ARTICLES OF INCORPORATION
OF
STONE CANYON LUXURY LOFTS HOMEOWNERS ASSOCIATION

ARTICLE I
NAME

The name of this nonprofit corporation (hereinafter called the "Association") is STONE CANYON LUXURY LOFTS HOMEOWNERS ASSOCIATION.

ARTICLE II
ORGANIZATIONAL AUTHORITY

This Association is organized pursuant to Chapter 82 of Nevada Revised Statutes ("NRS") as a Nevada nonprofit corporation and pursuant to NRS Chapter 116, the Nevada Uniform Common Interest Ownership Act (as now or hereafter in effect, the "Act") as set forth herein.

ARTICLE III
RESIDENT AGENT

The initial Resident Agent of the Association is Rice Silbey Reuther & Sullivan, LLP, whose address is 3960 Howard Hughes Parkway, Suite 700, Las Vegas, Nevada 89109.

ARTICLE IV
PURPOSES

The purpose for which the Association is formed is to provide for the management, administration, maintenance, and improvement of a single family residential development known as "Stone Canyon Luxury Lofts", located in Las Vegas, Clark County, Nevada and the enforcement of that certain Declaration of Covenants, Conditions, Restrictions, Reservations, and Easements for Stone Canyon Luxury Lofts recorded in the Official Records of the Clark County, Nevada Recorder (now or hereafter in effect, the "Declaration").

In furtherance of its purposes, the Association shall have the powers, rights and privileges which a corporation organized under NRS Chapter 82 of the State of Nevada may now or hereafter exercise by law, and the following powers, rights, duties and privileges to the extent necessary and proper for the governance and operation of the Association under the Declaration and the Bylaws:

(a) Repair, Maintenance, and Operation of Common Elements. The power and duty to own, plant, upkeep, restore, replace, manage, improve, maintain and repair the Common Elements and all Improvements thereon, and to pay for utilities, gardening, and other necessary services therefor, as expressly set forth in the Declaration.
(b) **Assessments.** The power and duty to levy Assessments on the Owners of all of the Property in accordance with the Declaration, and to enforce payment of such Assessments, including establishment and foreclosure of liens therefor, all in accordance with the Declaration and Nevada law.

(c) **Easements and Rights-of-Way.** Subject to approval by the County, the power, but not the duty, to grant and convey to any Person easements and rights-of-way in, on, over, under, or through the Common Elements for the purpose of constructing, erecting, operating, or maintaining thereon, therein, and thereunder, any public or quasi-public Improvements or facilities.

(d) **Manager.** The power, but not the duty, to employ or contract with a Manager to perform all or any part of the duties and responsibilities of the Association, and the power, but not the duty, to delegate its powers to the Manager, and committees, officers and employees.

(e) **Construction on Common Elements.** The power, but not the duty, by action of the Board, to construct new Improvements or additions to the Common Elements or demolish existing Improvements.

(f) **Legal and Accounting Services.** The power, but not the duty, if deemed appropriate by the Board or required by a governmental agency, to retain and pay for legal and accounting services as may be necessary or proper in the operation of the Association, or in performing any of the express duties or rights of the Association set forth in these Articles, the Bylaws or the Declaration. The Association shall have no right or power to prosecute or promote any litigation in its name, or on behalf of any Owner or Owners concerning any real or personal property, or injury or damage related thereto, other than concerning the Common Elements or the collection and enforcement of Assessments.

(g) **Additional Express Powers.** The power to perform any and all additional duties and functions expressly provided in the Declaration as duties or functions of the Association.

(h) **Necessary and Incidental Power.** The power, but not the duty, to perform any and all lawful acts incidental to and in furtherance of the Association's exercise of its powers set forth in these Articles, the Declaration or the Bylaws, which the Association deems necessary or proper.

**ARTICLE V**

**MEMBERSHIP**

Every person or entity who is a record owner of a fee or undivided fee interest in any Unit (as defined in the Declaration) shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an
obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit.

ARTICLE VI
VOTING RIGHTS

The Association shall have one (1) class of voting membership. Each Member will be entitled to cast one (1) vote for each Unit owned by the Member. When more than one person holds an interest in any Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Additionally, the Association shall have an initial class of membership ("Initial Class") which shall consist of the persons designated in these Articles of Incorporation as the initial members of the Board of Directors. The Initial Class members shall have no voting rights in the Association, except in their capacity as members of the initial Board of Directors and their membership in the Association shall automatically terminate upon the election of their respective successors as members of the Board of Directors.

Subject to the requirements hereinbelow provided, every Member in good standing entitled to vote at any election for Directors shall have the right to cumulate his or her votes and give one (1) candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which he or she is entitled, or to distribute his or her votes on the same principle among as many candidates as he or she shall think fit. No Member shall be entitled to cumulate votes unless the name of the candidate or candidates for whom such votes would be cast has been placed in nomination prior to the voting and the Member has given notice in accordance with the Bylaws of the Association of the Member's intention to cumulate votes. If any Member has given such notice, all Members may cumulate their votes for candidates in nomination. The candidates receiving the highest number of votes entitled to be voted for them, up to the number of Directors to be elected, shall be elected.

The Board of Directors shall have the power to establish qualifications, limitations or restrictions on the voting rights of the Members pursuant to resolution. Without limiting the foregoing, the Bylaws may provide that membership rights and privileges, including the voting rights of any Member, may be suspended by the Board of Directors for any period of time during which a Member's assessments are unpaid and/or for a period of not more than 30 days during which a Member is in violation of the Declaration, or the Bylaws. Neither the Membership rights and privileges of the Declarant (as defined in the Declaration), nor the voting rights and privileges of the Declarant, however, may be suspended during a period in which the Declarant is not paying some or all of its assessments because of an agreement with the Association pursuant to which the Declarant maintains some or all of the Association's common elements or pays some or all of the Association's expenses in lieu of the payment of assessments.
Notwithstanding anything to the contrary contained herein, during the Declarant Control Period the Declarant shall have the right to appoint and remove the officers of the Association and the members of the Board of Directors, as permitted by the Act and as further set forth in the Declaration.

ARTICLE VII
BOARD OF DIRECTORS

The affairs of this Association shall be managed by a Board of Directors, which shall consist of at least three (3) and not more than five (5) persons. After the expiration of the Declarant Control Period, a majority of the Directors shall be Members of the Association. Subject to the limitations contained in the laws of the State of Nevada and herein, the number of Directors may be changed from time to time as provided in the Bylaws of the Association.

The initial Board of Directors shall consist of three (3) persons, and the names of those selected for the first year or until their successors have been elected and accepted office as members of the Board of Directors of the Association and their addresses are:

Tommy Isola
2450 Chandler Avenue, Ste. 7
Las Vegas, Nevada 89120

Michael Murphy
2450 Chandler Avenue, Ste. 7
Las Vegas, Nevada 89120

Tyler Jones
2450 Chandler Avenue, Ste. 7
Las Vegas, Nevada 89120

ARTICLE VIII
DISSOLUTION OR TRANSFER OF ASSETS

So long as there is any Unit for which the Association is obligated to provide management, administration and maintenance, then, without the approval of one hundred percent (100%) of the Members, the Association or any person acting on its behalf shall not transfer all or substantially all of its assets or file a certificate of dissolution.

Upon dissolution of the Association, other than incident to a merger or consolidation, the net assets of the Association shall be distributed in accordance with the Declaration and the Act.
ARTICLE IX
AMENDMENTS

Amendments to these Articles of Incorporation shall require the consent (by vote or written consent) of Members representing sixty-seven percent (67%) or more of the voting power of the Members.

Notwithstanding the above or any other section of these Articles of Incorporation, the percentage of the voting power of the Association necessary to amend a specific clause or provision herein shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision.

Annexation of real property in addition to the Annexable Property, mergers and consolidations, mortgaging of Common Elements, dissolution and amendment of these Articles, requires prior written approval of the VA and/or HUD during the Declarant Control Period to the extent necessary to meet any VA and/or HUD requirements applicable to the Project.

ARTICLE X
DIRECTORS AND OFFICERS LIABILITY
AND
INDEMNIFICATION

No Director or officer shall have personal liability to the Association or its Members for damages for breach of fiduciary duty as a Director or officer, except for acts or omissions which involve intentional misconduct, fraud or a knowing violation of law. Any repeal or modification of this Article shall be prospective only and shall not affect the limitation of liability provided for acts or omissions prior to repeal or modification.

Each Director and officer of the Association shall be entitled to indemnification for losses or claims arising from service as a Director or officer, and the Association shall undertake all costs of defense of any action to the full extent permitted by law and unless it is proven that the Director's or officer's conduct involved willful or wanton misfeasance or gross negligence.

ARTICLE XI
DEFINITIONS

All capitalized terms used herein that are defined in the Declaration shall have the same meanings in these Articles of Incorporation as set out in the definitions of the Declaration.
ARTICLE XII
INCORPORATOR

The name and address of the Incorporator of the Association is as follows:

Renee R. Reuther
Rice Silbey Reuther & Sullivan, LLP
3960 Howard Hughes Parkway, Suite 700
Las Vegas, Nevada 89109

IN WITNESS WHEREOF, for the purpose of forming the Association under the laws of the State of Nevada, the undersigned consents to the incorporation of the Association and has executed the Articles of Incorporation as of the 20th day of June, 2005.

Renee R. Reuther
I, DEAN HELLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that STONE CANYON LUXURY LOFTS HOMEOWNERS ASSOCIATION, did on June 20, 2005, file in this office the original Articles of Incorporation; that said Articles of Incorporation are now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on June 21, 2005.

DEAN HELLER
Secretary of State

By Marci Bolton
Certification Clerk