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DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS

FOR

SOLERA AT JOHNSON RANCH

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS
FOR
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

SOLERA AT JOHNSON RANCH

This Declaration of Covenants, Conditions, and Restrictions for SOLERA AT JOHNSON RANCH (the "Declaration") is made this 9th day of July, 2004, by Pulte Home Corporation, a Michigan corporation (the "Declarant").

ARTICLE 1 DEFINITIONS

Unless otherwise defined, the following words and phrases when used in this Declaration shall have the meanings set forth in this Article.

1.1 "Additional Property" means the real property described on Exhibit B attached hereto, together with all Improvements situated thereon, and any other real property, together with the Improvements located thereon, situated within the vicinity of the Community.

1.2 "Annual Assessment" means the assessments levied against each Lot pursuant to Section 6.2 of this Declaration.

1.3 "Architectural Review Committee" means the committee of the Association to be created pursuant to Section 5.12 of this Declaration.

1.4 "Areas of Association Responsibility" means (i) all Common Area; (ii) all real property, and the Improvements situated thereon, located within the boundaries of a Lot that the Association is obligated to maintain, repair and replace pursuant to the terms of this Declaration or the terms of another Recorded document executed by the Association; (iii) all real property, and the Improvements situated thereon, within the Community located within dedicated rights-of-way with respect to which the Master Association, Pinal County or other municipality has not accepted responsibility for the maintenance thereof, but only until such time as the Master Association, Pinal County or other municipality has accepted all responsibility for the maintenance, repair and replacement of such areas; (iv) all real property, and the Improvements situated thereon, designated on a Plat signed or ratified by the Association as an area to be maintained, repaired or replaced by the Association; and (v) all real property, and any Improvements situated thereon, within the Community that the Association has agreed in a Recorded document signed by the Association to maintain, repair or replace.

1.5 "Articles" means the Articles of Incorporation of the Association, as amended from time to time.

1.6 "Assessable Property" means any Lot, except a Lot or part thereof as may from time to time be Exempt Property.

1.7 **“Assessment”** means an Annual Assessment, Special Assessment or Parcel Assessment.

1.8 **“Assessment Lien”** means the lien created and imposed by Article 6 of this Declaration.

1.9 **“Assessment Period”** means the period set forth in Section 6.7 of this Declaration.

1.10 **“Association”** means Solera at Johnson Ranch Community Association, an Arizona nonprofit corporation, or such other Arizona nonprofit corporation to be organized by Declarant to administer and enforce the Governing Documents and to exercise the rights, powers and duties set forth therein, and its successors and assigns.

1.11 **“Association Rules”** means the rules adopted by the Board pursuant to Section 5.3 of this Declaration, as amended from time to time.

1.12 **“Board”** means the Board of Directors of the Association.

1.13 **“Bylaws”** means the Bylaws of the Association, as amended from time to time.

1.14 **“Common Area”** means all real property, together with all Improvements situated thereon, that the Association at any time owns in fee or in which the Association has a leasehold interest for as long as the Association is the owner of the fee or leasehold interest, except that Common Area shall not include any Lot which the Association may acquire through foreclosure of the Assessment Lien or any deed in lieu of foreclosure.

1.15 **“Common Expenses”** means the actual or estimated expenses incurred, or anticipated to be incurred, by the Association, together with any allocations to reserves.

1.16 **“Community”** means the real property described on Exhibit A attached to this Declaration together with all Improvements located thereon, and all real property and all Improvements situated thereon which is annexed and subjected to this Declaration pursuant to Section 2.3 of this Declaration.

1.17 **“Declarant”** means Pulte Home Corporation, a Michigan corporation, its successors and any Person to whom it may expressly assign any or all of its rights under this Declaration by a Recorded instrument.

1.18 **“Declarant Party”** or **“Declarant Parties”** means collectively Declarant, its parent, affiliates and subsidiaries, their officers, directors and employees, and their builders, general contractors, brokers and agents.

1.19 **“Declaration”** means this Declaration of Covenants, Conditions, and Restrictions, as amended from time to time.

1.20 **“Design Guidelines”** means the rules and guidelines adopted by the Architectural Review Committee pursuant to Section 5.12 of this Declaration, as amended or supplemented from time to time.

1.21 **“Development Plan”** means the master plan for the Community attached hereto as Exhibit C, which originally established the density for the Community, which density is subject to change pursuant to Section 2.6 herein.

1.22 **“Exempt Property”** means (i) all real property and improvements within or in the vicinity of the Community owned by or dedicated to and accepted by the United States, State of Arizona, the County of Pinal, or any political subdivision thereof, so long as such entity or political subdivision is the owner thereof or for so long as said dedication remains effective; (ii) all Common Area and all property owned by the Master Association; and (iii) all Lots or other real property within the Community owned by Declarant, or any wholly-owned subsidiary of Declarant, until the Transition Date, except for property owned by Declarant or such a subsidiary that is subject to a contract for the conveyance of real property subject to the provisions of A.R.S. §33-741 et seq.

1.23 **“First Mortgage”** means any mortgage, deed of trust or contract for sale pursuant to the provisions of A.R.S. §33-741 et seq. on a Lot which has priority over all other mortgages, deeds of trust and contracts for sale on the same Lot.

1.24 **“First Mortgagee”** means the holder or beneficiary of any First Mortgage.

1.25 **“Golf Course”** means the real property and improvements thereon from time to time known as Johnson Ranch Golf Club, which is adjacent to and contiguous with portions of the Property. The term “Golf Course” shall be deemed to include, without limitation, any driving range, clubhouse, restaurant, parking lot, maintenance facility and any other improvements or facilities related to the golf course operations adjacent to the Property.

1.26 **“Golf Course Owner”** means the record owner, whether one or more Persons, of fee simple title to the Golf Course.

1.27 **“Governing Documents”** means this Declaration, any Supplemental Declaration, the Articles, the Bylaws, the Association Rules and the Design Guidelines, as they may be amended from time to time.

1.28 **“Improvement”** means any building, fence, wall or other structure or improvement above or below ground (Including any sheds, basketball poles/hoops, patio covers and balconies) or any swimming pool, road, driveway, parking area (paved or unpaved) or any trees, plants, shrubs or other landscaping improvements of every type and kind.

1.29 **“Include” or “Including”** means include or including, without limitation.

1.30 **“Lessee”** means the lessee or tenant under a written lease of any Lot, including an assignee of a lease.

1.31 **“Limited Common Area”** means a portion of the Common Area designated on a Plat or Supplemental Declaration for the exclusive use of the Owners of one or more, but fewer than all, of the Lots.

1.32 **“Lot”** means a portion of the Community intended for independent ownership and use and designated as a lot on a Plat and, where the context indicates or requires, shall include any building, structure or other Improvements situated on the Lot.

1.33 **“Maintenance Standard”** means the standard of maintenance of Improvements established from time to time by the Board and/or the Architectural Review Committee in the Design Guidelines, or in the absence of any such standards, the standard of maintenance of Improvements generally prevailing throughout the Community.

1.34 **“Master Association”** means Johnson Ranch Community Association, Inc., an Arizona nonprofit corporation, its successors and assigns.

1.35 **“Master Community”** means the real property known as the master planned community of “Johnson Ranch,” as such property is described and defined from time to time in the Master Declaration.

1.36 **“Master Declaration”** means the Amended and Restated Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Johnson Ranch Recorded on May 21, 1999, as Instrument 1999-023417, and re-Recorded on August 17, 1999, as Instrument 1999-037342, as amended heretofore and as further amended from time to time.

1.37 **“Master Design Guidelines”** means the Design Guidelines promulgated by the Design Review Committee pursuant to the terms of the Master Declaration.

1.38 **“Member”** means any Person who is a member of the Association that holds a “Membership” created pursuant to Article 5.

1.39 **“Owner”** means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Lot. Owner shall not include Persons having an interest in a Lot merely as security for the performance of an obligation or a Lessee. Owner shall include a purchaser under a contract for the conveyance of real property subject to the provisions of A.R.S. § 33-741 et seq. Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to the executory contracts pending the closing of a sale or purchase transaction. In the case of Lots subject to a deed of trust Recorded pursuant to A.R.S. § 33-801, et seq., the trustor shall be deemed to be the Owner. In the case of the Lots, the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement, assurance trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the trust property shall be deemed to be the Owner.

1.40 **“Parcel Assessment”** means an assessment levied against less than all of the Lots in the Community pursuant to Section 6.6 of this Declaration.

1.41 **“Parcel Assessment Area”** means a portion of the Community designated in a Supplemental Declaration as an area in which the Association will provide Parcel Services.

1.42 **“Parcel Expenses”** means the actual or estimated expenses, Including allocations to reserves, incurred or anticipated to be incurred by the Association to provide Parcel Services to the Owners, Lessees and Residents in a Parcel Assessment Area.

1.43 **“Parcel Services”** means services designated in a Supplemental Declaration as being for the sole or primary benefit of the Owners, Lessees and Residents of a particular part of the Community. Parcel Services may Include maintenance services for landscaping or fences situated on Lots.

1.44 **“Person”** means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, limited liability company, limited liability partnership, government, governmental subdivision or agency, or other legal or commercial entity.

1.45 **“Plat”** means any subdivision plat Recorded against all or any part of the Community, and all amendments, supplements and corrections thereto.

1.46 **“Property”** means the real property described on Exhibit A attached to this Declaration together with all Improvements located thereon, and all real property and all Improvements situated thereon that is annexed and subjected to this Declaration pursuant to Section 2.3 of this Declaration.

1.47 **“Purchaser”** means any Person, other than the Declarant, who by means of a voluntary transfer becomes the Owner of a Lot, except for: (i) a Person who purchases a Lot and then leases it to the Declarant for use as a model in connection with the sale or lease of other Lots; or (ii) a Person who, in addition to purchasing a Lot, is assigned any or all of the Declarant’s rights under this Declaration.

1.48 **“Recording”** means placing an instrument of public record in the office of the County Recorder of Pinal County, Arizona, and **“Recorded”** or **“Recordation”** means having been so placed or the act of placing of public record.

1.49 **“Resident”** means each natural person occupying or residing in a Residential Unit.

1.50 **“Residential Unit”** means any building, or portion of a building, situated upon a Lot and designed and intended for independent ownership and for use and occupancy as a residence.

1.51 **“Special Assessment”** means any assessment levied and assessed pursuant to Section 6.5 of this Declaration.

1.52 **“Special Use Fee”** means a special fee authorized by this Declaration which an Owner, Resident or any other Person is obligated to pay to the Association over, above and in addition to any Annual Assessment, Parcel Assessment or Special Assessment imposed or

payable hereunder. The amount of any Special Use Fee shall be determined in the Board's sole discretion, provided all such fees shall be fair and reasonable.

1.53 "Supplemental Declaration" means a Declaration recorded pursuant to Section 2.2 of this Declaration.

1.54 "Transition Date" means the first to occur of:

(i) the day on which title to the last Lot in the Community, Including any Lot within any Additional Property, owned by Declarant is conveyed to a third party for value, other than as security for the performance of an obligation, or

(ii) the expiration of any five (5) year period during which title to no Lot in the Community is conveyed by Declarant to a third party for value, other than as security for the performance of an obligation, or

(iii) the date twenty (20) years after the date this Declaration is Recorded, or

(iv) such earlier date as Declarant declares to be the Transition Date in a Recorded instrument.

1.55 "Visible From Neighboring Property" means, with respect to any given object, that such object is or would be visible to a person six (6) feet tall, standing at ground level on any part of an adjoining Lot, Common Area, street or the Golf Course.

ARTICLE 2 PLAN OF DEVELOPMENT

2.1 Property Initially Subject to the Declaration. Declarant intends by this Declaration to impose upon the Community mutually beneficial restrictions under a general plan of improvement and desires to provide a flexible and reasonable procedure for the overall development of the Community and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Community. Declarant hereby declares that all real property located within the Community shall be held, sold, used and conveyed subject to the easements, restrictions, conditions and covenants set forth in this Declaration, which are for the purpose of protecting the value and desirability of the Community, and which shall run with the property subject to this Declaration. Declarant further declares that this Declaration shall be binding upon all Persons having any right, title or interest in the Community or any part thereof, their successors, successors in title and assigns and shall inure to the benefit of each Owner thereof. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each Person, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereof, and to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by the Master Declaration and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that this Declaration and the Master Declaration both set forth a general

scheme for the development, sale, lease and use of the property within the Community and the Master Community, respectively, and hereby evidences his intent that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration and the Master Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration and the Master Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and the Master Association, respectively, and all Owners. Declarant, its successors, assigns and grantees, covenant and agree that the Lots and the Membership in the Association and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

2.2 Supplemental Declarations. Declarant reserves the right, but not the obligation, to record one or more Supplemental Declarations against portions of the Community. A Supplemental Declaration may (i) designate Parcel Assessment Areas, (ii) designate Limited Common Areas, (iii) designate Parcel Services for Parcel Assessment Areas, (iv) impose such additional covenants, conditions and restrictions as the Declarant determines to be appropriate for the Parcel Assessment Area, (v) establish a Parcel Assessment pursuant to Section 6.6 of this Declaration for a Parcel Assessment Area, and (vi) impose any additional covenants, conditions and restrictions as Declarant deems reasonably necessary and appropriate, whether or not Limited Common Areas have been designated or a Parcel Assessment Area is established. A Supplemental Declaration may be amended only by (a) the written approval or the affirmative vote, or any combination thereof, of the Owners representing more than seventy-five percent (75%) of the votes in the Association held by the Owners of all of the Lots subject to the Supplemental Declaration, (b) the written approval of the Association, and (c) the written approval of the Declarant so long as the Declarant owns any Property or Additional Property. Such amendment shall certify that the amendment has been approved as required by this Section, shall be signed by the President or Vice President of the Association, and the Declarant, so long as the Declarant owns any Property or Additional Property, and shall be Recorded.

2.3 Annexation of Additional Property.

2.3.1 At any time on or before the date which is fifteen (15) years after the date of the Recording of this Declaration, the Declarant shall have the right to annex and subject to this Declaration all or any portion of the Additional Property without the consent of any other Owner or Person or the Association. The annexation of all or any portion of the Additional Property shall be effected by the Declarant Recording an amendment to this Declaration setting forth the legal description of the Additional Property being annexed, stating that such portion of the Additional Property is annexed and subjected to the Declaration and describing any portion of the Additional Property being annexed that will be Common Area.

2.3.2 The Additional Property may be annexed in separate parcels and at different times, or the Additional Property may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. Additional Property annexed by the Declarant pursuant to this Section 2.3 need not be contiguous with other property in the Community, and the exercise of the right of annexation as to any Additional Property shall not

bar the further exercise of the right of annexation as to any other Additional Property. The Declarant makes no assurances that Additional Property will or will not be annexed.

2.3.3 Unless a later effective date is set forth in the amendment annexing the Additional Property, the annexation shall become effective upon Recording of the amendment.

2.3.4 All taxes and other assessments relating to all or any portion of the Additional Property annexed into the Community for any period prior to the time when such portion of the Additional Property is annexed in accordance with this Section 2.3 shall be the responsibility of, and shall be paid by, the owner of such Additional Property.

2.3.5 The Additional Property, when and if added to the Community, shall be subject to the use restrictions contained in this Declaration and the Master Declaration and shall be subject in all respect to the Governing Documents.

2.4 **Withdrawal of Property.** At any time on or before the date that is twenty (20) years after the date this Declaration is Recorded, the Declarant shall have the right to withdraw property owned by the Declarant from the Community without the consent of any other Owner or Person. The withdrawal of all or any portion of the Community shall be effected by the Declarant Recording a Declaration of Withdrawal setting forth the legal description of the property being withdrawn. Upon the withdrawal of any property from the Community pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Declaration.

2.5 **Disclaimer of Implied Covenants.** Nothing contained in this Declaration and nothing that may be represented to a purchaser by real estate brokers or sales agents representing the Declarant shall be deemed to create any implied covenants, servitudes or restrictions with respect to the use of any property subject to this Declaration or Additional Property owned by Declarant or another third party.

2.6 **Development Plan.** Notwithstanding any other provision of this Declaration to the contrary (but subject to applicable law and the provisions of the Master Declaration), the Declarant, without obtaining the consent of any other Owner or Person, shall have the right to make changes or modifications to the Development Plan with respect to any property owned by the Declarant in any way that the Declarant desires, including changing the density of all or any portion of the property owned by the Declarant or changing the nature or extent of the uses to which such property may be devoted.

2.7 **Disclaimer of Representations.** Declarant makes no representations or warranties whatsoever that: (i) the Community will be completed in accordance with the plans for the Community as they exist on the date of this Declaration is Recorded; (ii) any property subject to this Declaration will be committed to or developed for a particular use or for any use; (iii) the use of any property subject to this Declaration will not be changed in the future, or (iv) the Golf Course will be completed in accordance with any proposed plans or continue to be used for any particular purpose.

2.8 **Gated Entrances; Abutting Golf Course; Release of Claims.**

2.8.1 The Declarant intends to construct gated entrances leading into the Community in order to limit access and to provide some privacy for the Owners and Residents. Each Owner, Lessee and Resident, for itself and its family, invitees and licensees, acknowledges and agrees as follows:

(i) Declarant Parties make no representations or warranties that gated entrances will provide security and safety to Owners, Lessees, Residents and their families, invitees and licensees.

(ii) The gated entrances may restrict or delay entry into the Community by the police, fire department, ambulances and other emergency vehicles or personnel.

Each Owner, Lessee and Resident, for itself and its family, invitees and licensees, assumes the risk that any such gated entrances may not provide security and safety and may restrict or delay entry into the Community by the police, fire department, ambulances and other emergency vehicles and personnel. Neither the Declarant Parties, the Master Association, the Association, nor any director, officer, agent or employee of any of the foregoing, shall be liable to any Owner, Resident, Lessee or its family, invitees or licensees for any claims or damages resulting, directly or indirectly, from the construction, operation, existence or maintenance of the gated entrances.

2.8.2 The Community abuts the Golf Course, which from time to time may include a driving range, clubhouse, restaurant, parking lots, maintenance facilities and other improvements. Neither Membership in the Association nor ownership of a Lot nor occupancy of a Residential Unit shall confer any ownership interest in or right to use the Golf Course. Each Owner, Lessee and Resident, for themselves and their families, guests and invitees, acknowledge, understand and agree as follows:

(i) Owners, Lessees and Residents shall not enter upon the Golf Course for any purpose except as a customer/patron of the Golf Course, subject to all rules and regulations of the Golf Course, including, without limitation, all policies relating to fees, reservation of tee times and other operating rules and procedures. Owners, Lessees and Residents shall not permit any pets to enter the Golf Course at any time.

(ii) Water hazards, the clubhouse, maintenance facilities and other installations located on the Golf Course may be attractive nuisances to children.

(iii) The operation, maintenance and use of the Golf Course will entail the operation and use of (1) noisy power equipment such as tractors, lawn mowers and blowers on various days of the week, including weekends, during various times of the day, including without limitation, early morning and late evening hours; (2) sprinkler and other irrigation systems in operation during the day and at night; (3) electric, gasoline or other power driven vehicles and equipment used by maintenance and operations personnel; (4) application of pesticide and fertilizing chemicals; and (5) refuse removal trucks, delivery trucks and other vehicles entering and exiting the Golf Course on various days of the week, including weekends,

during various times of the day, including, without limitation, early morning and late evening hours.

(iv) The clubhouse, parking lots and other facilities are open to the public, have exterior lighting and amplified exterior sound, and will be regularly used in the operation of the Golf Course and for entertainment and social events on various days of the week, including weekends, during various times of the day, including without limitation, early morning and late evening hours.

(v) Play on the Golf Course will be allowed during all daylight hours up to seven (7) days a week (and may be allowed for evening and night-time hours), and golf tournaments open to the public at large may be conducted at any time during the year. The Golf Course is open to the public and large numbers of people will be entering, exiting and using the Golf Course during all daylight hours (and may include evening and night-time hours) up to seven (7) days a week.

(vi) If and when available for such purposes, the water used to irrigate the Golf Course and fill the lakes within the Community and Golf Course may be reclaimed water (“effluent”). The effluent is not potable (drinkable) water and consumption of such effluent by humans or animals may cause severe illness.

(vii) The Community is subject to a golf ball easement as set forth in Section 4.7 of this Declaration, and play on the Golf Course may result in damage to a Residential Unit or other Improvements on Lots as a result of golf balls leaving the Golf Course, including, without limitation, damage to windows and exterior areas of Residential Units and other Improvements, damage to automobiles and other personal property of the Owners, Residents and their guests and invitees, whether outdoors or within a Residential Unit or other building, and injury to persons.

(viii) At the sole option of the Golf Course Owner, fencing, screening, landscaping and other features may be incorporated into the Golf Course property (including property adjacent to Lots) to decrease the hazards associated with golf balls entering the Community from the Golf Course.

(ix) Certain Lots and Residential Units may be more susceptible to incursions and damage by golf balls than others.

2.8.3 Each Owner and Resident acknowledges, understands and agrees that the existence of the Golf Course may cause inconvenience and disturbance and possible injury or damage to property and to the Owners, Residents and their licensees and invitees. Each Owner and Resident has considered the location of the Community and the Lot and Residential Unit being purchased or leased and their proximity to the playing elements of the Golf Course, the clubhouse, the driving range and other improvements on the Golf Course before becoming an Owner or Resident. By acceptance of a deed or by acquiring any interest in any of the Property subject to this Declaration, each Owner, Lessee or Resident acknowledges the risks of the aforesaid nuisance, inconvenience, disturbance and possible injury, death or damage to persons and property.

2.8.4 Each Owner and Resident hereby releases the Declarant Parties, the Master Association, the Association and the Golf Course Owner, and each of their parents, affiliates and subsidiaries, and their officers, directors and employees, from any and all claims, actions, suits, demands, causes of action, losses, damages or liabilities (including, without limitation, strict liability) arising out of or relating to any nuisance, inconvenience, disturbance, injury, death or damage to persons and property resulting from activities or occurrences described in this Section 2.8.

2.9 High Power Electric Transmission Lines; Release of Claims.

2.9.1 High power electric transmission lines and related towers, systems and other equipment lie adjacent to the boundaries of the Community, the same as in many other developments. Additional lines and equipment may be added within the vicinity of the existing transmission lines. Each Owner, Lessee and Resident, for itself and its family, invitees and licensees, acknowledges and agrees as follows:

(i) The Community may now or in the future be exposed to electromagnetic fields from the high power electric transmission lines and related towers, systems or equipment.

(ii) The Declarant Parties do not claim any expertise concerning such conditions and make no representations, warranties or statements, express or implied, regarding such high power electric transmission lines or related towers, systems or equipment (except to note their existence), or regarding any damage or injury which may occur as a result of the proximity of such lines and equipment to the Community.

2.9.2 Each Owner, Lessee and Resident, for itself and its family, invitees and licensees, assumes any and all risks as may now or hereafter be or become associated with such high power electric transmission lines, or similar systems or equipment, or any new or replacement equipment or systems. Neither the Declarant Parties, the Association, nor any director, officer, agent or employee of any of the foregoing, shall be liable to any Owner, Resident, Lessee or its family, invitees or licensees for any claims or damages to persons or property resulting, directly or indirectly, from the existence, operation or maintenance of the high power electric transmission lines or similar systems or equipment.

2.9.3 Each Owner and Resident hereby releases the Declarant Parties and the Association from any and all claims, actions, suits, demands, causes of action, losses, damages or liabilities (Including strict liability) related to or arising in connection with any nuisance, inconvenience, disturbance, injury, death or damage to persons and property resulting from activities or occurrences described in this Section 2.9.

2.10 Views Not Guaranteed. Although certain Lots in the Community at any point in time may have particular views, no express or implied rights or easements exist for views or for the passage of light and air to any Lot. Neither Declarant Parties nor the Association makes any representation or warranty whatsoever, express or implied, concerning the view that any Lot will have whether as of the date this Declaration is Recorded or thereafter. Any view that exists at any point in time for a Lot may be impaired or obstructed by further construction within or

outside the Community, Including by construction of Improvements (Including landscaping) by Declarant, construction by third parties (Including other Owners and Residents) and by the natural growth of landscaping. No third party, Including any broker or salesperson, has any right to bind Declarant or the Association with respect to the preservation of any view from any Lot or any view of a Lot from any other property.

ARTICLE 3 USE RESTRICTIONS

3.1 Restrictions Imposed by Master Declaration. In addition to the use restrictions set forth in this Article 3, all Improvements constructed on Lots and use of the Lots within the Community shall be in accordance with the requirements of, and applicable limitations and restrictions set forth in, the Master Declaration.

3.2 Architectural Control.

3.2.1 Notwithstanding anything contained in this Section 3.2 to the contrary, an Owner shall comply with the provisions of Section 4.2 of the Master Declaration **in addition to the provisions of this Section 3.2**. Any approval obtained from the Architectural Review Committee pursuant to this Section 3.2 shall not be deemed an approval by the Design Review Committee (as such term is defined in the Master Declaration) pursuant to Section 4.2 of the Master Declaration, and any approval obtained from the Design Review Committee pursuant to Section 4.2 of the Master Declaration shall not be deemed an approval by the Architectural Review Committee pursuant to this Section 3.2.

3.2.2 No excavation or grading work shall be performed on any Lot without the prior written approval of the Architectural Review Committee.

3.2.3 No Improvement that would be Visible From Neighboring Property at the time it is constructed or installed or would be Visible From Neighboring Property with the passage of time (such as trees or large bushes and shrubs) shall be constructed or installed on any Lot without the prior written approval of the Architectural Review Committee. No additions, alterations, repairs, changes or other work that in any way alters the exterior appearance, Including the exterior color scheme, of any part of a Lot or any Improvements located thereon that are Visible From Neighboring Property from their appearance on the date this Declaration is Recorded shall be made or done without the prior written approval of the Architectural Review Committee. Any Owner desiring approval of the Architectural Review Committee for the construction, installation addition, alteration, repair, change or replacement of any Improvement that is or would be with the passage of time Visible From Neighboring Property shall submit to the Architectural Review Committee a written request for approval specifying in detail the nature and extent of the addition, alteration, repair, change or other work that the Owner desires to perform, Including the distance of such work from neighboring properties, if applicable, and the approximate dates upon which the Owner intends to commence and complete construction. Any Owner requesting the approval of the Architectural Review Committee also shall submit to the Architectural Review Committee any additional information, plans and specifications that the Architectural Review Committee may request. In the event that the Architectural Review Committee fails to approve or disapprove an application for approval within forty-five (45) days

after the application, any fee payable pursuant to Subsection 3.2.7 of this Declaration and all supporting information, plans and specifications requested by the Architectural Review Committee have been submitted to the Architectural Review Committee, the application shall be deemed to have been approved. The approval by the Architectural Review Committee of any construction, installation, addition, alteration, repair, change or other work pursuant to this Section shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any similar construction, installation, addition, alteration, repair, change or other work subsequently submitted for approval.

3.2.4 In reviewing plans and specifications for any construction, installation, addition, alteration, repair, change or other work which must be approved by the Architectural Review Committee, the Architectural Review Committee, among other things, may consider the quality of workmanship and design, harmony of external design with existing structures and location in relation to surrounding structures, topography and finish grade elevation. The Architectural Review Committee may disapprove plans and specifications for any construction, installation, addition, alteration, repair, change or other work that must be approved by the Architectural Review Committee pursuant to this Section 3.2 if the Architectural Review Committee determines, in its sole and absolute discretion, that: (i) the proposed construction, installation, addition, alteration, repair, change or other work would violate any provision of this Declaration; (ii) the proposed construction, installation, addition, alteration, repair, change or other work does not comply with any Design Guideline; (iii) the proposed construction, installation, addition, alteration, repair, change or other work is not in harmony with existing Improvements in the Community or with Improvements previously approved by the Architectural Review Committee but not yet constructed; (iv) the proposed construction, installation, addition, alteration, repair, change or other work is not aesthetically acceptable; (v) the proposed construction, installation, addition, alteration, repair, change or other work would be detrimental to or adversely affect another Owner or the appearance of the Community; or (vi) the proposed construction, installation, addition, alteration, repair, change or other work is otherwise not in accord with the general plan of development for the Community.

3.2.5 Upon receipt of approval from the Architectural Review Committee for any construction, installation, addition, alteration, repair, change or other work, the Owner who had requested such approval shall proceed to perform, construct or make the addition, alteration, repair, change or other work approved by the Architectural Review Committee as soon as practicable and shall diligently pursue such work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Architectural Review Committee.

3.2.6 Any change, deletion or addition to the plans and specifications approved by the Architectural Review Committee must be approved in writing by the Architectural Review Committee.

3.2.7 The Architectural Review Committee shall have the right to charge a fee for reviewing requests for approval of any construction, installation, alteration, addition, repair, change or other work pursuant to this Section 3.2, which fee shall be payable at the time the application for approval is submitted to the Architectural Review Committee.

3.2.8 All Improvements constructed on Lots shall be of new construction, and no buildings or other structures shall be removed from other locations onto any Lot.

3.2.9 The provisions of this Section do not apply to, and approval of the Architectural Review Committee shall not be required for, the construction, erection, installation, addition, alteration, repair, change or replacement of any Improvements made by, or on behalf of, the Declarant.

3.2.10 The approval required of the Architectural Review Committee pursuant to this Section 3.2 shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation.

3.2.11 The approval by the Architectural Review Committee of any construction, installation, addition, alteration, repair, change or other work pursuant to this Section 3.2 shall not be deemed a warranty or representation by the Architectural Review Committee as to the quality of such construction, installation, addition, alteration, repair, change or other work or that such construction, installation, addition, alteration, repair, change or other work conforms to any applicable building codes or other federal, state or local law, statute, ordinance, rule or regulation.

3.2.12 The Architectural Review Committee may condition its approval of plans and specifications upon the agreement by the Owner submitting such plans and specifications (other than Declarant who shall not be subject to the provisions of this Subsection) to furnish to the Association a bond or other security acceptable to the Architectural Review Committee in an amount determined by the Architectural Review Committee to be reasonably sufficient to: (i) assure the completion of the proposed Improvements or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, and (ii) to repair any damage which might be caused to any Area of Association Responsibility as a result of such work. Any such bond shall be released or security shall be fully refundable to the Owner upon: (a) the completion of the Improvements in accordance with the plans and specifications approved by the Architectural Review Committee; and (b) the Owner's written request to the Architectural Review Committee, provided that there is no damage caused to any Area of Association Responsibility by the Owner or its agents or contractors.

3.2.13 If the plans and specifications pertain to an Improvement that is within an Area of Association Responsibility so that the Association is responsible for the maintenance, repair and replacement of such Improvement, the Architectural Review Committee may condition its approval of the plans and specifications for the proposed construction, installation, addition, alteration, repair, change or other work with respect to the Improvement on the agreement of the Owner to reimburse the Association for the future cost of the repair, maintenance or replacement of such Improvement.

3.3 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. No temporary construction buildings or trailers may be installed or kept on any Lot without the prior written

approval of the Architectural Review Committee. Any such temporary buildings or trailers approved by the Architectural Review Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailers or other structures be maintained or kept on any Property for a period in excess of twelve (12) months without the prior written approval of the Architectural Review Committee. The provisions of this Section shall not apply to construction or sales activities of the Declarant.

3.4 Residential Use. All Residential Units shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Residential Unit, except that an Owner, Lessee or other Resident of a Residential Unit may conduct a business activity within a Residential Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residential Unit; (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Community; (iii) the business activity does not violate any provision of this Declaration, the Master Declaration, any applicable Supplemental Declaration, the Design Guidelines, the Master Design Guidelines or the Association Rules; (iv) the business activity does not involve regular visitation to the Lot by clients, customers, suppliers or other business invitees or the door-to-door solicitation of Owners or other Residents in the Community; and (v) the business activity is consistent with the residential character of the Community and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other Residents in the Community, as may be determined from time to time in the sole discretion of the Board. The terms “business” and “trade” as used in this Section shall be construed to have ordinary, generally accepted meanings and shall include any occupation, work or activity undertaken on an ongoing basis that involves the provision of goods or services to persons other than the Residents of a provider’s Residential Unit and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended or does generate a profit; or (c) a license is required for such activity. Childcare conducted as a business is prohibited. The leasing of one or more Residential Units by the Owner thereof shall not be considered a trade or business within the meaning of this Section. However, any such leasing must comply with the provisions of Section 3.32 herein. This Section shall not apply to any activity conducted by the Declarant with respect to its development and sale of the Community or its use of any Residential Unit that it owns, leases or is the beneficial holder of a Lot held in trust within the Community.

3.5 Vehicles and Parking.

3.5.1 Except for vehicle repairs made in emergency situations, no vehicle of any kind, including recreational vehicles, golf carts, mobile homes, travel trailers, tent trailers, trailers, camper shells, detached campers, boats, boat trailers or similar equipment, automobiles, trucks, motorcycles, motorbikes or other vehicles (a “Vehicle”) shall be constructed, reconstructed or repaired upon a Lot, Common Area or street in the Community, and no Vehicle in need of repair may be stored or parked on any such Lot, Common Area or street so as to be Visible From Neighboring Property.

3.5.2 No Vehicle may be parked on any Lot, Common Area or street so as to be Visible From Neighboring Property except as permitted by law and except for:

(i) Vehicles parked in garages on Lots;

(ii) automobiles, sport utility vehicles, trucks and similar passenger vehicles used for daily transportation of Owners and Residents parked on the concrete driveway of a Lot, provided that such vehicles:

(a) do not exceed seven (7) feet in height and eighteen (18) feet in length;

(b) are not used for commercial purposes and do not display any commercial name, telephone number or message of any kind; and

(c) do not impede pedestrian traffic upon any sidewalk or street.

(iii) automobiles, sport utility vehicles, trucks and similar passenger vehicles of guests of an Owner or Resident parked on the street in front of the Owner or Resident's Lot, provided that:

(a) the parking of any such vehicles on the street in front of the Owner or Resident's Lot shall only be permitted if, as and when the garage and concrete driveway of the Lot is insufficient to accommodate the number of vehicles on the Lot;

(b) such vehicles do not exceed seven (7) feet in height and eighteen (18) feet in length;

(c) such vehicles are not used for commercial purposes and do not display any commercial name, telephone number or message of any kind; and

(d) such vehicles are parked on a street during daytime and evening hours, but not over night.

3.5.3 Except as set forth in Subsections 3.5.2(i) and (iii) above, parking on streets is prohibited.

3.5.4 Parking on unpaved portions of Lots is prohibited.

3.5.5 The operation of motorized Vehicles on pathways, sidewalks or trails maintained by the Association is prohibited.

3.5.6 The Board shall have the right and power to adopt rules and regulations governing the parking of Vehicles on Lots, Common Areas and streets and implementing the provisions of this Section.

3.5.7 The provisions of this Section 3.5 are not applicable to Declarant during the construction of Improvements within the Community, nor are they applicable to moving vans, delivery and other service vehicles during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Lot or Common Area.

3.6 Towing of Vehicles. The Board shall have the right to have any Vehicle that is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Governing Documents towed away at the sole cost and expense of the owner of the Vehicle. Any expense incurred by the Association in connection with the towing of any such Vehicle shall be paid to the Association upon demand by the owner of the Vehicle. If the Vehicle is owned by an Owner, any amounts payable to the Association shall be secured by the Assessment Lien, and the Association may enforce collection of said amounts in the same manner provided for in this Declaration for the collection of Assessments.

3.7 Animals. No animal, bird, fowl, livestock, reptile or poultry or any kind, except a reasonable number of dogs, cats, birds, fish or other usual and common household pets ("Permitted Pets") may be kept on any Lot. Permitted Pets shall (i) be kept, bred and maintained thereon solely as domestic pets and not for commercial purposes, (ii) not endanger the health or unreasonably disturb the Owner or Residents of any other Lots, and (iii) not create a nuisance. Permitted Pets that are permitted to roam free, or, in the sole discretion of the Board, make objectionably noise, endanger the health, safety of, or constitute a nuisance or inconvenience to the Residents of other Lots shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. All Permitted Pets shall be kept on a leash or otherwise confined so as to be under the complete physical control of a responsible person whenever outside the boundaries of a Lot. Any Owner, Resident or other person who brings or permits a Permitted Pet to be on any Common Area or any Lot or street shall be responsible for immediately removing any feces deposited by the pet. Upon the written request of any Owner or Resident, or upon the Board's own initiative, the Board shall conclusively determine, in its sole and absolute discretion, whether for the purposes of this Section, a particular animal, bird, fowl, livestock, reptile or poultry is a Permitted Pet, whether such Permitted Pet is a nuisance, or whether the number of animals, birds, fowl, livestock, reptiles or poultry kept on any Lot is reasonable. The keeping of Permitted Pets and their ingress, egress and travel upon the Common Areas shall be subject to such additional rules and regulations as the Board may establish. Failure to comply with this restriction or such rules and regulations shall be grounds for the Board to bar the Permitted Pet from use or travel upon the Common Areas. The Board may subject pet ingress, egress, use or travel upon the Common Areas to a user fee, which may be a general fee for all similarly situated persons or a specific fee imposed for failure of an Owner or Resident to abide by the rules, regulations and restrictions applicable to Permitted Pets. Permitted Pets shall be registered, licensed and inoculated as required by law.

3.8 Nuisances; Debris; Construction Activities. No animal waste, rubbish, debris, petroleum products or similar product of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Common Area, and no odors or loud noises (except for alarm devices approved and operated in accordance with any rules and regulations established by the Board) shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. Dumping of grass clippings, leaves or other debris, petroleum products, fertilizers or other potentially hazardous or toxic substances in any portion of the Community is prohibited, except that fertilizers may be applied to landscaping on Lots and Common Area provided that care is taken to minimize runoff. No other nuisance shall be permitted to exist or operate upon any Lot or Common Area so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants.

Normal construction activities and parking in connection with the building of Improvements on a Lot or Common Area shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots and Common Area shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved in writing by the Design Review Committee and the Architectural Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot during the construction of Improvements may be kept only in areas approved in writing by the Architectural Review Committee, which may also require screening of the storage areas. The Architectural Review Committee in its sole discretion shall have the right to determine the existence of any such nuisance. The provisions of this Section shall not apply to construction activities of the Declarant.

3.9 Violation of Law or Insurance. No Owner shall permit anything to be done or kept in or upon a Lot that will result in the cancellation or increase in premium, or reduction in coverage, of insurance maintained by any Owner or the Association or that would be in violation of any local, state or federal law or regulation; provided, however, that the Board shall have no obligation to take enforcement action in the event of any such violation.

3.10 Diseases and Insects; Noxious and/or Offensive Activities. No person shall permit any thing or condition to exist upon any Lot or other property within the Community that induces, breeds or harbors infectious plant diseases or noxious insects. No person shall conduct any noxious or offensive activity that, in the reasonable determination of the Board, tends to cause embarrassment, discomfort, annoyance or nuisance to persons using the Common Area or the Residents of other Lots. No person shall materially disturb or destroy any vegetation, wildlife, wetlands or air quality within the Community, and no persons shall use excessive amounts of water or conduct activities that would result in unreasonable levels of sound or light pollution.

3.11 Drainage. No structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere with or change the direction or flow of water in accordance with the drainage plans for the Property, or any part thereof, or for any Lot as shown on the drainage plans on file with the county or municipality in which the Community is located. No Person shall alter the grading of a Lot or alter the natural flow of water over and across a Lot without the prior written approval of the Architectural Review Committee and any applicable governmental authority.

3.12 Restriction on Further Subdivision, Property Restrictions and Rezoning. Unless otherwise provided in the Tract Declaration (as defined in the Master Declaration), no Lot shall be further subdivided or separated into smaller lots or parcels by any Owner other than the Declarant, and no portion less than all of any such Lot shall be conveyed or transferred by any Owner other than the Declarant, without the prior written approval of the Architectural Review Committee. No further covenants, conditions, restrictions or easements shall be Recorded by any Owner, Lessee, or other Person other than the Declarant against any part of the Property without the provisions thereof having been first approved in writing by the Board. No application for rezoning, variances or use permits pertaining to any Lot shall be filed with any governmental authority by any Person other than the Declarant unless the application has been

approved by the Architectural Review Committee and the proposed use otherwise complies with this Declaration.

3.13 Wildlife; Firearms and Fireworks. Capturing, killing or trapping wildlife is prohibited within the Community unless performed by a government official in the performance of his duties, except in circumstances imposing an imminent threat to the safety of Persons or Permitted Pets. Discharge of firearms, firecrackers and other fireworks in the Community is prohibited; provided, that the Board shall have no obligation to take action to prevent or stop such discharge.

3.14 Machinery and Equipment; Fuel Storage. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other Improvements or such machinery or equipment which is otherwise permitted pursuant to the terms of the Master Declaration. Lawn and garden equipment may be kept on a Lot provided such equipment is stored so as not to be Visible From Neighboring Property. Storage of gasoline, heating or other fuels is prohibited on Lots, except that a reasonable amount of fuel may be stored on each Lot for emergency purposes and operation of gas or charcoal grills, lawn mowers and similar tools or equipment. The Association shall be permitted to store fuel for operation of maintenance vehicles, generators and similar equipment.

3.15 Antennas. Except as permitted by law or under the Design Guidelines, no antenna, aerial, satellite television dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation proposed to be erected, used or maintained outdoors on any portion of the Community, whether attached to a Residential Unit or structure or otherwise, shall be erected or installed without the prior written consent of the Architectural Review Committee.

3.16 Window Coverings. No interior surface of a window shall at any time be covered with aluminum foil, bed sheets, newspapers or any other like materials. No reflective materials shall be installed on the interior or exterior of a window or used on any Improvement, and no other external window covering may be constructed or installed without the prior written consent of the Architectural Review Committee.

3.17 Garages and Driveways. Garages situated on Lots shall be used only for the parking of vehicles and shall not be used or converted for living or recreational activities without the prior written approval of the Architectural Review Committee. Notwithstanding the foregoing, garages may be used for (i) the storage of material so long as the storage of material does not restrict the use of the garage for the parking of motor vehicles, and (ii) workshops and other similar activities and hobbies so long as such activities (a) do not constitute a commercial venture, (b) do not constitute a violation of any municipal health, safety, zoning or other code, (c) do not constitute a violation of the Governing Documents, the Master Declaration or any rules and regulations adopted by the Master Association, (d) do not interfere with the peaceful enjoyment of the Property by any other Owner, Lessee or Resident, and (e) do not restrict the use of the garage for the parking of motor vehicles. Upon the written request of any Owner, Lessee or Resident, the Board shall conclusively determine, in its sole and absolute discretion, whether,

for the purposes of this Section, the foregoing items (a), (c), (d) and (e) have been violated. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions set forth in this Declaration.

3.18 Mineral Exploration. No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

3.19 Clothes Drying Facilities. No outside clothes lines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot so as to be Visible From Neighboring Property.

3.20 Signs. Except signs required by legal proceedings, no signs whatsoever (Including commercial, "for sale," "for rent" and similar signs) that are Visible From Neighboring Property shall be erected or maintained on any Lot without the prior written approval of the Architectural Review Committee unless such signs are consistent with provisions set forth in the Design Guidelines. Nothing in this Section shall be deemed to prohibit political signs; however, the Architectural Review Committee reserves the right to disallow and/or regulate the size and number of political signs to the extent permitted by law.

3.21 Rooftop Air Conditioners Prohibited. No air conditioning units or appurtenant equipment shall be mounted, installed or maintained on the roof of any Residential Unit or other building on a Lot so as to be Visible From Neighboring Property.

3.22 Basketball Goals and Backboards. No basketball hoop, goal or backboard, whether permanent or portable, shall be constructed or installed on any Lot without the prior written approval of the Architectural Review Committee.

3.23 Playground Equipment. No jungle gyms, swing sets or similar playground equipment that would be Visible From Neighboring Property shall be erected or installed on any Lot without the prior written approval of the Architectural Review Committee.

3.24 Outdoor Fireplaces and Firepits; Ancillary Structures. No outdoor in-ground fireplaces or firepits, and no gazebos, storage sheds, ramadas, dog runs, greenhouses or any other free-standing structures not originally constructed by Declarant, shall be constructed or installed on a Lot without the prior written approval of the Architectural Review Committee. The foregoing provision shall not be deemed to restrict the use of portable wood-burning fireplaces and chimeneas.

3.25 Lights. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot which in any manner will allow light to be directed or reflected unreasonably upon any other Lot or Common Area.

3.26 Fire/Building Repair. If any Improvement is destroyed or partially destroyed by fire, act of God or as the result of any other act or thing, the damage to Improvements shall be repaired and reconstructed or the Improvements razed within twelve (12) months after such damage. Notwithstanding the foregoing, if a dangerous condition shall exist because of such damage, it shall immediately be corrected so as to not cause harm to another Person.

3.27 Utility Service. No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Review Committee. No provision of this Declaration shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Review Committee.

3.28 Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, bicycle path or pedestrian way from ground level to a height of eight (8) feet.

3.29 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot, except in covered containers of a type, size and style that are approved by the Architectural Review Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then only for the shortest time reasonably necessary to effect such collection or for such time which may be specified in the Master Design Guidelines. All rubbish, trash, or garbage shall be removed from Lots and other property and shall not be allowed to accumulate thereon. No waste incinerators shall be kept or maintained on any Lot or any other portion of the Community. Except as otherwise provided in this Declaration, the outside burning of trash, leaves, debris or other materials is prohibited. The Board shall have the right to contract with or designate one or more third parties (Including a municipality) to collect garbage, trash, or recyclable materials for the benefit of the Owners and Residents, with any costs to be Common Expenses or billed separately to the Owners at the sole discretion of the Board.

3.30 Golf Carts. No golf carts other than electric powered golf carts shall be operated, parked or maintained within the Community without the prior written approval of the Board.

3.31 Golf Ball Restriction. No Owners, Resident or the guest of either shall hit golf balls from any Lot or Common Area onto the Golf Course or onto any other Lot or Common Area.

3.32 Leasing of Residential Units.

3.32.1 Subject to the terms of this Section, an entire Residential Unit may be leased to a Lessee from time to time by an Owner provided that each of the following conditions is satisfied:

(i) The lease or rental agreement must be in writing and shall be for a term no less than ninety (90) days, provided that until the Transition Date, Declarant may enter into a lease or rental agreement for a Lot that is for a period shorter than ninety (90) days so long as the lease or rental agreement is related to the sales and marketing of the Community;

(ii) The occupants of the Residential Unit under the lease shall satisfy the “housing for older persons” restrictions set forth in Section 3.33 of this Declaration and any

rule or regulation adopted by the Board with respect thereto, including the rule that requires that the Owner deliver a copy of the lease signed by the Lessee to the Board;

(iii) The lease or rental agreement must contain a provision that the lease or rental agreement is subject to this Declaration, the Master Declaration and other Governing Documents and that any violation of any of the foregoing shall be a default under the lease or rental agreement;

(iv) Before commencement of the lease term or rental agreement, the Owner shall provide the Association with the names of the Lessees and each Person who will reside in the Residential Unit and the address and telephone number of the Owner.

3.32.2 Any Owner that leases or rents such Owner's Residential Unit shall keep the Association informed at all times of the Owner's address and telephone number. Any lease or rental agreement shall be subject to the Governing Documents and the Master Declaration and any breach of the Governing Documents or the Master Declaration shall constitute a default under the lease or rental agreement, regardless of whether it so provides in the lease or rental agreement. If any Lessee breaches any restriction contained in the Governing Documents or the Master Declaration, the Owner, upon demand by the Association or the Master Association, immediately shall take such actions as may be necessary to correct the breach, including, if necessary, eviction of the Lessee. Notwithstanding the foregoing, the Association and Master Association shall have all rights and remedies provided for under this Declaration and the Governing Documents and under the Master Declaration.

3.33 Housing for Older Persons; Age Restriction.

3.33.1 The Community is intended to be operated for occupancy by persons fifty-five (55) years of age or older in accordance with The Fair Housing Act (Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. 3601 et seq.), and Arizona law regarding fair housing (A.R.S. § 41-1491 et. seq.) (collectively, the "Fair Housing Acts"), which exempt "housing for older persons" from the prohibitions against discrimination based on familial status. Except as provided in Subsection 3.33.2 below, each Residential Unit, if occupied, must be occupied by at least one (1) person fifty-five (55) years of age or older. Except as provided in Subsection 3.33.3 below, no person under nineteen (19) years of age shall occupy or reside in a Residential Unit. The Board, in its sole and absolute discretion, shall have the right and power to determine when a person "occupies or resides" in a Residential Unit.

3.33.2 In accordance with the Fair Housing Acts, at least eighty percent (80%) of the occupied Residential Units must be occupied by at least one person who is fifty-five (55) years of age or older. Accordingly, the Board, upon application, shall have the right and option, but without obligation, at the Board's sole and absolute discretion, to permit a Residential Unit to be occupied by persons all of whom are under the age of fifty-five (55), unless the granting of permission would result in fewer than eighty percent (80%) of the occupied Residential Units being occupied by one person fifty-five (55) years of age or older, or considering other factors deemed appropriate by the Board, may jeopardize (whether at the time of the request or in the future) the Community's status as "housing for older persons" under the Fair Housing Acts. The Board shall exercise its sole and absolute discretion based upon criteria

that the Board shall determine as appropriate, including information then known to the Board concerning potential or pending changes in occupancy of other Residential Units within the Community, the ages of the persons requesting such permission, the proximity to age fifty-five (55) of those occupants of other Residential Units within the Community then under such age, and any other information known to and deemed relevant by the Board in its sole discretion. Any request submitted to the Board pursuant to this Subsection shall be a written request setting forth the names and ages of all proposed Residents of the Residential Unit and such other information as the Board reasonably may require.

3.33.3 The Board, upon application by a person, because of undue hardship on such person or other Residents of the Residential Unit or extraordinary circumstances, in its sole and absolute discretion (unless the granting of permission would jeopardize the Community's status as "housing for older persons" under the Fair Housing Acts), shall have the right and option, but not the obligation, to permit a Residential Unit to be occupied by a person under nineteen (19) years of age. Any person requesting permission to have a Residential Unit occupied pursuant to the provisions of this Subsection shall submit a written request to the Board setting forth the reason for the request and such other information as the Board reasonably may require. A person under nineteen (19) years of age may visit a Residential Unit as a guest of the Residents of the Residential Unit for a period of not more than sixty (60) days in any twelve (12) month period.

3.33.4 Each Resident, as and when requested to do so by the Board, shall furnish the Board with the names and ages of all occupants of the Residential Unit and such affidavits and other documents as the Board may request to verify the age of such occupants. In the event there is a change in the occupancy of a Residential Unit, the Owner immediately shall notify the Board in writing of such change and comply with all rules and regulations adopted by the Board for verification of occupancy.

3.33.5 The Board shall publish and adhere to policies and procedures to demonstrate the intent that the Community is intended and operated for occupancy by persons fifty-five (55) years of age or older. Furthermore, the Board shall comply with any rules issued by the Secretary of Housing and Urban Development for verification of occupancy. The policies and procedures shall provide for verification of Residents by reliable surveys and affidavits or other means as permitted by the Fair Housing Acts.

3.33.6 The requirements contained in this Section 3.33 are intended to comply with the exemption requirements under the Fair Housing Acts and any regulations now or hereafter issued therefor. Notwithstanding anything contained herein to the contrary, it is acknowledged and agreed that although it is the intent of the Declarant that the Community is intended to be and that it be operated for occupancy by persons fifty-five (55) years of age or older in compliance with the Fair Housing Acts which exempt "housing for older persons" from the prohibitions against discrimination based on familial status, no representation or warranty is made that the Community complies or will comply with the Fair Housing Acts, and if for any reason the Community is deemed not in compliance with the Fair Housing Acts and therefore not exempt from the prohibitions against discrimination based on familial status, neither the Declarant Parties, the Master Association nor the Association (or the affiliates of any of the foregoing) shall have any liability in connection therewith. Anything herein contained to the

contrary notwithstanding, the Declarant, so long as the Declarant owns any Property or Additional Property, and thereafter, the Board, may amend the provisions of this Section 3.33, to the extent that it deems it necessary or appropriate, without the approval of the Members, in order to comply with the exemption requirements under the Fair Housing Acts or any regulations now or hereafter issued therefor, as they may be amended from time to time, with respect to “housing for older persons.”

3.34 Variances; Diminution. The Architectural Review Committee or Board, as applicable, may (but shall not be obligated) in extenuating circumstances, grant variances from the restrictions set forth in this Article 3 if the Architectural Review Committee or Board, as applicable, determines in its sole discretion that: (i) a restriction would create an unreasonable hardship or burden on an Owner, Lessee or Resident or a change of circumstances since the Recordation of this Declaration has rendered such restriction obsolete, and (ii) the activity permitted under the variance will not have any substantial adverse effect on the Owners, Lessees and Residents of the Community and is consistent with the high quality of life intended for Residents of the Community. Notwithstanding the foregoing, the Architectural Review Committee and the Board shall not grant variances permitting uses that (a) are not consistent with applicable law, or (b) would jeopardize the Community’s status as “housing for older persons” under the Fair Housing Acts. If any restriction set forth in this Article 3 is adjudged or deemed to be invalid or unenforceable as written by reason of any federal, state or local law, ordinance, rule or regulation, then a court or the Board, as applicable, may interpret, construe, rewrite or revise such restriction to the fullest extent allowed by law, so as to make such restriction valid and enforceable. Such modification shall not serve to extinguish any restriction not adjudged or deemed to be unenforceable.

ARTICLE 4 EASEMENTS

4.1 Easement for Use of Common Area.

4.1.1 Every Owner, Lessee and Resident shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area (Including the right to use any streets which may be part of the Common Area for ingress and egress to the Owner’s Lot) which right shall be appurtenant to and shall pass with the title to every Lot, subject to the following:

(i) The right of the Association to dedicate, convey, transfer or encumber the Common Area as provided in Section 5.13 of this Declaration.

(ii) The right of the Board to change the use of a Common Area as provided in Section 5.14.

(iii) The rights and easements granted to the Declarant in this Declaration, Including the rights and easements granted to the Declarant in Sections 4.3 and 4.4 of this Declaration.

(iv) The right of the Association to regulate the use of the Common Area through the Association Rules and to prohibit access to such portions of the Common Area, such as landscaped areas, not intended for use by the Owners, Lessees or Residents.

(v) The right of the Board to organize and operate events and programs that utilize the recreational and clubhouse facilities for the purpose of generating funds for the Association, and the right of the Board to exclude Members from using such facilities during special events.

(vi) The right of the Board to impose reasonable Membership requirements and charge reasonable Special Use Fees for the use of any facility situated on the Common Area.

(vii) The right of the Association to suspend the right of an Owner to use the Common Area (other than the right of an Owner and such Owner's family, tenants and guests to use any streets which are part of the Common Area for ingress or egress to the Owner's Lot) if such Owner is more than fifteen (15) days delinquent in the payment of Assessments or other amounts due to the Association or if the Owner has violated any other provisions of the Governing Documents and has failed to cure such violation within fifteen (15) days after the Association notifies the Owner of the violation. Any suspension of an Owner's right to use the Common Area shall also extend to the Lessees and Residents of the Owner's Lot and their guests and invitees.

4.1.2 If a Lot is leased or rented by the Owner thereof, the Lessee and the members of the Lessee's family residing with such Lessee shall have the right to use the Common Area during the term of the lease, and the Owner of such Lot shall have no right to use the Common Area (other than the right of an Owner to use any streets which are part of the Common Area for ingress or egress to the Owner's Lot) until the termination or expiration of such lease.

4.2 Utility Easement. There is hereby created an easement upon, across, over and under the Common Area for the benefit of the Declarant and its contractors and the utility companies providing utility service to the Community for reasonable ingress, egress, installation, replacing, repairing or maintaining of all utilities, including gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Common Area but no sewers, electrical lines, water lines, or other utility or service lines shall be installed or located on the Common Area except as designed, approved and constructed by the Declarant or as otherwise approved by the Board.

4.3 Declarant's Use for Sales and Leasing Purposes. Declarant shall have the right and an easement to maintain sales and leasing offices, management offices, mortgage offices, title insurance offices, a design center, model homes and parking areas (collectively, "Sales and Construction Facilities") throughout the Community and to maintain one or more advertising, identification or directional signs on the Common Area or on the Lots owned or leased by Declarant while the Declarant is selling Lots. Declarant reserves the right to (i) place Sales and Construction Facilities on any Lots owned or leased by Declarant and on any portion of the Common Area in such number, of such size and in such locations as Declarant deems appropriate, and (ii) use any clubhouse and recreational facilities within the Community for management and sales activities, including permitting the temporary use of such facilities by

prospective purchasers. In the event of any conflict or inconsistency between this Section and any other provision of this Declaration, this Section shall control.

4.4 Declarant's Easements. Declarant shall have the right and an easement on and over the Areas of Association Responsibility to construct all Improvements that the Declarant may deem necessary and to use the Areas of Association Responsibility and any Lots or other property within the Community owned by Declarant for construction or renovation related purposes, including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Community. The Declarant shall have the right and an easement upon, over, and through the Areas of Association Responsibility as may be reasonably necessary for the purpose of discharging its obligations or exercising the rights granted to or reserved by the Declarant by this Declaration. In the event of any conflict or inconsistency between this Section and any other provision of this Declaration, this Section shall control.

4.5 Easement in Favor of Association. The Lots (except for the interior of a Residential Unit or other buildings) are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

4.5.1 For inspection of the Lots in order to verify the performance by Owners of all items of maintenance and repair for which they are responsible;

4.5.2 For inspection, maintenance, repair and replacement of the Areas of Association Responsibility accessible only from such Lots;

4.5.3 For correction of emergency conditions in, under, upon or over one or more Lots;

4.5.4 For the purpose of enabling the Association, the Board, the Architectural Review Committee or any other committees appointed by the Board to exercise and discharge their respective rights, powers and duties under the Governing Documents; and

4.5.5 For inspection of the Lots in order to verify that the provisions of the Governing Documents are being complied with by the Owners, their guests, Lessees, invitees and the other Residents and occupants of a Lot.

4.6 Easement for Unintended Encroachments. To the extent that any Improvement upon a Lot or Common Area encroaches on any other Lot or Common Area as a result of the original construction settling thereon, alteration or restoration authorized by this Declaration, or any other reason other than the intentional encroachment on a Lot or Common Area by an Owner, a valid easement for the encroachment, and for the maintenance thereof, exists.

4.7 Golf Ball Easement. The Property is hereby burdened with an easement for golf balls which unintentionally enter upon the Property from the Golf Course and for golfers at reasonable times and in reasonable manners to enter from the Golf Course upon any portions of the Property which are not fenced or walled, for purposes of retrieving errant golf balls. Unless otherwise properly retrieved in accordance with the provisions of the preceding sentence, any golf balls entering upon any Lot or other portion of the Property shall become the property of the

Owner of such Lot or other portion of the Property. UNDER NO CIRCUMSTANCES SHALL THE DECLARANT PARTIES, THE GOLF COURSE OWNER, THE MASTER ASSOCIATION, THE ASSOCIATION, AND EACH OF THEIR PARENTS, AFFILIATES AND SUBSIDIARIES, AND THEIR OFFICERS, DIRECTORS AND EMPLOYEES, AND ANY SUCCESSOR IN INTEREST TO THE FOREGOING BE RESPONSIBLE OR LIABLE FOR ANY DAMAGE OR INJURY TO PERSONS OR PROPERTY RESULTING FROM ERRANT GOLF BALLS OR THE EXERCISE OF THIS EASEMENT. Each Owner, Lessee and Resident, for themselves and their families, guests and invitees, recognizes and agrees to the release set forth in Subsection 2.8.4 of this Declaration.

**ARTICLE 5
THE ASSOCIATION;
ORGANIZATION; MEMBERSHIP AND VOTING RIGHTS**

5.1 Formation of Association. The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration.

5.2 Board of Directors and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. Until the Transition Date, the directors of the Association shall be appointed by and may be removed by the Declarant. After the Transition Date, directors shall be elected by the Members in accordance with the Articles and Bylaws. Unless the Governing Documents specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Board shall have the power to levy reasonable fines against an Owner for a violation of the Governing Documents by the Owner, a Lessee of the Owner, any Resident of the Owner's Lot or by any guests or invitees of the Owner, Lessee or Resident, and to impose late charges for payment of such fines if unpaid fifteen (15) or more days after the due date, provided that the late charge shall not exceed the greater of fifteen dollars (\$15.00) or ten percent (10%) of the amount of the unpaid fine, or such greater amount as permitted under applicable law. Notwithstanding the foregoing, to the extent applicable law from time to time (i) provides for any shorter period of time after which fines may or shall become delinquent, such shorter period of time may be established by the Board to apply in lieu of the time period set forth in this Declaration, and (ii) provides for an increased amount to be charged as a late charge for fines, such amount may be modified by the Board to apply in lieu of the late charge set forth in this Declaration.

5.3 The Association Rules. The Board may, from time to time, adopt, amend and repeal rules and regulations pertaining to: (i) the management, operation and use of the Areas of Association Responsibility Including any recreational facilities situated upon the Areas of Association Responsibility; (ii) minimum standards for any maintenance of Lots; (iii) the health, safety or welfare of the Owners, Lessees and Residents, or (iv) restrictions on the use of Lots. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail. The Association Rules shall be enforceable in the same manner and to the same extent as the covenants, conditions and restrictions set forth in this Declaration.

5.4 Special Use Fees for Additional Residents. Two Residents of each Residential Unit, as designated by the Owner thereof, shall be entitled to use the recreational facilities within the Community. If additional Residents of a Residential Unit desire to use the recreational facilities, such additional Resident shall pay to the Association such Special Use Fees as the Board may, from time to time, adopt for the use of the recreational facilities by such additional Residents.

5.5 Personal Liability. No member of the Board or of any committee of the Association, no officer of the Association, and no manager or other employee of the Association shall be personally liable to any Member, or to any other Person, Including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Association, the Board, the manager, any representative or employee of the Association, or any committee member or officer of the Association; provided, however, the limitations set forth in this Section shall not apply to any Person who has failed to act in good faith or has engaged in willful or intentional misconduct.

5.6 Implied Rights. The Association may exercise any right or privilege given to the Association expressly by the Governing Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association by the Governing Documents or reasonably necessary to effectuate any such right or privilege.

5.7 Identity of Members. Membership in the Association shall be limited to the Declarant and the Owners of Lots that are Assessable Property. An Owner of a Lot that is Assessable Property shall automatically, upon becoming the Owner thereof, be a Member of the Association and shall remain a Member of the Association until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to each Lot owned by the Declarant and each Lot that is Assessable Property, subject to the provisions of Subsection 5.8.2 herein, and may not be separately assigned, transferred or conveyed.

5.8 Allocation of Memberships.

5.8.1 Each Member shall have one Membership for each Lot owned by the Member.

5.8.2 In addition to the Memberships allocated to the Declarant pursuant to Subsection 5.8.1 of this Declaration, the Declarant shall have one (1) Membership for each unit of density available for residential development allowed by the Development Plan as shown thereon, which unit of density is not yet shown as a Lot on a Recorded Plat.

5.9 Voting. No Members other than the Declarant shall have any voting rights until the Transition Date. After the Transition Date, the Association shall have the following two classes of voting Memberships:

(i) Class A. Class A Memberships shall be all Memberships except for the Class B Memberships held by the Declarant and each Owner shall be entitled to one vote for each Class A Membership held by such Owner.

(ii) Class B. Class B Memberships shall be all Memberships held by the Declarant. The Declarant shall be entitled to three (3) votes for each Membership held by the Declarant. The Class B Memberships shall expire when the Declarant no longer owns any property within the Community.

5.10 Voting Procedures. No change in the ownership of a Lot shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote or votes for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot is owned by more than one Person and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote or votes representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is made at the time the vote is cast.

5.11 Transfer of Membership. The rights and obligations of any Member other than the Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership appurtenant to said Lot to the new Owner thereof. Each purchaser of a Lot shall notify the Association of such purchase within ten (10) days after becoming the Owner of a Lot.

5.12 Architectural Review Committee. The Association shall have an Architectural Review Committee to perform the functions of the Architectural Review Committee set forth in Section 3.2 of this Declaration. The functions of the Architectural Review Committee are in addition to and separate and apart from the functions of the Design Review Committee (as such term is defined in the Master Declaration). The Architectural Review Committee shall consist of such number of regular members and alternate members as may be provided for in the Bylaws. So long as the Declarant is a Member of the Association, the Declarant shall have the sole right to appoint and remove all members of the Architectural Review Committee. At such time as the Declarant is no longer a Member of the Association, the members of the Architectural Review Committee shall be appointed by the Board. The Declarant may at any time voluntarily surrender its right to appoint and remove the members of the Architectural Review Committee, and in that event the Declarant may require, for so long as the Declarant is a Member of the Association, that specified actions of the Architectural Review Committee, as described in a Recorded instrument, be approved by and executed by the Declarant before they become effective. The Architectural Review Committee may adopt, amend and repeal architectural guidelines, standards and procedures to be used in rendering its decisions by establishing Design Guidelines. The Design Guidelines may include provisions regarding: (i) the size of Residential Units; (ii) architectural design, with particular regard to the harmony of the design with the surrounding structures and topography; (iii) placement of Residential Units and other buildings; (iv) landscaping design, content and conformance with the character of the Property and permitted and prohibited plants; (v) requirements concerning exterior color schemes, exterior

finishes and materials; (vi) signage; and (vii) perimeter and screen wall design and appearance. The decision of the Architectural Review Committee shall be final on all matters submitted to it pursuant to this Declaration, subject to the laws of all applicable governmental authorities. The Design Guidelines may contain general provisions that are applicable to all of the Community as well as provisions that vary from one portion of the Community to another depending upon the location, unique characteristics and intended use thereof. The Architectural Review Committee may establish one or more subcommittees consisting of one or more members of the Architectural Review Committee and may delegate to such subcommittee or subcommittees the authority and power of the Architectural Review Committee to approve or disapprove the construction, installation or alteration of Improvements in accordance herewith within a specified portion of the Community.

5.13 Conveyance or Encumbrance of Common Area. Except for dedications to the Master Association, Pinal County or any other governmental or quasi-governmental authority, the Common Area shall not be mortgaged, transferred, dedicated or encumbered after the Transition Date without the prior written consent or affirmative vote of Owners representing at least two-thirds (2/3) of the votes entitled to be cast by Members of the Association. The Board shall have the right to change the size, shape or location of the Common Area upon (i) adoption of a resolution by the Board stating that in the Board's opinion the change proposed shall be for the benefit of the Members and Residents and shall not substantially adversely affect them, and (ii) the approval of such resolution by Declarant as long as the Declarant owns any Property or Additional Property. Notwithstanding anything contained herein to the contrary, Declarant shall have the right, for so long as Declarant owns any Property or Additional Property, to grant easements, make dedications and transfer portions of Common Area to the Master Association, Pinal County, the State of Arizona or any other governmental or quasi-governmental authority without the consent of any other Person.

5.14 Procedure for Change of Use of Common Area. Upon (i) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Common Area is no longer in the best interests of the Members and Residents, and (ii) the approval of such resolution by Declarant as long as the Declarant owns any Property or Additional Property, the Board shall have the power and right to change the use of such property (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and Improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use (a) shall be for the benefit of the Members and Residents, as determined by the Board, and (b) shall be consistent with any deed restrictions, zoning and other municipal regulations restricting or limiting the use of the land, and further provided that any approvals required pursuant to the Master Declaration for such new use have been obtained.

5.15 Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more directors or officers of the Association or members of any committee are employed by or otherwise connected with Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such director, officer or committee

member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which such person is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by Declarant, its affiliated companies or any competitor thereof and may vote at the meeting to authorize any such contract, transaction or approval with like force and effect as if he were not so interested.

5.16 Suspension of Voting Rights. If any Owner fails to pay any Assessments or other amounts due to the Association under the Governing Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Governing Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the violation, the Board of Directors shall have the right to suspend such Owner's right to vote until such time as all payments, including interest and attorneys' fees, are brought current, and until any other infractions or violations of the Governing Documents are corrected.

ARTICLE 6 COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

6.1 Creation of Lien and Personal Obligation of Assessments. Each Owner, by becoming the Owner of a Lot, is deemed to covenant and agree to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. The Assessments, together with interest, late charges and all costs, including reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest and all costs, including reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be in addition to any assessments, fees and charges levied by the Master Association pursuant to the Master Declaration and shall be the personal obligation of the Person who was the Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

6.2 Annual Assessments.

6.2.1 In order to provide for the operation and management of the Association and to provide funds for the Association to pay all Common Expenses and to perform its duties and obligations under the Governing Documents, including the establishment of replacement and maintenance reserves, the Board, for each Assessment Period, shall assess against each Lot which is Assessable Property an Annual Assessment, which shall be allocated to each Lot in accordance with Section 6.3 below. The total amount to be assessed against the Lots as an Annual Assessment shall be the amount which is reasonably estimated by the Board to produce income to the Association equal to the total budgeted Common Expenses (other than Common Expenses pertaining to Parcel Assessment Areas and Parcel Services which are to be assessed as Parcel Assessments) taking into account other sources of funds available to the Association.

6.2.2 The Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give such notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Board determines during any Assessment Period that the funds budgeted for that Assessment Period are or will become inadequate to meet all Common Expenses for any reason, including nonpayment of Assessments by Members, it may increase the Annual Assessment, to the extent permitted by law, for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Board. Notwithstanding any provision in the Declaration, Bylaws or Association Rules, the Board shall not impose an Annual Assessment in any Assessment Period in excess of that amount permitted by law; however, to the extent that the law shall permit any increase in the Annual Assessment which requires the approval of the majority of Members, such increase shall be implemented only upon approval of the majority of Members.

6.3 Determination of Annual Assessment. The amount of the Annual Assessment for an Assessment Period for each Lot owned by Class A Members shall be established at a level that is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses, including contributions to reserves. The Annual Assessment shall be levied equally against all Lots that are Assessable Property. In determining the amount of the Annual Assessment, the Board, in its discretion, may consider sources of funds available to the Association other than the Annual Assessments. In addition, the Board may take into account (i) the number of Lots subject to Annual Assessments on the first day of the fiscal year for which the budget is prepared and the number of Lots reasonably anticipated to become subject to Annual Assessments during the fiscal year; (ii) the projected budget for the Association at such time as all Property and all Additional Property is owned by Class A Members; and (iii) projected budgets for the Association at other future times in the development of the Community, based on the number of Lots projected to be subject to Annual Assessments at such time. If the Development Plan is amended during any Assessment Period, then the Annual Assessment levied for such Assessment Period may be adjusted accordingly at the discretion of the Board.

6.4 Declarant Subsidies; Obligation of Declarant for Deficiencies.

6.4.1 The Declarant may, but shall not be obligated to, reduce the Annual Assessment for any fiscal year by payment of a subsidy. Any such subsidy shall be disclosed as a line item in the income portion of the budget. The payment of a subsidy in any year shall not obligate the Declarant to continue payment of such subsidy in future years. The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services, materials, or a combination of services and materials with the Declarant or other entities for payment of Common Expenses. The Declarant's payment of Assessments (when and if applicable) may be reduced or abated by the agreed value of any such services or materials provided by Declarant, in accordance with any such contract or agreement with the Association.

6.4.2 Until the Transition Date, Declarant shall not be obligated to pay Assessments on its unsold Lots, but, instead, shall be obligated to pay the deficiency (i.e., operating deficit) for each fiscal year. A deficiency shall exist if Income and Revenues (as defined below) for a particular fiscal year are less than Expenditures (as defined below) incurred

for the same fiscal year. Income and Revenues and Expenditures are to be calculated using the accrual basis of accounting as follows:

(i) Income and Revenues are: the amount of all income and revenue of any kind earned by the Association during the subject fiscal year, Including Annual Assessments, Special Use Fees, subsidies (if any) provided by Declarant, and income from all other sources except Special Assessments and Parcel Assessments. For purposes of this Subsection 6.4.2, Annual Assessments for each Lot are deemed earned on the first day of the fiscal year for the which the Annual Assessments are levied.

(ii) Expenditures are: the amount of all actual operating expenses incurred, or obligated for, by the Association during the subject fiscal year, Including any contribution to the Reserve Account (defined in Section 6.16) for such year and expenditures for any budgeted or approved non-budgeted capital assets acquired during the fiscal year, but excluding (a) all non-cash expenses such as depreciation or amortization, (b) expenditures for or purchase of non-budgeted, non-approved items, and (c) all expenditures made from the Reserve Account. For purposes of this Subsection 6.4.2, "approved" shall mean prior written approval of the Declarant.

6.4.3 Any deficiency in a particular fiscal year shall be offset by any surplus from a previous fiscal year. A surplus is achieved when, using an accrual basis of accounting, Income and Revenues for a particular fiscal year exceed Expenditures for the same fiscal year.

6.4.4 The deficiency payment by Declarant shall be made after receipt of the annual financial statement audit, unless the Declarant desires in its reasonable discretion to make deficiency payments during the fiscal year, in which event such payments shall be credited against Declarant's annual deficiency payment. Such audit shall be performed by an independent public accounting firm selected by the Board and approved by the Declarant. The Declarant shall pay the deficiency within 30 days after receipt of the audit report.

6.4.5 The provisions of Subsections 6.4.1, 6.4.2, 6.4.3 and 6.4.4 also shall be applicable to the payment by Declarant of any subsidy and deficiencies for Parcel Expenses.

6.4.6 After the Transition Date, Declarant shall pay Annual Assessments, Parcel Assessments and Special Assessments on each of its unsold Lots in the same amount paid by Class A Members.

6.5 Special Assessments. The Association may levy against each Lot that is Assessable Property a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of an Improvement upon an Area of Association Responsibility, Including fixtures and personal property related thereto, provided that any Special Assessment is approved by Class A Members having more than two-thirds (2/3) of the votes entitled to be cast by Class A Members present in person or by proxy at a meeting duly called for such purpose and the consent of the Declarant so long as the Declarant owns any Property or Additional Property. Special Assessments shall be levied at a uniform rate per Membership.

6.6 Parcel Assessments.

6.6.1 All Parcel Expenses shall be shown separately in the budget adopted by the Board. The Common Expenses resulting from the provision of Parcel Services shall be assessed solely against the Lots within the Parcel Assessment Area as established by the Supplemental Declaration designating the Parcel Assessment Area. No Parcel Expenses shall be used in computing the Annual Assessments to be levied pursuant to Section 6.2 of this Declaration. Unless otherwise provided for in the applicable Supplemental Declaration, Parcel Assessments shall be levied against the Lots within the Parcel Assessment Area at a uniform rate per Membership. If the Board determines during any Assessment Period that any Parcel Assessment is, or will, become inadequate to pay all Parcel Expenses for any reason, including nonpayment of Parcel Assessments by Owners within the Parcel Assessment Area, the Board may increase the Parcel Assessment for that Assessment Period and the revised Parcel Assessment shall commence on the date designated by the Board.

6.6.2 In addition to a Parcel Assessment assessed pursuant to Subsection 6.6.1, the Association may assess against each Lot within a Parcel Assessment Area a special Parcel Assessment for the purpose of paying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of an Improvement situated within the Parcel Assessment Area, provided that any special Parcel Assessment is approved by Class A Members within the applicable Parcel Assessment Area having more than two-thirds (2/3) of the votes entitled to be cast by Class A Members in the applicable Parcel Assessment Area present in person or by proxy at a meeting duly called for such purpose and the consent of the Declarant so long as the Declarant owns any Property or Additional Property. Any such special Parcel Assessment shall be assessed against all Lots within the applicable Parcel Assessment Area at a uniform rate per Membership.

6.7 Assessment Period. The period for which the Annual Assessment and any Parcel Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period (i) with respect to the Annual Assessment, and the obligation of the Owners to pay Assessments, shall commence upon the conveyance of the first Lot to a Purchaser, and (ii) with respect to a Parcel Assessment, and the obligation of the Owners within such Parcel Assessment Area to pay Parcel Assessments, shall commence upon the conveyance of the first Lot within such Parcel Assessment Area to a Purchaser, and shall terminate on December 31 of such respective year. The Board in its sole discretion from time to time may change the Assessment Period.

6.8 Commencement Date of Assessment Obligation. Prior to the Transition Date, each Lot within the Community described in Exhibit "A" to this Declaration and each Lot annexed pursuant to Section 2.3 of this Declaration shall be subject to Assessments upon the conveyance of each such Lot to a Person other than Declarant. Upon the Transition Date, all Lots within the Community shall be subject to Assessments, and each Lot annexed pursuant to Section 2.3 of this Declaration shall be subject to Assessments as of the date the amendment annexing such Lots is Recorded or a later date if provided for therein.

6.9 Rules Regarding Billing and Collection Procedures. Annual Assessments and Parcel Assessments shall be collected on a monthly, quarterly or semi-annual basis or such other basis as may be selected by the Board. Special Assessments may be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for

the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed until the Member has been given not less than thirty (30) days written notice prior to such foreclosure that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period but successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.10 Effect of Nonpayment of Assessments; Remedies of the Association.

6.10.1 Any Assessment, or any installment of an Assessment, not paid within fifteen (15) days after the Assessment or the installment of the Assessment first became due (or such longer period of time as required by applicable law) shall be deemed delinquent and shall bear interest from the due date on which such Assessment or installment of the Assessment first became delinquent at the rate of eighteen percent (18%) per annum. In addition, the Board may establish a late fee, not to exceed the greater of fifteen dollars (\$15.00) or ten percent (10%) of the amount of the unpaid Assessment or installment thereof (but in no event an amount greater than permitted under applicable law), to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within fifteen (15) days after such payment was due. Notwithstanding the foregoing, to the extent applicable law from time to time provides for any shorter period of time after which Assessments or any other amounts payable hereunder may or shall become delinquent, such shorter period of time may be established by the Board to apply in lieu of the time period set forth in this Declaration, and to the extent applicable law from time to time provides for any greater amount of late fee or other amount to be charged to any Owner deemed delinquent in the payment of any Assessment, or any installment of an Assessment, such greater amount may be established by the Board to apply in lieu of the late fee set forth in this Declaration.

6.10.2 The Association shall have a lien on each Lot for: (i) all Assessments levied against the Lot; (ii) all interest, lien fees, late charges and other fees (Including Special Use Fees) and charges assessed against the Lot or payable by the Owner of the Lot with respect to Assessments; and (iii) all attorneys' fees, court costs, title report fees, costs and fees charged by any collection agency either to the Association or to an Owner and any other fees or costs incurred by the Association in attempting to collect Assessments or other amounts due to the Association by the Owner of a Lot with respect to the Assessments. Notwithstanding anything contained herein to the contrary, no lien shall apply to any interest, lien fee, late charge or other fees, charges and costs not permitted by law. The Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. The Association may, at its option, record a Notice of Lien setting forth the name of the delinquent Owner as shown in the records of the Association, the legal description or street address of the Lot against which the Notice of Lien is Recorded and the amount claimed to be past due as of the date of the Recording of the Notice, Including interest, lien recording fees and reasonable attorneys' fees. Before Recording any Notice of Lien against a Lot, the Association shall make a written demand to the defaulting Owner for payment of the delinquent Assessments and all other amounts due to the Association

by such Owner. The demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand, but any number of defaults may be included within the single demand. If the delinquency is not paid within ten (10) days after delivery of the demand, the Association may proceed with Recording a Notice of Lien against the Lot. If the Association records a Notice of Lien, the Association may charge the Owner of the Lot against which the Notice of Lien is Recorded a lien fee in an amount to be set from time to time by the Board.

6.10.3 Unless otherwise provided under applicable law, the Assessment Lien shall have priority over all liens or claims except for: (i) liens and encumbrances Recorded before the Recordation of this Declaration; (ii) tax liens for real property taxes; (iii) assessments in favor of any municipal or other governmental body; (iv) the lien of any First Mortgage on the Lot, and (v) the assessment lien created and imposed by Article VII, Section 7.1 of the Master Declaration. Any First Mortgagee or any other Person acquiring title or coming into possession of a Lot through foreclosure of the First Mortgage, purchase at a foreclosure sale or trustee's sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure shall acquire title free and clear of any claims for unpaid Assessments and charges against the Lot which became payable prior to the acquisition of such Lot by the First Mortgagee or other Person. Any Assessments and charges against the Lot which accrue prior to such sale or transfer shall remain the obligation of the defaulting Owner of the Lot.

6.10.4 The Association shall not be obligated to release the Assessment Lien as to any portion of Assessments past due until all such delinquent Assessments, interest, lien fees, reasonable attorneys' fees, court costs, title report fees, collection costs and all other sums payable to the Association by the Owner of the Lot with respect to Assessments have been paid in full. In no event shall such release of past due Assessments release the lien of this Declaration as to all other Assessments to become due hereunder.

6.10.5 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys' fees and any other sums due to the Association in any manner allowed by law Including: (i) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien securing the delinquent Assessments and (ii) bringing an action to foreclose the Assessment Lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

6.10.6 The Association shall have a lien on each Lot for all monetary penalties and fees, attorneys' fees, court costs, charges, late charges and interest, other than such fees, attorneys' fees, court costs, charges, late charges and interest described in Subsection 6.10.2 of this Declaration (the "Penalty Charges"), after the entry of a judgment in a civil suit for such Penalty Charges from a court of competent jurisdiction and the Recording of such judgment as otherwise provided by law (the "Penalty Lien"). The Penalty Lien may not be foreclosed and is effective only on conveyance of any interest in the Lot except as otherwise may be permitted by law.

6.11 Evidence of Payment of Assessments. Upon receipt of a written request from a lienholder, Member or Person designated by a Member, to the extent required by law, the Association shall issue, or cause to be issued, within the time period required by applicable law, a statement setting forth the amount of any unpaid Assessment or other fee or charge against the Lot. The Association may impose a reasonable charge for the issuance of such statements, which charge shall be payable at the time the request for any such statement is made. Any such statement, when duly issued as herein provided, shall be conclusive and binding on the Association with respect to any matters therein stated as against any bona fide purchaser of, or lender on, the Lot in question.

6.12 Purposes for which Association's Funds May Be Used. The Association shall use all funds and property collected and received by it (Including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) solely for the purpose of (i) discharging and performing the Association's duties and obligations under the Governing Documents; (ii) exercising the rights and powers granted to the Association by the Governing Documents, and (iii) the common good and benefit of the Community and the Owners, Lessees and Residents, by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, programs, studies and systems, within or without the Community, which may be necessary, desirable or beneficial to the general common interests of the Community, the Owners, Lessees and Residents. Notwithstanding any other provision of this Declaration to the contrary, until the Transition Date, funds of the Association may not be used for the initial construction of Improvements on the Common Area.

6.13 Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of any Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

6.14 Working Capital Fund. To ensure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment or services, each Person acquiring a Lot from the Declarant shall pay to the Association immediately upon becoming the Owner of the Lot a sum to be determined by the Board from time to time. Funds paid to the Association pursuant to this Section may be used by the Association for payment of operating expenses or any other purpose permitted under the Governing Documents. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

6.15 Reserve Fund. To ensure that the Association shall have funds reserved for repair and replacement of the Improvements within the Common Areas, each Person acquiring a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a sum to be determined by the Board from time to time. Funds paid to the Association pursuant to this Section shall be deposited in the Reserve Account established pursuant to Section 6.16.

Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

6.16 Reserves. Each budget adopted by the Board shall include reasonable amounts as determined by the Board to be collected as reserves for the future periodic maintenance, repair or replacement of all or a portion of the Common Area. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited by the Board in a separate bank account (the "Reserve Account") to be held for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association. Such reserves shall be deemed a contribution to the capital account of the Association by the Members. The Board shall not expend funds designated as reserve funds for any purpose other than those purposes for which they were collected. Withdrawal of funds from the Association's reserve account shall require the signatures of either (i) two (2) members of the Board, or (ii) one (1) member of the Board and an officer of the Association who is not also a member of the Board. The Board shall obtain an initial reserve study and then provide updates thereto at least once every five years. The reserve study shall at a minimum include (a) identification of the major components of the Common Area which the Association is obligated to repair, replace, restore or maintain which, as of the date of the study, have a remaining useful life of less than thirty (30) years, (b) identification of the probable remaining useful life of the identified major components as of the date of the study, (c) an estimate of the cost of repair, replacement, restoration or maintenance of the identified major components during and at the end of their useful life, and (d) an estimate of the total annual contribution necessary to defray the cost to repair, replace, restore or maintain the identified major components during and at the end of their useful life, after subtracting total reserve funds as of the date of the study. Provided that the Board acts in good faith in determining the amount to be collected as reserves, the Declarant Parties shall be liable to the Association or any Member if the amount collected as reserves proves to be inadequate to pay for all required periodic maintenance, repair and replacement which was intended to be funded from reserves.

6.17 Transfer Fee. Each Person acquiring a Lot shall pay to the Association, or to its managing agent if directed to do so by the Board, immediately upon becoming the Owner of the Lot, a transfer fee in such amount as is established from time to time by the Board.

ARTICLE 7 MAINTENANCE

7.1 Areas of Association Responsibility. The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Areas of Association Responsibility, and all Improvements located thereon, except for any part of the Areas of Association Responsibility which any governmental entity is maintaining or is obligated to maintain. The Board shall be the sole judge as to the appropriate maintenance, repair and replacement of all Areas of Association Responsibility, but all Areas of Association Responsibility, and the Improvements located thereon, shall be maintained in good condition and repair at all times. No Owner, Resident or other Person shall construct or install any Improvements on the Common Area or alter, modify or remove any Improvements situated on the Common Area without the approval of the Board. No Owner, Resident or other Person shall remove, add to or modify any plants, trees, granite or other Improvements in the part of their Lot

which constitutes an Area of Association Responsibility without the prior written approval of the Board. No Owner, Resident or other Person shall obstruct or interfere with the Association in the performance of the Association's maintenance, repair and replacement of the Areas of Association Responsibility, and the Improvements located thereon. The Association shall be responsible for the control, maintenance and payment of ad valorem taxes and liability insurance on the Common Area.

7.2 Lots. Except as otherwise may be provided in a Supplemental Declaration, each Owner of a Lot shall be responsible for maintaining, repairing or replacing his Lot, the Residential Unit thereon, all other buildings thereon and landscaping or other Improvements situated thereon (Including any landscaping installed within the street right-of-way contiguous to a Lot), except for any portion of the Lot which is an Area of Association Responsibility. All buildings, Residential Units, landscaping and other Improvements shall at all times be kept in good condition and repair and in accordance with the Maintenance Standard. All hedges, shrubs, vines and plants of any type on a Lot shall be irrigated (to the extent necessary to produce healthy plant material), mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines and plants that die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Architectural Review Committee. No yard equipment, wood piles or storage areas may be maintained so as to be Visible From Neighboring Property.

7.3 Assessment of Certain Costs of Maintenance and Repair. If the need for maintenance or repair of an Area of Association Responsibility, or any Improvement situated thereon, is caused through the willful or negligent act of any Owner, his family, Lessees, guests or invitees, the cost of such maintenance or repairs shall be paid by such Owner to the Association upon demand. The decision of the Board shall be final and binding as to whether any need for repair is caused by any willful or negligent act of any Owner, Resident, Lessee or their guests or invitees.

7.4 Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to not comply with the Maintenance Standard, or as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Community which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration; or in the event the Owner of any Lot is failing to perform any of his obligations under the Governing Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost of such action shall be paid by such Owner to the Association upon demand.

7.5 Maintenance of Walls other than Party Walls.

7.5.1 Unless otherwise provided in a Supplemental Declaration, walls (other than party walls governed by the Master Declaration or walls covered by Subsections 7.5.2, 7.5.3

and 7.5.4 of this Declaration) located on a Lot shall be maintained, repaired and replaced by the Owner of the Lot.

7.5.2 Any wall that is placed on the boundary line between a Lot and an Area of Association Responsibility shall be maintained, repaired and replaced by the Owner of the Lot, except that the Association shall be responsible for the repair and maintenance of the side of the wall which faces the Area of Association Responsibility. The Association shall have no responsibility for any structural repair and maintenance that would require rebuilding all or a portion of any such wall, including any portion of the wall constructed with wrought iron. If any wall constructed by Declarant which has been placed on the boundary line between a Lot and an Area of Association Responsibility unintentionally creates an encroachment upon a Lot, a valid easement for such encroachment and for the maintenance of the boundary wall shall and does exist in favor of the Association.

7.5.3 Any wall that is placed on the boundary line between a Lot and public right-of-way, the outside of which was constructed by Declarant in a decorative manner (i.e., patterned and colored block, painted stucco or wrought iron), shall be maintained, repaired and replaced by the Owner of the Lot except that the Association shall be responsible for the repair and replacement of the surface of the wall that faces the public right-of-way.

7.5.4 Any wall which is placed on the boundary line between a Lot and the Golf Course shall be maintained, repaired and replaced by the Owner of the Lot. The Owner of a Lot abutting the Golf Course shall not paint the side of the wall facing such Owner's Lot without the prior written consent of the Architectural Review Committee. The Golf Course Owner, if and when it so elects, may, at its sole expense, make necessary repairs to any wall placed on the boundary line between a Lot and the Golf Course. An easement over the affected Lots in favor of the Golf Course Owner is hereby created for such purpose. In the event any wall described in this Subsection 7.5.4 encroaches upon a Lot or the Golf Course, an easement for such encroachment shall exist in favor of the Golf Course or the Owner of the Lot, as the case may be.

7.5.5 Any wall that is placed on the boundary line between Common Area and public right-of-way or any other property dedicated to the public shall be maintained, repaired and replaced by the Association.

7.5.6 If the Association deems it necessary to trim, cut or remove vines, plants, trees, bushes, shrubs or other landscaping planted on a Lot in order for the Association to be able to perform its maintenance responsibilities under this Section, the Association shall give notice to the Owner of the applicable Lot identifying the work which must be done in order for the Association to be able to perform its maintenance responsibilities and the date by which such work must be completed. If the Owner does not perform the work identified in the notice within the time period set forth in the notice, then the Association shall have the right to perform the necessary work and charge the Owner for all costs incurred by the Association in the performance of the work. Any such amounts which become payable by an Owner to the Association pursuant to this Subsection shall be paid by the Owner within fifteen (15) days after receipt of a billing, invoice or other demand from the Association for payment of such amount. The Association shall not be liable to the Owner of a Lot or to any other Person for any loss or damage to the landscaping or for any change in appearance of a Lot as a result of any work

performed by the Association on a Lot pursuant to this Subsection. The Association shall be liable to the Owner of a Lot for any damage to a wall caused by the Association in the exercise of the Association's rights under this Subsection 7.5.6.

7.6 Installation of Landscaping. If not installed by the Declarant, within sixty (60) days after acquiring a Lot from the Declarant, each Owner shall install trees, plants or other landscaping Improvements (together with an irrigation system sufficient to adequately water the trees, plants or other landscaping Improvements) on (i) that part of the Lot which is Visible From Neighboring Property, except for any portion of such Lot which is an Area of Association Responsibility, and (ii) any portion of the street right-of-way contiguous to the Lot which is not sidewalk or pavement; provided, however, that no plant materials or irrigation facilities shall be installed closer than five (5) feet to any Residential Unit or any wall or fence. All landscaping and irrigation facilities must have the prior written approval of the Architectural Review Committee before installation.

ARTICLE 8 INSURANCE

8.1 Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to a Person other than Declarant, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

8.1.1 Commercial general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000 per occurrence with a \$2,000,000 aggregate. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Areas of Association Responsibility and all other portions of the Community which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverages with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

8.1.2 Property insurance on all Areas of Association Responsibility insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Areas of Association Responsibility, as determined by the Board; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy;

8.1.3 Worker's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

8.1.4 Directors' and officers' liability insurance in an amount not less than \$1,000,000.00 covering the directors and officers of the Association against claims arising out of or in connection with the administration of the Association;

8.1.5 Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Owners;

8.1.6 The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions: (i) that there shall be no subrogation with respect to the Association, its agents, servants and employees, with respect to Owners and members of their household; (ii) no act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy; (iii) that the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees or beneficiaries under deeds of trust; (iv) a “severability of interest” endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners; (v) statement of the name of the insured as the Association; and (vi) for policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the Association and the First Mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

8.2 Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue a certificate or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be canceled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under a deed of trust to whom certificates of insurance have been issued.

8.3 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to Section 8.1 of this Declaration shall be included in the budget of the Association and shall be paid by the Association.

8.4 Payment of Insurance Proceeds. With respect to any loss to any Area of Association Responsibility covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 8.5 of this Declaration, the proceeds shall be disbursed for the repair or restoration of the damage to the Area of Association Responsibility.

8.5 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Areas of Association Responsibility that is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (ii) Owners representing at least eighty percent (80%) of the total authorized votes in the Association, including every Owner of a Residential Unit that will not be rebuilt, vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association, and the Board may, without the necessity of a vote of the Owners, levy an equal assessment against all Owners (or if the cost of repair or replacement in excess of insurance proceeds and reserves relates to the damage or destruction of Improvements paid for solely by Owners within a Parcel Assessment Area, levy an equal assessment against all Owners within such Parcel Assessment Area). Additional assessments may be made in a like manner at any time during or following the completion of any repair or reconstruction. Any assessment levied pursuant to this Section 8.5 will be deemed to be a part of the Assessments and will be secured by the Assessment Lien. If

all of the Areas of Association Responsibility are not repaired or replaced, insurance proceeds attributable to the damaged Areas of Association Responsibility shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance. The proceeds attributable to Residential Units that are not rebuilt, if applicable, shall be distributed to the Owners of such Residential Units or to their respective lien holders, as their interests may appear. The remainder of the proceeds shall either (a) be retained by the Association as an additional capital reserve, or (b) be used for payment of operating expenses of the Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the votes in the Association.

ARTICLE 9 GENERAL PROVISIONS

9.1 Enforcement.

9.1.1 The Association, the Master Association or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Governing Documents, including an action to obtain an injunction to compel compliance with the Governing Documents. Failure by the Association or an Owner to enforce any covenant or restriction contained in the Governing Documents shall in no event be deemed a waiver of the right to do so thereafter.

9.1.2 If any lawsuit is filed by the Association or any Owner to enforce the provisions of the Governing Documents or in any other manner arising out of or relating to the Governing Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorneys' fees incurred by the prevailing party in the action.

9.1.3 The Association shall be obligated to investigate allegations of violations of any covenant, restriction or rule set forth in any of the Governing Documents; provided that the Association may, but shall not be obligated to, investigate anonymous allegations. Following such investigation, the decision to take or not take enforcement action shall, in each case, be in the discretion of the Board, in the exercise of its business judgment. Without limiting the generality of the Board's discretion, if the Board reasonably determines that a covenant, restriction or rule is, or is likely to be construed as, inconsistent with the applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action, the Board shall not be obligated to take such action. Any such determination shall not be construed a waiver of the right of the Association to enforce such provision at a later time or under other circumstances, or estop the Association from enforcing any other covenant, restriction or rule. Notwithstanding the above, if, in the discretion of the Declarant as long as Declarant owns any Property or Additional Property, the Association fails to take appropriate action to enforce any provision of the Governing Documents in accordance with its rights and responsibilities, the Declarant may take such enforcement action on behalf of the Association. Declarant shall not take such action

without first providing the Association written notice and a reasonable opportunity to take such action on its own.

9.2 Method of Termination. This Declaration may be terminated at any time if such termination is approved by the affirmative vote or written consent, or any combination thereof, of Owners representing ninety percent (90%) or more of the votes in each class of Membership and by the holders of First Mortgages on Lots the Owners of which have seventy five percent (75%) or more of the votes in the Association. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles. Notwithstanding the foregoing, so long as the Declarant owns any Property or Additional Property, any termination of this Declaration must be approved in writing by the Declarant.

9.3 Amendments.

9.3.1 Except for amendments made pursuant to Section 2.3 and Subsections 9.3.2 and 9.3.4 of this Declaration, the Declaration may only be amended by the written approval or the affirmative vote, or any combination thereof, of Owners representing not less than seventy-five percent (75%) of the total votes in the Association.

9.3.2 The Declarant, so long as the Declarant owns any Property or Additional Property, and thereafter, the Board, may amend this Declaration, without obtaining the approval or consent of any Owner or First Mortgagee, in order to conform this Declaration to the requirements or guidelines of the Federal Fair Housing Act, the Arizona Fair Housing Act, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Community or the Governing Documents is required by law or requested by the Declarant or the Board.

9.3.3 So long as the Declarant owns any Property or Additional Property, any amendment to this Declaration must be approved in writing by the Declarant.

9.3.4 The Declarant, so long as the Declarant owns any Property or Additional Property, and thereafter, the Board, may amend this Declaration without the consent of any other Member to correct any error or inconsistency in the Declaration.

9.3.5 At any time after the Transition Date, any amendment approved pursuant to Subsection 9.3.1 of this Declaration or by the Board pursuant to Subsection 9.3.2 or 9.3.4 of this Declaration shall be signed by the President or Vice President of the Association and shall be Recorded, and any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Declarant prior to the Transition Date or pursuant to Section 2.3 or Subsections 9.3.2 or 9.3.4 of this Declaration shall be signed by the Declarant and Recorded. Unless a later effective date is provided for in the amendment, any amendment to this Declaration shall be effective upon the Recording of the amendment.

9.3.6 Any amendment to this Declaration must be approved in writing by the Master Association.

9.4 Rights of First Mortgagees. Any First Mortgagee will, upon written request, be entitled to: (i) inspect the books and records of the Association during normal business hours; (ii) receive within ninety (90) days following the end of any fiscal year of the Association, a financial statement of the Association for the immediately preceding fiscal year of the Association, free of charge to the requesting party; and (iii) receive written notice of all meetings of the Members of the Association and be permitted to designate a representative to attend all such meetings.

9.5 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

9.6 Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the rule against perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be (i) those which would be used in determining the validity of the challenged interest, plus (ii) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

9.7 Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

9.8 Notice of Violation. The Association shall have the right to record against a Lot a written notice of a violation with respect to any violation of the Governing Documents by the Owner, Lessee or Resident of the Lot. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (i) the name of the Owner, Lessee or Resident violating, or responsible for the violation of, the Governing Documents; (ii) the legal description of the Lot against which the notice is being Recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Owner, Lessee or Resident to cure the violation. Recordation of a notice of violation shall serve as notice to the Owner, Lessee and Resident, and any subsequent purchaser of the Lot, that there is such a violation. If, after the recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall Record a notice of compliance which shall state the legal description of the Lot against which the notice of violation was Recorded, and the recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or that the violation did not exist. Failure by the Association to Record a notice of violation shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular Lot or constitute a waiver of any right of the Association to enforce the Governing Documents.

9.9 Laws, Ordinances and Regulations.

9.9.1 The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other Persons to obtain the approval of the Board or the Architectural Review Committee with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other Person from the obligation to also comply with all applicable laws, ordinances and regulations.

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

9.10 References to this Declaration in Deeds. Deeds to and instruments affecting any Lot or any other part of the Community may contain the covenants, conditions and restrictions herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the provisions of this Declaration shall be binding upon the grantee, Owner or other Person claiming through any instrument and his heirs, executors, administrators, successors and assignees.

9.11 Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

9.12 Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent of context thereof.

9.13 No Absolute Liability. No provision of the Governing Documents shall be interpreted or construed as imposing on Owners absolute liability for damage to the Common Area. Owners shall only be responsible for damage to the Common Area caused by the Owners' negligence or intentional acts.

9.14 Limitation on Declarant's Liability. Notwithstanding anything to the contrary in this Declaration, each Owner, by accepting any interest in any portion of the Community and becoming an Owner, acknowledges and agrees that neither Declarant (Including any assignee of the interest of Declarant hereunder) nor any affiliate, partner, officer, director or shareholder of Declarant (or any partner of shareholder in any such assignee) shall have any personal liability to the Association, or any Owner, Member or any other Person, arising out of or relating to (Including resulting from an action or failure to act with respect to) this Declaration or the Association except, in the case of Declarant (or its assignee), to the extent of its interest in the Community and, in the event of a judgment, no execution or other action shall be sought or brought thereon against any other assets or be a lien upon such other assets of the judgment debtor.

9.15 Transfer of Title to Common Area. Declarant shall convey each Common Area to the Association upon completion of the Improvements thereon.

9.16 Dispute Notification and Resolution Procedure. All actions or claims (i) by the Association against any one or more of the Declarant Parties, (ii) by any Owner(s) against any one or more of the Declarant Parties (other than claims under the limited warranty provided by Declarant to a purchaser (the “Limited Warranty”) to the extent applicable), or (iii) by both the Association and any Owner(s) (other than claims under the Limited Warranty to the extent applicable) against any one or more of the Declarant Parties, arising out of or relating to the Community, including the Declaration or any other Governing Documents, the use or condition of the Community or the design or construction of or any condition on or affecting the Community, including construction defects, surveys, soils conditions, grading, specifications, installation of Improvements (including Residential Units) or disputes that allege negligence or other tortious conduct, fraud, misrepresentation, breach of contract or breach of implied or express warranties as to the condition of the Community or any Improvements (collectively, “Dispute(s)”) shall be subject to the provisions of this Section 9.16. Declarant and each Owner acknowledge that the provisions set forth in this Section 9.16 shall be binding upon current and future Owners of the Community and upon the Association, whether acting for itself or on behalf of any Owner(s). Nothing in this Declaration is intended to limit, expand or otherwise modify the terms of the Limited Warranty, and claims under the Limited Warranty will, subject to the terms of the Limited Warranty, be arbitrated in accordance with the arbitration provisions set forth in the Limited Warranty.

9.16.1 Notice. Any Person (including the Association) with a Dispute claim shall notify the applicable Declarant Party (the “Notified Declarant Party”) in writing of the claim, which writing shall describe the nature of the claim and any proposed remedy (the “Claim Notice”).

9.16.2 Right to Inspect and Right to Corrective Action. Within a reasonable period after receipt of the Claim Notice, which period shall not exceed sixty (60) days, the Notified Declarant Party and the claimant shall meet at a mutually acceptable place within the Community to discuss the claim. At such meeting or at such other mutually agreeable time, the Notified Declarant Party and the Notified Declarant Party’s representatives shall have full access to the property that is the subject of the claim and shall have the right to conduct inspections, testing and/or destructive or invasive testing the same in a manner deemed appropriate by the Notified Declarant Party (provided the Notified Declarant Party shall repair or replace any property damaged or destroyed during such inspection or testing), which rights shall continue until such time as the Dispute is resolved as provided in this Subsection 9.16.2. The parties shall negotiate in good faith in an attempt to resolve the claim. If the Notified Declarant Party elects to take any corrective action, the Notified Declarant Party and the Notified Declarant Party’s representatives and agents shall be provided full access to the Community and the property that is the subject of the claim to take and complete corrective action.

9.16.3 No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in Subsection 9.16.2 shall be construed to impose any obligation on the Notified Declarant Party to inspect, test, repair or replace any item of the Community for which the Notified Declarant Party is not otherwise obligated under applicable law or the Limited

Warranty. The right of the Notified Declarant Party to enter, inspect, test, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing executed and Recorded by the Notified Declarant Party.

9.16.4 Mediation. If the parties to the Dispute fail to resolve the Dispute pursuant to the procedures described in Subsection 9.16.2 above within ninety (90) days after delivery of the Claim Notice, the matter shall be submitted to mediation pursuant to the Construction Industry Mediation Rules of the American Arbitration Association (except as such procedures are modified by the provisions of this Subsection 9.16.4) or such other mediation service selected by the Notified Declarant Party. The Person who delivered the Claim Notice shall have until one hundred twenty (120) days after the date of delivery of the Claim Notice to submit the Dispute to mediation. If the Person who delivered the Claim Notice fails to timely submit the Dispute to mediation, then the claim of the Person who delivered the Claim Notice shall be deemed waived and abandoned and all applicable Declarant Parties shall be relieved and released from any and all liability relating to the Dispute. No person shall serve as a mediator in any dispute in which the person has any financial or personal interest in the result of the mediation, except by the written consent of all parties. Prior to accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process. No litigation or other action shall be commenced against the Notified Declarant Party or any Declarant Party without complying with the procedures described in this Subsection 9.16.4.

(i) Position Memoranda; Pre-Mediation Conference. Within ten (10) days of the selection of the mediator, each party shall submit a brief memorandum setting forth its position with regard to the issues that need to be resolved. The mediator shall have the right to schedule a pre-mediation conference and all parties shall attend unless otherwise agreed. The mediation shall be commenced within ten (10) days following the submittal of the memoranda and shall be concluded within fifteen (15) days from the commencement of the mediation unless the parties mutually agree to extend the mediation period. The mediation shall be held in the county in which the Community is located or such other place as is mutually acceptable by the parties.

(ii) Conduct of Mediation. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a settlement of the Dispute, consistent with the Construction Industry Mediation Rules of the American Arbitration Association. The mediator is authorized to conduct joint and separate meetings with the parties and to make oral and written recommendations for settlement. Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the parties agree and assume the expenses of obtaining such advice. The mediator does not have the authority to impose a settlement on the parties.

(iii) Exclusion Agreement. Any admissions, offers of compromise or settlement negotiations or communications at the mediation shall be excluded in any subsequent dispute resolution forum.

(iv) Parties Permitted at Sessions. Persons other than the parties, the representatives and the mediator may attend mediation sessions only with the permission of both

parties and the consent of the mediator. Notwithstanding the foregoing, applicable contractors, subcontractors, suppliers, architects, engineers, brokers and any other Person providing materials or services in connection with the construction of any Improvement upon or benefiting the Project designated by a Notified Declarant Party may attend mediation sessions and may be made parties to the mediation. Confidential information disclosed to a mediator by the parties or by witnesses in the course of the mediation shall be confidential. There shall be no stenographic record of the mediation process.

(v) Expenses. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including the fees and costs charged by the mediator and the expenses of any witnesses or the cost of any proof or expert advice produced at the direct request of the mediator, shall be borne equally by the parties unless they agree otherwise.

9.16.5 Arbitration. Should mediation pursuant to Subsection 9.16.4 above not be successful in resolving any Dispute, then the Person who delivered the Claim Notice shall have ninety (90) days after the date of termination of the mediation to submit the Dispute to binding arbitration. If timely submitted, such claim or dispute shall be resolved by binding arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association as modified or as otherwise provided in this Subsection 9.16.5. If the Person who delivered the Claim Notice fails to timely submit the Claim to arbitration within the ninety (90) day period, then the claim of the Person who delivered the Claim Notice shall be deemed waived and abandoned and all applicable Declarant Parties shall be relieved and released from any and all liability relating to the Dispute. A Person with any Dispute may only submit such Dispute in arbitration on such Person's own behalf. No Person may submit a Dispute in arbitration as a representative or member of a class, and no Dispute may be arbitrated as a class action. All Declarant Parties and any Person(s) submitting a Claim Notice, together with any additional Persons who agree to be bound by this Section 9.16, such as contractors, subcontractors, suppliers, architects, engineers, brokers and any other Person providing materials or services in connection with the construction of any Improvement upon or benefiting the Project (collectively, the "Bound Parties"), agree that all Disputes that are not resolved by negotiation or mediation shall be resolved exclusively by arbitration conducted in accordance with this Subsection 9.16.5, and waive the right to have the Dispute resolved by a court, including the right to file a legal action as the representative or member of a class or in any other representative capacity. The parties shall cooperate in good faith to attempt to cause all necessary and appropriate parties to be included in the arbitration proceeding. Subject to the limitations imposed in this Subsection 9.16.5, the arbitrator shall have the authority to try all issues, whether of fact or law.

(i) Place. The proceedings shall be heard in the county in which the Community is located.

(ii) Arbitrator. A single arbitrator shall be selected in accordance with the rules of the American Arbitration Association from panels maintained by the Association with experience in relevant real estate matters or construction. The arbitrator shall not have any relationship to the parties or interest in the Community. The parties to the Dispute shall meet to

select the arbitrator within ten (10) days after service of the demand for arbitration on all respondents named therein.

(iii) Commencement and Timing of Proceeding. The arbitrator shall promptly commence the proceeding at the earliest convenient date in light of all of the facts and circumstances and shall conduct the proceeding without undue delay.

(iv) Pre-hearing Conferences. The arbitrator may require one or more pre-hearing conferences.

(v) Discovery. The parties shall be entitled only to limited discovery, consisting of the exchange between the parties of only the following matters: (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the Dispute, including destructive or invasive testing; and (vi) hearing briefs. The parties shall also be entitled to conduct further tests and inspections as provided in Subsection 9.16.2 above. Any other discovery shall be permitted by the arbitrator upon a showing of good cause or based on the mutual agreement of the parties. The arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(vi) Motions. The arbitrator shall have the power to hear and dispose of motions, including motions to dismiss, motions for judgment on the pleadings and summary judgment motions, in the same manner as a trial court judge, except the arbitrator shall also have the power to adjudicate summary issues of fact or law including the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(vii) Arbitration Award. Unless otherwise agreed by the parties, the arbitrator shall render a written arbitration award within thirty (30) days after conclusion of the arbitration hearing. The arbitrator's award may be enforced as provided for in the Uniform Arbitration Act, A.R.S. § 12-1501, et seq., or such similar law governing enforcement of awards in a trial court as is applicable in the jurisdiction in which the arbitration is held, or, as applicable, pursuant to the Federal Arbitration Act (Title 9 of the United States Code).

9.16.6 WAIVERS.

NOTICE: BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY PORTION OF THE COMMUNITY, EACH PERSON, FOR HIMSELF, HIS HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS, TRANSFEREES AND ASSIGNS, AGREES TO HAVE ANY DISPUTE RESOLVED ACCORDING TO THE PROVISIONS OF THIS SECTION 9.16 AND WAIVES THE RIGHT TO PURSUE ANY DISPUTE IN ANY MANNER OTHER THAN AS PROVIDED IN THIS SECTION 9.16. SPECIFICALLY, AND WITHOUT LIMITATION, EACH SUCH PERSON WAIVES THE RIGHT TO SUBMIT A DISPUTE IN ARBITRATION AS A REPRESENTATIVE OR MEMBER OF A CLASS AND TO HAVE SUCH DISPUTE ARBITRATED AS A CLASS ACTION AND WAIVES ALSO THE RIGHT TO HAVE THE DISPUTE RESOLVED BY A COURT, INCLUDING THE RIGHT TO FILE A LEGAL ACTION AS THE REPRESENTATIVE OR MEMBER OF A CLASS OR IN ANY OTHER

REPRESENTATIVE CAPACITY. THE ASSOCIATION, EACH OWNER AND DECLARANT ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 9.16, THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY. THE ASSOCIATION, EACH OWNER AND DECLARANT FURTHER WAIVE THEIR RESPECTIVE RIGHTS TO AN AWARD OF PUNITIVE AND CONSEQUENTIAL DAMAGES RELATING TO A DISPUTE. BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY PORTION OF THE COMMUNITY, EACH OWNER HAS VOLUNTARILY ACKNOWLEDGED THAT HE IS GIVING UP ANY RIGHTS HE MAY POSSESS TO PUNITIVE AND CONSEQUENTIAL DAMAGES OR THE RIGHT TO A TRIAL BEFORE A JURY RELATING TO A DISPUTE.

9.16.7 Statutes of Limitation. Nothing in this Section 9.16 shall be construed to toll, stay, reduce or extend any applicable statute of limitations.

9.16.8 Required Consent of Declarant to Modify. Neither this Section 9.16 nor Section 9.17 below may be amended except in accordance with Subsection 9.3.1 of this Declaration and with the express written consent of the Declarant.

9.17 Required Consent of Owners for Legal Action. Any action or claim instituted by the Association (which action or claim shall be subject to the terms of Section 9.16) against any one or more of the Declarant Parties, arising out of or relating to the Community, including the Declaration or any other Governing Documents, the use or condition of the Community or the design or construction of or any condition on or affecting the Community, including construction defects, surveys, soils conditions, grading, specifications, installation of Improvements (including Residential Units) or disputes that allege negligence or other tortious conduct, fraud, misrepresentation, breach of contract or breach of implied or express warranties as to the condition of the Community or any Improvements, shall have first been approved by Owners representing seventy-five percent (75%) of the votes in the Association who are voting in person or by proxy at a meeting duly called for such purpose.

9.17.1 Notice to Owners.

(i) Prior to obtaining the consent of the Owners in accordance with Section 9.17, the Association must provide written notice to all Owners which notice shall (at a minimum) include (a) a description of the nature of any action or claim (the "Claim"), (b) a description of the attempts of Declarant to correct such Claim and the opportunities provided to Declarant to correct such Claim, (c) a certification from an engineer licensed in the State of Arizona that such Claim is valid along with a description of the scope of work necessary to cure such Claim and a resume of such engineer, (d) the estimated cost to repair such Claim, (e) the name and professional background of the attorney proposed to be retained by the Association to pursue the Claim against Declarant and a description of the relationship between such attorney and member(s) of the Board of Directors (if any), (f) a description of the fee arrangement between such attorney and the Association, (g) the estimated attorneys' fees and expert fees and costs necessary to pursue the Claim against Declarant and the source of the funds that will be used to pay such fees and expenses, (h) the estimated time necessary to conclude the action

against Declarant, and (i) an affirmative statement from the Board that the action is in the best interest of the Association and its Members.

(ii) In the event the Association recovers any funds from Declarant (or any other Person) to repair a Claim, any excess funds remaining after repair of such Claim shall be paid into the Association's reserve fund.

9.17.2 Notification to Prospective Purchasers. In the event that the Association commences any action or claim, all Owners must notify prospective purchasers of such action or claim and must provide such prospective purchasers with a copy of the notice received from the Association in accordance with Subsection 9.17.1.

9.18 Master Association. The Community is part of a master planned community known as Johnson Ranch and the Association is a "sub-association" as described in the Master Declaration. Notwithstanding any contrary provision of this Declaration, the Community and the Association (Including the rights of its members) are subject and subordinate to the terms and conditions of the Master Declaration and the articles of incorporation, bylaws, the Johnson Ranch Rules, Master Design Guidelines, and any rules and regulations adopted by the Master Association, as such documents may from time to time be amended (collectively, the "Master Association Documents"). The Owners and Residents subject to this Declaration must comply with the Master Association Documents, as well as comply with all covenants, conditions and restrictions set forth in this Declaration. All assessments and amounts payable to the Master Association pursuant to the Master Association Documents shall be in addition to any Assessments or other amounts due to the Association pursuant to this Declaration.

9.19 Interpretation. Except for judicial construction, the Association shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefited or bound by this Declaration. In the event of any conflict between this Declaration and the Articles, Bylaws, the Association Rules or the Design Guidelines, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control. In the event of any conflict between the Bylaws and the Association Rules or Design Guidelines, the Bylaws shall control. In the event of any conflict between this Declaration and the Master Association Documents, the Master Association Documents shall control, although such documents shall be construed to be consistent with one another to the extent possible. The inclusion of any covenants, conditions and restrictions in this Declaration which are more restrictive or more inclusive than the provisions of the Master Association Documents shall not be deemed to constitute a conflict with the provisions of the Master Association Documents.

[SIGNATURE FOLLOWING PAGE]

DECLARANT:

PULTE HOME CORPORATION, a
Michigan corporation

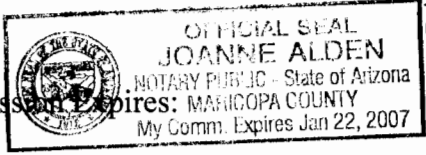
By: MB Schoenberg

Its: AUTHORIZED AGENT

STATE OF ARIZONA)
) ss.
County of Maricopa)

Acknowledged before me this 9th day of July, 2004, by
Brad Schoenberg, the VP Operations of
Pulte Home Corporation, a Michigan corporation, on behalf of the corporation.

Joanne Alden
Notary Public



My Commission Expires:

LIST OF EXHIBITS

- Exhibit A - Property Initially Subject To The Declaration
- Exhibit B - Additional Property
- Exhibit C - Development Plan

EXHIBIT A

PROPERTY INITIALLY SUBJECT TO THE DECLARATION

PARCEL NO. 1:

Lots 123 through 187, inclusive, and Tracts A through I, inclusive, of JOHNSON RANCH UNITS 41 AND 47, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, as recorded in Cabinet E, Slide 057 (Instrument No. 2004-021222);

EXCEPTING THEREFROM all coal and other minerals as reserved in the patent to said land.

PARCEL NO. 2:

Lots 1 through 46, inclusive, Lots 48 through 122, inclusive, and Tracts A through I, inclusive, of JOHNSON RANCH UNITS 40A, 48 AND 49, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, as recorded in Cabinet E, Slide 056 (Instrument No. 2004-021221);

EXCEPTING THEREFROM all coal and other minerals as reserved in the patent to said land.

PARCEL NO. 3:

Lots 219 through 253, inclusive, Lots 263 through 294, inclusive, and Tracts A through F, inclusive, of JOHNSON RANCH UNIT 42, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, as recorded in Cabinet E, Slide 080 (Instrument No. 2004-048392);

EXCEPTING THEREFROM all coal and other minerals as reserved in the patent to said land.

PARCEL NO. 4:

Lots 188 through 218, inclusive, Lots 254 through 262, inclusive, Lots 295 through 307, inclusive, and Tracts A, C, D, E, F, G, H and I, of JOHNSON RANCH UNIT 46, according to the plat of record in the office of the County Recorder of Pinal County, Arizona, as recorded in Cabinet E, Slide 081 (Instrument No. 2004-048393);

EXCEPTING THEREFROM all coal and other minerals as reserved in the patent to said land.

EXHIBIT B
ADDITIONAL PROPERTY

[See attached]

PARCEL DESCRIPTION
Johnson Ranch Units 39, 40B and 50
Proposed Boundary

A parcel of land lying within Section 18, Township 3 South, Range 8 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the west quarter corner of said Section 18, a 5/8" rebar, with no identification, from which the northwest corner of said section, a 1/2" rebar, with no identification, bears North 03°24'34" West, a distance of 2649.11 feet;

THENCE along the west line of said section, North 03°24'34" West, a distance of 1324.44 feet;

THENCE leaving said west line, North 89°46'57" East, a distance of 1565.61 feet, to the southwesterly right-of-way line of Hunt Highway;

THENCE along said southwesterly right-of-way line, South 49°22'16" East, a distance of 1302.38 feet, to the **POINT OF BEGINNING**;

THENCE continuing South 49°22'16" East, a distance of 593.44 feet, to the beginning of a curve;

THENCE southeasterly along said curve, having a radius of 3450.00 feet, concave southwesterly, through a central angle of 12°43'02", a distance of 765.75 feet, to the curve's end;

THENCE South 36°39'14" East, a distance of 1264.62 feet;

THENCE leaving said southwesterly right-of-way line, South 53°20'46" West, a distance of 305.89 feet, to the beginning of a non-tangent curve;

THENCE northwesterly along said curve, having a radius of 540.00 feet, concave southwesterly, whose radius bears South 53°21'02" West, through a central angle of 05°20'06", a distance of 50.28 feet, to the curve's end;

THENCE North 41°59'04" West, a distance of 168.37 feet, to the beginning of a curve;

THENCE northwesterly along said curve, having a radius of 460.00 feet, concave northeasterly, through a central angle of 05°19'50", a distance of 42.80 feet, to the curve's end;

THENCE North 36°39'14" West, a distance of 102.60 feet;

THENCE South 53°20'46" West, a distance of 80.00 feet;

THENCE South 36°39'14" East, a distance of 2.28 feet, to the beginning of a curve;

THENCE southwesterly along said curve, having a radius of 25.00 feet, concave northwesterly, through a central angle of 90°00'00", a distance of 39.27 feet, to the curve's end;

THENCE South 53°20'46" West, a distance of 51.35 feet;

THENCE North 35°39'41" West, a distance of 136.25 feet, to the beginning of a curve;

**Parcel Description
Johnson Ranch Units 39, 40B and 50
Proposed Boundary**

Revised February 6, 2004
August 22, 2003
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See Exhibit "A"

THENCE northwesterly along said curve, having a radius of 150.00 feet, concave southwesterly, through a central angle of 58°37'26", a distance of 153.48 feet, to the curve's end;

THENCE South 85°42'53" West, a distance of 475.19 feet, to the beginning of a curve;

THENCE northwesterly along said curve, having a radius of 185.00 feet, concave northeasterly, through a central angle of 67°51'18", a distance of 219.09 feet, to the curve's end;

THENCE North 26°25'49" West, a distance of 148.52 feet;

THENCE North 39°18'50" West, a distance of 245.79 feet;

THENCE North 49°27'21" West, a distance of 197.07 feet;

THENCE North 39°04'04" East, a distance of 180.49 feet;

THENCE North 02°16'08" East, a distance of 10.18 feet;

THENCE North 40°04'02" East, a distance of 120.97 feet;

THENCE South 49°55'58" East, a distance of 92.00 feet;

THENCE North 40°04'02" East, a distance of 368.00 feet;

THENCE North 26°15'13" East, a distance of 38.07 feet;

THENCE North 06°42'21" East, a distance of 33.52 feet;

THENCE North 17°03'02" West, a distance of 28.48 feet;

THENCE North 45°00'06" West, a distance of 167.15 feet;

THENCE North 49°00'44" West, a distance of 184.69 feet;

THENCE North 37°20'09" West, a distance of 123.42 feet;

THENCE North 60°55'11" West, a distance of 229.29 feet;

THENCE North 38°57'54" East, a distance of 120.58 feet;

THENCE North 27°00'36" East, a distance of 32.00 feet, to the beginning of a non-tangent curve;

THENCE northwesterly along said curve, having a radius of 384.00 feet, concave northeasterly, whose radius bears North 27°00'36" East, through a central angle of 11°23'35", a distance of 76.36 feet, to a point of intersection with a non-tangent line;

THENCE North 38°24'11" East, a distance of 110.00 feet;

THENCE North 40°37'44" East, a distance of 38.08 feet, to the **POINT OF BEGINNING**.

Containing 34.2965 acres, or 1,493,956 square feet of land, more or less.

Subject to existing rights-of-way and easements.

This parcel description is based on the unrecorded ALTA Survey of Johnson Ranch prepared by Wood, Patel & Associates, Inc., (Wood/Patel) dated April 11, 2001, job number E001216.00.082 and other client provided information. This parcel description is located within an area surveyed by Wood/Patel during the month of March, 2001 and any monumentation noted in this parcel description is within acceptable tolerance (as defined in Arizona Boundary Survey Minimum Standards dated 02/14/2002) of said positions based on said survey.



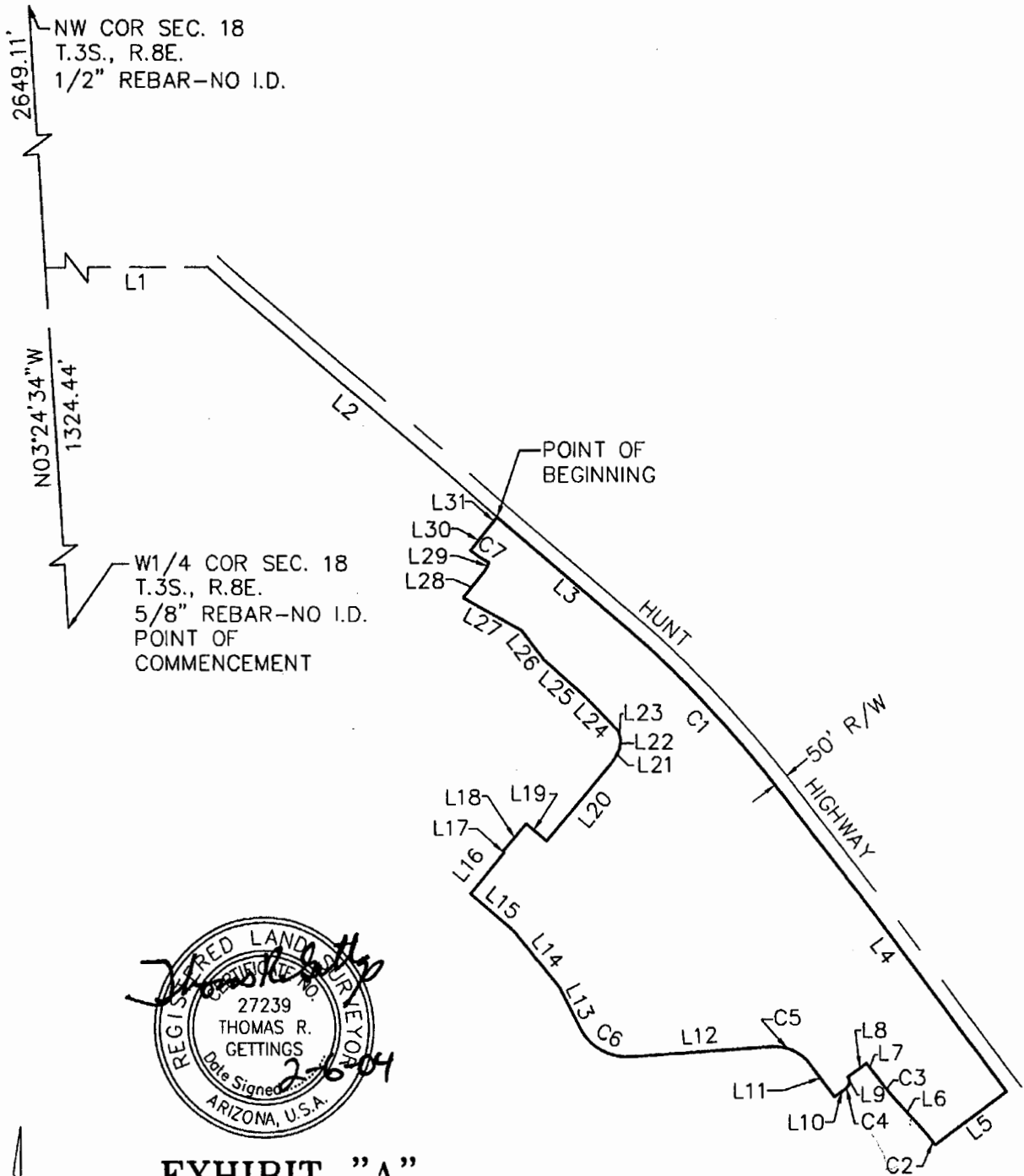


EXHIBIT "A"

JOHNSON RANCH UNITS 39, 40B AND 50
PROPOSED BOUNDARY

02-06-04

WP#031915

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NOT TO SCALE

WOOD/PATEL

1855 N. Stapley Drive

Mesa, AZ 85203

Phone: (480) 834-3300

Fax: (480) 834-3320

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N89°46'57"E	1565.61'
L2	S49°22'16"E	1302.38'
L3	S49°22'16"E	593.44'
L4	S36°39'14"E	1264.62'
L5	S53°20'46"W	305.89'
L6	N41°59'04"W	168.37'
L7	N36°39'14"W	102.60'
L8	S53°20'46"W	80.00'
L9	S36°39'14"E	2.28'
L10	S53°20'46"W	51.35'
L11	N35°39'41"W	136.25'
L12	S85°42'53"W	475.19'
L13	N26°25'49"W	148.52'
L14	N39°18'50"W	245.79'
L15	N49°27'21"W	197.07'
L16	N39°04'04"E	180.49'
L17	N02°16'08"E	10.18'
L18	N40°04'02"E	120.97'
L19	S49°55'58"E	92.00'
L20	N40°04'02"E	368.00'
L21	N26°15'13"E	38.07'
L22	N06°42'21"E	33.52'
L23	N17°03'02"W	28.48'
L24	N45°00'06"W	167.15'
L25	N49°00'44"W	184.69'
L26	N37°20'09"W	123.42'
L27	N60°55'11"W	229.29'
L28	N38°57'54"E	120.58'
L29	N27°00'36"E	32.00'
L30	N38°24'11"E	110.00'
L31	N40°37'44"E	38.08'

CURVE TABLE			
CURVE	DELTA	RADIUS	ARC
C1	12°43'02"	3450.00'	765.75'
C2	05°20'06"	540.00'	50.28'
C3	05°19'50"	460.00'	42.80'
C4	90°00'00"	25.00'	39.27'
C5	58°37'26"	150.00'	153.48'
C6	67°51'18"	185.00'	219.09'
C7	11°23'35"	384.00'	76.36'



WOOD/PATEL

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EXHIBIT "A"

JOHNSON RANCH UNITS 39, 40B AND 50
PROPOSED BOUNDARY
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PARCEL DESCRIPTION
Johnson Ranch
Proposed Units 19, 43, 44 and 45

A parcel of land lying within Section 19, Township 3 South, Range 8 East, of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Commencing at the south quarter corner of said Section 19, a 1-inch iron pipe, from which the southeast corner of said Section 19, a 2-inch iron pipe with hub and pk nail with shiner marked WLB TRAV, bears North 89°46'29" East, a distance of 2671.13 feet;
THENCE along the north-south mid-section line of said Section 19, being also the east line of San Tan Ranches Unit 2, as recorded in Map Book 14, page 34, Pinal County Records (P.C.R.), North 03°28'33" West, a distance of 928.00 feet to the **POINT OF BEGINNING**;
THENCE continuing along said north-south mid-section line and said east line, North 03°28'33" West, a distance of 2030.25 feet, to a point hereby designated as Point "A" for future reference in this description;
THENCE continuing North 03°28'33" West, a distance of 1013.67 feet, to the northeast corner of said San Tan Ranches Unit 2;
THENCE leaving said north-south mid-section line and said east line, along the north line of said San Tan Ranches Unit 2, South 89°44'21" West, a distance of 1,340.21 feet, to an easterly line of said San Tan Ranches Unit 2;
THENCE leaving said north line, along said easterly line, North 03°32'23" West, a distance of 708.75 feet;
THENCE leaving said easterly line, North 86°27'37" East, a distance of 30.00 feet;
THENCE North 03°32'23" West, a distance of 20.84 feet
THENCE South 77°12'47" East, a distance of 192.77 feet;
THENCE South 03°32'23" East, a distance of 20.84 feet, to the beginning of a non-tangent curve;
THENCE southeasterly along said curve, having a radius of 70.00 feet, concave southwesterly, whose radius bears South 13°03'43" West, through a central angle of 88°27'27", a distance of 108.07 feet, to a point of intersection with a non-tangent line;
THENCE South 74°01'28" East, a distance of 254.61 feet;
THENCE South 03°20'05" East, a distance of 97.33 feet;
THENCE North 89°44'21" East, a distance of 192.44 feet, to the beginning of a non-tangent curve;

Parcel Description
Johnson Rauch
Proposed Units 19, 43, 44 and 45

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THENCE easterly along said curve, having a radius of 70.00 feet, concave southerly, whose radius bears South 50°15'21" East, through a central angle of 87°06'02", a distance of 106.41 feet, to a point of intersection with a non-tangent line;
THENCE North 74°14'18" East, a distance of 63.28 feet;
THENCE North 52°44'10" East, a distance of 351.29 feet to the westerly line of that certain parcel of land described Document No. 2000-0040434, P.C.R.;
THENCE along said westerly line, South 87°52'42" East, a distance of 231.20 feet;
THENCE South 51°12'50" East, a distance of 348.47 feet;
THENCE South 63°06'05" East, a distance of 371.90 feet;
THENCE South 04°08'22" East, a distance of 249.30 feet;
THENCE South 12°06'41" West, a distance of 551.90 feet;
THENCE South 21°20'35" East, a distance of 576.24 feet;
THENCE South 27°28'53" East, a distance of 586.03 feet;
THENCE leaving said westerly line, North 89°33'45" East, a distance of 179.35 feet, to the easterly line of said parcel;
THENCE along said easterly line, South 00°26'15" East, a distance of 60.00 feet,
THENCE leaving said easterly line, South 89°33'45" West, a distance of 157.23 feet, to said westerly line, being also the beginning of a non-tangent curve;
THENCE along said westerly line, southerly along said curve, having a radius of 100.00 feet, concave westerly, whose radius bears South 84°58'08" West, through a central angle of 38°35'05", a distance of 67.34 feet, to a point of reverse curvature;
THENCE southwesterly along said curve, having a radius of 150.00 feet, concave southeasterly through a central angle of 20°10'52", a distance of 52.83 feet, to a point of intersection with a non-tangent line;
THENCE South 13°54'06" West, a distance of 595.32 feet;
THENCE South 31°02'31" West, a distance of 368.29 feet;
THENCE South 20°36'54" West, a distance of 392.05 feet;
THENCE leaving said westerly line, South 86°31'27" West, a distance of 313.03 feet to the **POINT OF BEGINNING.**

EXCEPT

Commencing at said Point "A", being also the **POINT OF BEGINNING**;
THENCE North 03°28'33" West, a distance of 360.85 feet;
THENCE North 89°50'31" East, a distance of 50.18 feet;
THENCE North 03°21'28" West, a distance of 188.66 feet;
THENCE South 70°13'06" East, a distance of 256.64 feet, to the beginning of a non-tangent curve;
THENCE southeasterly along said curve, having a radius of 375.00 feet, concave southwesterly, whose radius bears North 62°09'36" West, through a central angle of 15°01'41", a distance of 98.36 feet, to a point of reverse curvature;

Parcel Description
Johuson Ranch
Proposed Units 19, 43, 44 and 45

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THENCE southeasterly along said curve, having a radius of 227.50 feet, concave northeasterly, through a central angle of $06^{\circ}37'31''$, a distance of 26.31 feet, to a point of intersection with a non-tangent line;

THENCE South $89^{\circ}18'59''$ West, a distance of 85.04 feet;

THENCE South $04^{\circ}11'43''$ East, a distance of 352.12 feet;

THENCE South $85^{\circ}45'33''$ West, a distance of 126.33 feet, to the **POINT OF BEGINNING**.

Containing an area of 65.9736 acres, or 2,873,810 square feet of land, more or less.

Subject to existing rights-of-way and easements.

This parcel description is located within an area surveyed by Wood/Patel during the month of March, 2001 and any monumentation noted in this parcel description is within acceptable tolerance (as defined in Arizona Boundary Survey Minimum Standards dated 02/14/2002) of said positions based on said survey.

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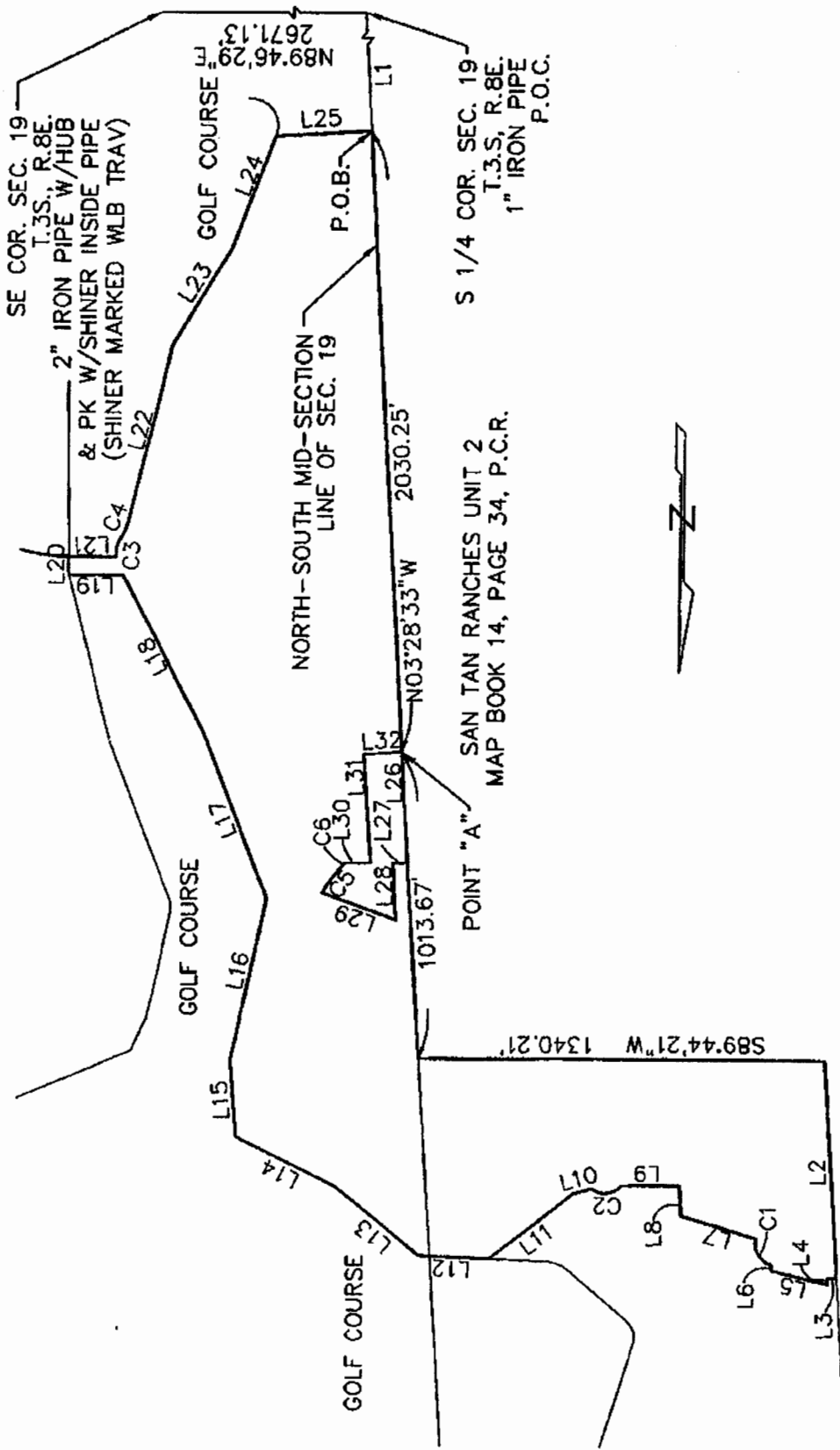


EXHIBIT "A"

JOHNSON RANCH
 PROPOSED UNITS 19, 43, 44 AND 45
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WOOD/PATEL
 1855 North Stapley
 Mesa, AZ 85203
 Phone: (480) 834-3300
 Fax: (480) 834-3320

LINE TABLE		
LINE	BEARING	DISTANCE
L1	N03°28'33"W	928.00'
L2	N03°32'23"W	708.75'
L3	N86°27'37"E	30.00'
L4	N03°32'23"W	20.84'
L5	S77°12'47"E	192.77'
L6	S03°32'23"E	20.84'
L7	S74°01'28"E	254.61'
L8	S03°20'05"E	97.33'
L9	N89°44'21"E	192.44'
L10	N74°14'18"E	63.28'
L11	N52°44'10"E	351.29'
L12	S87°52'42"E	231.20'
L13	S51°12'50"E	348.47'
L14	S63°06'05"E	371.90'
L15	S04°08'22"E	249.30'
L16	S12°06'41"W	551.90'

LINE TABLE		
LINE	BEARING	DISTANCE
L17	S21°20'35"E	576.24'
L18	S27°28'53"E	586.03'
L19	N89°33'45"E	179.35'
L20	S00°26'15"E	60.00'
L21	S89°33'45"W	157.23'
L22	S13°54'06"W	595.32'
L23	S31°02'31"W	368.29'
L24	S20°36'54"W	392.05'
L25	S86°31'27"W	313.03'
L26	N03°28'33"W	360.85'
L27	N89°50'31"E	50.18'
L28	N03°21'28"W	188.66'
L29	S70°13'06"E	256.64'
L30	S89°18'59"W	85.04'
L31	S04°11'43"E	352.12'
L32	S85°45'33"W	126.33'

CURVE TABLE			
CURVE	DELTA	RADIUS	ARC
C1	88°27'27"	70.00'	108.07'
C2	87°06'02"	70.00'	106.41'
C3	38°35'05"	100.00'	67.34'
C4	20°10'52"	150.00'	52.83'
C5	15°01'41"	375.00'	98.36'
C6	06°37'31"	227.50'	26.31'



EXHIBIT "A"

JOHNSON RANCH
 PROPOSED UNITS 19, 43, 44 AND 45
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EXHIBIT C

DEVELOPMENT PLANS

Wood, Patel & Associates, Inc.
1855 North Stapley Drive
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