

Quail Ridge III
Homeowners Assoc.
P.O. Box 1873
Dayton, NV 89403

AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF QUAIL RIDGE

156659

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AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
OF QUAIL RIDGE

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS OF QUAIL RIDGE is made this 11th day of November, 1992, by the Quail Ridge III Homeowners Association, a Nevada nonprofit corporation, hereinafter referred to as the "Association," holding consents to amend from not less than fifty-one percent (51%) of the Owners in Quail Ridge.

ARTICLE I
RECITALS AND DECLARATIONS

1.01 Intention of the Association.

Quail Ridge is a single family residential subdivision, with homogeneous design themes, use restrictions and aesthetic commonalities in order to insure quality of life, maintain and improve the existing conditions and preserve or enhance values of Quail Ridge. Article 13.1 of the Supplemental and Restated Declaration of Covenants, Conditions and Restrictions of Quail Ridge III, recorded in the Official Records of Lyon County, Nevada, on the day of 12th day of October, 1989, as Document Number 128089, provides that said Supplemental and Restated Declaration of Covenants, Conditions and Restrictions may be amended by an instrument in writing signed and acknowledged by not less than fifty-one percent (51%) of the Owners, which amendment shall be effective upon recordation in the office of the Recorder of Lyon County, Nevada. It is the intention of the Association holding consents of not less than fifty-one percent (51%) of the Owners in Quail Ridge that this Amended and Restated Declaration of Covenants, Conditions and Restrictions be recorded to govern the land as described in paragraph 1.02 below.

1.02 Declaration and Property Subject Thereto.

NOW, THEREFORE, in furtherance of such intent, the Association hereby declares that all of the real property referred to herein as the Project, more particularly described in Exhibit "A" attached hereto, is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied and improved subject to the following limitations, restrictions, covenants and conditions, all of which are declared and agreed to be in furtherance of a plan for the subdivision, improvement and sale of some or all of said real property and are established and agreed upon for the purpose of enhancing and perfecting the value, desirability and attractiveness of all of said real property and every part thereof. All of the limitations, covenants, restrictions and conditions shall run with said real property and shall be binding upon and shall inure to the benefit of the

Association and each and every party having or acquiring any right, title or interest in the real property subject hereto or any part thereof and shall inure to the benefit of and shall be binding upon each successor in interest thereto. Each and all of said limitations, easements, uses, obligations, covenants, conditions and restrictions 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

General.

The words defined in the following paragraphs of this Article II shall have the meaning specified for all purposes in this Declaration unless the context requires otherwise or unless expressly provided to the contrary.

2.01 Articles.

The Articles of Incorporation of the Association that are or shall be filed in the office of the Secretary of State of the state of Nevada, as amended from time to time.

2.02 Association.

Shall mean and refer to the QUAIL RIDGE III Homeowners Association, a Nevada nonprofit corporation, described in Article III, including its successors and assigns.

2.03 Association Property.

Any real or personal property as may be owned by the Association in the Quail Ridge Project for the benefit of its members.

2.04 Beneficiary.

A beneficiary under a deed of trust or a mortgagee under a mortgage, or their successors or assignees of such beneficiary or mortgagee.

2.05 Board.

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

2.06 Bylaws.

The Bylaws of the Association that are or shall be adopted by the Board and any properly adopted amendment thereto.

2.07 Common Area.

Shall mean all real property including the improvements thereto, limited to and not to exceed the area designated as the landscaped entrance to the Quail Ridge Subdivision and extending along the parkway of Quail Ridge Road, owned by the Association for the common use of the owners.

2.08 Design Review Committee.

The committee created pursuant to Article VI.

2.09 Design Review Committee Rules.

The rules adopted by the Board of Directors pursuant to Section 6.03.

2.10 Improvement.

Any building, outbuilding, shed, driveway, parking area, walk, fence, wall, stair, arbor, deck, pole, sign, pool, tank, ditch, landscaping, court, gate, statue, marker, bridge, hole, pipe, screening wall, retaining wall, hedge, wind break, planting, planted tree and shrub, and any other structure or landscaping of every type and kind.

2.11 Lot.

Each lot within the Quail Ridge Project, as the same may be shown on any subdivision or parcel map applicable thereto, other than common areas.

2.12 Member.

Each Owner of a Lot.

2.13 Mortgage.

An instrument creating an interest in a Lot to secure monetary or other obligations, including a Deed of Trust as well as a mortgage.

2.14 Mortgagee.

A Beneficiary.

2.15 Owner.

The holder of record to title of any Lot and the Vendee under an installment contract of sale, excluding the Vendor thereunder and excluding any Beneficiary or Trustee of a Beneficiary.

2.16 Purchaser.

A person or entity in which Declarant has no ownership interest or over which Declarant exercises no contractual or other control, which has executed a binding agreement to purchase a Lot.

2.17 Residential Unit.

The structure or structures situated upon a Lot designed or arranged for use and occupancy as a residence or for an ancillary residential use, including any garage located on such Lot.

2.18 Rules.

Such rules and regulations as the Board from time to time may adopt concerning the use of the Project or any part thereof.

2.19 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 their occasional guest.

ARTICLE III
QUAIL RIDGE III HOMEOWNERS ASSOCIATION

3.01 Organization.

The QUAIL RIDGE III Homeowners Association is a Nevada nonprofit 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 and 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.

3.02 Membership.

Each Owner shall be a Member of the Association. An Owner shall hold one membership in the Association for each Lot owned or interest in each Lot owned. Ownership of a Lot or interest in it shall be the sole qualification for membership in the Association. Each Owner shall automatically be a Member of the

Association without the necessity of any further action on his part.

3.03 Voting Rights.

A. Entitlement.

Only Members of the Association, in good standing, shall be entitled to vote and shall have one vote for each Lot owned.

B. Joint or Common Ownership.

Where ownership of a Lot is held jointly or in common by more than one person, the vote or votes to which that Lot is entitled shall also be held jointly or in common in the same manner. However, the vote or votes for that Lot 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 their right to cast their vote or votes on the matter in question.

C. Proxy Voting.

Any Owner 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 Association, and the laws of the State of Nevada.

D. Cumulative Voting.

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

E. Majority.

Except as provided otherwise in this Declaration, any action may be taken at any legally convened meeting of the Members upon the affirmative vote of the Members having a simple majority of the total votes present at such meeting in person or by proxy.

3.04 Duties and Powers of the Association.

A. Powers.

The Association shall have all the powers of a nonprofit corporation organized under the laws of the State of Nevada subject only to such limitations on the exercise of such powers as are set forth in the Articles, the Bylaws, and this Declaration. It shall have the power to do any lawful thing that may be authorized, required, or permitted to be done by the Association under this Declaration, the Articles, or the Bylaws, and to do and perform any act that may be necessary or proper for or incidental to, the exercise of any of the express powers of the Association. The Association shall have the power to establish, fix, and levy assessments against the Owners and to enforce payment of such assessments.

The Association shall have the power to adopt and enforce rules and regulations to govern the use of lots in residential units encumbered by the Declaration herein.

B. Duties of the Association.

In addition to the duties delegated to it by its Articles or Bylaws, and without limiting their generality, the Association, acting by and through the Board, or persons or entities, has the obligation to conduct all business affairs of common interest to all Owners.

3.05 Personal Liability.

Except to the extent such liability, damage, or injury is covered by any type of insurance, no member of the Board, or of any committee of the Association, nor any officer of the Association, or any Manager, or Declarant, or any agent of Declarant, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of any such person or entity if such person or entity has, on the basis of such information as may be possessed by him/her or it, acted in good faith without willful or intentional misconduct.

~~3.06 Meeting of Members.~~

Meetings of Members shall be noticed and held as provided in the Articles, Bylaws, and this Declaration.

3.07 Inspection of Association Books and Records.

Any membership register, accounting records, and minutes of meetings of the members, the Board, and committees of the Board or Association, shall be made available for inspection and copying

by any Member or his duly appointed representative, or any Mortgagee, at any reasonable time but only for a purpose reasonably related to his interest as a Member, at such place as the Board reasonably prescribes. Every director of the Association shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of the Association and the physical properties owned or controlled by the Association. Copying by a Member shall be at the Member's sole expense.

3.08 Lease, Rent and Borrowing of Funds.

The Association may not purchase, rent or lease any real property, borrow funds for any purpose nor construct or engage in any contract to construct any new facility or capital project except when authorized by written affirmative vote of the members having a simple majority of the votes present in person or by proxy at a meeting called for such purpose.

ARTICLE IV ASSESSMENTS

4.01 Agreement to Pay.

Each Owner, by his acceptance of a deed, for each Lot owned, whether or not it shall be so expressed in such deed; covenants and agrees to pay to the Association such regular and special assessments as are established, made and collected, provided in this Declaration.

4.02 Personal Obligations.

Each assessment or installment, together with any late charge, interest, collection costs, and reasonable attorney's fees, shall become a lien upon the Lot and be enforceable by the Board of Directors of the Association. A purchaser of the property shall become liable for all unpaid assessments upon the property as well as those which become due following his purchase. To create a lien for sums assessed pursuant to these Covenants, Conditions and Restrictions the Association may prepare a written notice of delinquency setting forth the unpaid amount of the assessment, the date due, the amount remaining unpaid, the name of the recorded Owner of the Lot, and a description of the Lot. Such notice shall be recorded in the office of the County Recorder of Lyon County, Nevada. Liens created as above may be enforced by sale of the Lot by the Association after failure of the Owner to pay assessments in accordance with the provision of these covenants or N.R.S. 107.030 and in accordance with the provisions of N.R.S. 107.080 and 107.090, applicable to the exercise of powers of sale in deeds of trust, or in other manner permitted by law. After the lien is filed, the Owner shall be required to pay the costs and expenses of such foreclosure proceeding, including reasonable attorney's fees.

4.03 Purpose and Amount of Assessments.

The assessments levied by the Association shall be the amount estimated to be required to promote the health, safety, and welfare of the Members, the improvement, replacement, repair, operation, and maintenance of the common area and Association Property, and the performance of the duties of the Association as set forth in this Declaration, and shall be used exclusively for that purpose.

4.04 Regular Assessments.

Not less than thirty (30) days before the beginning of each fiscal year of the Association, the Board shall meet for the purpose of preparing the operating statement or budget for the forthcoming fiscal year and establishing the regular annual assessment for the forthcoming fiscal year. The Board shall establish the regular annual assessment without vote of the Members; provided, however, the Board may not establish a regular assessment for any fiscal year of the Association which is more than 110% of the regular assessment of the prior fiscal year of the Association (except the first such fiscal year of the Association if it should be less than twelve (12) months) without the approval by vote or written consent of Members holding a simple majority of the voting rights in person or by proxy at a meeting called for such purpose.

4.05 Special Assessments.

If the Board determines that the estimated total amount of funds necessary to defray the common expenses of the Association for a given fiscal year is or will become inadequate to meet expenses for any reason, including, but not limited to, unanticipated delinquencies, costs of unexpected repairs or replacements of common area or Association Property, then the Board shall determine the approximate amount necessary to defray such expenses; and if the amount is approved by a majority vote of the Board, provided that any such assessment shall have the assent of a simple majority of the votes of Members who are voting in person or by proxy at a meeting duly called for this purpose; it then shall become a special assessment. The Board may, in its discretion, prorate such special assessment over the remaining months of the fiscal year.

4.06 Uniform Rate of Assessment.

Except as otherwise specifically provided in this Declaration, regular and special assessments must be fixed at a uniform rate for all Lots within Quail Ridge; and the amount assessed to each Lot shall be determined by dividing the total amount assessed by the total number of Lots within Quail Ridge.

4.07 Audit of Financial Records.

The Board of Directors will insure that an audit of all Association financial records by an accredited independent certified public accountant once per year preferably immediately prior to the annual meeting of the Association and a report of the audit will be disseminated to the membership together with a report of required corrective action as necessary.

ARTICLE V INSURANCE

5.01 Insurance to be Obtained.

The Association shall obtain and maintain in full force and effect at all times insurance coverage, provided by companies rated "A" or better in Best's Ratings and duly authorized to do business in Nevada, as set forth in this Article.

5.02 Public Liability and Property Damage Insurance.

The Association shall purchase broad form comprehensive liability coverage in such amounts and in such forms as it deems advisable to provide adequate protection, but not less than Five Hundred Thousand Dollars (\$500,000.00) for bodily injuries to or death of any one person whomsoever, and One Million Dollars (\$1,000,000.00) for bodily injuries or death of any two or more persons whomsoever, arising from the same occurrence. Coverage shall include, without limitation, liability for personal injuries, operation of automobiles on behalf of the Association, and activities in connection with the ownership, operation, maintenance and other use of the Project.

5.03 Fidelity Insurance.

The Association shall purchase in such amounts and in such forms as shall deem appropriate coverage against dishonesty of employees, destruction or disappearance of money or securities, and forgery.

5.04 Other Insurance.

The Association may obtain insurance against such other risks, of a similar or dissimilar nature, as it shall deem appropriate with respect to the Project, including any personal property of the Association located thereon.

5.05 Premiums and Review.

Premiums for all of the foregoing insurance carried by the Association shall be a common expense and shall be included in the assessments or charges made by the Association. The Board

shall review the limits of all insurance policies of the Association at least once a year and adjust the limits as the Board deems necessary or appropriate.

5.06 Adjustment of Losses.

The Board is appointed attorney in fact by each Owner to negotiate and agree on the value and extent of any loss under any policy carried pursuant to this Declaration. The Board is granted full right and authority to compromise and settle any claim or enforce any claim by legal action or otherwise and to execute releases in favor of any insurer.

ARTICLE VI
DESIGN REVIEW COMMITTEE

6.01 Appointment of Design Review Committee.

The Design Review Committee shall consist of not less than three (3) nor more than five (5) persons as fixed from time to time by resolution of the Board. Persons appointed by the Board to the Design Review Committee must be Members and will serve for a term specified by the Board.

6.02 Meetings.

The Design Review Committee shall meet from time to time as necessary to properly perform its duties hereunder, however there shall always be semi-annual meetings.

6.03 Design Review Committee Rules.

The purpose of the Design Review Committee shall be to insure that all construction within the Project is of good quality and has design characteristics which are compatible and comparable to the aesthetic character expressed in these covenants and rules it has promulgated. The Design Review Committee shall from time to time recommend adoption, amendment, change or repeal of rules and regulations to be known as "Design Review Committee Rules". The Board of Directors will appoint the Design Review Committee and will appoint one member of the Board of Directors to serve as chairman of the committee. The Board of Directors is the sole authority for approving/disapproving recommendations of the Committee for the above stated actions with respect to the Rules, their interpretation, means of implementation, fee schedules, criteria, enforcement, application processes and in any situation in which disagreement should arise.

6.04 Appeal.

In the event plans and specifications submitted to the Design Review Committee are disapproved thereby, the party or

parties making such submission may appeal in writing to the Board. Within forty-five (45) days following receipt of the request for appeal, the Board shall render its written decision. Failure of the Board to render a decision within said forty-five (45) day period shall be deemed a decision in favor of the appellants.

6.05 Yard Landscaping.

The Design Review Committee shall have the right to require the Owner of any Lot to remove, trim, top or prune any tree, shrub, bush or plant which in the reasonable belief of the Design Review Committee impedes or distracts from the view of any Lot.

ARTICLE VII
MISCELLANEOUS

7.01 Amendment and Duration.

A. Amendment.

Except as otherwise provided herein, the provisions hereof may be amended by an instrument in writing signed and acknowledged by the president and secretary of the Board, setting forth the amendment and certifying that such amendment was approved by not less than fifty-one percent (51%) of the Owners, which amendment shall be effective upon any recordation in the Office of the Recorder of Lyon County, Nevada. Any owner may indicate their 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.

B. Duration.

The provisions of this Declaration, including the covenants, conditions and restrictions contained herein, shall continue and be effective for a period of fifty (50) years from the date of recordation and shall be automatically extended for successive periods of ten (10) years until a fifty-one percent (51%) vote of the Owners of all of the Lots within the Project shall determine that they shall terminate and notice thereof is recorded in the Office of the Recorder of Lyon County, Nevada.

7.02 Annexation

The Board may at any time or from time to time add to the property which is covered by this Declaration. The property to be added is to be limited to those Lots within the Quail Ridge Project whose Owners have not consented to become a Member of this Association and at no time will the Lots covered by this Declaration exceed the 143 total Lots comprising the Quail Ridge Project. Upon the recording of a Declaration of Annexation affecting the Lot to be added, the provisions of this Declaration shall apply to the added Lot in the same manner as if it was originally covered by this Declaration.

The Declaration of Annexation, signed and acknowledged by the president and secretary of the Board, shall refer to this section and shall include the signed and acknowledged consent of the Owner and contain an exact description of the added Lot.

7.03 Enforcement and Nonwaiver.

A. Right of Enforcement.

Except as otherwise provided herein, the Association, the County of Lyon, Nevada, and any Owner shall have the right (but not the duty) to enforce any and all of the covenants, conditions and restrictions now or hereafter imposed by this Declaration upon the Owners or upon any of the Project; provided however, nothing herein shall be construed as creating a third party beneficiary contract in favor of parties who are not Owners of property subject hereto.

B. Violations and Nuisance.

Every act or omission whereby a covenant, condition or restriction of this Declaration is violated in whole or in part, is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by the Association or any Owner. Any other provision to the contrary notwithstanding, only the Board and their duly authorized agents may enforce by self-help any covenant, condition or restriction herein set forth.

C. Violation of Law.

Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any portion of the Project is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures herein set forth.

D. Remedies Cumulative.

Each remedy provided by this Declaration is cumulative and not exclusive.

E. Nonwaiver.

The failure to enforce the provisions of any covenant, condition or restriction contained in this Declaration shall not constitute waiver of any right to enforce any such provisions or any other provisions of this Declaration.

7.04 Obligations of Owners.

No Owner may avoid the burdens or obligations imposed on him by this Declaration through nonuse of any common area or the facilities located thereon, Association Property, or by abandonment of his Lot. Upon the conveyance, sale, assignment, or other transfer of a Lot to a new Owner, the transferring Owner shall not be liable for any assessments levied with respect to such Lot after the date of such transfer, and no person, after the termination of his status as an Owner and prior to his again becoming an Owner, shall incur any of the obligations or enjoy any of the benefits of any Owner under this Declaration.

7.05 Construction and Severability.

A. Restrictions Construed Together.

All of the covenants, conditions and restrictions of this Declaration shall be liberally construed together to promote and effectuate the fundamental concepts of the Project, as set forth in the preamble of this Declaration.

B. Restrictions Severable.

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

7.06 Certification of Amendment

This Amended and Restated Declaration of Covenants, Conditions and Restrictions of QUAIL RIDGE is intended to amend and supersede the Supplemental and Restated Declaration of Covenants, Conditions and Restrictions of QUAIL RIDGE III recorded on October 12, 1989, as Document No. 128089, in the Official Records of Lyon County, Nevada, and this Amended and Restated Declaration shall govern.

The undersigned, in executing this instrument, certify that the approvals and consents required by the Supplemental and Restated Declaration of Covenants, Conditions and Restrictions of QUAIL RIDGE III have been met, that this instrument reflects those amendments so consented to and approved, and that this instrument has been signed and acknowledged by not less than fifty-one percent (51%) of the Owners.

IN WITNESS WHEREOF, the QUAIL RIDGE III Homeowners Association certifies that this Amended and Restated Declaration of Covenants, Conditions and Restrictions has been consented to by not less than fifty-one percent (51%) of the Owners in Quail Ridge and has hereunto caused these presents to be executed this 11th day of November, 1992.

QUAIL RIDGE III HOMEOWNERS
ASSOCIATION, a Nevada
non-profit corporation

By: *DALE C. FIREBAUGH*
DALE C. FIREBAUGH, President

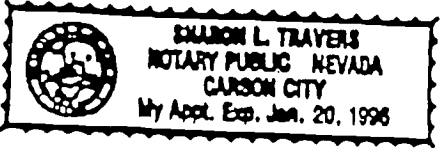
By: *CHET HOCKETT*
CHET HOCKETT, Secretary

STATE OF NEVADA)
 : ss.
COUNTY OF LYON)

On this 11th day of November, 1992, before me, the undersigned, a notary public, personally appeared DALE C. FIREBAUGH, personally known (or proved) to me to be the President of QUAIL RIDGE III HOMEOWNERS ASSOCIATION, a Nevada non-profit corporation, who executed the foregoing instrument, and who acknowledged to me that he executed the foregoing instrument 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.



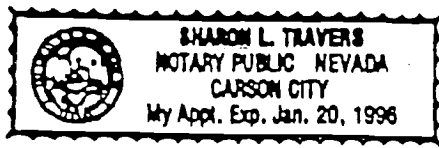
Sharon L. Travers

NOTARY PUBLIC

STATE OF NEVADA)
):
COUNTY OF LYON) ss.

On this 11th day of November, 1992, before me, the undersigned, a notary public, personally appeared CHET HOCKETT, personally known (or proved) to me to be the Secretary of QUAIL RIDGE III HOMEOWNERS ASSOCIATION, a Nevada non-profit corporation, who executed the foregoing instrument, and who acknowledged to me that he executed the foregoing instrument 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.



Sharon L. Travers
NOTARY PUBLIC

DECLARATION OF AMENDMENT TO THE AMENDED AND RESTATED
DECLARATION OF COVENANTS AND RESTRICTIONS OF QUAIL RIDGE III
HOMEOWNER'S ASSOCIATION

This Declaration of Amendment made this 13TH day of MARCH,
1995 by the QUAIL RIDGE III HOMEOWNER'S ASSOCIATION, a Nevada non-profit
corporation, hereinafter referred to as "ASSOCIATION".

WHEREAS, ASSOCIATION recorded the Amended and Restated Declaration of
Covenants, Conditions and Restrictions of Quail Ridge on November 11, 1992, in the official
records of Lyon County, Nevada as Document No. 156659 (hereinafter DECLARATION: AND

WHEREAS, ASSOCIATION is a Nevada non-profit corporation formed pursuant
to paragraph 3.1 of said DECLARATION: AND

WHEREAS, said DECLARATION provides in ARTICLE VII, Section 7.01 that
the ASSOCIATION may amend provisions by an instrument in writing signed and acknowledged
by the President and Secretary of the Board, setting forth the AMENDMENT and certifying that
such AMENDMENT was approved by not less than (51%) fifty one percent of the owners, and
members, which AMENDMENT shall be effective upon any recordation in the Office of the
RECORDER of Lyon County, Nevada. Any owner may indicate their 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..

WHEREAS, said DECLARATION provides at section 7.01 the ASSOCIATION
may amend which is covered by the recordation of DECLARATION of AMENDMENT.

NOW, THEREFORE, the parties declare as follows: On June 22, 1994, at a GENERAL
MEETING of the QUAIL RIDGE III HOMEOWNER'S ASSOCIATION by a vote of the
membership of 54% and Pursuant to Article VII Section 7.01 voted to amend the following:

Section 4.07 AUDIT OF FINANCIAL RECORDS:

The amendment shall read as follows:

180476

The Board of Directors will insure that either an audit, or compilation, or review of all association financial records by an accredited independent certified public accountant once per year preferably immediately prior to the annual meeting of ASSOCIATION and a report of the audit will be disseminated to the membership together with a report of required corrective action as necessary.

Joe Carpenter
JOE CARPENTER, President

Beverly Joanne Blashaw
BEVERLY JOANNE BLASHAW, Secretary

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