

CC&Rs
Skye Canyon Community Association

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KAG Development South LLC
11411 Southern Highlands Parkway
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Las Vegas, NV 89141

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DEBBIE CONWAY

CLARK COUNTY RECORDER

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**MASTER DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
SKYE CANYON**

(a Nevada Master Common-Interest Planned Community)

AFFIRMATION STATEMENT:

As required by NRS 239B.030, by execution of this Declaration, the undersigned Declarant hereby affirms that the attached Declaration, including all exhibits, hereby submitted for recording does not contain the social security number of any person or persons.

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EXHIBIT "B": Common Elements Initially Submitted

EXHIBIT "C": Land Subject to Annexation

MASTER DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
AND RESERVATION OF EASEMENTS
FOR
SKYE CANYON

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS AND RESERVATION OF EASEMENTS FOR SKYE CANYON is made this _____ day of _____, 2014, by KAG DEVELOPMENT SOUTH LLC, a Delaware limited liability company ("Declarant"). Capitalized terms used herein shall have the meaning set forth in Article 2.

PART ONE: INTRODUCTION TO THE COMMUNITY

Declarant, as the developer of Skye Canyon, has established this Declaration to provide a governance structure and a flexible system of standards and procedures for the overall development, administration, maintenance, and preservation of Skye Canyon as a master planned community.

**ARTICLE I:
CREATION OF THE COMMUNITY**

1.1 Purpose and Intent.

The real property described in Exhibit "A" is the first phase within Skye Canyon. Declarant intends by Recording this Declaration to create a general plan of development for all of the real property now or hereafter made subject to this Declaration. This Declaration provides a flexible and reasonable procedure for the future expansion of Skye Canyon to include additional real property as Declarant deems appropriate and provides for the overall development, administration, maintenance, and preservation of the real property now and hereafter comprising Skye Canyon.

1.2 The Association.

An integral part of the development plan is the creation of the Skye Canyon Community Association, a Nevada non-profit corporation, as an association comprised of all owners of residential and/or commercial real property (but not the Private Amenities) in Skye Canyon. The Association will own and/or control, operate, and maintain various Common Elements and community improvements within or benefiting Skye Canyon, and to administer and enforce this Declaration and the other Governing Documents.

1.3 NRS Chapter 116.

This document is prepared pursuant to NRS Chapter 116, and establishes a "planned community" as defined therein.

1.4 Governing Documents; Conflicts.

The Governing Documents create a general plan of development for Skye Canyon, which may be supplemented by additional covenants, restrictions and easements applicable to particular Neighborhoods,

Multi-Family, or Commercial Lots. The Governing Documents shall be construed to be consistent with one another to the extent possible. If there exists any irreconcilable conflicts or inconsistencies among the Governing Documents, then the terms and provisions of this Declaration shall prevail (unless and to the extent only that any provision of the Declaration fails to comply with any applicable provisions of NRS Chapter 116), and thereafter, the Articles shall prevail over the Bylaws, the Architectural Guidelines, and the Rules. In the event of a conflict between or among the Governing Documents and any such additional covenants, conditions, or restrictions and/or provisions of any other articles of incorporation, bylaws, rules, or policies governing any Neighborhood, the terms of the Governing Documents shall control; provided however, that nothing in this Section shall preclude any Supplemental Declaration or other Recorded covenants applicable to any portion of the Properties from containing additional restrictions or provisions that are more restrictive than the provisions of this Declaration. Each Neighborhood Association will be responsible for enforcing the covenants, conditions, restrictions, and other instruments applicable to its Neighborhood.

The Governing Documents shall be enforceable by Declarant, any Builder, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns by any means available at law or in equity, and subject to the provisions of the Governing Documents that describe or limit how the Governing Documents may be enforced. In most cases, the Board of Directors of the Association will be responsible for enforcing the Governing Documents.

1.5 Exhibits.

Exhibits "A," "B," and "C," attached to this Declaration, are incorporated by this reference. Amendment of such Exhibits shall be governed by Article 20 below.

ARTICLE II: CONCEPTS AND DEFINITIONS

Capitalized terms shall be defined as set forth below. Other capitalized terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions, unless otherwise defined in NRS Chapter 116.

2.1 "Apartment". Each individual single family dwelling unit located within a building or structure or portion of a building or structure situated upon a Multi-Family Lot.

2.2 "ARC". The Architectural Review Committee of the Association, which shall mean and refer to (a) throughout the Declarant Rights Period, the Declarant or an architectural review committee appointed by Declarant, and (b) from and after the expiration of the Declarant Rights Period, the Board and/or an architectural review committee appointed by the Board but only to the extent that the Board shall have delegated the responsibilities for architectural review to such committee.

2.3 "Architectural Guidelines". The architectural, design, and construction guidelines (also referred to as the Design Guidelines) and application and review procedures applicable to the Properties, as promulgated and administered pursuant to Article 4, as may be amended.

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

2.5 "Articles of Incorporation" or "Articles". The Articles of Incorporation of Skye Canyon Community Association, as filed with the Nevada Secretary of State.

2.6 "Assessments". Each and all of Base Assessments, Neighborhood Assessments, Special Assessments, and Specific Assessments, as applicable.

2.7 "Assessment Share". As defined in Section 8.1.

2.8 "Association". Skye Canyon Community Association, a Nevada nonprofit corporation, and its successors or assigns.

2.9 "Base Assessment". Assessments levied on all Lots subject to assessment under Article 8 to fund Common Expenses for the general benefit of Skye Canyon. Each and all of Neighborhood Assessments, Special Assessments, and Specific Assessments, as applicable, are in addition to Base Assessments.

2.10 "Board of Directors" or "Board". The body responsible for administration of the Association, selected as provided in the Bylaws and generally serving the role as the board of directors under Nevada corporate law and as the "executive board" as defined in NRS Chapter 116.

2.11 "Builder". Any Person now or hereafter, as specifically designated by Declarant, who purchases one or more Lots for the purpose of constructing Improvements for later sale to consumers, or who purchases one or more parcels of land within Skye Canyon for further subdivision, development, and/or resale in the ordinary course of such Person's business. Notwithstanding the foregoing, no person shall be defined as a Builder without the express consent of the Declarant.

2.12 "Bylaws". The Bylaws of Skye Canyon Community Association, as may be amended from time to time.

2.13 "City". City of Las Vegas, Nevada, together with its successors and assigns.

2.14 "Co-Owners". As defined in Section 6.2.

2.15 "Collection Policy". The policy of the Association adopted in accordance with Nevada law outlining the procedure for the collection of unpaid Assessments, fees, interest, charges, fines, penalties, and costs imposed against an Owner, which has been adopted by the Board of Directors in compliance with NRS Chapter 116, as such policy may be amended from time to time.

2.16 "Commercial Lot". A portion of the Properties, whether improved or unimproved (other than a Residential Lot, Multi-Family Lot, a Mixed-Use Lot, Common Elements, Neighborhood Common Elements, and real property dedicated to the public), that may be independently owned and conveyed and is intended to be developed for commercial and non-residential purposes. The term "Commercial Lot" shall refer to the land, if any, that is part of a Commercial Lot as well as any Improvements thereon. The boundaries of each Commercial Lot shall be delineated on the Plat that creates the Commercial Lot. Each Commercial Lot within the Properties may but shall not be required to be made subject to a Supplement Declaration setting forth separate and additional covenants, conditions, and restrictions approved by Declarant. The Owners of each Commercial Lot, now or hereafter included within the Properties, shall be a Member of the Association and shall be obligated to pay Assessments hereunder; provided, however, notwithstanding anything to the contrary contained herein, IN NO EVENT

SHALL ANY COMMERCIAL LOT BE SUBJECT TO ANY OF THE FOLLOWING: (a) the provisions of Article 3 (including without limitation, the use restrictions and rule making authority provided therein), (b) the provisions of Article 4 (including without limitation the architectural review provisions set forth therein), (c) the provisions of Article 5, or (d) the Rules and Regulations (except for the Collection Policy) now or hereafter in effect from time to time.

2.17 "Common Elements". All (i) real property, other than Lots, owned or leased by the Association, which may include entry monumentation, private entry gates and guard houses for the Properties, Private Streets, street lights, street signs, curbs and gutters, landscape areas, and open space areas; (ii) real property over which the Association holds any interest for the use and enjoyment of the Owners, which may include easements designated on a Plat as access and ingress/egress easements, as pedestrian/bike trails or access corridor easements, as landscape easements, as public utility easements, as drainage and/or municipal utility easements, and any other such easements; (iii) any water reclamation system or facilities constructed by Declarant to serve Skye Canyon; (iv) any personal property owned by the Association for the use and enjoyment of the Owners; and (v) any other property owned or held by the Association for the use and enjoyment of the Owners including, but not limited to, entry monumentation, street lights, street signs, curbs and gutters, landscaping and all perimeter walls or fences Declarant constructs surrounding the Properties or which separates a Lot from an Area of Common Responsibility. The Common Elements shall initially consist of (a) the real property described on Exhibit "B" attached hereto and incorporated herein by this reference; and (b) the Improvements now or hereafter constructed on the real property described on Exhibit "B". Notwithstanding the foregoing, all Private Amenities are separate and constitute private property, and are NOT A PART of the Common Elements, are NOT A PART of the Properties.

2.18 "Common Expenses". The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of the Owners (including without limitation pass through expenses and expenses to be collected from one or more but not all Owners, which may not be expressly reflected in the Association's ratified budget), including: (a) the actual and estimated costs of maintenance, management, operation, repair and replacement of the Common Elements and other Areas of Common Responsibility; (b) the funding of adequate reserves for repairs, replacements or additions to the Common Elements and other Areas of Common Responsibility; (c) the costs of management and administration of the Association (including, but not limited to, compensation paid by the Association to managers, accountants, attorneys, architects, employees, and other consultants); (d) any unpaid Assessments and/or all costs of collection incurred or anticipated to be incurred by the Association, including those that have been extinguished by foreclosure of a superior lien; (e) the costs associated with any litigation to which the Association is a party; (f) any and costs, liabilities, and/or expenses incurred or anticipated to be incurred by the Association in the enforcement of the terms and conditions of the Governing Documents; (g) any expenses, fees, and other charges imposed upon the Association by any governmental entity because Skye Canyon is a common interest community pursuant to NRS Chapter 116, and (h) any other expenses as the Board may find necessary and appropriate pursuant to the Governing Documents; and (i) any other costs or expenses incurred by the Association, for any reason whatsoever, in connection with Skye Canyon for the benefit of some or all of the Owners or in furtherance of the powers of the Association as set forth in the Governing Documents.

2.19 "Community Standards". The standards of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standards shall be established initially by Declarant and may be more specifically defined in the Architectural Guidelines, the Rules and Regulations, and Board resolutions. Any subsequent amendments to the standards shall meet or exceed the standards set by Declarant and Board during the Declarant Control Period. Such standards may contain both objective

and subjective elements. The Community Standards may evolve as development progresses and as the needs and demands of Skye Canyon change.

2.20 **"Conversion"**. As defined in Section 3.5(b).

2.21 **"County"**. County of Clark, Nevada, together with its successors and assigns.

2.22 **"Custom Lots"**. Lots, as shown on a Plat, within a designated Custom Lot Neighborhood, in which each such lot is intended to be conveyed to a Purchaser, for construction by the Purchaser of a custom home subject to design and architectural requirements of Declarant for custom homes where the Owner of each Custom Lot is not Declarant or Builder.

2.23 **"Declarant"**. KAG Development South LLC, a Delaware limited liability company, or any successor, successor-in-title, or assign who takes title to any portion of the Properties subject to this Declaration or to any part of the property described in Exhibits "A" or "C" for the purpose of development and/or sale, and who is designated as Declarant in an express Recorded assignment executed by the immediately preceding Declarant (but specifically excluding Purchasers as defined in NRS Chapter 116).

2.24 **"Declarant Advance"**. Funds advanced by Declarant to the Association of the type described in Section 8.14 of this Declaration.

2.25 **"Declarant Control Period"**. The period of time during which Declarant is entitled to appoint and remove one or more members of the Board of Directors under NRS Chapter 116. The Declarant Control Period shall terminate one hundred and twenty (120) days following the last day of the Declarant Rights Period, or such earlier date as may be required by operation of NRS Chapter 116. Nothing in this Section shall preclude Declarant, in its sole discretion, from voluntarily relinquishing control of the Board earlier than required by this Section, and in such event, Declarant reserves the right to veto actions of the Association as provided in the Bylaws until such time as the Declarant Control Period would have otherwise expired under this Section.

2.26 **"Declarant Rights Period"**. The period of time during which Declarant (or any of its affiliates) owns or has the right to acquire any property subject to this Declaration or that may become subject to this Declaration by annexation in accordance with Section 9.1, and during which period of time, Declarant has reserved certain rights as set forth in this Declaration.

2.27 **"Designated Co-Owner"**. As defined in Section 6.2.

2.28 **"Development Agreement"**. As may be in effect with respect to all or any portion of the Properties from time to time, (a) that certain Development Agreement Between City of Las Vegas and Kyle Acquisition Group, LLC dated on or about August 8, 2007, and amendments thereto as superseded by that certain First Amendment and Restatement to the Development Agreement between City of Las Vegas and KAG Property, LLC dated February 1, 2012 and Recorded on June 26, 2012 as Instrument No. 20120626-0000001, as may hereafter be amended and/or supplemented in accordance with the terms thereof; and (b) such other Development Agreement(s) as may hereafter be entered into by and between the City and Declarant with respect to any of the property described in Exhibit "C" and any additional property made a part of Skye Canyon from time to time in the future by Recording one or more Supplemental Declarations as provided in Section 9.1 hereof. As used herein, the term Development

Agreement shall include all exhibits, schedules, addenda and other attachments thereto, as each may be applicable to the Properties or portions thereof.

2.29 **"Director"**. A duly appointed or elected and current member of the Board of Directors.

2.30 **" Dwelling "**. A single Family detached residential building located on a Residential Lot (but not a Multi-Family Lot), or, in a condominium, a condominium unit, designed and intended for use and occupancy as a residence by a single Family, but specifically excluding "manufactured housing" or mobile homes, neither of which shall be permitted as Dwellings.

2.31 **"Family"**. A group of natural persons related to each other by blood or legally related to each other by marriage or adoption, or a group of natural persons not all so related, but who maintain a common household in a Dwelling, all as subject to and in compliance with all applicable federal and Nevada laws and local health codes and other ordinances.

2.32 **"Front Yard"**. The portion of a Residential Lot that is the area between the plane formed by the exterior of the front facade of the Dwelling and outward to the back of the curb of the Residential Lot or if the curb is not located on the Residential Lot then the front lot line.

2.33 **"Governing Documents"**. A collective term referring to this Declaration and any applicable Supplemental Declaration, the Articles, the Bylaws, the Architectural Guidelines, and the Rules and Regulations, as they may be amended.

2.34 **"HOA"**. As defined in Section 15.1.

2.35 **"HOA Park"**. As defined in Section 15.1.

2.36 **"Improvement"**. Any structure or appurtenance thereto of every type and kind, whether above or below the land surface, placed in the Properties, including, but not limited to, Dwellings and other buildings, walkways, sprinkler pipes, swimming pools, spas and other recreational facilities, carports, garages, roads, driveways, parking areas, hardscape, Private Streets, streetlights, curbs, gutters, walls, perimeter walls, fences, screening walls, block walls, retaining walls, stairs, decks, landscaping, antennae, hedges, windbreaks, patio covers, railings, plantings, planted trees and shrubs, poles, signs, exterior air conditioning, and water softener fixtures or equipment.

2.37 **"Invitees"**. Each and all of the following: tenants, guests, and other invitees (including, as may be applicable, agents, employees, suppliers, and contractors).

2.38 **"Lot"**. A Residential Lot, a Multi-Family Lot, a Mixed-Use Lot, or a Commercial Lot. As defined herein, the term Lot shall not include any part of the Private Amenities.

2.39 **"Manager"**. The Person, if any, whether an employee or independent contractor, appointed by the Association, acting through the Board, and delegated the authority to implement certain duties, powers, or functions of the Association as provided in this Declaration.

2.40 **"Master Plan"**. The master land use plan as referred to in the Development Agreement with respect to each applicable portion of the Properties as approved by the City. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this

Declaration, nor shall the omission of property from the Master Plan bar its later annexation to this Declaration as provided in Article 9.

2.41 "Maximum Lots". As of the date of this Declaration, for the purposes of NRS Chapter 116 the maximum number of Lots Declarant has reserved the right to create within Skye Canyon is: (a) the sum total of (i) up to approximately 12,000 Residential Lots, plus (ii) up to approximately 80 acres of property constituting Multi-Family Lots, plus (iii) up to approximately 140 acres of property constituting Commercial Lots, plus (iv) up to approximately 75 acres of property constituting Mixed-Use Lots, or (b) such greater number of Lots as may hereafter be approved for development within Skye Canyon under the Master Plan, as amended from time to time. Nothing in this Declaration shall be construed to require Declarant to create or develop the Maximum Lots.

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

2.43 "Mixed-Use Lot". A portion of the Properties, whether improved or unimproved (other than a Residential Lot, a Commercial Lot, a Multi-Family Lot, Common Elements, Neighborhood Common Elements, and real property dedicated to the public), that may be independently owned and conveyed and is intended to be developed as mixed-use units for use and occupancy for residential and/or non-residential purposes. The term "Mixed-Use Lot" shall refer to the land, if any, that is part of a Mixed-Use Lot as well as any Improvements, including any Dwellings, thereon. The boundaries of each Mixed-Use Lot shall be delineated on a Plat. All Mixed-Use Lots within the Properties shall be made subject to a Supplement Declaration setting forth separate and additional covenants, conditions, and restrictions approved by Declarant. The Owners of each Mixed-Use Lot now or hereafter included within the Properties shall be a Member of the Association and shall be obligated to pay Assessments hereunder; provided, however, notwithstanding anything to the contrary contained herein, IN NO EVENT SHALL ANY MIXED-USE LOT BE SUBJECT TO ANY OF FOLLOWING: (a) the provisions of Article 3 (including without limitation, the use restrictions and rule making authority provided therein), (b) the provisions of Article 4 (including without limitation the architectural review provisions set forth therein), (c) the provisions of Article 5, or (d) the Rules and Regulations (except for the Collection Policy) now or hereafter in effect from time to time.

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

2.45 "Multi-Family Lot". A portion of the Properties, whether improved or unimproved (other than a Residential Lot, a Commercial Lot, a Mixed-Use Lot, Common Elements, Neighborhood Common Elements, and real property dedicated to the public), that may be independently owned and conveyed, is intended to be developed for attached single family residential uses with Apartments, and is not established as a separate "common-interest community" as defined in the NRS Chapter 116. The term "Multi-Family Lot" shall refer to the land, if any, that is part of the Multi-Family Lot as well as any Improvements, including any Apartment, thereon. The boundaries of each Multi-Family Lot shall be delineated on a Plat. A Multi-Family Lot may be converted to a "for sale" residential condominium use or other "for sale" residential dwellings in accordance with the requirements of Section 3.5(b), and from and after the date that the Supplemental Declaration is Recorded that establishes the Multi-Family Lot as a "common-interest community" in accordance with such Section 3.5(b), the Multi-Family Lot shall cease to be a Multi-Family Lot for all purposes of this Declaration, and thereafter, each "unit" (as defined in the NRS Chapter 116) therein shall be deemed to be a Residential Lot for the purposes of this Declaration including, without limitation, Section 6.3 (membership classes and voting), 8.1 (allocation of Base

Assessments) and 8.7 (assessment of Base Assessments). The Owners of each Multi-Family Lot now or hereafter included within the Properties shall be a Member of the Association and shall be obligated to pay Assessments hereunder; provided, however, notwithstanding anything to the contrary contained herein, IN NO EVENT SHALL ANY MULTI-FAMILY LOT BE SUBJECT TO ANY OF FOLLOWING UNLESS OR UNTIL SUCH LOT IS CONVERTED TO A RESIDENTIAL LOT IN ACCORDANCE WITH THE CONVERSION REQUIREMENTS SET FORTH IN SECTION 3.5(b): (a) the provisions of Article 3 (including without limitation, the use restrictions and rule making authority provided therein), (b) the provisions of Article 4 (including without limitation the architectural review provisions set forth therein), (c) the provisions of Article 5, or (d) the Rules and Regulations (except for the Collection Policy) now or hereafter in effect from time to time.

2.46 "Neighborhood". Any residential area within the Properties designated by Declarant as a Neighborhood, whether or not governed by a separate Neighborhood Association, as more particularly described in Section 6.4, created for the purpose of sharing particular Neighborhood Common Elements, or receiving other benefits or services from the Association that are not provided to all Units within the Properties. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Association provides benefits or services to less than all Units within a particular Neighborhood, then such benefitted Units shall be assessed an additional Specific Assessment for such benefits or services. Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee or Neighborhood Association, if any, having concurrent but subordinate jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 6.4.

2.47 "Neighborhood Assessments". Assessments levied by the Association (or Neighborhood Association, if applicable) uniformly upon the Residential Lots within a particular Neighborhood to pay for the Neighborhood Expenses within such Neighborhood, as described in Section 8.2. Neighborhood Assessments are additional to each and all of Base Assessments, Special Assessments, and Specific Assessments, as applicable.

2.48 "Neighborhood Association". A homeowners' association, created by Supplemental Declaration, having subordinate, concurrent jurisdiction with the Association over its own specific Neighborhood. Nothing in this Declaration shall require the creation of a Neighborhood Association for any Neighborhood.

2.49 "Neighborhood Common Elements". A portion of the Common Elements that shall constitute Limited Common Elements (as said term is defined by NRS Chapter 116) allocated for the primary or exclusive use and benefit of one or more designated Neighborhood(s) (but less than all of the Properties then constitution Skye Canyon), as more particularly described in Article 13; and/or the common elements unique to a Neighborhood, which itself is a common-interest community pursuant to NRS Chapter 116, established under a Supplemental Declaration.

2.50 "Neighborhood Expenses". The actual and estimated expenses that the Association incurs or expects to incur for the benefit of Owners of Residential Lots within a particular Neighborhood, which shall include a reserve for repairs, replacements, or additions to the Neighborhood Common Elements shared by such Neighborhood and may also include a reasonable administrative charge, as may be authorized pursuant to this Declaration or under a Supplemental Declaration.

2.51 "Notice and Hearing". Written notice and an opportunity for a hearing before the Board at which the Owner concerned shall have the opportunity to be heard in person, in writing, or by counsel at the Owner's expense in the manner further provided in the Bylaws.

2.52 "NRS Chapter 116". Nevada's Uniform Common-Interest Ownership Act, Chapter 116 of Nevada Revised Statutes, as may be amended from time to time.

2.53 "Officer". A duly elected or appointed current officer of the Association.

2.54 "Owner". One or more Persons, which may include Declarant or a Builder, who hold the record title to any Lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. The term "Owner" shall include sellers under executory contracts of sale, but shall exclude Mortgagees.

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

2.56 "Plans". As defined in Section 4.3.

2.57 "Plat". Each final subdivision map or parcel map of portions of Properties, as Recorded from time to time, as may be amended and supplemented from time to time of Record.

2.58 "Private Amenities". Certain real property and any Improvements and facilities thereon located adjacent to, in the vicinity of, or within, the Properties that are privately owned and operated by Persons other than the Association for recreational and related purposes on a club membership basis or otherwise. Private Amenities are NOT A PART OF the Properties and NOT A PART OF the Common Elements and NOT SUBJECT TO this Declaration. Private Amenity ownership and/or membership is NOT A PART OF and is separate from Membership in the Association. Membership in and use of the Private Amenities, is or may be subject to the approval of the owner or governing body of the Private Amenity (which is a body separate from and not related to the Association or the Board) and payment of separate initiation fees, dues, and such other charges as may be determined by the Private Amenity. Notwithstanding the foregoing, the owners and members of Private Amenities, and their respective Invitees, shall have an easement of access to, enjoyment of, and ingress and egress over, the Private Streets and entries and other Common Elements of Skye Canyon. Refer to Article 16, and to the Additional Disclosures and Disclaimers set forth in Article 21, below.

2.59 "Private Streets". All private streets, rights of way, streetscapes, and vehicular ingress and egress easements, in the Properties, shown as such on a Plat.

2.60 "Properties". The real property described in Exhibit "A" together with such additional property from time to time as is made subject to this Declaration in accordance with Article 9 and NRS Chapter 116. As defined herein, the term Properties shall not include any part of the Private Amenities, except to the extent provided in Article 16 herein.

2.61 "Purchaser". A Purchaser, as defined in NRS Chapter 116.

2.62 "Reasonable Amounts". As defined in Section 16.5

2.63 "Rear Yard". The portion of a Residential Lot that is the area between the plane formed by the back facade of the Dwelling and the rear lot line.

2.64 "Record," "Recording," or "Recorded". To file, filing, or filed of record in the official records of the Office of the County Recorder of Clark County, Nevada. The date of Recording shall refer to that time at which a document, map, or Plat is Recorded.

2.65 "Requisite Membership Percentage". Eighty percent (80%) or more of the total aggregate voting power of the Membership of the Association.

2.66 "Requisite Neighborhood Percentage". Eighty percent (80%) or more of the total aggregate voting power of those certain Members who are Owners of Residential Lots in the relevant Neighborhood.

2.67 "Resident". Unless otherwise specified in the Governing Documents, shall mean any person who is physically residing in a Dwelling or Apartment on a regular basis and specifically includes tenants and lessees.

2.68 "Residential Lot". Subject to the provisions pertaining to unsubdivided parcels of land in Section 6.3 (membership classes and voting) and 8.1 (allocation of Base Assessments), a portion of the Properties, whether improved or unimproved (other than a Multi-Family Lot that has not been converted to a Residential Lot under Section 3.5(b), a Mixed-Use Lot, a Commercial Lot, Common Elements, any Neighborhood Common Elements, Area of Common Responsibility or any property dedicated to the public), including each Custom Lot, which may be independently owned and is intended for development, use, and occupancy as a Dwelling for a single Family (as shown and separately identified on a Plat). The term shall mean all interests defined as a "unit" under the NRS Chapter 116. The term shall refer to the land, if any, that is part of the Residential Lot as well as any Improvements thereon. In the case of a building within a condominium, each Dwelling shall be deemed to be a separate Residential Lot.

2.69 "Rules and Regulations". The restrictions relating to an Owner's use of his or her Lot and the Properties along with regulations relating to the conduct of Persons on the Properties, as more specifically authorized, outlined, and provided for in Article 3 and NRS Chapter 116. The Rules and Regulations shall also include the Collection Policy and the Penalty Policy.

2.70 "Skye Canyon". The residential and commercial developments of Skye Canyon that now or hereafter are made subject to this Declaration as a master planned common-interest community under the NRS Chapter 116 containing residential and non-residential properties.

2.71 "Side Yard". The portion of a Residential Lot that is the area between the plane formed by the exterior of the side facade of the Dwelling (between the front facade and rear facade of the Dwelling) and outward to the side lot line, plus the area of any private use easement benefitting such Residential Lot that the Owner of the Residential Lot is required to maintain.

2.72 "Special Assessment". Assessments levied in accordance with Section 8.4. Special Assessments are additional to each and all of Base Assessments, Neighborhood Assessments, and Specific Assessments, as applicable.

2.73 "Special Improvement District". A service and utility district that may be created as a special purpose unit of local government in accordance with Nevada law to provide certain community services and certain infrastructure to some or all of Skye Canyon.

2.74 "Specific Assessment". Assessments levied against a particular Lot or Lots for expenses incurred or to be incurred by the Association for purposes described in Sections 3.5, 7.4, and/or 8.5, below (or in any other section of this Declaration specifically referring to Specific Assessments). Specific Assessments are additional to each and all of Base Assessments, Neighborhood Assessments, and Special Assessments, as applicable.

2.75 "Subsidy Agreement". As defined in Section 8.14.

2.76 "Supplemental Declaration". An instrument Recorded by Declarant or with the express prior written consent of Declarant that shall be supplemental to this Declaration and may create a Neighborhood Association and/or impose supplemental obligations, covenants, conditions, or restrictions, or reservations of easements, with respect to a particular Neighborhood or other land described in such instrument. Any purported Supplemental Declaration Recorded without the express prior written consent of Declarant shall be null and void.

2.77 "Work". As defined in Section 4.2(a).

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

The standards for use and conduct, maintenance, and architecture at Skye Canyon are what give Skye Canyon its identity and make it a place that people want to call "home." Each Owner, in upholding such standards, can take pride in the results of that common effort. This Declaration establishes procedures for adopting, modifying, applying, and enforcing such standards while providing flexibility for Community Standards that may evolve as Skye Canyon changes and grows over time.

ARTICLE III: USE AND CONDUCT

3.1 General Framework for Regulation.

The Governing Documents establish, as part of the general plan of development for the Properties, a framework of affirmative and negative covenants, easements, and restrictions governing the Properties. Within that framework, the Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends, and technologies that will inevitably affect Skye Canyon, its Owners, and its Residents. Therefore, this Article establishes procedures for modifying and expanding the initial Rules and Regulations and the additional Rules and Regulations that may be created and revised from time to time.

3.2 Rule Making Authority.

(a) Authority of Board. Subject to the Governing Documents, NRS Chapter 116, and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may modify, cancel, limit, create exceptions to, or expand the Rules and Regulations and may create, modify, and enforce reasonable Rules and Regulations governing the use of the Properties, consistent with other provisions in the Governing Documents. The Board shall send notice to all Owners concerning any proposed action on Rules and Regulations in accordance with Nevada law.

(b) Authority of Members. Alternatively, the Members, at an Association meeting duly called for such purpose and in accordance with the Bylaws, may adopt provisions that modify,

cancel, limit, create exceptions to, or expand, the Rules and Regulations, by a vote of the Requisite Membership Percentage.

(c) Authority to Change Architectural Guidelines. Prior to expiration or termination of the Declarant Rights Period (or express delegation by Declarant of its rights under Article 4), neither the Board nor the Association shall have any authority to modify, repeal, or expand the Architectural Guidelines without the approval of Declarant. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control.

3.3 Owners' Acknowledgment: Notice to Purchasers.

All Owners are given notice that (a) the use of the Common Elements and conduct of all Persons within the Common Elements is subject to and bound by the Rules and Regulations, (b) use of the Residential Lots is subject to and limited by the Rules and Regulations, and (c) that the uses of the Multi-Family Lots, the Commercial Lots, and the Mixed-Use Lots may not be subject to or limited by the Rules and Regulations. Some exceptions may apply. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Lot can be affected by this provision and that the Rules and Regulations may change from time to time as provided under Section 3.2. All Purchasers of Lots are hereby placed on notice that changes may have been adopted by the Association. Copies of the current Rules and Regulations and all other Governing Documents may be obtained from the Association.

3.4 Protection of Owners and Others.

Rules and Regulations shall be subject to and consistent with applicable federal and state laws, applicable health codes and other ordinances, the Declaration, Bylaws, and Architectural Guidelines and must be adopted without intent to circumvent or evade the requirements and provisions of any of the foregoing. Additionally, no Rule or Regulation, or any other action by the Association or Board shall unreasonably hinder or impede the rights of Declarant and/or Builders to develop the Properties in accordance with the rights reserved to the Declarant in this Declaration and NRS Chapter 116. Subject to and without limiting the foregoing, no Rule or Regulation shall be adopted or enforced in violation of any of the following provisions:

(a) Equal Treatment. Subject to NRS Chapter 116, the Rules and Regulations shall be uniformly applied under the same or similar circumstances with regard to (a) the use and conduct of all Owners within the Common Elements and (b) the Residential Lots, particularly with respect to similarly situated Owners; provided that the Rules and Regulations may vary by Neighborhood (but shall be uniformly applied in such manner within any particular Neighborhood) and may not limit or restrict the uses of the of the Multi-Family Lots, the Commercial Lots, or the Mixed-Use Lots.

(b) Displays. There shall be no abridgement of the right of Owners to display religious and holiday signs, symbols, and decorations inside Dwellings; provided that the Rules and Regulations may, to the maximum extent permitted by applicable law, regulate the time, place, manner, and duration, of any displays visible from outside the Residential Lot. To the maximum extent permitted by applicable law, the Rules and Regulations may however, regulate the display of other signs and regulate the time, place, manner, and duration, of posting such signs (including reasonable design criteria).

(c) Household Composition. No Rule or Regulation shall interfere with the right of an Owner to use a Residential Lot as a residence for a single "Family" (provided that the foregoing shall

not be interpreted under any circumstances to permit any "boarding houses" or to permit any condition or residence which would violate any applicable health code or other ordinance, or any applicable state or federal law).

(d) Activities Within Residential Lots. No Rule or Regulation shall interfere with the activities carried on within the confines of Residential Lots, except that the Association may prohibit activities not normally associated with property restricted to residential use, which may include activities that: (i) create monetary costs for the Association or other Owners, (ii) devalue property values within any portion of the Properties, (iii) create a danger to the health or safety of Residents of other Residential Lots, (iv) generate excessive noise or traffic, (v) create unsightly conditions visible outside the Dwelling, (vi) create an unreasonable source of annoyance, or (vii) otherwise violate local, state, or federal laws or regulations.

(e) Alienation. No Rule or Regulation shall prohibit leasing or transfer of any Residential Lot nor shall any regulation require the consent of the Association or Board for leasing or transfer of any Residential Lot; provided that no such lease shall be for a term of less than six (6) months. The Rules and Regulations may require that Owners use lease forms reasonably approved by the Board, but shall not impose any fee on the lease or transfer of any Residential Lot greater than an amount reasonably based on the costs to the Association of administering that lease or transfer (subject to any limitations set forth in NRS Chapter 116).

(f) Abridging Existing Rights. If any newer amended Rule or Regulation would otherwise require Owners to dispose of personal property that they maintained in or on the Residential Lot prior to the effective date of such regulation or to vacate a Residential Lot that they resided in prior to the effective date of such regulation, and such property was maintained or such occupancy was in compliance with this Declaration and all Rules and Regulations previously in force, such new or amended Rule or Regulation shall not apply to any such Owners without their written consent.

(g) No Mobile Homes. Notwithstanding any other provision in this Declaration, (1) each Residential Lot and Dwelling thereon shall be improved and used solely as a residence for a single Family and for no other purpose and (2) no part of the Properties shall ever be used or caused to be used or allowed or authorized to be used in any way, directly or indirectly, for any "manufactured" or mobile home or for any business, commercial, manufacturing, mercantile, primary storage, vending, or any other nonresidential purposes provided that Declarant may exercise the reserved rights described in Articles 9, 10, and/or 11 of the Declaration.

(h) Limitation with Respect to Multi-Family Lot. Nothing in this Article shall authorize the Board or the Association to adopt, revise, or otherwise modify the Rules and Regulations in any way that would operate to interfere with or limit the right of each Owner of a Multi-Family Lot to lease the apartments located thereon for residential use; provided, however, that if a Multi-Family Lot is converted to Residential Lot(s) in accordance with the Conversion procedures set forth in Section 3.5(b) below, then from and after such Conversion the Lot shall be a Residential Lot to which the provisions of this Article shall fully apply.

(i) Limitation with Respect to Commercial Lots. Nothing in this Article shall authorize the Board or the Association to adopt, revise, or otherwise modify the Rules and Regulations in any way that would operate to interfere with or limit the right of each Owner of a Commercial Lot for any lawful business, professional, commercial or office purposes; provided, however, that the Rules and Regulations relating to the use of the Common Elements and/or the conduct of all Persons within the Common Elements shall apply to all Owners.

(j) Limitation with Respect to Mixed-Use Lots. Nothing in this Article shall authorize the Board or the Association to adopt, revise, or otherwise modify the Rules and Regulations in any way that would operate to interfere with or limit the right of each Owner of a Mixed-Use Lot for any lawful residential, business, professional, commercial or office purposes; provided, however, that the Rules and Regulations relating to the use of the Common Elements and/or the conduct of all Persons within the Common Elements shall apply to all Owners.

(k) Protection of Private Amenities. No Rule or Regulation or other action by the Association shall unreasonably interfere with the use or operation of any Private Amenity; provided, however, that the Rules and Regulations relating to the use of the Common Elements and/or the conduct of all Persons within the Common Elements shall apply to all Owners.

3.5 Initial Use Restrictions.

Subject to the rights and exemptions of Declarant as set forth in this Declaration, all Residential Lots within the Properties shall be held, used, and enjoyed subject to the limitations, restrictions, and other provisions set forth in this Declaration. The strict application of the limitations and restrictions set forth in this Section 3.5 may be modified or waived, in whole or in part, by the Board in specific circumstances where such strict application would be unduly harsh, provided that any such waiver or modification shall not be valid unless in writing and executed by the Board. Any other provision herein notwithstanding, neither Declarant, the Association, the Board, the ARC, nor their respective managers, directors, officers, members, agents or employees shall be liable to any Owner or to any other Person as a result of the failure to enforce any use restriction or for the granting or withholding of a waiver or modification of a use restriction as provided herein. Additional or supplemental use restrictions may be promulgated from time to time in Recorded Supplemental Declaration(s).

(a) Single Family Residence. Each Residential Lot shall be improved and used solely as a residence for a single Family and for no other purpose. No part of the Properties shall ever be used or caused to be used or allowed or authorized to be used in any way, directly or indirectly, for any "manufactured" or mobile home, or for business, commercial, manufacturing, mercantile, primary storage, vending, "reverse engineering," destructive construction testing, or any other nonresidential purposes; provided that Declarant may exercise the reserved rights described in Articles 9, 10, and/or 11 of the Declaration. The foregoing sentence shall not modify Article 15 or 16 below. The provisions of this Section shall not preclude a professional or administrative occupation or an occupation of child care, provided that (1) the number of non-Family children, when added to the number of Family children being cared for at the Residential Lot, shall not exceed a maximum aggregate of five (5) Children and (2) that there is no external evidence of any such occupation, for so long as such occupation is conducted in conformance with all applicable governmental ordinances and are merely incidental to the use of the Dwelling as a residential home. This provision shall not preclude any Owner from renting or leasing his entire Residential Lot by means of a written lease or rental agreement subject to this Declaration and any Rules and Regulations; provided that no such lease shall be for a term of less than six (6) months.

(b) Conversion of Multi-Family Lot. In the event that any development or building, now or hereafter constructed, within a Multi-Family Lot is used or operated as "for lease" apartments and the Owner thereof desires to convert the Multi-Family Lot to "for sale" residential condominium use or other "for sale" residential dwellings ("Conversion"), the Owner thereof must first obtain the prior consent of the Declarant. If, however, the Declarant Rights Period has expired, then the Owner must obtain the consent of the Board and the Conversion must be submitted to the Owners for ratification. The Conversion ratification must occur as follows: (i) the Board must give notice of the Conversion and

ratification meeting date to each Owner; (ii) the Conversion ratification meeting must be not less than 14 or more than 30 days after the mailing of such notice to the Owners; and (iii) unless at that Conversion ratification meeting a majority of the total aggregate voting power of the Association reject the Conversion, the Conversion is ratified, whether or not a quorum is present. All costs and expenses reasonably incurred by the Association in connection with any Conversion ratification meeting shall be paid for by the Owner of the Multi-Family Lot requesting the Conversion. Furthermore, the Declarant must approve, prior to Recordation, the form of both the Plat and the Supplemental Declaration that is to be Recorded for the purpose of establishing the Multi-Family Lot as a "common-interest community;" provided, however, that if the Declarant Rights Period has expired, then the Board must approve the form of both the Plat and the Supplemental Declaration prior to the Recordation of each.

(c) No Further Subdivision. Except as may be expressly authorized by Declarant, no Residential Lot or Common Elements may be further subdivided (including, without limitation, any division into time-share estates or time-share uses) without the prior written approval of the Board; provided, however, that this provision shall not be construed to limit the right of an Owner: (1) to rent or lease his entire Residential Lot by means of a written lease or rental agreement subject to the restrictions of this Declaration, so long as the Residential Lot is not leased for vacation, transient, or hotel purposes; (2) to sell his Residential Lot; or (3) to transfer or sell any Residential Lot to more than one person to be held by them as tenants-in-common, joint tenants, tenants by the entirety or as community property. The terms of any such lease or rental agreement shall be made expressly subject to the Governing Documents. Any failure by the lessee of such Residential Lot to comply with the terms of the Governing Documents shall constitute a default under the lease or rental agreement. Absent prior written approval of the Board, which approval may be granted or withheld in its sole and absolute discretion: (a) no two or more Residential Lots in the Development may be combined in any manner whether to create a larger Residential Lot or otherwise (and provided that no such combination, if so permitted, shall affect the Assessments and/or votes allocated before any such combination), and/or (b) no Owner(s) may permanently remove any perimeter wall or fence, any party wall or fence, or other intervening partition between Residential Lots. Declarant, however, hereby expressly reserves the right for itself and any Builder to subdivide, change the boundary line of, and replat any Residential Lot(s) or other portion of the Properties then owned by Declarant or a Builder without the prior approval of the Board of Directors. Any division, boundary line change or replatting permitted under this Section shall in no event violate the applicable subdivision and zoning regulations.

(d) Insurance Rates. Without the prior written approval of the Board, nothing shall be done or kept in the Properties that will increase the rate of insurance on any Residential Lot or other portion of the Properties, nor shall anything be done or kept in the Properties that would result in the cancellation of insurance on any Residential Lot or other portion of the Properties or that would be a violation of any applicable law. Any other provision herein notwithstanding, the Board shall not have any power whatsoever to waive or modify this restriction.

(e) Animal Restrictions. No animals, reptiles, poultry, fish, or fowl or insects of any kind ("animals") shall be raised, bred or kept on any Residential Lot, except that a reasonable number of dogs, cats, household birds or fish may be kept, provided that they are not kept, bred or maintained or any commercial purpose, or in unreasonable quantities or in violation of any applicable City or County ordinance or any other provision of the Declaration, and are subject to such limitations as may be set forth in the Rules and Regulations. As used in this Section, "unreasonable quantities" shall ordinarily mean more than three (3) such pets per household; provided, however, that the Board may determine that a reasonable number in any instance may be more or less. The Association, acting through the Board, shall have the right to prohibit ownership or maintenance of any animal in any Residential Lot that constitutes,

in the opinion of the Board, a nuisance to other Owners or Residents. Subject to the foregoing, animals belonging to Owners, Residents, or their respective Families, licensees, tenants, or invitees within the Properties must either be kept within an enclosure, an enclosed yard, or on a leash or other restraint being held by a person capable of controlling the animal. Furthermore, to the extent permitted by law, any Owner and/or Resident shall be liable to each and all other Owners, Residents, and their respective Families, guests, tenants, and invitees, for any unreasonable noise or damage to person or property caused by any animals brought or kept upon the Properties by an Owner or Resident or respective Family, tenants or guests. It shall be the absolute duty and responsibility of each Owner and Resident to clean up any animals within the Properties or streets abutting the Properties that is owned or maintained by the Owner, Resident, or their respective Families, licensees, tenants, or invitees. Without limiting the foregoing: (a) no "dog run" or similar Improvement pertaining to animals shall be placed or permitted in any Residential Lot, unless approved by the ARC in advance and in writing (and, in any event, any such "dog run" or similar Improvement be immediately removed, if it constitutes a nuisance in the reasonable judgment of the Board), and (b) all Owners shall comply fully in all respects with all applicable County and City ordinances and rules regulating and/or pertaining to animals and the maintenance thereof on the Owner's Residential Lot and/or any other portion of the Properties.

(f) Nuisances.

(1) Refuse, Debris, and Rubbish: No rubbish, clippings, refuse, scrap lumber or metal; no grass, shrub or tree clippings; and no plant waste, compost, bulk materials, or other debris of any kind; (all, collectively, hereinafter, "rubbish and debris") shall be kept, stored or allowed to accumulate on any privately owned Residential Lot unless stored within an enclosed structure or container that is screened from view in a manner approved by the ARC, and no odor shall arise therefrom so as to render the Properties or any portion thereof unsanitary or offensive. Without limiting the foregoing, a refuse container containing such materials, may be placed outside at times reasonably necessary (in accordance with the Rules and Regulations) to permit garbage or trash pickup.

(2) Offensive Activities: No noxious or offensive action or activities including, but not limited to the repair of motor vehicles, storage of inoperable vehicles, and storage of any other excessive or offensive materials, including defamatory, discriminatory, or generally unacceptable signs, symbols, or objects shall be carried out or kept on the Properties. Additionally, no action shall be undertaken that unreasonably interferes with television or radio reception within any Residential Lot or the Common Elements.

(3) Noise: No noise or other nuisance shall be permitted to exist or operate upon any portion of a Residential Lot so as to be offensive or detrimental to any other Residential Lot, the occupants thereof, or to persons on or within the Common Elements. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other similar or unusually loud sound devices (other than devices used exclusively for safety, security, or fire protection purposes), noisy or smoky vehicles, large power equipment or large power tools (excluding lawn mowers and other equipment utilized in connection with ordinary landscape maintenance), or other item that may unreasonably disturb other Owners or Residents, shall be located, used or placed on any portion of the Properties without the prior written approval of the Board. No loud motorcycles, dirt bikes, or other loud mechanized vehicles may be operated on any portion of the Area of Common Responsibility without the prior written approval of the Board, and said approval may be withheld for any reason whatsoever. Alarm devices used exclusively to protect the security of a Dwelling and its contents shall be permitted, provided that such devices do not produce annoying sounds or conditions as a result of frequently occurring false alarms.

(4) Discretion of the Board: The Board shall have the right to determine if any noise, odor, or activity producing such noise or odor constitutes a nuisance. Each Owner and Resident shall comply with all of the requirements of the local or state health authorities and with all other governmental authorities with respect to the occupancy and use of a Residential Lot, including the Dwelling. Each Owner and Resident shall be accountable to the Association and other Owners and Residents for the conduct and behavior of children, Family members, and other persons residing in or visiting said Owner's Residential Lot. Any damage to the Common Elements, personal property of the Association, or property of another Owner or Resident caused by such children, Family members, or other persons shall be repaired at the sole expense of the Owner of the Residential Lot where such children, Family members, or persons are residing or visiting.

(g) Exterior Maintenance and Repair; Owner's Obligations. No property or Improvement anywhere within the Properties shall be permitted to fall into disrepair, and all property (including any Improvements) in the Properties shall at all times be kept in a safe, clean, and good condition, which includes, but is not limited to, good and proper repair. If any Owner or Resident shall permit any Residential Lot, which is the responsibility of such Owner or Resident to maintain, to fall into disrepair so as to create a dangerous, unsafe, unsightly, noxious, or otherwise unattractive condition, the Board, in accordance with Nevada law, shall have the right but not the obligation to correct such condition and to enter upon such Owner's Residential Lot for the purpose of so doing. In such an event, the Owner and/or Resident shall promptly reimburse the Association for the cost thereof. Such cost may be assessed as a Specific Assessment pursuant to the Declaration, and, if not paid timely when due, shall constitute an unpaid or delinquent assessment for all purposes of the Declaration. The Owner and/or Resident of the offending Residential Lot shall be personally liable for all costs and expenses incurred by the Association in taking such corrective acts, plus all costs incurred in collecting the amounts due. Each Owner and/or Resident shall pay all amounts due for such work within ten (10) days after receipt of written demand therefor. The Association shall have no liability whatsoever for any damage done to an Owner's Residential Lot as a result of such entrance and repair, provided, however, that the Association was acting in good faith. The rights of the Board expressly set forth in this section are in addition to and not exclusive of the Board's right to impose sanctions in accordance with NRS Chapter 116.

(h) Drainage. By acceptance of a deed to a Residential Lot, each Owner agrees for himself and his assigns that he will not in any way interfere with or alter, or permit any Resident to interfere with or alter, the established drainage pattern over any Residential Lot, so as to affect said Residential Lot, any other Residential Lot, or the Common Elements, unless adequate alternative provision is made for proper drainage and approved in advance and in writing by the ARC, and any request therefor shall be subject to Article 4 of the Declaration, including, but not necessarily limited to, any condition imposed by the ARC, and further shall be subject to the Owner obtaining all necessary governmental approvals. For the purpose hereof, "established drainage pattern" is defined as the drainage that exists (1) at the time that such Residential Lot is conveyed to a Purchaser from Declarant or (2) after grading changes have been approved by the ARC and implemented in accordance with approved plans and specifications.

(i) Water Supply and Sewer Systems. No individual water supply system, cesspool, septic tank, or other sewage disposal system, or exterior water softener system shall be permitted on any Residential Lot unless such system is designed, located, constructed, and equipped in accordance with the requirements, standards, and recommendations of any water or sewer district serving the Properties any applicable governmental health authorities having jurisdiction, and the prior written approval of the ARC.

(j) No Hazardous Activities. No activities shall be conducted nor shall any Improvements be constructed anywhere in the Properties that are or might be unsafe or hazardous to any Person, Residential Lot, or Common Elements. Without limiting the foregoing, (a) no firearm shall be discharged within the Properties (b) no vehicle shall be operated in an unsafe or hazardous manner, (c) nothing shall be done or kept in any Dwelling that creates an unsafe, illegal, or hazardous condition for the Residents of the Dwelling or any other persons, and (d) there shall be no exterior or open fires, whatsoever, except a regular barbecue fire contained within a receptacle commercially designed therefor, while attended and in use for cooking purposes, so that no fire hazard is created, or except as specifically authorized in writing by the Board (all as subject to applicable ordinances and fire regulations).

(k) No Unsightly Articles. No unsightly article, facility, equipment, object, or condition (including, but not limited to, clotheslines, garden or maintenance equipment, toys, household equipment, or inoperable vehicles) shall be permitted to remain on any Residential Lot so as to be visible from any street, or from any other Residential Lot, Common Elements, or neighboring property.

(l) No Temporary Structures. Unless required by Declarant during the initial construction of Dwellings and other Improvements or unless approved in writing by the ARC in connection with the construction of authorized Improvements, no outbuilding, tent, shack, shed, or other temporary or portable structure or Improvement of any kind shall be placed upon any portion of the Properties.

(m) No Drilling. No oil drilling, oil, gas, or mineral development operations, oil refining, geothermal exploration, or development, quarrying, or mining operations of any kind shall be permitted upon, in, or below any Residential Lot or the Common Elements, nor shall oil, water, or other wells, tanks, tunnels, or mineral excavations or shafts be permitted upon or below the surface of any portion of the Properties. No derrick or other structure designed for use in boring for water, oil, geothermal heat, natural gas, or other mineral or depleting asset shall be erected. Declarant hereby reserves all water rights, if and to the extent there are any water rights, pertaining to all of the Properties and all portions thereof.

(n) Alterations. There shall be no excavation, construction, alteration, or erection of any projection that in any way alters the exterior appearance of any Improvement from any street or from any other portion of the Properties without the prior approval of the ARC pursuant to Article 4 hereof. Notwithstanding any approval of the ARC, there shall be no violation of the setbacks applicable to any Front Yard, Rear Yard, or Side Yard, or other requirements of local governmental authority. This Section shall not be deemed to prohibit minor repairs or rebuilding that may be necessary for the purpose of maintaining or restoring a Residential Lot to its original condition.

(o) Signs. Subject to the reserved rights of Declarant in the Declaration (and any reserved rights of a Builder of Record with regard to such Builder's subdivision), no flag, flag pole, balloon, beacon, banner, sign, poster, display, billboard, or other advertising device or other display of any kind shall be installed or displayed to public view on any portion of the Properties, or on any public street abutting the Properties, without the prior written approval of the Board, except: (a) one (1) sign for each Residential Lot, advertising for sale or lease a privately owned Residential Lot; provided, however, that such sign conforms to the specifications promulgated (from time to time) by the Board, relating to dimensions, design, number, style and location of display, or (b) traffic and other signs installed by Declarant as part of the original construction of the Properties, or (c) signs (if any) that may not be lawfully prohibited under NRS Chapter 116. All signs or billboards and the conditions promulgated for the regulation thereof shall conform to the regulations of all applicable governmental ordinances.

(p) Improvements.

(1) No Residential Lot shall be improved except with one (1) Dwelling designated to accommodate no more than a single Family and its servants and occasional guests plus a garage, fencing, and such other Improvements as are necessary or customarily incident to a single- Family Dwelling. No part of the construction on any Residential Lot shall exceed the height limitations set forth in the applicable provisions of the Governing Documents or violate any applicable governmental regulation(s). No projections of any type shall be placed or permitted to remain above the roof of any Dwelling Residential Lot, except one or more chimneys or vent stacks. Subject to the limitations set forth in NRS Chapter 116, no basketball backboard, jungle gym, play equipment, or other sports apparatus, whether temporary or permanent, shall be constructed, erected, or maintained on the Properties in a manner that allows the apparatus to be viewed when not in use unless written consent has been given by the Board. Apart from any installation by Declarant as part of its original construction, no patio cover, wiring, air conditioning fixture, water softeners, or other devices shall be installed on the exterior of a Dwelling or allowed to protrude through the walls or roof of the Dwelling (with the exception of items installed by Declarant during the original construction of the Dwelling), unless the prior written approval of the ARC is obtained.

(2) All utility, storage, and laundry areas, including any area where clothing or other laundry is hung to dry, must be completely covered and concealed from view from other areas of the Properties and neighboring properties.

(3) No fence or wall shall be erected, removed, temporarily destroyed, or otherwise altered, in any way whatsoever, without the prior written approval of the ARC. All alterations or modifications of existing fences or walls of any kind shall require the prior written approval of the ARC.

(4) Garages shall be used only for their ordinary and normal purposes. Unless constructed or installed by Declarant (or Builder, as applicable) as part of its original construction, no Owner or Resident may convert the garage on his or her Residential Lot into living space or otherwise use or modify a garage so as to preclude regular and normal parking of vehicles therein, without the prior written approval of the ARC in its sole discretion. The foregoing notwithstanding, Declarant (or Builder, as applicable) may convert a garage located in any Residential Lot owned by Declarant (or Builder, as applicable) into a sales office or related purposes.

(q) Antennas and Satellite Dishes. To the fullest extent allowed by law, no exterior radio antenna, aerial, television antenna, aerial, microwave antenna, aerial or satellite dish, "C.B." antenna, or other antenna of any type that is visible from any street or from anywhere in the Properties shall be erected or maintained on any Residential Lot. Notwithstanding the foregoing, "Permitted Devices" (defined as antennas or satellite dishes: (i) which are one meter or less in diameter and designed to receive direct broadcast satellite service; or (ii) which are one meter or less in diameter or diagonal measurement and designed to receive video programming services via multi-point distribution services) shall be permitted, provided that such Permitted Device is:

(1) Located in the attic, crawlspace, garage, or other interior space of the Dwelling, or within another approved structure on the Residential Lot, so as not to be visible from outside the Dwelling or other structure, or, if such location is not reasonably practicable, then,

(2) Located in the Rear Yard of the Residential Lot and set back from all lot lines at least eight (8) feet; or, if such location is not reasonably practicable, then,

(A) Attached to or mounted on a deck or patio and extending no higher than the eaves of that portion of the roof of the Dwelling directly in front of such antenna; or, if such location is not reasonably practicable, then,

(B) Attached to or mounted on the rear of the Dwelling so as to extend no higher than the eaves of the Dwelling at a point directly above the position where attached or mounted to the wall; provided that,

(3) If an Owner reasonably determines that a Permitted Device cannot be located in compliance with the foregoing portions of this Section without precluding reception of an acceptable quality signal, then the Owner may install such Permitted Device in the least conspicuous alternative location within the Residential Lot where an acceptable quality signal can be obtained; provided further that:

(A) Permitted Devices shall be (1) reasonably screened from view from the street or any other portion of the Properties, (2) shall be subject to any Rules and Regulations adopted by the Board establishing a preferred hierarchy of alternative locations, so long as the same do not unreasonably increase the cost of installation, or use of the Permitted Device, and (3) under no circumstances is affixed or otherwise mounted to a wall or fence of shared ownership.

Declarant or the Association (or any Builder, with respect to such Builder's subdivision) may, but are in no way obligated to, provide a master antenna or cable television antenna for use of all or some Owners. Declarant (or a Builder, with respect to such subdivision) may grant easements for installation, maintenance, repair and/or replacement of any such master or cable television service.

(r) Landscaping.

(1) Installation: Within one hundred eighty (180) days after the later to occur of (i) close of escrow for the sale of a Residential Lot to an Owner (other than a Builder), or (ii) issuance of a Certificate of Occupancy for a Dwelling constructed on such Residential Lot, the Owner thereof shall cause to be installed and shall thereafter maintain, in a neat and attractive condition, (except for any landscaping to be maintained by the Association pursuant to the Declaration) the landscaping on the Front Yard, Rear Yard, and Side Yards (if any) of the Residential Lot. Such obligation includes the requirement that all landscaping be properly maintained and periodically replaced when necessary in accordance with the standards set forth in the Design Guidelines. No plants or seeds infected with insects or plant diseases shall be brought upon, grown or maintained upon any part of the Properties.

(2) Maintenance: Each Owner shall keep free from weeds, debris, and other unsightly objects all portions of the yard on his Residential Lot that are not subject to view from the abutting street, Common Elements, or neighboring properties. The Board may adopt Rules and Regulations setting forth the landscaping standards required in the Properties.

(s) Parking and Vehicular Restrictions.

(1) No Person shall park, store, or keep on any street (public or private) or anywhere else within the Properties: any disabled or unsightly vehicle or any commercial-type vehicle, as further outlined in the Rules and Regulations including, but not limited to, any dump truck, cement-mixer truck, oil or gas truck, or any other vehicle marked for a commercial purpose); provided that the foregoing shall not be deemed to exclude reasonable and temporary parking on streets, where not

otherwise prohibited, of moving vans, delivery trucks, maintenance vehicles, landscaping trucks, or similar vehicles, for the sole purpose of reasonably prompt loading, unloading, delivery, maintenance, and/or landscaping. In no event shall such service and delivery vehicles be permitted to remain overnight.

(2) No person shall park, store, or keep on any street (public or private) within or abutting the Properties any recreational vehicle including, but not limited to, any camper unit, house car, motor home, trailer, trailer coach, camp trailer, watercraft, aircraft, all-terrain vehicle, dirt bike, or mobile home. Without limiting the foregoing, recreational vehicles may be kept or parked: (a) within an authorized "R.V. Storage Area" (if any, designated as such by the Board) subject to all applicable Rules and Regulations; and/or (b) subject to prior written approval of the Board in accordance with any location, size, height, screening, and other restrictions as determined by the Board in its sole discretion. Notwithstanding any of the foregoing, one camper truck, van, or similar vehicle, up to and including one (1) ton, when used for everyday transportation, may be kept or parked wholly enclosed within an Owner's garage. Without limiting the foregoing, no Owner shall park, store, or keep, anywhere within the Properties, any vehicle or vehicular equipment, mobile or otherwise, deemed by the Board to be a nuisance.

(3) Nothing in this Declaration shall prohibit a Person from (a) parking a utility service vehicle that has a gross vehicle weight rating of 20,000 pounds or less within the Properties to the extent specifically permitted under NRS Chapter 116 or (b) parking a law enforcement vehicle or emergency service vehicle within the Properties to the extent specifically permitted under NRS Chapter 116.

(4) No Person shall repair, restore, or otherwise overhaul or refurbish any motor vehicle, trailer, watercraft, aircraft, or other vehicle upon any portion of the Properties or on any street abutting the Properties. Without limiting the foregoing, the repair and/or restoration of one motor vehicle shall be permitted if the work is performed wholly within an Owner's garage with the garage door closed. Nevertheless, such activity may be entirely prohibited by the Board if it is determined, in the Board's sole discretion, that such activity constitutes a nuisance.

(5) Each Owner and/or Resident shall maintain the garage in a manner that ensures the garage is capable of regularly and normally accommodating as many vehicles as it was originally designed to accommodate. Garages shall be kept closed at all times, except as reasonably required for ingress to and egress therefrom.

(6) Notwithstanding any of the foregoing, these restrictions shall not be interpreted in such manner as to permit any activity contrary to any applicable law or applicable City or County ordinance.

(t) Sight Visibility Restriction Areas. The maximum height of any and all Improvements (including, but not necessarily limited to, landscaping), on any "Sight Visibility Restriction Areas" set forth on a Plat, shall be restricted to a maximum height as set forth on the Plat. In the event that any Improvement located in a Sight Visibility Restriction Area on a Residential Lot exceeds the maximum height permitted by the relevant Plat, the Association shall have the power and an easement (but not the obligation) to enter upon such Residential Lot and to bring such Improvement into compliance or otherwise take corrective action as allowed by Nevada law. The Owner of such Residential Lot shall be solely liable for the costs of any corrective action and any and all costs reasonably related thereto, all of which costs may be assessed against such Owner as a Specific Assessment under this Declaration.

(u) Energy Conservation Equipment.

(1) Solar Equipment. No solar equipment, including, but not limited to, solar collectors and solar panels, shall be constructed or installed on any Residential Lot until approval of the ARC has been obtained as to (i) the type of solar equipment to be installed, (ii) the location thereof, and (iii) the compliance of such equipment with the guidelines, rules, and specifications established by the ARC. The foregoing provision is not intended to prohibit the use of a system for obtaining solar energy on any Residential Lot for use by the occupants of the Residential Lot, but rather to allow the Association to impose reasonable restrictions on the installation, location, and appearance of such equipment on a Residential Lot that protect the Community Standards.

(2) Wind Equipment. Except to the extent otherwise prohibited by applicable law, no wind power systems, wind energy systems, or other structures or systems that use wind energy may be installed on any Residential Lot.

(v) Playground. No jungle gyms, swing sets, or similar playground equipment shall be erected or installed on any Residential Lot without the prior written approval of the ARC in accordance with Article 4. Notwithstanding the foregoing, no ARC approval shall be required for playground equipment that is erected or installed in the Rear Yard of a Residential Lot if such equipment does not exceed the height of the wall enclosing the Rear Yard of the Residential Lot. Any playground or other play areas or equipment furnished by the Association or erected within the Properties shall be used at the risk of the user. Neither the Declarant nor the Association shall be held liable to any Person for any claim, damage, or injury occurring thereon or related to use thereof.

(w) Doors, Windows, and Screens. No screens, "burglar bars," steel or wrought iron bars, or similar fixtures whether designed for decorative, security, or other purposes shall be installed on the exterior of any windows or doors of any Dwelling on a Residential Lot unless (1) such fixtures are installed by Declarant or a Builder or (2) such fixtures are expressly permitted by applicable law and comply with the Development Standards and Architectural Guidelines. No signs, numbers, or other writing shall be written on or placed in the doors or windows of the Dwelling on a Residential Lot, either temporarily or permanently. All windows of the Dwelling on a Residential Lot that are visible from the street or other Residential Lots shall have draperies, curtains, blinds, or other permanent interior window treatments, and all portions that are visible from outside the Dwelling shall be neutral in color, unless otherwise approved in writing by the Board. Neither Aluminum Foil, glass paint, nor any other non-standard window treatment may be used on any window visible from outside the Dwelling.

(x) No Waiver. The failure of the Board to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions, or restrictions outlined in this Declaration, to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future right to enforce such term, covenant, condition, or restriction. Such term, covenant, condition, or restrictions shall remain in full force and effect. No waiver by the Board or Manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board or the Manager.

(y) Declarant Exemption. Residential Lots owned by Declarant shall be exempt from the provisions of this Section 3.5, until such time as Declarant conveys title to the Residential Lot to a Purchaser, and activities of Declarant reasonably related to Declarant's development, construction, and marketing efforts, shall be exempt from the provisions of this Section 3.5. This Section 3.5(y) may not be amended without Declarant's prior written consent, and any purported amendment shall be in violation of the foregoing shall be null and void.

3.6 Non-Residential Lots.

The provisions of this Article 3, specifically including the provisions of Sections 3.4 and 3.5, shall not apply to any Multi-Family Lot, Commercial Lot, or Mixed-Use Lot except that Article 3 shall apply to the use and conduct of all Owners (including the Owners of any Multi-Family Lot, Commercial Lot or Mixed-Use Lot within the Common Elements) (as applicable) and except that if a Multi-Family Lot is converted to Residential Lot(s) in accordance with the Conversion procedures set forth in Section 3.5(b) above, from and after such Conversion the Multi-Family Lot shall be a Residential Lot to which the provisions of this Article shall fully apply.

ARTICLE IV: ARCHITECTURE AND LANDSCAPING

4.1 General.

No structure or thing shall be placed, erected, installed, or posted on the Properties and no Improvements or other work (including staking, clearing, excavation, grading, and other site work, exterior alterations of existing Improvements, or planting or removal of landscaping) shall take place within the Properties, except in compliance with this Article 4 and the Architectural Guidelines.

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

All Dwellings constructed on any Residential Lot within the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect or similarly licensed building designer unless otherwise approved by Declarant or its designee in its sole discretion.

This Article 4 shall apply to the activities of each Neighborhood Association. This Article 4 shall not apply to the activities of (i) the Association after the Declarant Control Period, or (ii) the Declarant throughout the Declarant Rights Period, or (iii) a Builder who has obtained Declarant's approval of drawings and specifications for original construction during the Declarant Rights Period.

4.2 Architectural Review.

(a) Review by Declarant or Designated ARC. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Properties, acknowledges that Declarant (as the developer of the Properties and as an Owner of portions of the Properties as well as other real estate within the vicinity of the Properties) has a substantial interest in ensuring that the Improvements within the Properties enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article 4 ("Work") shall be commenced on such Owner's Residential Lot unless and until Declarant, either independently or through the Board of Directors and the ARC, has given its prior written approval for such Work, which approval may be granted or withheld in the sole discretion of Declarant prior to the end of the Declarant Rights Period. Throughout the Declarant Rights Period, in reviewing and acting upon any request for approval, Declarant shall be acting solely in the interest of Declarant and shall owe no duty to any other Person. Declarant may from time to time, but shall not be obligated to,

delegate all or any portion of its reserved rights under this Article 4 to a committee appointed by Declarant ("ARC"), comprised of architects, engineers, or any other persons, who need not be Members of the Association. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) Declarant's right to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated and (ii) Declarant's right to veto any decision that Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. During the Declarant Rights Period, the jurisdiction of the foregoing entities shall be limited to such matters as Declarant specifically delegates.

(b) Period of Declarant's Article 4 Rights. The rights reserved to Declarant under this Article 4 shall continue through the Declarant Rights Period, unless earlier terminated or expressly delegated by a written and recorded instrument executed by Declarant.

(c) Certain Waivers of Architectural Review Matters for Qualifying Builders. The architectural review process may be waived by Declarant, at Declarant's option, for a Builder that has purchased real property from Declarant and duly received Declarant's approval of a project plan pursuant to the process set forth in a Recorded Developmental Declaration.

(d) Review by Board-Appointed ARC. Upon expiration or termination of the Declarant Rights Period or upon express delegation by Declarant of its Article 4 rights, the Board, acting through the ARC, shall assume jurisdiction over architectural matters and shall have all rights granted to Declarant through this Article. After the Declarant Rights Period, the ARC, shall consist of at least one, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, whose compensation, if any, the Board shall establish from time to time. Until such time as the Declarant Rights Period expires or terminates or unless and until such time as Declarant delegates its Article 4 rights to the Board, neither the Board nor the Association shall have any jurisdiction or authority whatsoever over architectural matters.

(e) Review Fees. For purposes of this Article 4, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer." The Reviewer may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers, or other professionals. The Board may include the compensation of such persons in the Association's annual operating budget as a Common Expense.

4.3 Architectural Guidelines and Procedures.

(a) Architectural Guidelines. Declarant may prepare the initial Architectural Guidelines, which may contain general provisions applicable to all of the Properties as well as specific provisions that may vary from Neighborhood to Neighborhood. The Architectural Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications. The Reviewer shall make the Architectural Guidelines available to Owners and Builders who seek to engage in development or construction within Skye Canyon. In Declarant's sole discretion, such Architectural Guidelines may be Recorded (in which event the Recorded version, as unilaterally may be amended from time to time, shall control in the event of any dispute as to which version of the Architectural Guidelines was in effect at any particular time).

Declarant shall have sole and full authority to amend the Architectural Guidelines during the Declarant Rights Period, notwithstanding a delegation of reviewing authority to the ARC (unless Declarant also expressly delegates such power to amend). Upon termination or delegation of Declarant's right to amend, the Board shall have the authority to amend the Architectural Guidelines, with input from the ARC. Any amendments to the Architectural Guidelines shall be prospective only, and shall not require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Architectural Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Architectural Guidelines less restrictive.

(b) Procedures. Unless a waiver contemplated by Section 4.2(c) above applies, prior to commencing any Work within the scope of this Article 4, an Owner shall submit to the relevant Reviewer an application for approval of the proposed Work in such form as the Architectural Guidelines or the Reviewer may specify. Such application shall include plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Architectural Guidelines and the Reviewer may require the submission of such additional information as reasonably deemed necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factors it deems reasonably relevant, including, without limitation, harmony of external design with surrounding structures and environment. Decisions may be based on purely aesthetic considerations.

Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of particular Improvements. The Reviewer shall have the sole discretion to make final, conclusive, and binding determinations on matters of aesthetic judgment, and such determinations shall not be subject to review so long as made in good faith and in accordance with the procedures set forth herein.

The Reviewer shall, within 45 business days after receipt of a completed application and all required information, respond in writing to the applicant at the address specified in the application. The Reviewer may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application.

In the event that the Reviewer fails to respond within the 45-day period, the application shall be deemed denied. However, no approval, even if expressly given, shall be inconsistent with the Architectural Guidelines unless a variance has been expressly granted pursuant to Section 4.5. There shall be no deemed variances. Further, any approval given is only given with regard to the matters expressly outlined in writing on the application and the approval letter; inclusion by the Owner of additional features and elements on a plan or drawing that are not expressly listed, outlined, and written in the application, will not become part of an approval, if given.

Until expiration of the Declarant Rights Period, the ARC shall notify Declarant, in writing, within three (3) business days after the ARC has approved any application relating to proposed Work within the scope of matters Declarant delegated to the ARC. The notice shall be accompanied by a copy of the application and any additional information Declarant may require. Declarant shall have 10 days after receipt of such notice to veto any such action, in its sole discretion, by written notice to the ARC and the applicant.

If construction does not commence on a project for which Plans have been approved within 120 days after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing any Work. Once construction is commenced, it shall be diligently pursued to completion. All Work shall be completed within 120 days of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved Work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, Declarant, or any aggrieved Owner.

This Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article 4, provided such activities are undertaken in strict compliance with the requirements of such resolution.

4.4 No Waiver of Future Approvals.

Each Owner acknowledges that the persons reviewing applications under this Article 4 will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Architectural Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the Improvements involved, but the Reviewer may refuse to approve similar applications or proposals in the future. Approval of applications or Plans for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, Plans, or other matters subsequently or additionally submitted for approval.

4.5 Variances.

The Reviewer, at the express direction of the Declarant or the Board (as applicable under Section 4.2 above), may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, the terms of any financing, or other financial considerations shall not be considered a hardship warranting a variance. Notwithstanding the above, the Reviewer may not authorize variances without the written consent of Declarant, during the Declarant Rights Period.

4.6 Limitation of Liability.

The standards and procedures in this Article 4 are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Properties but shall not create any duty to any Person. Review and approval of any application is made on the basis of aesthetic considerations only, and the Reviewer shall not bear any responsibility for ensuring (a) the structural integrity or soundness of approved construction or modifications; (b) compliance with building codes and other governmental requirements; (c) that Residential Lots are of comparable quality, value, size, or of similar design, aesthetically pleasing, or otherwise acceptable to neighboring property owners; (d) that views from any other Residential Lot are protected; or (e) that no defects exist in approved construction.

Neither Declarant, the Association, the Board, any committee, nor member of any of the foregoing shall be held liable for soil conditions, drainage or other general site work, any defects in plans revised or approved hereunder, any loss or damage arising out of the action, inaction, integrity, financial condition, or quality of work of any contractor, subcontractors, employees, or agents whether or not Declarant has approved or featured such Person as a Builder in Skye Canyon. Neither Declarant, the Association, the Board, any committee, nor any member of any of the foregoing shall be liable for any injury, damages, or loss arising out of the manner or quality or other circumstances of approved construction on or modifications to any Residential Lot. In all matters, the Board and its Directors and the ARC and its members shall be defended and indemnified by the Association as provided in Section 7.6.

4.7 Cure of Nonconforming Work: Enforcement.

Any construction, alteration, or other work done in violation of this Article 4 or the Architectural Guidelines shall be deemed to be nonconforming. Upon written request from Declarant, the Association, the ARC, or the Reviewer, any Owner(s) responsible for non-conforming work shall, at their own cost and expense and within such reasonable time frame as set forth in such written notice, cure such nonconformance to the satisfaction of the requester or restore the Residential Lot to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, Declarant, the Association, or their designees shall have the right to impose sanctions in the form of fines or to enter upon the property to remove the violation and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the rate established by the Board (not to exceed the maximum rate then allowed by applicable law), may be assessed against the benefitted Residential Lot and collected as a Specific Assessment unless otherwise prohibited in this Declaration or by NRS Chapter 116.

All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved Work and all Work previously approved with respect to the same Residential Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved Work by the deadline set forth in the approval, without limiting any other rights or remedies hereunder, Declarant or the Association shall be authorized to enter upon the Residential Lot and remove or complete any incomplete Work and to assess all costs incurred against the Residential Lot and the Owner thereof as a Specific Assessment pursuant to Section 7.4 hereof.

All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article 4, the Architectural Guidelines, the Rules and Regulations and any other applicable provisions of the Governing Documents may be excluded from the Properties, subject to Notice and Hearing. In such event, neither Declarant, the Association, nor their officers and directors shall be held liable to any Person for exercising the rights granted by this paragraph. The Association and/or Declarant shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article 4 and the decisions of the Reviewer.

4.8 Non-Residential Lots.

The provisions of this Article 4, specifically including the architectural review requirements contained in this Article 4, shall not apply to any Multi-Family Lot, Commercial Lot, or Mixed-Use Lot;

provided, however, that if a Multi-Family Lot is converted to Residential Lot(s) in accordance with the Conversion procedures set forth in Section 3.5(b) above, then from and after such Conversion the Multi-Family Lot shall be a Residential Lot to which the provisions of this Article shall fully apply.

**ARTICLE V:
MAINTENANCE AND REPAIR**

5.1 Maintenance of Residential Lots.

Each Owner shall maintain his or her Residential Lot, and all landscaping and other Improvements comprising the Residential Lot, in a manner consistent with the Governing Documents, the Community Standards, and all applicable covenants unless some or all of such maintenance responsibility is otherwise assumed by or assigned to the Association (or by a Neighborhood Association pursuant to Supplemental Declaration). In addition to any other enforcement rights, if an Owner fails to properly perform his or her maintenance responsibility, the Association may enter upon the Residential Lot, perform such maintenance responsibilities and assess all costs incurred pursuant to Section 7.4 hereof.

5.2 Maintenance of Neighborhood Property.

Each Neighborhood Association shall maintain its Neighborhood Common Elements, and any other property for which it has maintenance responsibility, in a manner consistent with the Governing Documents, the Community Standards, and all applicable covenants. Upon resolution of the Board, the Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining, and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way, and greenspace between the Neighborhood and adjacent public roads or Area of Common Responsibility, Private Streets within the Neighborhood, and lakes or ponds or other features that are a part of the Neighborhood. The Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the reasonable judgment of the Board, the level and quality of service then being provided is not consistent with the Community Standards. All costs of maintenance of such property within the Neighborhood shall be assessed as a Neighborhood Assessment only against the Residential Lots within the Neighborhood to which the services are provided.

5.3 Responsibility for Repair and Replacement.

Unless otherwise specifically provided for in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community Standards. By virtue of taking title to a Residential Lot, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable Improvements on his or her Residential Lot, less a reasonable deductible, unless either the applicable Neighborhood Association (if any) or the Association carries such insurance (which they may, but are not obligated to do). If the Association assumes responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefitted Residential Lot and the Owner.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Residential Lot, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article 4. In the event that such repair and reconstruction cannot be promptly undertaken, the Owner shall clear the Residential Lot and maintain it in a neat and attractive, landscaped condition consistent with the Community Standards and shall present a timetable for repair and reconstruction to the Board within 90 days of the damaging or destructive event. The Owner shall pay any costs that are not covered by insurance proceeds.

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

5.4 Non-Residential Lots.

The provisions of this Article 5 shall not apply to any Multi-Family Lot, Commercial Lot, or Mixed-Use Lot; provided, however, that if a Multi-Family Lot is converted to Residential Lot(s) in accordance with the Conversion procedures set forth in Section 3.5(b) above, then from and after such Conversion the Multi-Family Lot shall be a Residential Lot to which the provisions of this Article shall fully apply.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

This Declaration establishes the Association as a mechanism by which each Owner has the opportunity to participate in the governance and administration of Skye Canyon. While many powers and responsibilities are vested in the Association's Board of Directors in order to facilitate day-to-day management and operation, some decisions are considered of such importance that they are reserved for the Association's Membership - the Owners of property in Skye Canyon.

ARTICLE VI: THE ASSOCIATION AND ITS MEMBERS

6.1 Function of the Association.

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

6.2 Membership.

Every Owner shall be a Member of the Association. There shall be only one (1) membership per Lot. In the event that more than one Person holds fee title to a Lot ("Co-Owners"), all such Co-Owners shall constitute one Member, and may attend any meeting of the Association, but only one (1) such Co-Owner ("Designated Co-Owner"), designated from time to time by all of the Co-Owners in a written

instrument provided to the Secretary of the Association, shall be entitled to exercise the vote to which the Lot is entitled. The membership rights of an Owner that is not a natural person may be exercised by any officer, director, partner, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association. All Co-Owners shall be jointly and severally responsible for all of the obligations imposed upon the jointly owned Lot and shall be entitled to all other benefits of ownership, subject to the Governing Documents and to reasonable Board regulation.

6.3 Membership Classes and Voting Rights. The Association shall have two (2) classes of membership: Class A and Class B.

(a) Class A. Class A shall be composed of all of the Owners of Residential Lots. Each Owner shall have one (1) equal vote for each Residential Lot in which it holds the interest required for membership under Section 6.2, except that there shall be only one (1) vote per Lot. Accordingly, the total number of Class A votes for the Association shall equal the total number of Residential Lots subject to this Declaration, from time to time.

(b) Class B. Class B shall be composed of all of the Owners of Multi-Family Lots, Commercial Lots, and Mixed-Use Lots. Each Owner of a Multi-Family Lot, Commercial Lot, and/or Mixed-Use Lot shall have one (1) equal vote for each Assessment Share allocated to such Owner's Lot under Sections 8.1 and 8.7 hereof in which it holds the interest required for membership under Section 6.2. Notwithstanding the foregoing, if a Multi-Family Lot is the subject of a Conversion in conformance with the requirements of Section 3.5(b), then, from and after the date that the Supplemental Declaration is Recorded that establishes the Multi-Family Lot as a "common-interest community," each "unit" (as defined in the NRS Chapter 116) therein shall be deemed to be a Residential Lot for the purposes of this Declaration and this Section 6.3.

(c) Co-Owners. Where a Lot is owned jointly by Co-Owners, only the Designated Co-Owner, designated from time to time by all of the Co-Owners in a written instrument provided to the Secretary of the Association, shall be entitled to exercise the one (1) vote to which the Lot is entitled. Where no Designated Co-Owner has been designated, or if such designation has been revoked, the vote for such Lot shall be exercised as the majority of the Co-Owners of the Lot mutually agree. Fractional votes shall not be allowed. No vote shall be cast for any Lot where the Co-Owners present in person or by proxy owning the majority interests in such Lot cannot agree to said vote or other action. Absent such advice and in the event that more than one such Co-Owner casts a vote, the Lot's vote shall be suspended and shall not be included in the final vote tally on the matter being voted upon.

6.4 Neighborhoods.

Exhibit "A" to this Declaration and each Supplemental Declaration submitting additional property to this Declaration shall initially assign the property submitted thereby to a specific Neighborhood (by name or other identifying designation), which Neighborhood may be then existing or newly created. During the Declarant Rights Period, Declarant unilaterally may amend this Declaration or any Supplemental Declaration to redesignate Neighborhood boundaries; provided that two or more existing Neighborhoods shall not be combined without the consent of Owners of a majority of the Residential Lots in the affected Neighborhoods.

Any Neighborhood, acting either through a Neighborhood Committee elected as provided in the Bylaws or through a Neighborhood Association, if any, may request that the Association provide a higher level of service than that which the Association generally provides to the Properties, or the Neighborhood

may request that the Association provide special services for the benefit of Residential Lots in such Neighborhood. Upon the affirmative vote and written consent, or a combination thereof, of the Requisite Neighborhood Percentage, the Association shall provide the requested services. The cost of such services, which may include an administrative charge in such amount as the Board reasonably deems appropriate (provided that any such administrative charge shall apply at a uniform rate per Residential Lot to all Neighborhoods receiving the same service), shall be assessed against the benefitted Residential Lots within such Neighborhood as a Neighborhood Assessment.

**ARTICLE VII:
ASSOCIATION POWERS AND RESPONSIBILITIES**

7.1 Acceptance and Control of Association Property.

(a) To further its functions as set forth above, the Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal and real property. The Association may enter into leases, licenses, or operating agreements for portions of the Area of Common Responsibility to permit use of such portions of the Area of Common Responsibility by community organizations and by others, whether nonprofit or for profit, or for the provision of goods or services for the general benefit or convenience of Owners and Residents of Skye Canyon.

(b) Declarant and its designees may convey to the Association personal property and fee title, leasehold, or other property interests in any real property, improved or unimproved, described in Exhibits "A," "B," or "C." The Association shall accept and maintain such property, at its expense, for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Upon written request of Declarant, the Association shall reconvey to Declarant any unimproved portions of the Properties originally conveyed by Declarant to the Association for no consideration, to the extent conveyed by Declarant in error needed by Declarant to make adjustments in property lines.

(c) The Association shall be responsible for management, operation, and control of the Area of Common Responsibility subject to any covenants and restrictions set forth in the deed or other instrument transferring such property to the Association. The Board may adopt such reasonable rules regulating use of the Area of Common Responsibility as it deems appropriate.

(d) The Association is responsible for management, operation, and control of the Area of Common Responsibility (including without limitation the recreation center now or hereafter made part of the Common Elements), subject to any covenants set forth in the deed or other instrument transferring the property to the Association. The Association may enter into leases, licenses, or operating agreements with respect to portions of the Area of Common Responsibility (including without limitation the recreation center now or hereafter made part of the Common Elements), including leases for the operation of retail establishments by third party commercial operators, for payment or no payment, as the Board deems appropriate. The Association (i) may permit use of portions of the Area of Common Responsibility (including without limitation the recreation center now or hereafter made part of the Common Elements), by persons other than Owners and Residents of Lots, (ii) may restrict the use of portions of the Area of Common Responsibility (including without limitation the recreation center now or hereafter made part of the Common Elements) to only Residents, and/or (iii) may charge use fees (in such amount as the Board may establish from time to time) for such use.

7.2 Maintenance of Area of Common Responsibility.

(a) Generally. The Association shall maintain the Area of Common Responsibility, in accordance with the Community Standards and the Development Agreement, which shall include, but need not be limited to:

- (1) All portions of and structures situated upon the Common Elements;
- (2) Such portions of any additional property included within the Area of Common Responsibility (which may include landscaping within public rights-of-way within or abutting the Properties) as may be dictated by the Development Agreement, this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association;
- (3) All ponds, streams, and/or wetlands located within the Properties that serve as part of the storm water drainage system for the Properties, including Improvements and equipment installed therein or used in connection therewith;
- (4) Any property and facilities Declarant owns and makes available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members. Such property and facilities must be identified by written notice from Declarant to the Association and shall remain a part of the Area of Common Responsibility and shall be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association; and
- (5) The exterior of all perimeter walls and fences constructed by Declarant, that surround the Properties (or that separate a Lot from an Area of Common Responsibility) and are reasonably visible from any street (regardless of whether such wall or fence is located on an Area of Common Responsibility or on a Lot). Except for wrought iron and like fences for which the Association has assumed complete maintenance responsibility through notice to the applicable Owner or Neighborhood Association, an Owner shall be responsible for maintaining the interior surface of perimeter walls or fences located on such Owner's Lot. A perimeter wall or fence shall not be a party wall or party fence as set forth in Article 14.

The Association may maintain other property that it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community Standards.

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

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

(b) Continuous Operation. The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs or because seasonal temperatures dictate, unless the Requisite Membership Percentage or Declarant (during the Declarant Rights Period) agree in writing to discontinue such operation. Notwithstanding the foregoing, the Board shall have the right to establish hours of operation, grant the right to lease, license, or use specific areas designated as Common Elements, for exclusive use by one or more but not all Owners, provided that limited hours, lease, license, or grant does not operate to deprive the remaining Owners from all useful enjoyment of the specific Common Element affected. The Area of Common Responsibility shall not be reduced during the Declarant Rights Period by amendment of this Declaration or any other means except with the prior written approval of Declarant.

(c) Maintenance as Common Expense. The costs associated with maintenance, repair, and replacement of the Area of Common Responsibility and such other costs as provided in Section 7.2(a), or any other cost or expense of the Association incurred by the Association in furtherance of its functions or reasonably related thereto, shall be a Common Expense in addition to other expenses listed in the definition of "Common Expenses" in Article II above; provided that the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, other Recorded covenants, or agreements with the owner(s) thereof. Maintenance, repair, and replacement of Neighborhood Common Elements shall be a Neighborhood Expense assessed to the Neighborhood(s) to which such Neighborhood Common Elements are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

(d) Exterior Maintenance. Notwithstanding any other provision to the contrary contained herein, the Association after Notice and Hearing shall have the right (but not the obligation) to maintain the exterior of the Dwelling and/or remove or abate a public nuisance on the exterior of the Dwelling on the Residential Lot for which the Lot Owner would otherwise be responsible, in accordance with the provisions of NRS Chapter 116.

(e) Park Standards; City Requirements. The Association, in the maintaining that portion of the Area of Common Responsibility that constitutes parks and landscape areas under this Section 7.2 (collectively, the "Open Space Areas"), shall at all times substantially comply with the maintenance standards set forth in the Development Agreement, including without limitation the Parks Agreement referenced therein (collectively, the "Maintenance Plan"). The Board shall have the right to make material changes to the Maintenance Plan only with the written consent of the City; provided, however, that the Association is specifically prohibited from performing its obligations or exercising its powers under this Declaration in a manner that would defeat or materially and adversely affect the implementation of the Maintenance Plan. If the Association fails to maintain the Open Space Areas substantially in accordance with the Maintenance Plan, then the City shall have the right but not the obligation, after reasonable notice to the Association and a reasonable opportunity to cure, to undertake such actions as may be required to cause the Open Space Areas to be in compliance with the Maintenance Plan and shall have the right to levy assessments against the Lots to recover the costs incurred by City in performing such action with respect to the Open Space Areas, which assessments shall constitute liens against the Lots that may be executed upon by the City, to the extent permitted by applicable law. The provisions of this Section 7.2(e) shall run with, burden, and bind the Properties and the Association, shall inure to the benefit of the City, and be enforceable by the City.

7.3 Insurance.

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

(1) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable Improvements within the Area of Common Responsibility to the extent that the Association has responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at a reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits in accordance with the requirements set forth in NRS Chapter 116, or such greater amounts as the Board may determine to be commercially reasonable.

(2) Commercial general liability insurance on the Area of Common Responsibility insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$2,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage, with umbrella coverage of at least \$15,000,000. Should additional coverage and higher limits be available at a reasonable cost that a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;

(3) Workers' compensation insurance and employers' liability insurance, if and to the extent required by law; for committee members;

(4) Directors and Officer's liability coverage, which shall include coverage for committee members;

(5) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Lots plus reserves on hand. Persons serving without compensation shall not be excluded from coverage under fidelity insurance policies, to the extent such coverage is available; and

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

In addition, the Association shall, if so specified in a Supplemental Declaration applicable to any Neighborhood, obtain and maintain property insurance on the insurable Improvements within such Neighborhood, which insurance shall comply with the requirements of Section 7.3(a)(i). Any such policies shall provide for a certificate of insurance to be furnished upon request to the Owner of each Lot insured.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses, except that (i) premiums for property insurance on Residential Lots within a Neighborhood shall be a Neighborhood Expense; and (ii) premiums for insurance on Neighborhood Common Elements may be included in the Neighborhood Expenses of the Neighborhood(s) to which such Neighborhood Common Elements are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate. In addition, the Association shall arrange for an annual review of the sufficiency of its

insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the metropolitan Las Vegas area.

(b) Policy Requirements. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after Notice and Hearing, that the loss is the result of the negligence or willful misconduct of one or more Owners and/or Residents, or their respective Families or Invitees, then the Board may assess the full amount of such deductible against such Owner(s) and their Residential Lots as a Specific Assessment.

All insurance coverage obtained by the Board shall:

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

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

(3) Not be brought into contribution with insurance purchased by Owners, Residents, or their Mortgagees individually;

(4) Contain an inflation guard endorsement;

(5) Include an agreed amount endorsement, if the policy contains a co-insurance clause;

(6) Provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Elements or membership in the Association;

(7) Include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer conditioning recovery on account of an act or omission of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(8) Include an endorsement precluding the insurer from denying a claim by a Member or Owner or conditioning recovery under the policy based on or due to the negligent acts or omissions of the Association, any other Member, or any other Owner.

In addition, the Board shall use reasonable efforts to secure insurance policies that list the Owners (as a class) as additional insureds and provide:

(1) A waiver of subrogation as to any claims against the Association's Board, officers, employees, and Manager, and the Owners and Residents and their respective Families and Invitees;

(2) A waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(3) An endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(4) An endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(5) A cross-liability provision; and

(6) A provision vesting in the Board's exclusive authority to adjust losses; provided, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

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

Damaged Improvements on the Common Elements shall be repaired or reconstructed unless the Requisite Membership Percentage or Declarant (during the Declarant Rights Period) decides within 60 days after the loss not to repair or reconstruct. If the damage is to Neighborhood Common Elements, the Neighborhood Common Elements shall be repaired or reconstructed unless the Requisite Neighborhood Percentage or Declarant (during the Declarant Rights Period) decides within 60 days after the loss not to repair or reconstruct.

If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Elements shall be repaired or reconstructed.

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

If Owners to which Neighborhood Common Elements are assigned vote not to repair or reconstruct Improvements on such Neighborhood Common Elements, any insurance proceeds attributable to such Neighborhood Common Elements, minus the costs of clearing and landscaping, shall be distributed to such Owners. If Members vote not to repair or reconstruct Improvements on Common Elements, the foregoing provision shall also apply to all Owners within Skye Canyon with respect to insurance proceeds attributable to such Common Elements. This provision may be enforced by the Mortgagee of any affected Residential Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.3(a).

7.4 Compliance and Enforcement; Remedies.

(a) Every Owner and Resident of a Residential Lot shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after Notice and Hearing. The Board may establish a range of penalties for such violations, with violations of the Declaration, unsafe conduct, harassment, or intentionally malicious conduct treated more severely than other violations. Such sanctions may include, without limitation:

(1) Imposing reasonable monetary fines that, to the fullest extent permitted under the NRS Chapter 116, constitute a lien upon the Residential Lot owned or Occupied by the Person deemed to be in violation of the Governing Documents. The amount of the fines shall not exceed the maximum amount permitted by the NRS Chapter 116. If a fine is imposed pursuant to this Section 7.4(a)(1) and the violation is not cured within time permitted by law or such longer cure period as the Board establishes, then the violation shall be deemed a continuing violation and the Board may thereafter impose an additional fine for the violation in accordance with NRS Chapter 116. Any additional fine may be imposed without Notice and Hearing. In the event that any Resident or Invitee of an Owner or Resident violates the Governing Documents and a fine is imposed, the fine will be assessed against the Owner and the Owner shall pay the fine upon the written demand of the Board to the fullest extent permitted by the NRS Chapter 116;

(2) Suspending an Owners' right to vote;

(3) Suspending any Person's right to use any recreational or park facilities within the Common Elements; provided that nothing herein shall authorize the Board to limit ingress or egress to or from a Residential Lot;

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

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

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

(7) Levying Specific Assessments to cover costs incurred by the Association to bring a Residential Lot into compliance with the Governing Documents; and

(8) In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of Notice and Hearing:

(A) Exercising other reasonable measures in any emergency situation, which shall specifically include, but not limited to, the towing of vehicles that are parked in violation of the Rules and Regulations; and

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

(9) In addition to any other enforcement rights, if an Owner fails to properly perform his or her maintenance responsibility or is otherwise in default of his or her obligations under the Governing Documents, the Association may, after Notice and Hearing, perform such maintenance responsibilities and/or undertake such abatement and removal activities as the Board deems necessary. Thereafter, the Board may assess all costs incurred by the Association against the Residential Lot and the Owner as a Specific Assessment. If a Neighborhood Association fails to perform its maintenance responsibilities, the Association may, after Notice and Hearing, perform such maintenance and assess the costs as a Specific Assessment against the Neighborhood Association and/or all Residential Lots within such Neighborhood. Notwithstanding the foregoing, in an emergency situation, Notice and Hearing may not be required prior to taking such enforcement action.

(b) The rights and remedies set forth in this Section 7.4, together with the right to enforce liens and the rights of foreclosure and sale under Section 8.9 of this Declaration, shall be in addition to and not in substitution for all other rights and remedies that the Association and its assigns may have hereunder, under NRS Chapter 116, or otherwise available at law or in equity. In any action to enforce the Governing Documents, the prevailing party shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs reasonably incurred in such action.

(c) The Association, by contract or other agreement, may enforce applicable State and local laws and ordinances and shall permit local governmental bodies to enforce their respective laws and ordinances within the Properties for the benefit of the Association and its members.

(d) The Association shall not be obligated to take any action if the Board reasonably determines that under the specific facts and circumstances presented: (1) the Association's legal position does not justify taking any or further enforcement action; (2) the covenant, restriction, or rule being enforced is, or is likely to be construed as, inconsistent with current law; (3) although a violation may exist or may have occurred, it is not so material as to be objectionable to a reasonable person or to justify expending the Association's resources; or (4) it is not in the Association's best interests to pursue an enforcement action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction, or rule.

7.5 Implied Rights; Board Authority.

Subject to the Governing Documents, NRS Chapter 116, and other applicable law, the Association may exercise any right or privilege given to it expressly by the Governing Documents or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents or by applicable law, all rights and powers of the Association may reasonably be exercised by the Board without a vote of the membership. The Board may institute, defend, settle, or intervene on behalf of the Association in mediation, binding or non-binding arbitration, litigation, or administrative proceedings in matters pertaining to the Area of Common Responsibility, enforcement of the Governing Documents, or any other civil claim or action. However,

the Governing Documents shall not be construed as creating any independent legal duty to institute litigation on behalf of or in the name of the Association or its Members.

7.6 Indemnification of Officers, Directors, and Committee Members.

(a) Indemnification. The Association shall indemnify every officer, director, and committee member against all damages and expenses, including attorney's fees and costs, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member; except that such obligation to indemnify shall apply to those actions for which indemnification is permitted under applicable Nevada law.

(b) Claims Related to Breach of Duty. The Association's officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual wilful or wanton misfeasance or gross negligence. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent required by operation of NRS Chapter 116).

The Association shall indemnify and hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.7 Security.

The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be. HOWEVER, THE ASSOCIATION, ITS AGENTS, THE BOARD, THE MANAGER, ANY NEIGHBORHOOD ASSOCIATION, AND THE DECLARANT SHALL NOT, IN ANY WAY, BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTIES. None of the above-mentioned parties shall be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including, but not limited to, any mechanism or system for limiting access to the Properties, onsite roving patrol, or dispatch system, if applicable, cannot be compromised or circumvented or that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended.

Each Owner acknowledges, understands, and covenants to inform all Residents of its Lot, and their respective Families and Invitees, that neither the Association, the Board, its agents, the Manager, committees, Neighborhood Associations, nor all other Persons involved with the governance, maintenance, and management of the Properties, including Declarant, are insurers of safety or security within the Properties. All Owners and Residents, and their respective Families and Invitees, assume all risks of personal injury and loss or damage to persons, lots, and the contents of lots, and further acknowledge that neither the Association, its agents, the Board and committees, the Manager, any Neighborhood Association, nor Declarant have made representations or warranties regarding any entry gate, patrolling of the Properties, any fire protection system, burglar alarm system, or other security systems recommended or installed or any security measures undertaken within the Properties. All

Owners and Residents, and their respective Families and Invitees, further acknowledge that they have not relied upon any such representations or warranties, expressed or implied.

7.8 Provision of Services.

The Association shall enter into contracts or agreements required by Declarant or otherwise required pursuant to the Development Agreement. Additionally, the Association shall be authorized, but not obligated, to enter into and terminate, in the Board's discretion, subject to applicable law, contracts or agreements with other entities, including Declarant, to provide services to and facilities for the Owners and Residents, and their Families and Invitees. The Board may charge use and consumption fees for such services and facilities. For example only, services and facilities offered might include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, and similar services and facilities. Without limiting Section 7.7 above, the Association shall have the power and authority, in its discretion, from time to time to contract for security services and/or roving security patrols for Skye Canyon, and to allocate such services and/or patrols to such portions of Skye Canyon as the Board may deem appropriate.

7.9 Change of Services and Use of Area of Common Responsibility.

The Board shall have the power and right to terminate services the Association provides or to change the use of portions of the Area of Common Responsibility during the Declarant Control Period without having to obtain the approval or consent of the Members. After the Declarant Control Period, the Board may do so only with the vote of a majority of the voting power of the Board (provided that the Board reasonably determines that such change shall not materially or substantially adversely affect the Association and the Owners), and the written consent of Declarant (during the Declarant Rights Period or until such time as Declarant expressly relinquishes such rights under this Section 7.9). Any such change shall be made by Board resolution stating that: (a) the present use or service is no longer in the best interest of the Association and the Owners; (b) the new use is for the benefit of the Association and the Owners; (c) the new use is consistent with any deed restrictions and zoning regulations restricting or limiting the use of the Area of Common Responsibility; and (d) the new use is consistent with the then effective Master Plan.

7.10 View Impairment.

NEITHER DECLARANT NOR THE ASSOCIATION GUARANTEES OR REPRESENTS THAT ANY VIEW OVER AND ACROSS THE OPEN SPACE FROM ADJACENT LOTS OR OTHER PROPERTY WILL BE PRESERVED WITHOUT IMPAIRMENT. WITHOUT LIMITING THE FOREGOING, NEITHER DECLARANT NOR THE ASSOCIATION SHALL HAVE THE OBLIGATION TO RELOCATE, PRUNE, OR THIN TREES OR OTHER LANDSCAPING EXCEPT AS SET FORTH IN ARTICLE 5. THE OWNERS OF PRIVATE AMENITIES SHALL HAVE THE RIGHT, IN THEIR SOLE AND ABSOLUTE DISCRETION, TO ADD TREES AND OTHER LANDSCAPING TO THEIR PRIVATE AMENITIES FROM TIME TO TIME, SUBJECT TO APPLICABLE LAW. ANY EXPRESS OR IMPLIED EASEMENTS FOR VIEW PURPOSES OR FOR THE PASSAGE OF LIGHT AND AIR ARE HEREBY EXPRESSLY DISCLAIMED.

7.11 Relationship with Neighborhoods.

The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association that the Board reasonably determines to be adverse to the interests of the

Association or its Members or inconsistent with the Community Standards. The Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor. A Neighborhood Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Neighborhood Association fails to comply, the Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs of such action, an administrative charge, and sanctions. If a Neighborhood Association intends to modify, alter, enhance, improve, or otherwise change an area of the Neighborhood Associations' common elements, then the Neighborhood Association must seek approval from the Association in accordance with Article 4.

7.12 Relationship with Governmental and Tax-Exempt Organizations.

The Association may create, enter into agreements or contracts with, or grant exclusive and/or non-exclusive easements over the Common Elements to state or local governments, public school systems, and non-profit, tax-exempt organizations for the benefit of the Properties, the Association, its Members, and residents. For purposes of this Section, a "tax-exempt organization" shall mean an entity that is exempt from federal income taxes under the Internal Revenue Code ("Code"), such as, but not limited to, entities that are exempt from federal income taxes under Sections 501(c)(3) or 501(c)(4), as the Code may be amended from time to time.

7.13 Cooperation with Special Improvement District.

The Association shall have the power, and is hereby authorized, to contract with and to cooperate with the Special Improvement District in order to ensure that their respective responsibilities are discharged. The Association is further authorized to act on behalf of its Members to ensure that the level of services provided by the Special Improvement District is consistent with the Community Standards. Each Owner, by acceptance of a deed or Recorded contract or sale, is deemed to covenant and consent to the creation of the Special Improvement District and to promptly execute a separate document evidencing such consent, if requested to do so by Declarant.

7.14 Manager.

The Association shall have the power to employ or contract with a Manager, to perform all or any part of the duties and responsibilities of the Association, subject to the Governing Documents, for the purpose of operating and maintaining the Properties and helping the Board to enforce the Governing Documents, subject to the following:

(a) The Manager shall possess sufficient experience, in the reasonable judgment of the Board, in managing residential subdivision projects, similar to the Properties, in the County, and shall be duly licensed as required from time to time by the appropriate licensing and governmental authorities (and must have the qualifications, including education and experience, when and as required for the issuance of the relevant certificate by the Nevada Real Estate Division pursuant to the provisions of Chapter 116A of the Nevada Revised Statutes). Any and all employees of the Manager with responsibilities to or in connection with the Association and/or Skye Canyon shall have such experience with regard to similar projects. (If no Manager meeting the above-stated qualifications is available, the Board shall retain the most highly qualified management entity available, which is duly licensed by the appropriate licensing authorities).

(b) No Manager, or any director, officer, shareholder, principal, partner, or employee thereof may be a Director or Officer of the Association unless such Person is (i) appointed by the Declarant during the Declarant Control Period, or (ii) elected as the designated representative of the Declarant (or any of its affiliates) as an Owner hereunder.

(c) As a condition precedent to the employ of, or agreement with, a Manager, the Manager (or any replacement Manager) first shall be required, at its expense, to review the Governing Documents and any and all Association Reserve Studies and inspection reports pertaining to the Properties.

(d) By execution of its agreement with the Association, a Manager shall be conclusively deemed to have covenanted: (1) in good faith, to be bound by and to faithfully perform all duties (including, but not limited to, full and faithful accounting for all Association funds within the possession or control of Manager) required of the Manager under the Governing Documents (and, in the event of irreconcilable conflict between the Governing Documents and the contract with the Manager, the Governing Documents shall prevail); (2) that any penalties, fines, or interest levied upon the Association as the result of Manager's negligent errors or omissions shall be paid (or reimbursed to the Association) by the Manager; and (3) at Manager's sole expense, to promptly turn over, to the Board, possession and control of all funds, documents, books, records, and reports pertaining to the Properties and/or Association, and to coordinate and cooperate in good faith with the Board in connection with such turnover, in accordance with the timelines set forth in NRS Chapter 116 (provided that, without limiting its other remedies, the Association shall be entitled to withhold all amounts otherwise due to the Manager until such time as the Manager turnover in good faith has been completed).

(e) Upon expiration or termination of an agreement with a Manager, a replacement Manager meeting the above-stated qualifications shall be retained by the Board as soon as possible thereafter and the Board shall perform a limited review of the books and records of the Association in order to verify assets.

(f) The Association shall also maintain and pay for the services of such other personnel, including independent contractors, as the Board shall determine to be necessary or desirable for the proper management, operation, maintenance, and repair of the Association and the Properties, pursuant to the Governing Documents, whether such personnel are furnished or employed directly by the Association or by any person with whom or which it contracts.

(g) Notwithstanding any of the foregoing, the Manager shall not undertake any action requiring approval or vote of the Board or Membership (or the consent of Declarant) unless such approval or vote (or consent) shall have been first obtained, and, under no circumstances, shall the Manager undertake any action which circumvents the provisions of the Governing Documents.

7.15 Continuing Rights of Declarant.

Declarant shall preserve the right, without obligation, to enforce the Governing Documents (including, without limitation, the Association's duties of maintenance and repair, and Reserve Study and Reserve Fund obligations). After the end of the Declarant Control Period, throughout the following term of this Declaration, the Board shall deliver to Declarant notices and minutes of all Board and Membership meetings upon request, and Declarant shall have the right, without obligation, to attend such meetings on a non-voting basis. Declarant shall also receive notice of and have the right, without obligation, to attend all inspections of the Properties or any portion(s) thereof. The Board shall also, throughout the term of this Declaration, deliver to Declarant, upon Declarant's request, (without any express or implied

obligation or duty on Declarant's part to review or to do anything) all notices and correspondence to Owners, all inspection reports, all Reserve Studies, and all audited annual reports. Such notices and information shall be delivered to Declarant at its most recently designated address.

ARTICLE VIII: ASSOCIATION FINANCES

8.1 Levy and Allocation of Base Assessments. The Association shall allocate the total amount of income required to be generated through the levy of Base Assessments among all Lots subject to assessment based upon the assessment shares set forth below in this Section 8.1 ("Assessment Share"). The amount allocated to each Lot shall be a Base Assessment levied against the Lot.

(a) Residential Lots. Subject to the provisions of this Section 8.1(a) below, each Residential Lot shall be assessed one Assessment Share.

(1) Unmapped Residential Lots. With respect to any portion of the Properties that is owned by a Builder and has not yet been subdivided into Residential Lots pursuant to a Plat, the Base Assessments shall be calculated with respect to each such parcel based on one-half (1/2) of an Assessment Share for each of the maximum number of Residential Lots as designated in and contemplated by the Purchase and Sale agreement for said parcel from Declarant to Builder. The applicable Builder shall be solely responsible for providing a copy of the signed Purchase and Sale agreement to the Association. If the maximum number of Residential Lots cannot be definitively determined from the Purchase and Sale agreement or the Purchase and Sale agreement has not been supplied to the Association by the Builder, then the maximum number shall be set at the maximum number of Residential Lots permitted per acre, under applicable zoning designations, for each acre of the parcel.

(b) Multi-Family Lots. Each Multi-Family Lot shall be assessed six (6) Assessment Shares for every one acre (or portion thereof) comprising that Multi-Family Lot, rounded up to the nearest whole number, irrespective of the total number of Apartments then located on the Multi-Family Lot. Notwithstanding the foregoing, if a Multi-Family Lot is subject to a Conversion in conformance with the requirements of Section 3.5(b), then, from and after the date that the Supplemental Declaration is Recorded that establishes the Multi-Family Lot as a "common-interest community," each "unit" (as defined in the NRS Chapter 116) therein shall be deemed to be a Residential Lot for the purposes of this Declaration and this Section 8.1

(c) Commercial Lots. Each Commercial Lot shall be assessed four (4) Assessment Shares for every one acre (or portion thereof) comprising that Commercial Lot, rounded up to the nearest whole number.

(d) Mixed-Use Lots. Each Mixed-Use Lot shall be assessed four (4) Assessment Shares for every one acre (or portion thereof) comprising that Mixed-Use Lot, rounded up to the nearest whole number.

8.2 Budgeting and Allocating Common Expenses. At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year in compliance with the NRS Chapter 116, which shall include the budget for the daily operation of the Association and an adequate reserve for the repair, replacement, and restoration of the major components of the Common Elements and other Areas of Common Responsibility that the Association is obligated to maintain, repair, replace, or restore pursuant to Section 8.4. The budget shall also reflect the

sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Lots as authorized in Section 8.5. In determining the Base Assessment rate per Lot, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the fiscal year.

The Board shall send a copy of the final budget or a summary thereof, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, and a copy of the Collection Policy to each Owner within 60 days after the adoption of the budget, and the Board shall set a date for a meeting of the Owners to consider ratification of the budget. The meeting shall be held in accordance with NRS Chapter 116. Unless at that meeting a majority of the total aggregate voting power of the Association rejects the budget, the budget is ratified, whether or not a quorum is present. If any proposed budget is rejected, the periodic budget last ratified by the Owners continues until the Owners ratify a subsequent budget proposed by the Board. The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Owners to disapprove the revised budget as set forth above.

Notwithstanding the foregoing, to the fullest extent not prohibited by the NRS Chapter 116, the Board shall have the power to increase the Base Assessments above the amount set forth in the budget adopted pursuant to the provisions of this Section 8.2 in the situations set forth below:

(a) Reserves. The Board shall have the power to increase the Base Assessments above the amount set forth in the budget adopted pursuant to the provisions of Section 8.2 to establish adequate reserves in accordance with the provisions of NRS Chapter 116.

(b) Emergency Situations. The Board shall also have the power to increase the Base Assessments above the amount set forth in the budget adopted pursuant to the provisions of Section 8.2 above, if prior to the imposition or collection of a Base Assessment increase pursuant to this Subsection 8.2(a), the Board passes a resolution containing written findings that the increase is necessary due to any Emergency Situation (as defined below). The resolution shall be distributed to the Members with a notice of Base Assessment increase not less than 30 nor more than 60 days prior to the increased Base Assessment becoming due. As used in this Subsection 8.2(b), "Emergency Situation" shall mean the occurrence of any one of the following: (i) an extraordinary expense required by an order of a court; (ii) an extraordinary expense necessary to repair or maintain Skye Canyon or any portion thereof for which the Association is responsible when a threat to personal safety on the Properties or Skye Canyon is discovered; or (iii) an extraordinary expense necessary to repair or maintain the Properties, Skye Canyon, or any portion thereof for which the Association is responsible that could not have been reasonably foreseen by the Board when preparing the budget pursuant to Section 8.2 hereof.

8.3 Budgeting and Allocating Neighborhood Expenses. At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year ("Neighborhood Budget"). Each such Neighborhood Budget shall be prepared in compliance with the NRS Chapter 116 and shall include any costs for additional services or a higher level of services that the Owners in such Neighborhood have ratified pursuant to Section 6.4(a) and an adequate reserve for the repair, replacement, and restoration of the major components of the Neighborhood Common Elements attributable to the Neighborhood pursuant to Section 8.4. The Neighborhood Budget shall also reflect the sources and estimated amounts of funds to cover such

expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Lots, and the amount required to be generated through the levy of Neighborhood and Special Assessments against the Lots in such Neighborhood.

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

When applicable, the Board shall send a copy of the final Neighborhood Budget or a summary thereof, together with notice of the amount of the Neighborhood Assessment to be levied pursuant to such Neighborhood Budget, to each Owner within 60 days after the adoption of the Neighborhood Budget, and the Board shall set a date for a meeting of the Owners in that Neighborhood to consider ratification of the budget. The meeting shall be set in accordance with NRS Chapter 116. Unless at that meeting a majority of the total aggregate voting power of that Neighborhood reject the budget, the Neighborhood Budget is ratified, whether or not a quorum is present.

If any proposed Neighborhood Budget is rejected, the periodic budget last ratified by the applicable Owners in that Neighborhood shall continue in effect until the Owners ratify a subsequent Neighborhood Budget proposed by the Board of Directors.

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

8.4 Budgeting for Reserves. The Board shall establish and maintain a separate reserve account for the repair, replacement, and restoration of the major components of the Common Elements and other Areas of Common Responsibility that the Association is obligated to maintain, repair, replace, or restore based upon the age, remaining life, quantity, and replacement cost of major components of the Common Elements in accordance with the provisions of this Declaration. While the reserve account of the Association may be combined with the applicable reserve funds of any Neighborhood, in no event may any reserve funds be used for the daily maintenance expenses of Skye Canyon. The Board shall additionally cause to be conducted at least once every 5 years, or more often as may be required by the NRS Chapter 116, a study of the reserves required for the repair, replacement, and restoration of the major components of the Common Elements. Such reserve study shall be prepared in compliance with the NRS Chapter 116 and shall be reviewed at least annually (during the preparation of the Association budget) to determine if those reserves are sufficient in order to make any adjustments as may be necessary to maintain adequate reserves.

8.5 Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments to cover capital Improvements, to cover unbudgeted expenses, or to cover expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Lots within any Neighborhood, if such Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or

written consent the Requisite Membership Percentage (if a Common Expense) or the Requisite Neighborhood Percentage (if a Neighborhood Expense) and the written consent of Declarant (if during the Declarant Rights Period). A Special Assessment shall be payable in such manner and at such times as determined by the Board, and it may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

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

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

(b) To cover costs incurred in bringing the Lot into compliance with the Governing Documents or costs incurred as a consequence of the conduct of the Owner or Residents of the Lot and their Invitees; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing, in accordance with the Bylaws, before levying any Specific Assessment under this subsection (b).

(c) To reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, subject to Notice and Hearing.

8.7 Authority To Assess Owners; Commencement of Payment Assessments. Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Lot as follows:

(a) Residential Lots. The obligation to pay assessments shall commence as to each Residential Lot (including each Custom Lot as well as Residential Lots owned by Builders): (i) with respect to each Residential Lot (if any) described on Exhibit "A" to this Declaration, on the first day of the month following the Recordation of this Declaration and (ii) with respect to each Residential Lot added to the Declaration pursuant to Article 9, on the first day of the month following the Recordation of the Supplemental Declaration that so adds such Residential Lot to the Declaration.

(b) Multi-Family Lots. The obligation to pay assessments shall commence as to each Multi-Family Lot: (i) with respect to each Multi-Family Lot (if any) described on Exhibit "A" to this Declaration, on the first day of the month following the Recordation of this Declaration and (ii) with respect to each Multi-Family Lot added to the Declaration pursuant to Article 9, on the first day of the month following the Recordation of the Supplemental Declaration that so adds such Multi-Family Lot to the Declaration. Notwithstanding the foregoing, with respect to each Multi-Family Lot that is the subject of a Conversion under and in accordance with Section 3.5(b) hereof, the Multi-Family Lot shall cease to be assessed as a Multi-Family Lot and shall be assessed as individual Resident Lots, on the first day of the month following the date that the Supplemental Declaration is Recorded that establishes the Multi-Family Lots as Residential Lots hereunder.

(c) Commercial Lots. The obligation to pay assessments shall commence as to each Commercial Lot: (i) with respect to each Commercial Lot (if any) described on Exhibit "A" to this Declaration, on the first day of the month following the Recordation of this Declaration and (ii) with respect to each Commercial Lot added to the Declaration pursuant to Article 9, on the first day of the

month following the Recordation of the Supplemental Declaration that so adds such Commercial Lot to the Declaration.

(d) Mixed-Use Lots. The obligation to pay assessments shall commence as to each Mixed-Use Lot: (i) with respect to each Mixed-Use Lot (if any) described on Exhibit "A" to this Declaration, on the first day of the month following the Recordation of this Declaration and (ii) with respect to each Mixed-Use Lot added to the Declaration pursuant to Article 9, on the first day of the month following the Recordation of the Supplemental Declaration that so adds such Mixed-Use Lot to the Declaration.

The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Lot. Notwithstanding the foregoing, if a Subsidy Agreement is in effect, Assessments as to all unsold Lots owned by Declarant shall commence upon termination or expiration of the Subsidy Agreement.

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

8.8 Personal Obligation for Assessments. Each Owner, by accepting a deed or entering into a Recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay all Assessments authorized in the Governing Documents. All Assessments, together with interest at the rate established by the Board (not to exceed the maximum rate then allowed by applicable law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Lot until paid in full. Upon a transfer of title to a Lot, the grantee shall be jointly and severally liable for any Assessments and other charges due at the time of conveyance.

FAILURE OF THE BOARD TO FIX ASSESSMENT AMOUNTS OR RATES OR TO DELIVER OR MAIL EACH OWNER AN ASSESSMENT NOTICE SHALL NOT BE DEEMED A WAIVER, MODIFICATION, OR A RELEASE OF ANY OWNER FROM THE OBLIGATION TO PAY ASSESSMENTS. In such event, each Owner shall continue to pay Base Assessments and Neighborhood Assessments on the same basis as during the last year for which an Assessment was made, if any, until a new Assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

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

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

8.9 Lien for Assessments. The Association shall have a lien against each Lot to secure payment of delinquent Assessments, as well as fees, interest, late charges (subject to the limitations of Nevada law), fines, costs of collection (including attorneys' fees), and all other amounts that may be due with respect to each Lot under the Governing Documents, except to the extent prohibited by NRS Chapter 116. The Association's lien hereunder shall be superior to all other liens that are Recorded after the Recordation of this Declaration excepting only those liens that are required by operation of NRS Chapter 116 to be superior to the Association's lien and then only to the extent that all or a portion of such lien(s) are required to be superior to the Association's liens by operation of NRS Chapter 116. Each such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure. Notwithstanding the foregoing provisions of this Section 8.9, except as otherwise applicable by operation of NRS Chapter 116, the Association's lien for the costs and charges (including interest thereon) incurred in accordance with the provisions of Section 7.2(d) of this Declaration, is prior to all other liens and encumbrances on a Lot except: (i) liens and encumbrances Recorded before Recordation of this Declaration; and (ii) liens for real estate taxes and other governmental assessments or charges against the Lot. This paragraph does not affect the priority of mechanics' or materialmen's liens or the priority of a lien for other assessments made by the Association.

The Association's lien may be foreclosed in the manner set forth in the NRS Chapter 116 or any other manner permitted by law; provided, however, that to the extent prohibited by the NRS Chapter 116, the Association may not proceed to foreclose a lien hereunder.

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

Sale or transfer of any Lot shall not affect the Assessment lien or relieve such Lot from the lien for any subsequent Assessments except as otherwise provided in this Declaration or otherwise required by operation of NRS Chapter 116.

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

- (a) All Common Elements and such portions of the property owned by Declarant as are included in the Area of Common Responsibility;
- (b) Any property dedicated to and accepted by the City, any governmental authority, or public utility;

(c) Any property owned by any Neighborhood Association for the common use and enjoyment of its members or owned by the members of a Neighborhood Association as tenants-in-common;

(d) The Private Amenities (if any) (which shall, however, be subject to payment of periodic amounts as set forth in Article 16, below; provided, however, that Declarant shall have the right, but not the obligation, to grant exemptions and/or reductions in the periodic amounts assessed against Private Amenities used by Persons qualifying for tax exempt status under the Internal Revenue Code); and

(e) Any Lot that is exempt from taxation pursuant to NRS 361.125, but only to the extent that the Lot is exempt from any such assessments, charges and/or liens by operation of NRS Chapter 116.

8.11 Capitalization of Association. Upon acquisition of record title to a Lot by the first Purchaser, that first Purchaser shall make a contribution to the working capital of the Association in an amount equal to one-sixth (1/6) of the annual Base Assessment allocated to the Lot for that year. Capital contributions made under this Section 8.11 shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. Each Lot's share of the working capital fund shall be collected and then contributed to the Association at the time the sale of the Lot to the first Purchaser is closed. In the event that a Builder does not notify the Association of the sale of a Lot to the first Purchaser and does not collect the working capital amount at the time of sale, the Association may seek recovery of the working capital directly from the Builder.

8.12 Administrative Transfer Fee. Upon the transfer of record title to a Lot to each Owner (including Declarant), the transferee of such Lot shall pay to the Association a transfer fee in such amount as may be reasonably determined by the Board from time to time to reimburse the Association for the administrative cost of transferring the membership in the Association to the new Owner on the records of the Association. The amount of the administrative transfer fees imposed under this Section shall be additionally subject to the limitations set forth in the NRS Chapter 116.

8.13 Statement of Demand. The Association, upon written request, shall furnish an Owner or its authorized agent or Mortgagee, with a statement of demand to the Person who may request such a statement, in the form and content, for the fees, and within the time frames as may be required by the NRS Chapter 116. The statement is binding on the Association to the extent set forth in the NRS Chapter 116.

8.14 Subsidy Agreements and Declarant Advances.

(a) **Subsidy Agreements.** The Association is specifically authorized to enter into an agreement (a "Subsidy Agreement") with the Declarant under which the Declarant agrees to subsidize, directly or indirectly, the operating costs of the Association in exchange for a temporary suspension of Assessments that would otherwise be payable by Declarant with respect to (i) those Lots owned by Declarant and/or any Declarant affiliate, and/or (ii) those Lots owned by any holding company, finance company, or other third party, while such Lots are used by Declarant as a model home and/or sales office.

(b) **Declarant Advances.** During the Declarant Control Period, Declarant shall have the right, but not the obligation, to advance funds and/or make loan(s) to the Association ("Declarant Advances") from time to time for the sole purpose of paying Common Expenses in excess of Association funds then reasonably available to pay Common Expenses. The aggregate amount of any Declarant

Advances outstanding from time to time, together with interest at a reasonable rate established by Declarant, shall be repaid by the Association to Declarant as soon funds are reasonably available therefore (or, at Declarant's sole and absolute discretion, may be set off and applied by Declarant from time to time against any and all past, current, or future Common Expense Assessments and/or contributions to reserve accounts, to such extent, if any, Declarant is obligated to pay any such amounts under this Declaration, any Subsidy Agreement, or under applicable Nevada law).

PART FOUR: COMMUNITY DEVELOPMENT

The Declaration reserves various rights to Declarant in order to facilitate the smooth and orderly development of Skye Canyon and to accommodate changes in the Master Plan that inevitably occur as a community the size of Skye Canyon grows and matures.

ARTICLE IX: ANNEXATION; EXPANSION OF THE COMMUNITY

9.1 Annexation and Expansion by Declarant.

Declarant may from time to time, subject to the provisions of this Declaration, annex all or any portion of the property described in Exhibit "C" to the Properties covered by this Declaration by Recording a Supplemental Declaration that describes the property to be annexed and otherwise complies with NRS Chapter 116 and the provisions of this Section 9.1. A Supplemental Declaration Recorded by Declarant pursuant to this Section shall not require the consent of any other Person (except the owner of such property, if other than Declarant).

Declarant's right to expand the Community pursuant to this Section shall expire when all property described in Exhibit "C" has been annexed and subjected to this Declaration. Until then, Declarant may transfer or assign this right to any Person who is the owner or developer of at least a portion of the real property described in Exhibit "C." Any such transfer shall be memorialized in a written, Recorded instrument executed by Declarant.

Declarant additionally reserves the right, but not the obligation, to annex additional property not described in Exhibit "C," to the maximum extent allowed by NRS Chapter 116; provided, the amount of additional property so annexed shall not exceed the amount permitted by NRS Chapter 116. Nothing in this Declaration shall be construed to require Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "C" in any manner whatsoever.

Each Supplemental Declaration that subjects real property to the Declaration shall contain the following information, as applicable:

- (a) A legal description of the real property to be annexed;
- (b) A statement whether the Lots contained within the real property to be annexed are Residential Lots, Multi-Family Lots, Commercial Lots, or Mixed-Use Lots, or whether the real property is designated as a Private Amenity;
- (c) The number of Lots contained or deemed to be contained in the real property to be annexed; in addition, if any of the Lots to be annexed are Multi-Family Lots, then the Supplemental Declaration shall identify the maximum number of permissible Apartments as designated by Declarant;

(d) A designation of the Neighborhood or Neighborhoods to which the Residential Lots contained within the real property to be annexed are to be included within;

(e) A legal description of the Common Elements included therein, if any;

(f) Identification of the any part of the Common Elements designated as Neighborhood Common Elements and the Residential Lots or Neighborhood to which such Neighborhood Common Elements are assigned;

(g) Identification of any real property being annexed as part of a Neighborhood Association and the common property and any other property for which the Neighborhood Association has maintenance responsibility;

(h) A description of any additional Areas of Common Responsibility for which the Association is to become obligated to maintain;

(i) Identification of the Builder, if any, designated by Declarant for any real property to be annexed, and the name and address of the Builder, and the location or description of such real property;

(j) A statement that the real property to be annexed is subjected to the covenants, conditions, and restrictions contained herein;

(k) A provision allowing for the readjustment of voting rights and assessment allocations in accordance with the formulas provided herein;

(l) A statement that any such expansion shall be effective upon the Recordation of the Supplemental Declaration except as provided therein; and

(m) Any other information as may be necessary to comply with the applicable provisions of the NRS Chapter 116.

9.2 Expansion by the Association.

The Association may also subject additional property to this Declaration by Recording a Supplemental Declaration describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of the requisite Membership Percentage at a meeting duly called for such purpose and the consent of the owner of the property. In addition, Declarant's consent shall also be necessary until the Declarant Rights Period ends. The Supplemental Declaration shall not be valid unless signed by the President and Secretary of the Association, by the owner of the property, and by Declarant, if Declarant's consent is necessary.

9.3 Additional Covenants and Easements.

During the Declarant Rights Period, Declarant may subject any portion of the Properties to additional covenants and easements, including covenants obligating the Association to maintain and insure such property and authorizing the Association to recover its costs through Neighborhood Assessments. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration referencing property previously subjected to this Declaration. If the property is owned by a Person other than Declarant, then the consent of such Person shall be necessary and shall be evidenced by such

Person's execution of the Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4 Effect of Filing a Supplemental Declaration.

Any Supplemental Declaration Recorded pursuant to this Article shall be effective upon Recording unless otherwise specified in such Supplemental Declaration. On the effective date of the Supplemental Declaration, the Lots in any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration. Any Supplemental Declaration Recorded pursuant to this Article shall comply with the applicable requirements of NRS Chapter 116, as may be applicable.

9.5 Reduction of Annexable Area.

So long as relevant real property has not been annexed to the Properties subject to this Declaration, the property described on Exhibit "C" may be reduced by Declarant. The Declarant may accomplish such reduction by the Recordation of a written instrument describing such real property, executed by Declarant (and all other owners, if any, of such real property), and declaring that such real property shall thereafter be deleted from Exhibit "C." Such real property may be so deleted without a vote of the Association or the approval or consent of any other Person.

**ARTICLE X:
ADDITIONAL RIGHTS RESERVED TO DECLARANT**

10.1 Withdrawal of Property.

Declarant reserves the right to amend this Declaration, so long as it has the right to annex additional property pursuant to Section 9.1, for the purpose of removing and withdrawing any portion of the Properties from the coverage of this Declaration, whether originally described in Exhibit "A" or added by Supplemental Declaration; provided, no property described on a particular Plat shall be withdrawn after a Residential Lot shown on that Plat has been conveyed by Declarant to any Purchaser (other than a Purchaser in which Declarant has a direct or indirect ownership, management, or other similar interest). Such a withdrawal shall reduce the Maximum Lots subject to the Declaration, the number of votes in the Association and the Lots subject to assessment. Such amendment shall not require the consent of any Person other than the owner of the property to be withdrawn (if not Declarant), but shall be subject to the applicable provisions of NRS Chapter 116. If the property is shown on a Plat as Common Elements, but has not yet been conveyed by deed to the Association, then the Association shall consent to such withdrawal (and shall execute and Record a quitclaim deed thereto) upon the request of Declarant.

10.2 Marketing and Sales Activities.

Declarant (and Builders, subject to Declarant's reserved rights in Article 4) may construct and maintain upon portions of the Common Elements such facilities and activities as may be reasonably required, convenient, or incidental, to the construction or sale of Lots, including, but not limited to, business offices, signs, model Lots, and sales offices and shall have easements for access to and use of such facilities.

10.3 Right To Develop; Construction Easement.

Declarant and its employees, agents, and designees shall have a right of access and use and an easement over and upon all of the Properties for the purpose of making, constructing, and installing such Improvements to the Properties as Declarant deems appropriate in its sole discretion (subject to the extent, if any, such discretion of Declarant is expressly limited by written agreement between Declarant and a Builder). Additionally, Declarant hereby partially assigns to and reserves for the benefit of each Builder a concurrent right of access and use and an easement over and upon only the property located within such Builder's subdivision for the purpose of Builder making, constructing, and installing Improvements to such property, subject to and only to the extent provided in the Builder's project plan approved by Declarant or as otherwise may be approved by Declarant in writing (without any liability to Declarant by reason of such approval). To the maximum extent permitted by applicable law, each Person that acquires any interest in the Properties acknowledges that Skye Canyon is a master planned community, the development of which is likely to extend over many years, and each Person hereby agrees not to protest, challenge, or otherwise object to (a) changes in uses or density of property outside the Neighborhood in which such Person holds an interest or (b) changes in the Master Plan as it relates to property outside the Neighborhood in which such Person holds an interest.

10.4 Right To Designate Sites for Governmental and Public Interests.

During the Declarant Rights Period, Declarant may designate sites within the Properties for governmental, educational, or religious activities and interests, including without limitation, fire, Police, and utility facilities, schools and educational facilities, houses of worship, parks, and other public facilities. So long as such sites have not previously been conveyed by deed to the Association, the Association shall take whatever action is required with respect to such site to permit such use, including dedication of the site and/or Recordation of a quitclaim deed to the site (if so requested by Declarant).

10.5 Right To Approve Additional Covenants.

Subsequent to this Declaration, no Person shall Record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any attempted Recording without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by Recorded, written consent signed by Declarant.

10.6 Right To Approve Changes in Community Standards.

No amendment to or modification of any Rules and Regulations or Architectural Guidelines shall be effective without prior notice to and the written approval of Declarant during the Declarant Rights Period.

10.7 Right To Merge or Consolidate the Association.

Declarant reserves the right to merge or consolidate the Association with another common-interest community of the same form of ownership.

10.8 Right To Appoint and Remove Directors During the Declarant Control Period.

During the Declarant Control Period, Declarant may appoint, remove, and/or replace any director or officer of the Association previously appointed or elected by Declarant pursuant to the Bylaws to the fullest extent permitted by NRS Chapter 116.

10.9 Right To Transfer or Assign Declarant Rights.

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

10.10 Easement to Inspect and Right to Correct.

(a) Easement. Declarant reserves, for itself and such other Persons as it may designate, perpetual, non-exclusive easements throughout Skye Canyon to the extent reasonably necessary for the purposes of access, inspecting, testing, redesigning, correcting, or improving any portion of Skye Canyon, including Lots and the Area of Common Responsibility. Declarant shall have the right to redesign, correct, or improve any part of Skye Canyon, including Lots and the Area of Common Responsibility.

(b) Right of Entry. In addition to the above easement, Declarant reserves a right of entry onto a Lot upon reasonable notice to the Owner; provided, in an emergency, no such notice need be given. Entry into a Lot shall be only after Declarant notifies the Owner (or Resident) and agrees with the Owner regarding a reasonable time to enter the Lot to perform such activities. Each Owner agrees to cooperate in a reasonable manner with Declarant in Declarant's exercise of the rights provided to it by this Section.

Entry onto the Area of Common Responsibility and into any Improvements and structures thereon may be made by Declarant at any time, provided advance notice is given to the Association; provided, in an emergency, no notice need be given.

(c) Damage. Any damage to a Lot or the Area of Common Responsibility resulting from the exercise of the easement and right of entry described in subsections (a) and (b) of this Section shall promptly be repaired by, and at the expense of, Declarant. The exercise of these easements shall not unreasonably interfere with the use of any Lot, and entry onto any Lot shall be made only after reasonable notice to the Owner or Resident.

10.11 Use of "Skye Canyon" in Name of Development.

Each Person, by acceptance of a deed to a Lot or other portion of the Properties; shall be deemed to have acknowledged and agreed that Skye Canyon, L.L.C. ("Trademark Owner"), has registered and owns, at both federal and state levels, the sole and exclusive right to the designation "Skye Canyon" and has the sole and exclusive right to all related "Skye Canyon" trade names, trademarks, service marks, and

logos ("Trademarks"). Each such Person covenants and warrants that it shall not use, nor permit others to use, in any manner whatsoever, the Trademarks or any of them without the prior written consent of Trademark Owner (and Trademark Owner, as to the foregoing covenant and warranty, is an intended third party beneficiary of this Declaration). However, the Association shall be entitled to use the words "Skye Canyon" in its name.

10.12 Reservation of Rights Relating to Provision for Telephone/Cable Services.

Declarant hereby reserves for itself and its successors, assigns, and transferees, rights of access, ingress, and egress over, in, upon, under, and across the real property contained within Skye Canyon, including all Lots, all Properties, all Common Elements, and all Area of Common Responsibility for the construction, installation, repair, and replacement of all facilities necessary to provide cable television, telephone, and internet service to the Residential Lots, Multi-Family Lots, Commercial Lots, Mixed-Use Lots and/or Private Amenities; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to interfere unreasonably with the occupancy, use, enjoyment, or access by each Owner or Resident and their Invitees, to that Owner's Lot, the Common Elements or the Area of Common Responsibility. Declarant additionally reserves the right throughout the Declarant Rights Period to grant providers exclusive rights for the marketing and provision of television cable, telephone, and internet services to Lots and/or Private Amenities to the fullest extent permitted by law.

10.13 Equal Treatment.

During the Declarant Rights Period, neither the Association nor any Neighborhood Association shall, without the prior written consent of Declarant, adopt any policy, rule, or procedure that:

(a) Limits the access of Declarant, its successors, assigns, and/or affiliates, or their respective Invitees, including personnel and/or visitors, to Neighborhood Common Elements, Common Elements, or other Areas of Common Responsibility;

(b) Limits or prevents Declarant, its successors, assigns, and/or affiliates or their personnel from advertising, marketing, or using the Association or the Common Elements or any property owned by any of them in promotional materials;

(c) Limits or prevents Purchasers of new residential housing constructed by Declarant, its successors, assigns, and/or affiliates in Skye Canyon from becoming Members of the Association or enjoying full use of the Common Elements, subject to the membership provisions of this Declaration and the Bylaws;

(d) Impacts the ability of Declarant, its successors, assigns, and/or affiliates, to carry out to completion its development plans and related construction activities for Skye Canyon, as such plans are expressed in the Master Plan. Policies, rules, or procedures affecting the provisions of existing easements established by Declarant and limiting the establishment by Declarant of easements necessary to complete Skye Canyon shall be expressly included in this provision. Easements that may be established by Declarant shall include, but shall not be limited to, easements for development, construction, utility installation, and landscaping activities; or

(e) Impacts the ability of Declarant, its successors, assigns, and/or affiliates to develop and conduct customer service programs and activities in a customary and reasonable manner.

Neither the Association nor any Neighborhood Association shall at any time exercise its authority over the Area of Common Responsibility or Neighborhood Common Elements (including, but not limited to, any gated entrances and other means of access to the Properties or the Exhibit "C" property or Private Amenities) to interfere with Declarant's rights set forth in this Declaration or to impede access to any portion of: (1) the Properties, (2) the Private Amenities, (3) any Lot now or hereafter added to this Declaration, or (4) the Exhibit "C" property.

10.14 Other Rights.

Declarant hereby reserves all other easements, rights, powers, and authority of Declarant set forth in this Declaration.

10.15 Exemption of Declarant.

Notwithstanding anything to the contrary in this Declaration, the following shall apply:

(a) Nothing in this Declaration shall limit, and no Owner or Association or Neighborhood Association shall do anything to interfere with, the right of Declarant to complete excavation and grading and the construction of Improvements to and on any portion of the Properties or to alter the foregoing or Declarant's construction plans and designs, or to construct such additional Improvements as Declarant deems advisable in the course of development of the Properties.

(b) This Declaration shall in no way limit the right of Declarant to grant additional licenses, easements, reservations and rights-of-way to itself, to governmental or public authorities (including without limitation public utility companies), or to others, as from time to time may be reasonably necessary to the proper development and disposal of Lots.

(c) Prospective Purchasers and Declarant shall have the right to use all and any portion of the Common Elements for access to the sales facilities of Declarant.

10.16 Termination of Rights.

The rights contained in this Article shall terminate as specifically provided in NRS Chapter 116 or upon the earlier of (a) thirty (30) years from the conveyance of the first Residential Lot to a Purchaser (provided that if Declarant or any of its affiliates still owns any property in the Properties or any of the real property described on Exhibit "C" on such thirtieth (30th) anniversary date, then such rights and reservations shall continue for one successive period of twenty (20) years thereafter) or (b) Recording by Declarant of a written statement that all new Residential Lot sales activity has ceased in Skye Canyon. Thereafter, Declarant may continue to use the Common Elements for the purposes stated in this Article only pursuant to a rental or lease agreement between Declarant and the Association that provides for rental payments based on the fair market rental value of any such portion of the Common Elements. This Article shall not be amended during the Declarant Rights Period without the prior written consent of Declarant.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

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

ARTICLE XI: EASEMENTS

11.1 Easements in Common Elements.

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

- (a) The Governing Documents and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The Board's rights set forth under Section 7.4, above, including, but not limited to, the Board's right to:
 - (1) Impose reasonable Rules and Regulations with regard to use of any recreational facility situated upon the Common Elements, including rules limiting the number of Family or guests who may use the Common Elements;
 - (2) Suspend the right of an Owner to use any recreational facilities on the Common Elements:
 - (A) For any period during which any assessment or other charge against such Owner's Lot remains delinquent; and
 - (B) For a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation, of the Governing Documents after Notice and Hearing;
 - (3) Permit use of any recreational facilities situated on the Common Elements by persons other than Owners and Residents and their respective Families and Invitees, permit use of any recreational facilities situated on the Common Elements by only Owners and/or Residents, and impose use fees in such amounts that may be established by the Board from time to time for any such use;
 - (4) Dedicate or transfer all or any part of the Common Elements, subject to such approval requirements as may be set forth in this Declaration and subject further to NRS Chapter 116;
 - (5) Mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in this Declaration, and subject further to NRS Chapter 116;

(6) Limit the use of Neighborhood Common Elements to the exclusive use of Owners in the relevant Neighborhood;

(7) Create, enter into agreements with, and grant easements to tax-exempt organizations under Section 7.12;

(d) The right of the Association to rent or lease any portion of any recreational facilities on the Common Elements on a short-term basis to any Person approved by the Association for the exclusive use of such Person and such Person's Family and/or Invitees; and

(e) The right of the Association to require Members (and/or their Families and guests) to present activity or use privilege cards, as may be issued by the Association, for access and use of recreational facilities on the Properties.

The initial Common Elements, if any, as identified in Exhibit "B" shall be conveyed to the Association prior to or concurrent with the conveyance of the first Lot to a Purchaser.

11.2 Easements of Encroachment.

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

11.3 Easements for Utilities, Etc.

(a) Association and Utility Easements. Declarant reserves for itself, during the Declarant Rights Period, and hereby grants to the Association and all utility providers, perpetual non-exclusive easements throughout all of the Properties (but not through a structure) to the extent reasonably necessary for the purpose of:

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

(2) Inspecting, maintaining, repairing, and replacing the utilities, infrastructure, and other Improvements described in Section 11.3(a)(1); and

(3) Reading utility meters.

(b) Recorded Specific Easements. Declarant also reserves for itself the non-exclusive right and power to grant and Record such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property described in Exhibits "A," "B," and/or "C."

(c) Property Restoration. All work associated with the exercise of the easements, as described in subsections (a) and (b) of this Section, shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry into the structures on any Lot or unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or Resident.

11.4 Easements To Save Additional Property.

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

11.5 Easements for Maintenance, Emergency, and Enforcement.

Declarant grants to the Association easements over the Properties as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Lot (a) for emergency, security, and safety reasons, (b) to perform maintenance and to inspect for the purpose of ensuring compliance with and enforcing the Governing Documents, and/or (c) to undertake any enforcement rights (including without limitation, abatement and removal actions) afforded to the Association by operation of Section 7.4 hereof. Such right may be exercised by any member of the Board, its duly authorized agents and assignees, and all emergency personnel in the performance of their duties.

11.6 Easements for Lake and Pond Maintenance and Flood Water.

Declarant reserves for itself, the Association, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water located within the Area of Common Responsibility to: (a) install, operate, maintain, and replace pumps to supply irrigation water to the Area of Common Responsibility; (b) construct, maintain, and repair structures and equipment used for retaining water; (c) maintain such areas in a manner consistent with the Community Standards; and (d) replace, remove, and/or fill in such bodies of water. Declarant, the Association, and their successors, assigns, and designees shall have an access easement over and across any of the Properties abutting or containing bodies of water to the extent reasonably necessary to exercise their rights under this Section.

Declarant further reserves for itself, the Association, and their successors, assigns, and designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Elements and Lots, (but not the Dwellings thereon) adjacent to or within 100 feet of bodies of water constituting a part of the Properties, in order to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) alter in any manner and generally maintain the bodies of water within the Area of Common Responsibility; and (c) maintain and landscape the slopes and banks pertaining to such areas. All persons entitled to exercise these easements shall use reasonable care in and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make

Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural occurrences.

11.7 Easements for Cross-Drainage.

Declarant hereby reserves for itself and grants to the Association easements over every Lot and the Common Elements (and other portions of the Area of Common Responsibility, to the extent practicable) for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of storm water onto adjacent portions of the Properties without the consent of the Owner(s) of the affected property, the Board, and Declarant (during the Declarant Rights Period).

11.8 Rights to Storm water Runoff, Effluent and Water Reclamation.

Declarant hereby reserves for itself and its designees all rights to ground water, surface water, storm water runoff, and effluent located or produced within the Properties, and each Owner agrees, by acceptance of a deed to a Lot, that Declarant shall retain all such rights. Such rights shall include the reservation of an easement over the Properties for access, installation, and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent. This Section 11.8 may not be amended without the consent of Declarant or its successor, and the rights created in this Section 11.8 shall survive termination of this Declaration.

11.9 Easements for Parking: Easements for Vehicular and Pedestrian Traffic.

The Association, through the Board, is hereby empowered to establish "parking" and/or "no parking" areas within the Common Elements and Rules and Regulations governing such matters, as well as to enforce such parking limitations and rules by all means lawful for such enforcement on public streets, including the removal of any violating vehicle, by those so empowered, at the expense of the Owner of the violating vehicle. If any temporary guest or recreational parking is permitted within the Common Elements, such parking shall be permitted only within any spaces and areas clearly marked for such purpose.

In addition to the general easements for use of the Common Elements reserved herein, there hereby are reserved to Declarant, the Association, and their respective successors, assigns, and Invitees, certain nonexclusive, appurtenant easements for vehicular and pedestrian traffic over private main entry gate areas and all Private Streets and sidewalks within the Properties including, but not limited to, those that may yet be built from time to time, and those that, when or after being built (by Declarant, Builder, or other authorized third party), comprise or will comprise Neighborhood Common Elements.

11.10 Easements Incident to Construction, and Marketing and Sales Activities.

In addition to the general easements for use of the Common Elements reserved herein, there shall be reserved to Declarant, its successors and assigns, and their respective Invitees, during the Declarant Rights Period, certain additional easements for access, ingress, and egress over, in, upon, under, and across the Properties, including the Common Elements including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's use, development, marketing and/or sales of the Properties, or any portion thereof; provided, however, that no such rights or easements shall be exercised by Declarant in such a manner as to interfere unreasonably with the occupancy, use, enjoyment, or access by any Owner, or its Family or Invitees, to or

of that Owner's Lot, or the Common Elements. Additionally, Declarant hereby partially assigns to and reserves for the benefit of each Builder a concurrent right of access, ingress, and egress over, in, upon, under, and across only the property located within such Builder's subdivision (including, but not limited to, the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to the Builder's use, development, marketing and/or sales of such property. These easements are subject to and only to the extent provided in the Build project plan approved by Declarant or as otherwise may be approved by Declarant, in writing, but without any liability to Declarant by reason of such approval; provided that no such right or easement shall be exercised by Builder in such a manner as to interfere unreasonably with the occupancy, use, enjoyment, or access by any Owner, or its Family or Invitees, to or of that Owner's Lot or Common Elements.

11.11 Easements for Public Service Use.

In addition to the foregoing easements over the Common Elements, there shall be, and Declarant hereby reserves and covenants for itself and all future Owners within the Properties, easements for: (a) placement of any fire hydrants on portions of certain Lots and/or Common Elements and other purposes normally related thereto and (b) City, County, state, and federal public services including, but not limited to, the right of postal, law enforcement, and fire protection services and their respective employees and agents to enter upon any part of the Common Elements or any Lot for the purpose of carrying out their official duties.

11.12 Easement for Special Events.

Declarant hereby reserves for itself and its respective successors, agents, assigns, and designees a perpetual, nonexclusive easement over the Common Elements for the purpose of sponsoring or conducting activities, events, or projects of general community interest at such locations and times as Declarant, in its sole discretion, deems appropriate. Each Owner, by accepting a deed or other instrument conveying any interest in a Lot, acknowledges and agrees that the exercise of this easement may result in a temporary increase in traffic, noise, gathering of crowds, and related inconveniences, and each Owner agrees on behalf of itself and the Residents of its Lot to take no action, legal or otherwise, that would interfere with the exercise of such easement. The Association shall take no action that would interfere with or otherwise attempt to restrict the exercise of this easement.

**ARTICLE XII:
CUSTOM LOTS**

12.1 General; Supplemental Declaration.

Pursuant to Supplemental Declaration(s), Custom Lots shall comprise Custom Lot Neighborhood(s), and shall be subject to additional covenants, conditions, and restrictions set forth by Declarant in its sole discretion including, but not necessarily limited to, additional requirements such as specific time deadlines for commencement and completion of construction by a Purchaser of the custom home on its Custom Lot.

12.2 Additional Design Guidelines.

Declarant, in its sole discretion, from time to time may promulgate additional design guidelines for Custom Lots. In such case or cases, the Owners of Custom Lots and the ARC shall follow and abide

by the additional design guidelines as well as the Architectural Guidelines in the implementation of Article 4.

**ARTICLE XIII:
NEIGHBORHOOD COMMON ELEMENTS**

13.1 Purpose.

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

13.2 Designation.

Initially, any Neighborhood Common Elements shall be designated as such in the deed conveying such area to the Association or on the subdivision Plat relating to such Common Elements; provided, any such assignment shall not preclude Declarant from later assigning use of the same Neighborhood Common Elements to additional Residential Lots and/or Neighborhoods, by a Supplemental Declaration, so long as Declarant has the right to annex additional property to this Declaration pursuant to Section 9.1.

Thereafter, a portion of the Common Elements may be assigned as Neighborhood Common Elements and Neighborhood Common Elements may be reassigned upon approval of the Board and the vote of the Requisite Membership Percentage, together with the Requisite Neighborhood Percentage of the Neighborhood(s) affected by the proposed assignment or reassignment; provided that, during the Declarant Rights Period, any such assignment or reassignment shall also require Declarant's written consent. In addition, Declarant's consent shall also be necessary until the Declarant Rights Period ends. Any assignment or reassignment of Neighborhood Common Elements shall be made in accordance with the requirements of NRS Chapter 116.

13.3 Use by Others.

The Association may, upon approval of a majority of the members of the Neighborhood Committee or board of directors of the Neighborhood Association for the Neighborhood(s) to which any Neighborhood Common Elements are assigned, permit Owners of Residential Lots in other Neighborhoods to use all or a portion of such Neighborhood Common Elements upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Neighborhood Common Elements.

**ARTICLE XIV:
PARTY WALLS AND OTHER SHARED STRUCTURES**

14.1 General Rules of Law to Apply.

Each wall, fence, driveway, or similar structure built as a part of the original construction on the Lots, other than a perimeter wall or fence as provided in Section 7.2, that serves and/or separates any two adjoining Lots shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

14.2 Maintenance, Damage, and Destruction.

The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure. If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and is not repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

**ARTICLE XV:
HOA PARKS**

15.1 Transfer of Parks to HOA.

Prior to any dedication to the City or the County as applicable, Declarant may, from time to time, convey any park or paseo ("HOA Park") to the Association or a Neighborhood Association ("HOA"), provided the conveyance is subject to the terms and conditions of Section 6 of the Development Agreement and the HOA acknowledges in writing that: (a) it is obligated to perform any unfulfilled terms and conditions of said Section 6 and (b) it accepts Declarant's maintenance obligations for such park or paseo.

15.2 Use and Control of HOA Parks Transferred.

With respect to any HOA Park, the HOA to which Declarant conveys title shall have the exclusive right to program and control the use thereof; provided, however, that in all circumstances the general public shall have reasonable rights of access and use to such all parks and paseos to the extent required by operation of the Development Agreement.

**ARTICLE XVI:
PRIVATE AMENITIES**

16.1 General; Disclaimers.

Each Owner in the Properties by acceptance of the deed to its Lot, whether or not so stated in such deed, is hereby conclusively deemed to have acknowledged and agreed: (a) that the high profile and

visibility, and/or prestige within metropolitan Las Vegas and elsewhere with the region and the nation, of the Private Amenities significantly enhance the visibility and prestige of Skye Canyon, even taking into consideration the detailed disclaimers and releases set forth in this Article and in Article 21 below, and (b) to have accepted this Article (and Article 21 below) and the provisions respectively thereof.

Each Owner further acknowledges and agrees that the Private Amenities are NOT A PART of the Common Elements and NOT A PART of the Properties and (although obligated to make periodic payments as set forth in Section 16.6 below) are not subject to Assessments under this Declaration. NEITHER MEMBERSHIP IN THE ASSOCIATION NOR OWNERSHIP OR OCCUPANCY OF A LOT SHALL CONFER ANY OWNERSHIP INTEREST IN OR RIGHT TO USE ANY PRIVATE AMENITY. Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined from time to time by the respective owners of the Private Amenities. The owners of the Private Amenities shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities, including, without limitation, eligibility for and duration of use rights, categories of use, extent of use privileges, and number of users, and shall also have the right to reserve use rights and to terminate use rights altogether, subject to the terms of any written agreements with their respective members.

16.2 Conveyance of Private Amenities.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing with regard to the continuing ownership or operation of any Private Amenity. No purported representation or warranty in such regard, either written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity. The ownership or operation of the Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations of any Private Amenity by a Person other than the current owner or operator, (b) the establishment of, or conversion of the membership structure to an "equity" club or similar arrangement whereby the members of the Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity, or (c) the conveyance of any Private Amenity to one or more of Declarant's affiliates, shareholders, employees, or independent contractors. Consent of the Association, any Neighborhood Association, or any Owner shall not be required to effectuate any change in ownership or operation of any Private Amenity, for or without consideration and subject to or free of any mortgage, covenant, lien, or other encumbrance.

16.3 View Impairment.

Neither Declarant, the Association, nor the owner of any Private Amenity guarantees or represents that any view over and across the Private Amenity from Lots adjacent to the Private Amenity will be preserved without impairment. Without limiting the foregoing, Owners of the Private Amenities shall have no obligation to prune or thin trees or other landscaping, and they shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Private Amenities from time to time.

16.4 Rights of Access and Parking.

For purposes of this Article, the Properties shall comprise the burdened property ("Burdened Property") and the Private Amenities (if any) shall comprise the benefitted property ("Benefitted

Property"). The owner(s) of the Benefitted Property, and portions thereof, are collectively referred to herein as the "Benefitted Property Owner." In addition to, and without limiting, any other easement set forth in this Declaration, Declarant has deemed it desirable to establish certain protective covenants, conditions, restrictions, and easements on and running with the Burdened Property, for the benefit of the Benefitted Property, in part to protect Declarant and any owner(s) of all or any part of the Benefitted Property against improper or inappropriate development and use of, and/or restrictions on, the Burdened Property or any part thereof.

Declarant hereby expressly reserves the following easements. The Benefitted Property Owner, its successors and assigns, their respective Invitees, and the Persons permitted to use the Private Amenities (or portion thereof) (regardless of whether such persons are Owners hereunder), shall at all times have a right and non-exclusive easement of ingress, egress, access, and use over all Common Elements, (including Private Streets, sidewalks, and entry areas) whether by automobile or other means, located within the Properties that are reasonably necessary to travel between the entrances to the Properties and the Benefitted Property and over those portions of the Properties (whether Common Elements or otherwise) reasonably necessary to the use, operation, maintenance, repair, and replacement of the Benefitted Property. Without limiting the generality of the foregoing, persons who are permitted use of the Private Amenities (or portions thereof) and members of the public as designated or permitted by the Benefitted Property Owner shall have the right to park their vehicles on the Private Streets and other Common Elements located within the Properties at reasonable times before, during, and after, events, tournaments, and other similar functions held by or at the Benefitted Property.

The use restrictions set forth in the Governing Documents shall inure to the benefit of the Benefitted Property and the Benefitted Property Owners to the extent reasonably appropriate.

The Association and the Benefitted Property Owner shall cooperate to the maximum extent reasonably possible in the respective operation of the Properties and the Private Amenities. Notwithstanding the foregoing, without the prior written consent of the Benefitted Property Owner in its sole discretion: (a) the Association shall have no power to promulgate or enforce rules or regulations affecting activities on or use of the Benefitted Property and (b) the Benefitted Property shall not be subject to any Association assessments, or other Association charges, including, but not limited to, such assessments or charges for use, maintenance, or repair of the Common Elements.

The covenants, conditions, restrictions, and reservation of easements contained herein shall run with, burden, and bind the Burdened Property, shall inure to the benefit of the Benefitted Property and the Benefitted Property Owner, and shall be enforceable by the Benefitted Property Owner. Neither this Section nor any other portion of this Declaration that affects the Benefitted Property or the use and enjoyment thereof may be terminated, extended, modified, or amended, as to the whole of the Burdened Property or any portion thereof, except by Recorded instrument executed and acknowledged by Benefitted Property Owner. No amendment may be made to this Section 16.4 or 16.5 or to any other provision of this Declaration that would adversely affect the Benefitted Property Owner, the Benefitted Property, or access to or use and enjoyment of the Private Amenities without the prior written consent of the Benefitted Property Owner.

16.5 Payments of Reasonable Amounts by Private Amenities.

Each Owner in the Properties by acceptance of the deed to its Lot, whether or not so stated in such deed, is conclusively deemed to have acknowledged and agreed that the high profile, visibility, and/or national prestige of the Private Amenities significantly enhance the visibility and prestige of Skye

Canyon and Properties. Subject to the foregoing, in consideration of the benefit to the Private Amenities of rights to use certain Private Streets and other Common Elements within Skye Canyon, as set forth in this Declaration, the Private Amenities shall be required to pay to the Association, in lieu of Assessments, the following "Reasonable Amounts," which shall be conclusively deemed to constitute reasonable amounts: amounts equal to Base Assessments computed on a deemed basis of one (1) share for every two (2) net acres (or portion thereof) comprising such Private Amenity, rounded up to the nearest whole number. No other payment shall ever be required by or for the benefit of the Association (or otherwise in connection with the Common Elements) from any Private Amenity. Reasonable Amounts shall be due and payable periodically in installments in like manner and at such times as Base Assessments are due from Lots under this Declaration. Declarant is hereby fully empowered and entitled, in its sole discretion, to enter into separate written agreements with the owners of the Private Amenities and to Record separate instruments to memorialize the foregoing.

16.6 Architectural Control.

Notwithstanding any provision in the Governing Documents to the contrary, the Private Amenities are not subject to the architectural review provisions set forth in this Declaration.

16.7 Further Limitations on Amendments.

In recognition of the fact that the provisions of this Article operate in part to benefit the Private Amenities, no amendment to this Article and no amendment in derogation of any other provisions of this Declaration benefiting any Private Amenity may be made without the written approval of the owner of the relevant Private Amenity. The foregoing shall not apply, however, to amendments made by Declarant. Notwithstanding the foregoing, or any other provision in this Declaration, without the express prior written approval of Declarant (or Declarant's successor or assignee of Record as to such rights): (a) the calculation of Reasonable Amounts set forth in Section 16.6 above shall not be altered so as to increase the Private Amenity's multiplier; (b) no other payment shall be required by or for the benefit of the Association (or related to the Common Elements) from any Private Amenity, or the owners respectively thereof; (c) this Article (expressly including, but not limited to, Section 16.6 above) may not be revoked, deleted, modified, or supplemented (collectively and severally, an "amendment"); and (d) any such purported amendment of this Article, or any portion thereof, or the effect respectively thereof, shall be void.

16.8 Jurisdiction and Cooperation.

It is Declarant's intention that the Association and the Private Amenity shall cooperate to the maximum extent possible in the operation of Skye Canyon and the Private Amenity. Each shall reasonably assist the other in upholding the Community Standards as they pertain to maintenance and the Architectural Guidelines. The Association shall have no power to promulgate Rules and Regulations other than those promulgated by Declarant affecting activities on or use of the Private Amenity without the prior written consent of the owners of the Private Amenity affected thereby.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

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

**ARTICLE XVII:
MORTGAGEE PROVISIONS**

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

17.1 Notices of Action.

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

(a) Any condemnation Loss or any casualty Loss that affects a material portion of the Properties or that affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder,

(b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has resulted in issuance of a notice of delinquent Assessment, or such earlier time as the Board may elect;

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

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

17.2 No Priority.

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

17.3 Notices to Association.

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

17.4 Failure of Mortgagee to Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 60 days of the date of the Association's request or such shorter period of time permitted by NRS Chapter 116, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

17.5 HUD/ VA Approval.

During the Declarant Control Period, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development ("HUD") or the U.S. Department of Veterans Affairs ("VA"), if either such agency is insuring or guaranteeing the Mortgage on any Lot but only to the extent necessary to meet any VA and/or HUD requirements applicable to the Properties: (a) merger, consolidation, or dissolution of the Association; (b) annexation of additional property other than that described in Exhibit "C"; (c) dedication, conveyance, or mortgaging by the Association of Common Elements; or (d) material amendment of this Declaration. Notwithstanding the foregoing, such prior approval shall not be a condition precedent if at such time HUD or VA has ceased to regularly require or issue such prior approval. The granting of easements for utilities or other similar purposes consistent with the intended use of the Common Elements shall not be deemed a conveyance within the meaning of this Section.

PART SEVEN: CHANGES IN THE COMMUNITY

Communities such as Skye Canyon are dynamic and constantly evolving as circumstances, technology, needs, desires, and laws change over time. Skye Canyon and its governing documents must be able to adapt to these changes while protecting the things that make Skye Canyon unique.

**ARTICLE XVIII:
CHANGES IN OWNERSHIP OF LOTS**

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

**ARTICLE XIX:
CHANGES IN COMMON ELEMENTS**

19.1 Condemnation.

If a Lot or portion thereof shall be taken by eminent domain, compensation and the Owner's interests in the Common Elements shall be allocated as provided in NRS Chapter 116. If any part of the Common Elements shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of the Requisite Membership Percentage or of Declarant (during Declarant Rights Period), by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Elements on which Improvements have been constructed, the Association shall restore or replace such Improvements on the remaining land included in the Common Elements to the extent available, unless within 60 days after such taking, Declarant (during the Declarant Rights Period) or the Requisite Membership Percentage shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions

of Section 7.3(c) regarding funds for restoring Improvements shall apply. If the taking or conveyance does not involve any Improvements on the Common Elements, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

19.2 Partition.

Except as permitted in this Declaration, the Common Elements shall remain undivided and no Person shall bring any action to partition of any portion of the Common Elements without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property that may or may not be subject to this Declaration, subject to NRS Chapter 116.

19.3 Transfer or Dedication of Common Elements.

The Association may dedicate portions of the Common Elements to the City, the County, or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by Sections 17.5 and 22.4.

**ARTICLE XX:
AMENDMENTS**

20.1 Amendment By Declarant.

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

Any of the foregoing notwithstanding, during the Declarant Rights Period, Declarant shall have the power, from time to time, to unilaterally amend this Declaration to correct any scrivener's errors, to clarify any ambiguous provision, to modify or supplement the Exhibits hereto, and otherwise to ensure that the Declaration conforms with the requirements of applicable law. Furthermore, by acceptance of a deed conveying any real property described in Exhibit "C" hereto, in the event such real property has not theretofore been annexed to the Properties encumbered by this Declaration and whether or not so expressed in such deed, the Purchaser-grantee thereof covenants that Declarant shall be fully empowered and authorized (but not obligated) at any time thereafter (and appoints Declarant as attorney in fact, to the fullest extent permitted by applicable law, of such Purchaser-grantee and his successors and assigns) to unilaterally execute and Record a Supplemental Declaration adding said real property to Skye Canyon and applicable Neighborhood, if any, in the manner provided for in NRS Chapter 116 and in Article 9 above.

20.2 Amendment By Members.

Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of: (a) the Requisite Membership Percentage, and (b) a majority of the voting power of the Board, and (c) the consent of Declarant for so long as Declarant or any affiliate of Declarant owns any of the Properties or owns any of the real property which may be added by Declarant to Skye Canyon pursuant to Section 9.1 hereof. Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

20.3 Consent of Declarant Required for Certain Amendments. Declarant has reserved and retained certain rights, easements, protections, and benefits under the terms of this Declaration. Due to Declarant's significant economic interest in preserving the rights, easements, protections, and benefits established under this Declaration, any amendment that operates to change or remove any of Declarant's rights, easements, benefits, and/or protections under this Declaration may occur only if the requisite number of Owners have approved the amendment in accordance with Section 20.2 and the Declarant has approved the amendment. The provisions of this Section 20.3 shall specifically apply, without limitation, to the provisions of Section 3.4, Section 4.8, Section 5.4, Article 9, Article 10, Article 11, Article 12, Article 16, and this Article 20.

20.4 Validity and Effective Date of Amendments.

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

Any amendment validly adopted by the Association shall be certified by the President or Secretary of the Association and shall become effective upon Recording unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within 12 months of its Recording or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

Nothing in this Article shall be construed to permit termination of any easement created in this Declaration or Supplemental Declaration without the consent of the holder of such easement.

PART EIGHT: ADDITIONAL PROVISIONS

ARTICLE XXI: ADDITIONAL DISCLOSURES, DISCLAIMERS, AND RELEASES

21.1 General Disclosures and Disclaimers Regarding Private Amenities.

By acceptance of a deed to a Lot, each Owner (for purposes of this Article, the term "Owner" shall include an Owner and/or Resident, and their respective Families and Invitees) shall conclusively be deemed to understand, and to have acknowledged and agreed to, all of the following disclosures and disclaimers. The Lots and Common Elements include absolutely no right, title, or interest in or to (or membership in, use of, or access to) the Private Amenities (and their respective components, and related facilities and features), as the same are subject to change in the sole discretion of the management of the

Private Amenities. The Private Amenities are NOT A PART OF the Properties, and ARE NOT a Common Element. Private Amenity ownership, membership, use, and access, are separate from, and not included in, the Properties.

Notwithstanding the foregoing, the owners and members of the Private Amenities, and their respective Invitees, shall have an easement of access to, enjoyment of, and ingress and egress over, certain Private Streets and entries and other Common Elements of Skye Canyon.

21.2 Disclosures and Disclaimers of Certain Other Matters.

Without limiting any other provision in this Declaration, by acceptance of a deed to a Lot, each Owner shall conclusively be deemed to understand, and to have acknowledged and agreed to, all of the following:

(a) There is and/or will be electrical power substations located on or adjacent to Skye Canyon (which term, as used throughout this Article, shall include all Lots and Common Elements), and there are presently and may be further major electrical power system components (high voltage transmission or distribution lines, transformers, etc.) from time to time located within or nearby Skye Canyon, which generate certain electric and magnetic fields ("EMF") around them. Without limiting any other provision in this Declaration, Declarant specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to EMF and each Owner hereby releases Declarant from any and all claims arising from or relating to said EMF, including, but not necessarily limited to, any claims for nuisance or health hazards; and

(b) Skye Canyon is or may be located within or nearby certain airplane flight patterns and/or subject to significant levels of airplane traffic and noise. Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to airplane flight patterns, and/or airplane noise and each Owner hereby releases Declarant from any and all claims arising from or relating to airplane flight patterns or airplane noise; and.

(c) Skye Canyon is or may be bisected by a multi-lane divided freeway (U.S. 95) and/or located adjacent to or nearby other major roadways and subject to levels of traffic thereon including, but not limited to, noise, dust, and other nuisance from such roadways and vehicles; and Declarant hereby specifically disclaims any and all representations or warranties, express and implied, with regard to or pertaining to roads and/or noise, dust, and other nuisance therefrom and each Owner hereby releases Declarant from any and all claims arising therefrom or relating thereto; and

(d) There is and/or will be a water reservoir site located on or adjacent to Skye Canyon, and Skye Canyon is located adjacent to or nearby major water and drainage channels, major washes, and a major water detention basin (the "Channel"), the ownership, use, regulation, operation, maintenance, Improvement, and repair of which are not within Declarant's control and over which Declarant has no jurisdiction or authority, and, in connection therewith: (1) the Channel may be an attractive nuisance to children; (2) maintenance and use of the Channel may involve various operations and applications, including (but not necessarily limited to) noisy electric, gasoline, or other power driven vehicles and/or equipment used by Channel maintenance and repair personnel during various times of the day, including, without limitation, early morning and/or late evening hours; (3) the possibility of damage to Improvements and property on the Properties, particularly in the event of overflow of water or other substances from or related to the Channel, as the result of nonfunction, malfunction, or overtaxing of the Channel or any other reason; and (4) any or all of the foregoing may cause inconvenience and disturbance to Owner and other persons in or near the Lot and/or Common Elements, and possible injury to person

and/or damage to property, and Owner hereby releases Declarant from any and all claims arising therefrom or relating thereto; and

(e) That construction or installation of Improvements by Declarant, other Owners, or third parties may impair or eliminate the view, if any, of or from any Lot and/or Common Elements, and Owner hereby releases Declarant from any and all claims arising from or relating to said impairment or elimination; and

(f) That portions of the Common Elements, and/or other property, landscaping and water features within the Skye Canyon which the Association may hereafter be required to maintain, may be irrigated with reclaimed water or treated effluent water; that pipes supplying such reclaimed water or treated effluent water may pass underground along portions of the Skye Canyon; that there may also (but need not necessarily) be a pond or other water feature located in or near the general vicinity of the Skye Canyon, supplied all or in part with reclaimed water or treated effluent water; and that such reclaimed water or treated effluent water may be malodorous and/or a potential hazard to health if ingested, and from time to time may be wind-blown across and upon the Skye Canyon; and that each Owner hereby releases Declarant from any and all claims arising therefrom or relating thereto; and

(g) That the Common Elements existing from time to time in the Skye Canyon are anticipated to consist of a recreation center and parks and landscape areas (including without limitation, linear parks, and other park facilities); that in connection with such Common Elements: (1) no assurances or guaranties are made by Declarant as to the exact nature of the recreational areas, amenities, and other features that will or must be built; (2) no assurances or guaranties are made by Declarant with respect whether any such recreational areas, amenities, and other features that is built and made part of the Common Elements under this Declaration, will continue to be maintained and operated by the Association at the same service level or condition as originally constructed; and (3) the recreational areas, amenities, and other features, and the services hereafter maintained or provided by or through the Association in connection with such facilities, may vary in the future as may be determined by the Board subject to the limitations set forth in this Declaration; and that each Owner hereby releases Declarant from any and all claims arising therefrom or relating thereto; and

(h) That the use of the Common Elements (and the facilities and Improvements from time to time constituting part of the Common Elements), by Residents and their Invitees shall be at such Person's own personal risk and responsibility; and that each Owner hereby releases Declarant and the Association, including its Board of Directors, Manager, employees, and related entities from any and all claims arising therefrom or relating thereto; and

(i) That the operation and maintenance of the Common Elements by the Association and the use of such Common Elements will be subject to or affected by all or any one or more of the following: (1) the right of the Association and its employees, agents, suppliers, and contractors, to maintain, repair, and replace, the Improvements now or hereafter part of the Common Elements, including without limitation outdoor sports facilities; (2) high levels of noise, traffic (both pedestrian and vehicular) and lighting may from time to time be associated with the use of the Common Elements on various days of the week, including weekends, and during various times of the day, including, without limitation, early morning and late evening hours; (3) access to and over the Common Elements may be unlimited or limited by the Association from time to time; and that all and any one or more of the matters described above may cause inconvenience and disturbance to the Owners, and other Residents and Invitees of the Lot Owners, and possible injury to person and damage to property, and each Owner has carefully considered the foregoing matters, and the location of the Common Elements and their projected proximity to the Lot, before making the decision to purchase a Lot in the Property; and that each Owner

hereby releases Declarant and the Association, including its Board of Directors, Manager, employees, and related entities from any and all claims arising therefrom or relating thereto; and

(j) That Declarant has reserved certain easements, rights and powers, for Declarant and the various Builders, as set forth in this Declaration; and that each Owner understands, acknowledges, and agrees that Declarant and the Builders have the benefit of such easements, rights and powers under this Declaration, which will limit and affect the rights of all Owners and Residents; and that each Owner hereby releases Declarant and each Builder from any and all claims arising therefrom or relating thereto; and

(k) That no jungle gyms, swing sets, or similar playground equipment may be erected or installed on any Residential Lot without prior written approval of the ARC in accordance with Article 4 except for playground equipment erected or installed in the Rear Yard of a Residential Lot that does not exceed the height of the wall enclosing the Rear Yard of the Residential Lot, and that all playground or other play areas or equipment furnished by the Association or erected within the Properties by any Person shall be used at the risk of the user, and that Owner hereby releases Declarant and the Association from any and all claims or injury arising from or relating to use thereof; and

(l) That residential subdivision and home construction is an industry inherently subject to variations and imperfections, and items that do not materially affect safety or structural integrity shall be deemed "expected minor flaws" (including, but not limited to: reasonable wear, tear, or deterioration; shrinkage, swelling, expansion or settlement; squeaking, peeling, chipping, cracking, or fading; touch-up painting; minor flaws or corrective work; and like items) and not constructional defects; and

(m) That: (1) the finished construction of the Lot and the Common Elements, while within the standards of the industry in metropolitan Las Vegas, Clark County, Nevada and in substantial compliance with the plans and specifications, will be subject to expected minor flaws and (2) issuance of a Certificate of Occupancy by the relevant governmental authority with jurisdiction shall be deemed conclusive evidence that the relevant Improvement has been built within such industry standards; and

(n) That indoor air quality of the Lot and/or Common Elements may be affected, in a manner and to a degree found in new construction within industry standards, by particulates or volatiles emanating or evaporating from new carpeting or other building materials, fresh paint, or other sealants or finishes, and so on; and

(o) That installation and maintenance of a gated entry gate guard house, or any security device, operation, or method, shall not create any presumption, or duty whatsoever of Declarant or the Association (or their respective officers, directors, managers, employees, agents, and/or contractors) with regard to security or protection of person or property within or adjacent to Skye Canyon; and that gated entrances may restrict or delay entry into the gated area and/or Skye Canyon by law enforcement, fire protection, and/or emergency medical care personnel and vehicles; and each Owner shall be deemed to have voluntarily assumed the risk of such restricted or delayed entry; and

(p) That Purchaser acknowledges having received from Declarant information regarding the zoning designations and the designations in the master plan regarding land use, adopted pursuant to NRS Chapter 278, for the parcels of land adjoining the Properties to the north, south, east, and west together with a copy of the most recent gaming enterprise district map and related disclosures made available for public inspection by the jurisdiction in which the Lot is located. Declarant makes no further representation and no warranty, express or implied, with regard to any matters pertaining to adjoining

land or uses thereof or to any gaming uses. Purchaser is hereby advised that the master plan and zoning ordinances and gaming enterprise districts are subject to change from time to time. If additional or more current information concerning such matters is desired, Purchaser should contact the appropriate governmental planning department. Each Purchaser acknowledges and agrees that its decision to purchase a Lot is based solely upon Purchaser's own investigation and not upon any information provided by any sales agent; and

(q) That Declarant presently plans to develop only those lots that have already been released for construction and sale, and that Declarant has no obligation with respect to future phases, any "custom lots," plans, zoning, or development of other real property contiguous to or nearby the Lot; and (a) proposed or contemplated residential and other developments may have been illustrated in the plot plan or other sales literature in or from Declarant's sales office and Purchaser may have been advised of the same in discussions with sales personnel; however, notwithstanding such plot plans, sales literature, or discussions or representations by sales personnel or otherwise, Declarant is under no obligation to construct such future or planned developments or units and the same may not be built in the event that Declarant, for any reason whatsoever, decides not to build same; (b) Purchaser is not entitled to rely upon, and in fact has not relied upon, the presumption or belief that the same will be built; and (c) no sales personnel or any other person in any way associated with Declarant has any authority to make any statement contrary to the provisions set forth in the foregoing or any provision of the written purchase agreement.

21.3 Releases.

By acceptance of a deed to a Unit, each Owner, for itself and all Persons claiming rights under such Ownership, shall conclusively be deemed to have acknowledged and agreed to release Declarant, the ARC, the Association (including its Board of Directors and its Manager), and to the extent applicable, (a) any Builder and (b) any architects, designers, owner(s) and operator(s) of the Private Amenities, along with their successors, assigns, Invitees and respective officers, managers, agents, employees, suppliers and contractors from any and all loss, damage, or liability (including, but not limited to, any claim for nuisance or health hazards) related to or arising in connection with any disturbance, inconvenience, injury, or damage resulting from or pertaining to all and/or any one or more of the conditions, activities, or occurrences described in the foregoing Sections 21.1 and 21.2.

ARTICLE XXII: GENERAL PROVISIONS

22.1 No Public Right or Dedication.

Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Properties to the public, or a gift or dedication of all or any part of the Properties for any public use.

22.2 Limited Liability.

Except to the extent expressly prohibited by any applicable provision of NRS Chapter 116, neither Declarant nor Association, nor any Director or Officer, committee representative, agent or employee respectively thereof, shall be liable to any Owner or any other Person for any action or for any failure to act with respect to any matter if the action taken or failure to act was in good faith. The Association shall indemnify, to the fullest extent permitted by law, every present and former Officer and

Director and every present and former committee representative against all liabilities incurred as a result of holding such office.

22.3 Business of Declarant.

Except to the extent expressly provided herein or as required by any applicable provision of NRS Chapter 116, no provision of this Declaration shall be applicable during the Declarant Rights Period to limit or prohibit any act of Declarant, its agents, or representatives in connection with or incidental to Declarant's Improvement and/or development of the Properties.

22.4 Compliance with NRS Chapter 116.

Each of the Governing Documents, including this Declaration, is intended to comply with the requirements of the NRS Chapter 116 applicable to common-interest communities, and the Governing Documents shall be interpreted, if at all possible, so as to be consistent with the NRS Chapter 116. If there is any conflict between the Governing Documents and the provisions of the foregoing statutes, the provisions of the applicable statutes shall control.

22.5 Attorneys' Fees.

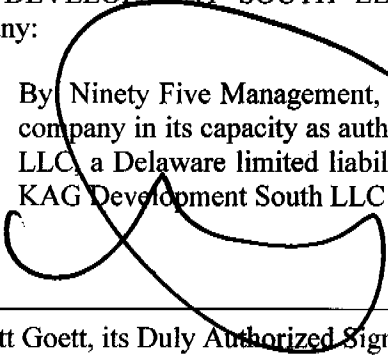
In the event of an action instituted to enforce any of the provisions contained in the Governing Documents, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, reasonable attorneys' fees and costs, including administrative and lien fees, of such suit. In the event the Association is a prevailing party in such action, the amount of such attorneys' fees and costs shall be a Specific Assessment with respect to the Lot(s) involved in the action.

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

DECLARANT:

KAG DEVELOPMENT SOUTH LLC, a Delaware limited liability company:

By Ninety Five Management, L.L.C., a Nevada limited liability company in its capacity as authorized Manager of KAG Property LLC, a Delaware limited liability company, the sole member of KAG Development South LLC



Date 10/7/14

R. Brett Goett, its Duly Authorized Signatory

STATE OF ARIZONA)
) ss
County of MARICOPA)

This instrument was acknowledged before me on October 7, 2014, by R. Brett Goett as Duly Authorized Signatory of Ninety Five Management, L.L.C., Manager of KAG Property LLC, sole member of KAG Development South LLC.



MILENA CAPEZZUTO
Notary Public - Arizona
Maricopa County
Expires 05/15/2015



Notary Public

My Commission Expires: 05/15/2015

Milena Capezzuto
Maricopa County
Ex. 5/15/15

EXHIBIT "A"
LAND INITIALLY SUBMITTED

1. **Legal Description.** The legal description of the real property constituting the first phase of the Community is:

A non-exclusive easement for access, ingress and egress over and across COMMON LOT "A" of the PARENT FINAL MAP OF SKYE CANYON PHASE 1, as shown by map thereof on file in Book 147 of Plats, page 71, in the Office of the County Recorder of Clark County, Nevada.

2. **Classification.** The real property constituting the first phase of the community (as described above) is a Common Element.

[NOTE: Declarant reserves the right, from time to time, to unilaterally record supplements to this Exhibit, setting forth the legal descriptions of any plat map and/or to unilaterally supplement, delete, or otherwise modify of record all or any part(s) of the descriptions set forth in this Exhibit.]

EXHIBIT "B"
COMMON ELEMENTS INITIALLY SUBMITTED

That certain real property located in the City of Las Vegas, Clark County, Nevada, described as follows:

A non-exclusive easement for access, ingress and egress over and across COMMON LOT "A" of the PARENT FINAL MAP OF SKYE CANYON PHASE 1, as shown by map thereof on file in Book 147 of Plats, page 71, in the Office of the County Recorder of Clark County, Nevada.

[NOTE: Declarant reserves the right, from time to time, to unilaterally record supplements to this Exhibit, setting forth the legal descriptions of any plat map and/or to unilaterally supplement, delete, or otherwise modify of record all or any part(s) of the descriptions set forth in this Exhibit.]

EXHIBIT "C"
LAND SUBJECT TO ANNEXATION

That certain real property located in the City of Las Vegas, Clark County, Nevada, described as follows:

PARCEL 1:

GOVERNMENT LOTS ONE (1) THROUGH SIXTEEN (16), INCLUSIVE, BEING ALL OF SECTION 12, TOWNSHIP 19 SOUTH, RANGE 59 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 2:

GOVERNMENT LOTS NINETEEN (19) THROUGH TWENTY-SIX (26), INCLUSIVE, IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING FROM GOVERNMENT LOT TWENTY-ONE (21) THE FOLLOWING DESCRIBED PARCEL:

THE WEST HALF (W ½) OF THE SOUTHEAST QUARTER (SE ¼) OF SAID GOVERNMENT LOT TWENTY-ONE (21).

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 3:

THE WEST HALF (W ½) OF THE SOUTHEAST QUARTER (SE ¼) OF GOVERNMENT LOT TWENTY-ONE (21) IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 4:

GOVERNMENT LOT FIFTEEN (15) IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 5:

GOVERNMENT LOT SIXTEEN (16) IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 6:

GOVERNMENT LOT FOURTEEN (14) IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 7:

GOVERNMENT LOT SEVENTEEN (17) IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 8:

GOVERNMENT LOTS TWELVE (12), EIGHTEEN (18) AND TWENTY-SEVEN (27) THROUGH THIRTY (30), INCLUSIVE, IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 9:

GOVERNMENT LOT TEN (10) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 10:

GOVERNMENT LOT NINE (9) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

FURTHER EXCEPTING THEREFROM THAT PORTION OF LAND CONVEYED TO THE CITY OF LAS VEGAS, A MUNICIPAL CORPORATION IN THAT CERTAIN GRANT DEED RECORDED MAY 10, 2012 IN BOOK 20120510 AS INSTRUMENT NO. 02932.

FURTHER EXCEPTING THEREFROM THAT PORTION OF LAND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE NORTHEAST QUARTER (NE ¼) AND THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SAID SECTION 7; THENCE SOUTH 00°46'36" EAST, ALONG THE EASTERLY LINE THEREOF, A DISTANCE OF 497.58 FEET TO A POINT OF CUSP ON A NON-TANGENT CURVE; THENCE DEPARTING SAID LINE, NORTHWESTERLY ALONG THE ARC OF SAID CURVE, CONCAVE SOUTHWESTERLY, FROM WHICH POINT A RADIAL LINE BEARS SOUTH 77°51'30" WEST, HAVING A RADIUS OF 2040.00 FEET, THROUGH A CENTRAL ANGLE OF 12°33'14", A DISTANCE OF 446.98 FEET TO A POINT OF A REVERSE CURVE; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, CONCAVE SOUTHEASTERLY, FROM WHICH POINT A RADIAL LINE BEARS NORTH 65°18'16" EAST, HAVING A RADIUS OF 40.00 FEET, THROUGH A CENTRAL ANGLE OF 81°50'55", A DISTANCE OF 57.14 FEET; THENCE NORTH 57°09'11" EAST, A DISTANCE OF 141.47 FEET TO A POINT ON THE EASTERLY LINE OF THE NORTHEAST QUARTER (NE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SAID SECTION 7; THENCE SOUTH 00°45'48" EAST, ALONG SAID EASTERLY LINE, A DISTANCE OF 52.75 FEET TO THE POINT OF BEGINNING.

NOTE: THE ABOVE METES AND BOUNDS LEGAL DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED MAY 18, 2012 IN BOOK 20120518 AS INSTRUMENT NO. 01318.

PARCEL 11:

GOVERNMENT LOT ELEVEN (11) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 12:

GOVERNMENT LOT TWELVE (12) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION OF LAND CONVEYED TO THE CITY OF LAS VEGAS, A MUNICIPAL CORPORATION IN THAT CERTAIN GRANT DEED RECORDED MAY 10, 2012 IN BOOK 20120510 AS INSTRUMENT NO. 02932.

FURTHER EXCEPTING THEREFROM THAT PORTION OF LAND DESCRIBED AS FOLLOWS:

BEING A PORTION OF THE NORTHEAST QUARTER (NE ¼) AND THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF THE SOUTHEAST QUARTER (SE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SAID SECTION 7; THENCE SOUTH 00°46'36" EAST, ALONG THE EASTERLY LINE THEREOF, A DISTANCE OF 497.58 FEET TO A POINT OF CUSP ON A NON-TANGENT CURVE; THENCE DEPARTING SAID LINE, NORTHWESTERLY ALONG THE ARC OF SAID CURVE, CONCAVE SOUTHWESTERLY, FROM WHICH POINT A RADIAL LINE BEARS SOUTH 77°51'30" WEST, HAVING A RADIUS OF 2040.00 FEET, THROUGH A CENTRAL ANGLE OF 12°33'14", A DISTANCE OF 446.98 FEET TO A POINT OF A REVERSE CURVE; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, CONCAVE SOUTHEASTERLY, FROM WHICH POINT A RADIAL LINE BEARS NORTH 65°18'16" EAST, HAVING A RADIUS OF 40.00 FEET, THROUGH A CENTRAL ANGLE OF 81°50'55", A DISTANCE OF 57.14 FEET; THENCE NORTH 57°09'11" EAST, A DISTANCE OF 141.47 FEET TO A POINT ON THE EASTERLY LINE OF THE NORTHEAST QUARTER (NE ¼) OF THE NORTHWEST QUARTER (NW ¼) OF SAID SECTION 7; THENCE SOUTH 00°45'48" EAST, ALONG SAID EASTERLY LINE, A DISTANCE OF 52.75 FEET TO THE POINT OF BEGINNING.

NOTE: THE ABOVE METES AND BOUNDS LEGAL DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED MAY 18, 2012 IN BOOK 20120518 AS INSTRUMENT NO. 01318.

PARCEL 13:

GOVERNMENT LOT NINETEEN (19) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 14:

GOVERNMENT LOT EIGHTEEN (18) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 15:

GOVERNMENT LOT TWENTY (20) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 16:

GOVERNMENT LOT TWENTY-ONE (21) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

PARCEL 17:

GOVERNMENT LOTS SIX (6) AND EIGHT (8) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 18:

GOVERNMENT LOT FOURTEEN (14) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCEL 19:

GOVERNMENT LOT SIXTEEN (16) IN SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CLARK COUNTY, NEVADA.

EXCEPTING THEREFROM THAT PORTION LYING WITHIN THE U.S. HIGHWAY 95/RANCHO DRIVE AS IT PRESENTLY EXISTS.

PARCELS 9 AND 10 AND GOVERNMENT LOT 8 IN PARCEL 17 ARE NOW KNOWN AS PORTION OF PARCELS 1 AND 2 OF PARCEL MAP 114, PAGE 22, IN THE OFFICE OF THE CLARK COUNTY RECORDED, CLARK COUNTY, NEVADA.

PARCEL 20:

BEING A PORTION OF LOT 1 AS SHOWN BY THAT MAP IN FILE 105, PAGE 18 OF PARCEL MAPS IN THE CLARK COUNTY RECORDER'S OFFICE, CITY OF LAS VEGAS, CLARK COUNTY, NEVADA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER (NW ¼) OF THE NORTHEAST QUARTER (NE ¼) OF SECTION 7, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.M., CITY OF LAS VEGAS, CLARK COUNTY, NEVADA; THENCE NORTH 00°45'48" WEST, ALONG THE WESTERLY LINE THEREOF, A DISTANCE OF 123.57 FEET TO THE POINT OF BEGINNING; THENCE NORTH 00°45'48" WEST, CONTINUING ALONG SAID LINE, A DISTANCE OF 416.32 FEET; THENCE DEPARTING SAID LINE, SOUTH

36°36'47" EAST, A DISTANCE OF 326.80 FEET TO A POINT OF A TANGENT CURVE; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, CONCAVE WESTERLY, HAVING A RADIUS OF 25.00 FEET, THROUGH A CENTRAL ANGLE OF 93°45'58", A DISTANCE OF 40.91 FEET; THENCE SOUTH 57°09'11" WEST, A DISTANCE OF 217.65 FEET TO THE POINT OF BEGINNING.

NOTE: THE ABOVE METES AND BOUNDS LEGAL DESCRIPTION APPEARED PREVIOUSLY IN THAT CERTAIN DOCUMENT RECORDED MAY 18, 2012 IN BOOK 20120518 AS INSTRUMENT NO. 00677 OF OFFICIAL RECORDS.

PARCEL 21:

THE EAST HALF (E ½) OF THE NORTHWEST QUARTER (NW ¼) OF THE SOUTHEAST QUARTER (SE ¼) OF THE SOUTHWEST QUARTER (SW ¼) OF SECTION 6, TOWNSHIP 19 SOUTH, RANGE 60 EAST, M.D.B. & M., CLARK COUNTY, NEVADA.

EXCEPT THEREFROM THAT PORTION CONVEYED TO THE STATE OF NEVADA LYING WITHIN U.S. HIGHWAY NO. 95, AS THE SAME MAY NOW EXIST.

ALSO EXCEPT THEREFROM THAT PORTION CONVEYED TO THE STATE OF NEVADA BY DEED RECORDED MARCH 13, 1986 IN BOOK 860313 AS DOCUMENT NO. 00102, OFFICIAL RECORDS.

AND

ALL THAT REAL PROPERTY LYING WITHIN THE BOUNDARIES OF SKYE CANYON PHASE 1 AS SHOWN BY MAP THEREOF ON FILE IN BOOK 147 OF PLAT, PAGE 71, IN THE OFFICE OF THE COUNTY RECORDER OF CLARK COUNTY, NEVADA.

[NOTE 1: The real property listed in this Exhibit constitutes the real property with respect to which the Declarant has reserved the right to add, in whole or in part, to the Properties pursuant to and in accordance with the term of Section 9.1 of the Declaration. Neither the Declaration nor this Exhibit obligates Declarant to annex all or any part of the property described in this Exhibit to the Properties.]

NOTE 2: The Declaration is not intended to create an encumbrance on title to the property described in this Exhibit.

NOTE 3: Declarant reserves the right, from time to time to unilaterally record supplements to this Exhibit for the purpose of setting forth the legal descriptions relating to any amendment to the maps referred to herein or any new map of any portion of the real property described above.]