SHADOW MOUNTAIN RANCH COMMUNITY ASSOCIATION

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To all Homeowners,

The Shadow Mountain Ranch Community Association recently adopted a Solar Panel/Solar Heating resolution. This resolution amends and adds to the existing Architectural Guidelines for Shadow Mountain Ranch Community Association. Please refer to these guidelines if you are planning on having Solar Panel/Heating installed at your home.

Please retain this resolution with other important Association documents like the CC&Rs. The resolution is effective 30 days from the date of mailing.

Sincerely,

The Shadow Mountain Ranch Community Association Board of Directors

SHADOW MOUNTAIN RANCH COMMUNITY ASSOCIATION BOARD OF DIRECTORS RESOLUTION

RE: SOLAR PANELS/SOLAR HEATING SYSTEMS ON ROOFS

WHEREAS, Shadow Mountain Ranch Community Association (the "Association") is a Nevada nonprofit corporation governed by the laws of the State of Nevada, including Nevada Revised Statutes ("NRS") Chapter 116, which governs common-interest communities and NRS 111.239, which limits restrictions that can be placed on the use of solar energy systems;

WHEREAS, NRS 116.3102(1) (a) provides that an association may "adopt and amend rules and regulations.";

WHEREAS, Article V, Section 5.4 and Article XX, Section 20.3 of the Declaration of Covenants Conditions and Restrictions for Shadow Mountain Ranch (the "Declaration"), empowers the Board, acting on behalf of the Association, to adopt, amend, repeal and/or enforce reasonable and uniformly applied Rules and Regulations;

WHEREAS, Article IX, Section 9.16 of the Declaration provides that "No solar equipment, including but not limited to solar collectors and solar panels, shall be installed until approval of the ARC has been obtained as to (i) the type of solar equipment to be installed and (ii) the location thereof.";

WHEREAS, Article XII, Section 12.2 of the Declaration provides that no "solar or heating systems shall be constructed, erected, maintained, altered or changed on the Real Property until the plans and specifications showing the nature, kind, shape, materials, and location of the Improvements prior to the commencement of such work, shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the ARC.";

WHEREAS, Article VIII, Section D of the Shadow Mountain Ranch Community Association Architectural Guidelines (the "ARC Guidelines") provides that all solar panels must be approved by the ARC and all pipes and materials must be painted to match the exterior of the home;

WHEREAS, NRS 116.049(3) defines an association's governing documents to include its Rules;

WHEREAS, NRS 116.3102(1) (m) provides that an association "may impose reasonable fines for violations of the governing documents" of the Association;

WHEREAS, NRS 116.31031(1) provides that the Board may impose fines and sanctions against a "unit's owner or a tenant or invitee of a unit's owner or a tenant" for violations of the Association's governing documents;

WHEREAS, NRS 111.239, which applies to the installation of solar panels, states, in pertinent part, as follows:

- 1. Any covenant, restriction or condition contained in a deed, contract or other legal instrument which affects the transfer or sale of, or any other interest in, real property and which prohibits or unreasonably restricts or has the effect of prohibiting or unreasonably restricting the owner of the property from using a system for obtaining solar energy on his or her property is void and unenforceable.
- 2. For the purposes of determining whether the Board is implementing an unreasonable restriction, the statute indicates that any restriction or requirement "which decreases the efficiency or performance of the system by more than 10% of the amount that originally specified for the system . . . and which does not allow for the use of alternative system at a substantially comparable cost and which would substantially comparable efficiency and performance."

WHEREAS, the Board desires to adopt a Rule clarifying the Owner's responsibilities if Owners choose to install solar panels or solar heating systems for their pools on their roofs (the "Panels").

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors hereby adopts the following Rule:

- 1. Before installing any Panels on the roof of a residence, Owners must submit an Architectural Application pursuant to the ARC Guidelines. ARC approval of the Panels shall be conditioned on compliance with the terms and conditions set forth herein.
- 2. No solar or heating systems shall be constructed, erected, maintained, altered or changed on the Real Property until the plans and specifications showing the nature, kind, shape, materials, and location of the Improvements prior to the commencement of such work, shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the ARC. (Declaration, Article XII, Section 12.2)
- 3. Any pipes and external conduit must be painted to match the portion of the structure to which it is adjacent, to the extent possible.
- 4. The Association's preferred placement location for solar panels shall be on the main structure of the residence, located on the back side of the home. If placing the solar panels on the back side of the home decreases the efficiency or performance of the system by more than 10% of the amount originally specified for the system, then the Owner may propose other locations for the Panels. Owner must provide proof of the same to ARC and obtain ARC approval prior to installation.
- 5. Each Owner shall maintain in good condition and repair, at his or her sole cost and expense, the Panels located on the residence. Each Owner shall be solely responsible for any damage to Owner's residence, including the roof, which occurs during installation, maintenance and repair of the Panels, or any damages caused by the Panels. Any repairs, restoration or work to repair the roof, if such damage occurs, shall be performed in a good and workmanlike manner.

| 6. If at any time and in the sole discretion of the Board, the Association believes that |
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| the Panels need to be maintained, repaired, replaced or restored, then the Association shall issue |
| a letter to the Owner requiring the Owner to complete the necessary maintenance, repair, |
| replacement or restoration within fifteen (15) days of the date of the letter. |

SHADOW MOUNTAIN RANCH COMMUNITY ASSOCIATION

| By: |
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| By: Chly WH |
| By: Cerisio M Lue |
| By: |
| By: Sudde M. Venturn |
| Director |