefit all owners within the Dayton Valley Country Club project a surcharge for sewer service may be imposed on Owners for the purpose of maintaining third stage sewage treatment faciilities which will allow utilization effluent watering and irrigation on the Club facilities. Owners acknowledge, by acceptance of a Deed, that this surcharge may be slightly higher than sewer charges throughout the other subprojects within the Eldorado Lakes Master Project, but do so in light of the unique and added benefits which the Club Facilities confer upon owners within the Dayton Valley Country Club project.

10.07 Late Charges and Suspension of Card Key Privileges. If any Assessment, whether regular or special, is not paid within fifteen days after it is due, the Owner may be required by the Board to pay a late charge at such rate as the Board may designate from time to time. In addition, the Board may, in its discretion, suspend an owner's card key privilege to activate automatic entrance mechanisms in the Project.

10.07 Unpaid Assessments as Liens. The amount of any delinquent Assessment, whether regular or special, assessed against any property and any late payment charge attributable thereto, plus interest on such Assessment and charge at a rate of ten percent per annum simple interest (or such higher rate as the Board may designate from time to time), and the costs of collecting the same, including reasonable attorneys' fees, shall be a lien upon such Lot and the Improvements thereon, Condominium Unit, and the land upon which the same is located, or Commercial Site and the Improvements thereon, as

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the case may be. Such lien shall be prior to any declaration of homestead. Such lien may be foreclosed in the same manner as is provided in the laws of Nevada for the foreclosure of mortgages on real property. A certificate executed and acknowledged by any two members of the Board stating the indebtedness secured by such lien shall be conclusive upon the Master Association as to the amount of such indebtedness as of the date of the certificate, in favor of all Persons who rely thereon in good faith, and such certificate shall be furnished to any Owner upon request at a reasonable fee, not to exceed Ten Dollars ($10.00).

10.08 Mortgage Protection. Notwithstanding any other provision of the Dayton Valley Country Club Restrictions, no lien created under this Article X or under any other Article of this Declaration, nor any lien arising by reason of any breach of the Dayton Valley Country Club Restrictions, nor the enforcement of any provision of this Declaration or of any Supplemental Declaration shall defeat or render invalid the rights of the Beneficiary under any recorded Mortgage or Deed of Trust of first and senior priority now or hereafter upon a Lot, Condominium Unit, or Commercial Site made in good faith and for value. However, after the foreclosure of any such first Mortgage or Deed of Trust or after any conveyance in lieu of foreclosure, such Lot, Condominium Unit, or Commercial Site shall remain subject to the Dayton Valley Country Club Restrictions and shall be liable for all regular Assessments and all special Assessments levied subsequent to completion of such foreclosure or delivery of such conveyance in lieu of foreclosure, and to all installments of all regular and special Assessments levied prior to completion of such foreclosure or delivery of such conveyance but falling due after such completion or such delivery.

10.09 Effect of Amendments on Mortgages. Notwithstanding the provisions of Section 11.02 below, no amendment of Section 10.08 of this Declaration shall affect the rights of any Beneficiary whose Mortgage or Deed of Trust has the first and senior priority as provided in Section 10.08 and who does not join in the execution thereof, provided that his Mortgage or Deed of Trust is recorded in the real property records of Lyon County prior to the recordation of such amendment; provided, however, that after foreclosure or conveyance in lieu of foreclosure the property which was subject to such Mortgage or Deed of Trust shall be subject to such amendment.

10.10 Subordination. By subordination agreement executed by the Association, the benefits of Section 10.08 and 10.09 above, may in the sole and absolute discretion of the Board, be extended to beneficiaries not otherwise entitled thereto.

ARTICLE XI

MISCELLANEOUS

11.01 Term. This Declaration, including all of the covenants, conditions and restrictions hereof, shall run until December 31, 2040, unless amended as herein provided. After December 31, 2040,

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this Declaration, including all such covenants, conditions and restrictions shall be automatically extended for successive periods of ten years each, unless amended or extinguished by a written instrument executed by at least three-fourths of the Owners in the Dayton Valley Country Club and recorded in the Lyon County real property records.

11.02 Amendment.

A. Special Provisions. No amendment of Article XI shall be effective as to any Beneficiary who does not join in the execution thereof provided that his Mortgage or Deed of Trust is recorded in the real property records of the county prior to the recordation of such amendment. Subject to the preceding sentence, no amendment of this Section 11.02 shall be effective unless adopted by 80% or more of the total number of votes entitled to be cast pursuant to Section 3.03A above at the time of the proposed amendment. No amendment of this Declaration shall be effective until executed and recorded in the real property records of Lyon County in the manner hereinafter provided.

B. By Declarant. Except as provided in Section 11.02A, this Declaration may be amended by only Declarant so long as Declarant is entitled to four votes for every one vote to which any other person is entitled as provided in Section 3.03A; provided, however, that no such amendment by Declarant shall be effective without Notice and Hearing, and if the Owners, other than Declarant, entitled to cast 75% or more of the votes entitled to be cast pursuant to Section 3.03A, by written notice delivered to the Board within 15 days after such hearing, object to such amendment proposed by Declarant, such amendment shall not be effective. No amendment by Declarant shall be effective until there has been recorded in the real property records of the county, an instrument executed and acknowledged by Declarant and setting forth the amendment, and an instrument executed and acknowledged by the president and secretary of the Board certifying that the above-mentioned Notice and Hearing was given and held and that the Board did not within 15 days after said hearing receive written objections to the amendment from the Owners, other than Declarant, entitled to cast 75% or more of the votes entitled to be cast pursuant to Section 3.03A.

C. By Owners. Except as provided in Sections 11.02A and 11.02B, this Declaration may be amended by the recording in the county real property records of an instrument executed and acknowledged by the president and secretary of the Board, setting forth the amendment and certifying that such amendment has been approved by Owners entitled to cast at least 51% of the number of votes entitled to be cast pursuant to Section 3.03A. Any Owner may indicate his approval of such proposed amendment either by consenting thereto in writing or by affirmative vote at a duly convened regular or special meeting of the Association.

11.03 Notices. Any notice permitted or required to be given by the Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third day (other than a Sunday or a legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the Person at the address

given by such Person to the Association for the purpose of service of notices, or to the residence of such Person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such Person to the Association.

11.04 Interpretation. The provisions of this Declaration shall be liberally construed to effectuate their purposes of creating a uniform plan for the development and operation of Dayton Valley Country Club and of promoting and effectuating the fundamental concepts of Dayton Valley Country Club as set forth ir the Article I of this Declaration. This Declaration shall be construed and governed under the laws of the State of Nevada.

11.05 Enforcement and Nonwaiver.

A. Right of Enforcement. Except as otherwise provided herein, any Owner at his own expense, Declarant and the Board shall have the right to enforce all of the provisions of the Dayton Valley Country Club Restrictions against any property within Dayton Valley Country Club and the Owners thereof. Such right of enforcement shall include both damages for and injunctive relief against the breach of any such provision. The right of any Owner to so enforce such provisions shall be equally applicable without regard to whether the land (or other interest) of the Owner seeking such enforcement or the land (or other interest) whereon or with respect to which a violation of such provision is alleged is initially set forth on Exhibit A or is hereafter subjected to this Declaration pursuant to Section 4.02 above.

B. Violation a Nuisance. Every act or omission whereby any provision of the Dayton Valley Country Club Restrictions is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated by any Owner at his own expense, by Declarant, or by the Board, whether or not the relief sought is for negative or affirmative action. However, only Declarant, the Board and the duly authorized agents of either of them may enforce by self-help any of the provisions of the Dayton Valley Country Club Restrictions, and then only if such self-help is preceded by reasonable notice to the Owner in question.

C. Violation of Law. Any violation of any federal, state or local law, ordinance or regulation pertaining to the ownership, occupancy or use of any property within the Dayton Valley Country Club is hereby declared to be a violation of the Dayton Valley Country Club Restrictions and subject to all of the enforcement procedures set forth in said Restrictions.

D. Remedies Cumulative. Each remedy provided by the Dayton Valley Country Club Restrictions is cumulative and not exclusive.

E. Nonwaiver. The failure to enforce any provision of the Dayton Valley Country Club Restrictions at any time shall not constitute a waiver of the right thereafter to enforce any such provision or any other provision of said Restrictions.

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11.06 Construction.

A. Restrictions Severable. Notwithstanding the provisions of the foregoing Section 11.04, each of the provisions of the Dayton Valley Country Club Restrictions shall be deemed independent and severable, and the invalidity or partial invalidity of any of any provision or portion thereof shall not affect the validity or enforceability of any other provision.

B. Singular Includes Plural. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine or neuter shall each include the masculine, feminine and neuter.

C. Captions. All Captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise affect that which is set forth in any of the paragraphs, Sections or Articles hereof.

D. Liberal Construction. It is the intention of Declarant that this Declaration be liberally construed to promote the purpose of a well planned community, reserving to the Declarant the rights necessary to complete the project and to insure the integrity of the interrelated land uses.

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

JOHN LAWRENCE (NEVADA) INC.,
a Nevada Corporation

By _____

Its Vice President

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STATE OF NEVADA)
: ss.
COUNTY OF Lyon)

On this 17th day of May, 1990, before me, the undersigned, a notary public, personally appeared KENNETH D. STOKES, known to me to be the VICE-PRESIDENT of JOHN LAWRENCE (NEVADA) INC., who executed the foregoing instrument, who acknowledged to me that he executed the same freely and voluntarily, and for the uses and purposes therein mentioned on behalf of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year hereinabove written.

PAT THAMMEL
NOTARY PUBLIC - NEVADA
LYON COUNTY
My Appt. Expires Nov. 21, 1993

Pat Thammel
NOTARY PUBLIC

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EXHIBIT "A"

LEGAL DESCRIPTION
(Dayton Valley Country Club)

That portion of Sections 17, 18 and 19, Township 16 North, Range 22 East, M.D.B.&M., in the County of Lyon, State of Nevada, being more particularly described as follows:

Beginning at the Northeasterly corner of Parcel 3 of file No. 102040, Official Records of said Lyon County, said corner being on a curve concave to the Northeast and having a radius of 540.00 feet, a radial line through said corner bears S. 7° 41' 00" W.; thence Northwesterly along said curve through a central angle of 25° 03' 47" an arc distance of 236.21 feet; thence N. 57° 15' 13" W., 539.63 feet to the beginning of a curve concave to the Southwest and having a radius of 300.00 feet; thence Northwesterly along said curve, through a central angle of 7° 39' 34" an arc distance of 40.10 feet to a point on said curve, a radial line through said point bears N. 25° 05' 13" E.; thence leaving said curve, N. 20° 45' 54" W., 796.46 feet to a point on a curve, concave to the Northwest and having a radius of 650.00 feet; thence Northeasterly along said curve through a central angle of 11° 22' 27" an arc length of 129.04 feet; thence N. 23° 46' 38" E., 269.10 feet to the beginning of a curve concave to the Southeast and having a radius of 780.00 feet; thence Northeasterly along said curve through a central angle of 25° 53' 27" an arc distance of 352.47 feet; thence N. 49° 40' 05" E., 1184.35 feet to the beginning of a curve concave to the Southeast and having a radius of 1930.00 feet; thence Northeasterly along said curve through a central angle of 9° 56' 21" an arc distance of 334.80 feet; thence N. 59° 36' 26" E., 4545.00 feet; thence S. 30° 23' 34" E., 715.00 feet; thence S. 1° 03' 02" W., 922.60 feet to a point on a curve, said curve being concave to the Southwest and having a radius of 350.00 feet, a radial line through said point bears N. 11° 29' 21" E.; thence Southeasterly along said curve through a central angle of 47° 48' 09' an arc distance of 292.01 feet; thence S. 30° 42' 25" E., 53.62 feet to the beginning of a curve concave to the Northeast and having a radius of 375.00 feet; thence Southeasterly along said curve through a central angle of 39° 21' 42" an arc distance of 257.62 feet; thence S. 65° 08' 00" E., 232.48 feet to the beginning of a curve concave to the Southwest and having a radius of 350.00 feet; thence Southeasterly along said curve through a central angle of 64° 19' 33" an arc distance of 392.94 feet to the point of compound curvature with a curve concave to the Northwest and having a radius of 1100.00 feet, a radial line through said point bears N. 84° 15' 26" E; thence Southwesterly along said curve through a central angle of 31° 00' 00" an arc distance of 595.16 feet to a point of reverse curvature with a curve concave to the Southeast and having a radius of 310.00 feet, a radial line through said point bears N. 64° 44' 34" W.; thence Southwesterly along said curve, through a central angle of 28° 30' 00" an arc distance of 154.20 feet; thence S. 3° 14' 34" E., 21.72 feet to the beginning of

Southwesterly and Northwesterly along said curve through a central angle of 100° 03' 54" an arc distance of 506.47 feet; thence N. 83° 10' 40" W., 17.32 feet to the beginning of a curve concave to the South and having a radius of 300.00 feet; thence Westerly along said curve, through a central angle of 24° 22" 29" an arc distance of 127.62 feet; thence S. 72° 26' 51" W., 305.57 feet to the beginning of a curve concave to the Southeast and having a radius of 830.00 feet; thence Southwesterly along said curve through a central angle of 24° 36' 43" an arc distance of 356.53 feet; thence S. 47° 50' 08" W., 110.00 feet to the beginning of a curve concave to the Northwest and having a radius of 500.00 feet; thence Southwesterly along said curve through a central angle of 35° 19' 50" an arc distance of 308.32 feet; thence N. 6° 50' 02" W., along a radial line, 50.00 feet to the beginning of a reverse curve, concave to the Southeast and having a radius of 350.00 feet; thence Southwesterly along said curve through a central angle of 52° 01' 32" an arc distance of 317.80 feet to the beginning of a reverse curve, concave to the Northwest and having a radius of 626.28 feet; thence Southwesterly along said curve through a central angle of 34° 29' 57" an arc distance of 377.10 feet; thence S. 65° 38' 23" W., 972.70 feet to the beginning of a curve concave to the Northwest and having a radius of 1035.00 feet; thence Southwesterly along said curve through a central angle of 20° 42' 22" an arc distance of 374.04 feet to the beginning of a reverse curve concave to the Southeast and having a radius of 2270.00 feet; thence Southwesterly along said curve through a central angle of 17° 28' 46" an arc distance of 692.52 feet to the beginning of a reverse curve, concave to the North and having a radius of 3450.00 feet; thence Westerly along said curve through a central angle of 28° 49' 01" an arc distance of 1735.18 feet to the POINT OF BEGINNING.

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EXHIBIT "B"

LEGAL DESCRIPTION
(Dayton Valley Country Club Unit 1)

That portion of the Southwest 1/4 of Section 18, Township 16 North, Range 22 East, M.D.B.&M. in the County of Lyon, State of Nevada, being more particularly described as follows:

Lots 1 through 28 of DAYTON VALLEY COUNTRY CLUB UNIT 1 as said subdivision is shown per file No. 126598, Official Records of said Lyon County.

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OFFICIAL RECORDS
LYON COUNTY, NEV.
RECORD REQUESTED BY
Title Service & Escrow Co.
'90 MAY 18 PM 2 58
NANCY M. CARR
COUNTY RECORDER
FEE 5.00 DEP