

SBH COMMUNITY 7
PUBLIC OFFERING STATEMENT

Specific Statutory Information
Required For All
Common Interest Communities

THIS PUBLIC OFFERING STATEMENT IS CURRENT AS OF **July 22, 2014**. RECENT DEVELOPMENTS REGARDING (A) THE GENERAL DESCRIPTION OF THE COMMON INTEREST COMMUNITY (NRS 116.4103(2)) AND (B) PENDING SUITS AGAINST THE ASSOCIATION MAY NOT BE REFLECTED IN THIS STATEMENT.

Project: SBH Community 7

Developer/Declarant/Seller: Hacienda Trails, LLC
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Developer Representative: Wayne Laska
Telephone: (702) 877-7040

The Community:

SBH Community 7 (the "Project") is a planned community consisting of up to five phases, or "Villages", which may be constructed. Declarant may create up to a total of 150 residential lots (each, a "Unit"), each of which will contain either one detached single-family home or a main dwelling and an attached secondary dwelling, commonly known as an "in-law suite" or "accessory apartment", which Unit may be occupied by one or two families. Each Village may be developed by a different developer (each, "Developer"); Hacienda Trails, LLC is the developer of Units in Village 1.

The Association:

SBH 7 Homeowners' Association (the "Association") is a non-profit corporation which is responsible for the management and maintenance of the landscaped common areas and private streets within the Project. The Association is also responsible for the enforcement of land use restrictions and rules and regulations designed to maintain the quality of the homes within the Project. The Association will own or hold easement rights over the common areas within the Project.

The owners of Units within the Project will automatically be members of the Association and such Units will be subject to the fees and the restrictions on use described in the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for SBH Community 7 (the "Declaration").

Description of the Project:

The first Village, to be known as "Raven's Crossing", consists of 14 Units and is generally located at Serene Avenue and Pollock Drive in Clark County, Nevada. Construction of Raven's Crossing began in

January 2014, and Developer expects that construction will be completed in approximately 2015. The scheduled completion date is only an estimate, and there is no guarantee that homes will be completed according to this schedule.

Up to four (4) additional non-contiguous Villages may be annexed to the overall Project pursuant to the exercise of developmental rights under the Declaration (see "Developmental Rights" below) and developed by Declarant. If subsequent Villages are annexed, there will be an increase in the membership of the Association. Such Villages will not be contiguous with Raven's Crossing. There is no guarantee that the future phases will be completed or annexed.

One Village that may be added to the Project, to be known as "Scarlett Ridge", consists of 38 Units as well as common elements (including private streets). If constructed and annexed to the Project, it will be located generally at Durango and Agate in Clark County, Nevada.

Another Village that may be added to the Project, to be known as "Russell Ridge", consists of 42 Units as well as common elements (including private streets). If constructed and annexed to the Project, it will be located generally at Russell and Grand Canyon in Clark County, Nevada.

Under the Declaration, Declarant has the right to add a fourth and a fifth Village to the Project.

Declarant does not represent that any Village, other than Raven's Crossing, will be added to the Project or, that if any other Village described herein is added, that such Village will be developed according to the schedules described in this Public Offering Statement.

Project Common Elements:

The Project Common Elements will initially consist of common area landscaping within the Project, together with all other real property which the Association is responsible for maintaining. The Common Elements may consist of other areas for the use and benefit of all purchasers in the Project, such as monument entry areas, private streets, and easements for landscaping purposes on those streets with landscaped tree wells or landscaped line of sight corners. At the time of the conveyance of the first Unit, the Common Elements will be for the use and benefit of all Owners within the Project. The Association is responsible for maintaining any private streets over which the Association has easements, although some or all of the private streets may not be deeded to the Association.

Certain portions of the Common Elements hereafter added or annexed to the Project may from time to time be designated, in accordance with the procedures set forth in the Declaration, as Limited Common Elements allocated and reserved for the exclusive use or primary benefit of Owners and residents within a particular Village. By way of illustration and not limitation, the Village referred to as "Raven's Crossing" does not have private streets; however, if additional Villages are constructed and annexed to the Project, such other Villages may have private streets which would be designated as Limited Common Elements as to the Village in which the private streets are located. Costs associated with the maintenance, management, operation, repair, replacement, and insurance of Limited Common Elements shall be a Limited Common Elements expense, allocated uniformly and levied as part of the assessments levied against the Owners in the Village to which the Limited Common Element area is located.

The Association may own such items of personal property as are necessary to operate and maintain the Common Elements or perform its duties under the Declaration.

Project Amenities - Landscaping:

The Association will provide for the care, maintenance and operation of the Common Elements. The Association has an easement over the front yards of the Units for the purposes of maintaining the front yard landscaping. The Association will also maintain the exterior lights on the front of the home, the exterior perimeter walls, and those portions of the block walls in the Project that may be seen from more than one Unit, the street or the Common Elements, except for walls located exclusively between two Units and may provide for the removal of graffiti from any walls the Association is required to maintain. Each owner is responsible for the maintenance of his or her Unit, and any structures, including the portions of the walls not maintained by the Association.

Developmental Rights:

The Project will be subject to the rights of the Developer to expand the Project by annexation as set forth in the Declaration. The right to annex and develop additional property is elective, not mandatory, and there is no assurance that additional property will be developed and brought in to the Project:

- (a) The Developer has reserved the right in the Declaration to add up to one-hundred thirty-six (136) additional Units to the Project in up to two non-contiguous communities, for a maximum total of one hundred fifty (150) Units that may be in the Project.
- (b) Any Units added to the Project will be limited to residential use only, except that certain home office or child care facility uses may be permitted and other uses may be approved by the Directors of the Association under Section 9.1 of the Declaration.
- (c) The quality of the construction of any buildings and improvements to be created on the Project shall be consistent with the buildings and improvements of those Units constructed on the Phase 1 Property; provided, however, that Declarant has the right to modify the shape, size, elevation, floor plan, and lot size of Units. The construction of improvements on any Units added to the Project may differ in architectural style, size and configuration.
- (d) There is no assurance that additional Common Elements or Limited Common Elements will be dedicated and conveyed to the Association and no assurance is made as to the type or character of any improvement to any additional Common Elements.
- (e) There is no assurance made as to the location of any building or other improvements that may be constructed or made within any part of the additional property that may be annexed into the Project.
- (f) The restrictions in the Declaration regarding the use, occupancy and alienation of Units will apply to all additional Units added to the Project by Developer.

In the event that Developer does not elect to exercise any developmental right, any assurances made in subparagraphs (a) through (f) above shall not apply.

Services or Subsidies Not Reflected in Budget:

In accordance with the Declaration, Declarant intends to enter into a subsidy agreement with the Association pursuant to which Declarant, in lieu of paying monthly assessments on the Units owned by Declarant, will pay to the Association the difference between the amount of assessments collected on all

other Units subject to assessment and the amount of actual expenditures required to operate the Association during the fiscal year. In addition, the Declarant may provide, but is not obligated to provide, repair and maintenance services or other services to the Association that would otherwise be expenses of the Association.

Initial or Special Fees Due at Closing:

Developer will collect from each purchaser at closing a working capital contribution in an amount equal to \$250, as shown in the initial budget. At that time, the money in escrow will be paid over to the Association to provide capital for its operating funds and/or budget reserves.

This working capital contribution will become capital of the Association. It is not returned to the Unit owner at the time of resale or otherwise. It will be carried on the books of the Association as paid in capital and will be reduced by deficits or increased by surpluses in operation.

Seller Warranties:

Each home constructed on a Unit within the Project is offered with an Express Limited Warranty and Disclaimer of Implied Warranties as set forth in the Storybook Home New Home Limited Warranty Agreement (the "Warranty"). A copy of the Warranty, and any supplements thereto, will be made available to all prospective purchasers by the Developer's sales agents. The Warranty does not cover any appliance, equipment, or other items which are "consumer products" for purposes of the Magnuson-Moss Warranty Act, 15 USC 2301, et seq. The only warranties of such consumer products or goods, if any, are those which the manufacturer provides to a purchaser. Information as to such manufacturer's warranties will be provided to a purchaser. Developer does not assume any obligation to serve or repair such consumer products or goods. They are included on an "as is" basis with the purchaser assuming the entire cost of all necessary service, repair, or replacement in the event of defect in quality or performance. All other express warranties are disclaimed and excluded by Developer to the maximum extent permitted by law, including without limitation those express warranties set forth in NRS 116.4113. All implied warranties (including, without limitation, any implied warranty of merchantability, fitness for particular purpose, habitability and workmanship) are disclaimed and excluded by Developer to the maximum extent permitted by law. In the event any express or implied warranties cannot by law be disclaimed or be excluded, or otherwise survive, the period of limitations for bringing an action under said warranties shall in no event exceed two years.

Purchaser's Right to Cancel:

Unless Purchaser or his/her agent has personally inspected the Unit, Purchaser may cancel, by written notice, any contract for purchase of a Unit from Seller, until midnight of the fifth calendar day following the date of execution of the contract.

Unsatisfied Judgments or Pending Suits Against the Association:

As of the date of this Public Offering Statement, there are no unsatisfied judgments or pending lawsuits against the Association, and the Association does not have any litigation outstanding against other parties.

Fees or Charges for Use of Common Elements:

Other than Association assessments, there are no current or expected fees or charges to be paid by the owners of Units for use of the Common Elements or other facilities related to the Community.

Information Regarding Additional Fees, Fines, Assessments, Late Charges and Penalties, Interest Rates and Collection Costs:

A copy of a statement of the Association regarding the current and expected fees or charges pertaining to each Unit is included with this Public Offering Statement as Exhibit G.

Restrictions on Leasing:

Pursuant to the Declaration, the leasing of Units in the Association is subject to the following restrictions: (i) no Unit may be leased or subleased for transient or hotel purposes or for an initial term of less than 30 days; (ii) all leases and rental agreements shall be in writing and subject to the requirements of the Community Governing Documents (defined below); (iii) Units may be leased only in their entirety, provided that the Declaration does not prohibit an owner of a Unit that includes an in-law suite from leasing the in-law suite separately from the main dwelling, or leasing the main dwelling separately from the in-law suite, if such lease complies with applicable law; (iv) no subleasing or assignment of leases are permitted except with the prior approval of the Board or in accordance with the rules adopted by the Board applicable to leases and subleases; (v) the Owner must make available to the tenant copies of the Community Governing Documents; (vi) all leases shall include provisions to the effect that (1) each tenant or subtenant shall be bound by the Community Governing Documents and a breach of any provision thereof shall constitute a default under the lease or sublease, and (2) the tenant will recognize (or attorn to) the Association as landlord, solely for the purpose of having the power to enforce a violation of the restrictions against the tenant, provided the Association gives the Owner notice of the Association's intent to so enforce and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action; and (vii) a copy of any lease, or lease renewal, together with such additional information as may be required by the Association shall be given to the Association within 10 days of the commencement of the lease term.

Statutory Information Statement:

Pursuant to NRS 116.4103(1)(m), attached hereto as Schedule 1 is the Statutory Information Statement that the Developer is required to deliver to prospective purchasers.

Design Review Committee

Purchaser should be aware that no construction or installation shall or any improvements (including, but not limited to landscaping) in the Community shall or may commence without first having fully complied with all applicable architectural and landscaping provisions of the Declaration and having received prior approval from the ARC.

THE STATEMENTS SET FORTH ABOVE ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD REFER TO THE ENTIRE SET OF DISCLOSURE MATERIALS AND THE SALES CONTRACT. ALL DISCLOSURE MATERIALS AND CONTRACTS ARE IMPORTANT DOCUMENTS AND THE PROSPECTIVE PURCHASER SHOULD SEEK COMPETENT ADVICE IN INTERPRETING SUCH DOCUMENTS.

Documents:

Each Unit is subject to the Community documents listed below (the "Community Governing Documents"). Pursuant to the Community Governing Documents, each owner of a Unit shall be a

member of the SBH 6 Homeowners Association (“Association”) and shall be entitled to the benefits, and subject to the obligations, including, but not limited to, the obligation to pay Association assessments, capital contributions, transfer fees, and any other amounts which may be assessed from time to time under the Declaration (defined below) or by the Association’s Board of Directors, arising from such membership. Voting in the Association shall be as set forth in the Community Governing Documents. Further information regarding the Association may be obtained from the Association. Copies of the following documents accompany this Public Offering Statement and are incorporated by reference:

- A. Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for SBH Community 6 (the “*Declaration*”)
- B. Articles of Incorporation of the Association
- C. Bylaws of the Association
- D. Current Balance Sheet, Year-To-Date Financial Statement & Projected Budget for the Association
- E. ARC Rules and Procedures of the Association
- F. Collection Policy of the Association
- G. Statement of the Association regarding the current and expected fees or charges pertaining to each Unit
- H. SBH Community 6 Community Disclosure
- I. Buyer Awareness Report
- J. Nevada Real Estate Division’s Residential Disclosure Guide
- K. NRS 11.202 to 11.206, inclusive, and NRS 40.600 to 40.695, inclusive

SCHEDULE 1

STATUTORY INFORMATION STATEMENT

BEFORE YOU PURCHASE PROPERTY IN A COMMON-INTEREST COMMUNITY DID YOU KNOW . . .

1. YOU GENERALLY HAVE 5 DAYS TO CANCEL THE PURCHASE AGREEMENT?

When you enter into a purchase agreement to buy a home or unit in a common-interest community, in most cases you should receive either a public offering statement, if you are the original purchaser of the home or unit, or a resale package, if you are not the original purchaser. The law generally provides for a 5-day period in which you have the right to cancel the purchase agreement. The 5-day period begins on different starting dates, depending on whether you receive a public offering statement or a resale package. Upon receiving a public offering statement or a resale package, you should make sure you are informed of the deadline for exercising your right to cancel. In order to exercise your right to cancel, the law generally requires that you hand deliver the notice of cancellation to the seller within the 5-day period, or mail the notice of cancellation to the seller by prepaid United States mail within the 5-day period. For more information regarding your right to cancel, see Nevada Revised Statutes 116.4108, if you received a public offering statement, or Nevada Revised Statutes 116.4109, if you received a resale package.

2. YOU ARE AGREEING TO RESTRICTIONS ON HOW YOU CAN USE YOUR PROPERTY?

These restrictions are contained in a document known as the Declaration of Covenants, Conditions and Restrictions. The CC&Rs become a part of the title to your property. They bind you and every future owner of the property whether or not you have read them or had them explained to you. The CC&Rs, together with other “governing documents” (such as association bylaws and rules and regulations), are intended to preserve the character and value of properties in the community, but may also restrict what you can do to improve or change your property and limit how you use and enjoy your property. By purchasing a property encumbered by CC&Rs, you are agreeing to limitations that could affect your lifestyle and freedom of choice. You should review the CC&Rs, and other governing documents before purchasing to make sure that these limitations and controls are acceptable to you. Certain provisions in the CC&Rs and other governing documents may be superseded by contrary provisions of chapter 116 of the Nevada Revised Statutes. The Nevada Revised Statutes are available at the Internet address <http://www.leg.state.nv.us/nrs/>.

3. YOU WILL HAVE TO PAY OWNERS’ ASSESSMENTS FOR AS LONG AS YOU OWN YOUR PROPERTY?

As an owner in a common-interest community, you are responsible for paying your share of expenses relating to the common elements, such as landscaping, shared amenities and the operation of any homeowners’ association. The obligation to pay these assessments binds you and every future owner of the property. Owners’ fees are usually assessed by the homeowners’ association and due monthly. You have to pay dues whether or not you agree with the way the association is managing the property or spending the assessments. The executive board of the association may have the power to change and increase the amount of the assessment and to levy special assessments against your property to meet extraordinary expenses. In some communities, major components of the common elements of the community such as roofs and private roads must be maintained and replaced by the association. If the

association is not well managed or fails to provide adequate funding for reserves to repair, replace and restore common elements, you may be required to pay large, special assessments to accomplish these tasks.

4. IF YOU FAIL TO PAY OWNERS' ASSESSMENTS, YOU COULD LOSE YOUR HOME?

If you do not pay these assessments when due, the association usually has the power to collect them by selling your property in a nonjudicial foreclosure sale. If fees become delinquent, you may also be required to pay penalties and the association's costs and attorney's fees to become current. If you dispute the obligation or its amount, your only remedy to avoid the loss of your home may be to file a lawsuit and ask a court to intervene in the dispute.

5. YOU MAY BECOME A MEMBER OF A HOMEOWNERS' ASSOCIATION THAT HAS THE POWER TO AFFECT HOW YOU USE AND ENJOY YOUR PROPERTY?

Many common-interest communities have a homeowners' association. In a new development, the association will usually be controlled by the developer until a certain number of units have been sold. After the period of developer control, the association may be controlled by property owners like yourself who are elected by homeowners to sit on an executive board and other boards and committees formed by the association. The association, and its executive board, are responsible for assessing homeowners for the cost of operating the association and the common or shared elements of the community and for the day to day operation and management of the community. Because homeowners sitting on the executive board and other boards and committees of the association may not have the experience or professional background required to understand and carry out the responsibilities of the association properly, the association may hire professional community managers to carry out these responsibilities.

Homeowners' associations operate on democratic principles. Some decisions require all homeowners to vote, some decisions are made by the executive board or other boards or committees established by the association or governing documents. Although the actions of the association and its executive board are governed by state laws, the CC&Rs and other documents that govern the common-interest community, decisions made by these persons will affect your use and enjoyment of your property, your lifestyle and freedom of choice, and your cost of living in the community. You may not agree with decisions made by the association or its governing bodies even though the decisions are ones which the association is authorized to make. Decisions may be made by a few persons on the executive board or governing bodies that do not necessarily reflect the view of the majority of homeowners in the community. If you do not agree with decisions made by the association, its executive board or other governing bodies, your remedy is typically to attempt to use the democratic processes of the association to seek the election of members of the executive board or other governing bodies that are more responsive to your needs. If you have a dispute with the association, its executive board or other governing bodies, you may be able to resolve the dispute through the complaint, investigation and intervention process administered by the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, the Nevada Real Estate Division and the Commission for Common Interest Communities and Condominium Hotels. However, to resolve some disputes, you may have to mediate or arbitrate the dispute and, if mediation or arbitration is unsuccessful, you may have to file a lawsuit and ask a court to resolve the dispute. In addition to your personal cost in mediation or arbitration, or to prosecute a lawsuit, you may be responsible for paying your share of the association's cost in defending against your claim.

6. YOU ARE REQUIRED TO PROVIDE PROSPECTIVE PURCHASERS OF YOUR PROPERTY WITH INFORMATION ABOUT LIVING IN YOUR COMMON INTEREST COMMUNITY?

The law requires you to provide a prospective purchaser of your property with a copy of the community's governing documents, including the CC&Rs, association bylaws, and rules and regulations, as well as a copy of this document. You are also required to provide a copy of the association's current year-to-date financial statement, including, without limitation, the most recent audited or reviewed financial statement, a copy of the association's operating budget and information regarding the amount of the monthly assessment for common expenses, including the amount set aside as reserves for the repair, replacement and restoration of common elements. You are also required to inform prospective purchasers of any outstanding judgments or lawsuits pending against the association of which you are aware. For more information regarding these requirements, see Nevada Revised Statutes 116.4109.

7. YOU HAVE CERTAIN RIGHTS REGARDING OWNERSHIP IN A COMMON-INTEREST COMMUNITY THAT ARE GUARANTEED YOU BY THE STATE?

Pursuant to provisions of chapter 116 of Nevada Revised Statutes, you have the right:

- (a) To be notified of all meetings of the association and its executive board, except in cases of emergency.
- (b) To attend and speak at all meetings of the association and its executive board, except in some cases where the executive board is authorized to meet in closed, executive session.
- (c) To request a special meeting of the association upon petition of at least 10 percent of the homeowners.
- (d) To inspect, examine, photocopy and audit financial and other records of the association.
- (e) To be notified of all changes in the community's rules and regulations and other actions by the association or board that affect you.

8. QUESTIONS?

Although they may be voluminous, you should take the time to read and understand the documents that will control your ownership of a property in a common-interest community. You may wish to ask your real estate professional, lawyer or other person with experience to explain anything you do not understand. You may also request assistance from the Office of the Ombudsman for Owners in Common-Interest Communities and Condominium Hotels, Nevada Real Estate Division, at (702) 486-4433 or (877) 829-9907.

Buyer or prospective buyer's initials: _____

Date: _____