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When recorded, mail to:

Curtis Land Holdings, Inc.
8679 E. San Alberto Drive, Suite 100
Scottsdale, Arizona 85258

Rogers Ranch
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The Talon Group

FIRST AMENDMENT TO DECLARATION OF HOMEOWNER BENEFITS AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR ROGERS RANCH UNIT 1 (A Single Family Subdivision), RECORDED AT DOCUMENT NO. 2004-1133171, OFFICIAL RECORDS OF MARICOPA COUNTY, ARIZONA

This First Amendment to Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions for Rogers Ranch Unit 1 (A Single Family Subdivision) ("First Amendment") is made as of January 13, 2005, by Curtis Land Holdings, Inc., an Arizona corporation (the "Declarant").

Recitals

A. The "Declaration" is that certain Declaration of Home Owner Benefits and Covenants, Conditions and Restrictions for Rogers Ranch Unit 1 (a Single Family Subdivision) recorded on September 28, 2004, at Document No. 2004-1133171, Official Records of Maricopa County Recorder, Maricopa County, Arizona.

B. Pursuant to Section 10.8 of the Declaration, Declarant may amend the Declaration.

C. The Declarant desires to execute this First Amendment in accordance with the provisions of Section 10.8 of the Declaration.

Amendment

1. Definitions. Capitalized terms used in this First Amendment shall have the meaning ascribed to them in the Declaration.

2. Amendment. Article IV of the Declaration is amended by adding the following Sections.

4.11 Initial Working Capital. To ensure that the Association will have adequate funds for reserves and extraordinary or unexpected expenses, each purchaser of a Lot from the Declarant will pay to the Association, immediately upon becoming the Owner of a Lot, a working capital payment equal to one-quarter (1/4) of the Association's annual assessment for the then current fiscal year of the Association. Working capital payments will be collected only upon the original sale of the Lot by the Declarant and will not be

collected on subsequent resales. All working capital payments to the Association will be deposited in the Association's reserve account or separately accounted for in the Association's operating account as a reserve fund, and all working capital reserve funds will be used only as directed by the Board of Directors, as they may see fit in their sole discretion. During the period of Declarant Control, neither the Association nor the Declarant will use any of the working capital funds to defray the Declarant's expenses or construction costs or to pay for ordinary expenses of the Association. Declarant, in its sole discretion, may advance certain amounts to the Association as working capital; however, Declarant will not be obligated to advance any amounts for working capital. If Declarant elects to advance any amounts for working capital, Declarant will be entitled to a reimbursement from the Association, upon Declarant's demand, for all working capital funds previously advanced by Declarant. Except for those amounts paid by Declarant, all amounts paid as working capital will be non-refundable and will not act as a credit against any assessment payable by an Owner pursuant to this Declaration.

4.12 Transfer Fee. Each Owner, except for a Declarant, any Owner who purchases its Lot from Declarant, or a Builder, shall pay to the Association, immediately upon becoming the Owner of a Lot, a transfer fee in an amount of Two Hundred Dollars ($200.00), which amount shall be used by the Association to cover administrative costs incurred by the Association in connection with such transfer, with any excess amounts, if any, to be used to supplement the Association's reserve funds. The transfer fee is not intended to compensate the Association for the cost incurred with the preparation of the statement which the Association is required to furnish to the Purchaser under A.R.S. § 33-1806(A) and, therefore, the transfer fee shall be in addition to the fee which the Association is entitled to charge pursuant to A.R.S. § 33-1806(C). The transfer fee shall be in addition to, and shall not be offset against or considered as an advance payment of, any Assessment levied by the Association pursuant to this Declaration, and the payment of such transfer fee shall not entitle an initial Owner to the return of any working capital payments made to the Association, pursuant to Section 4.11 hereof.

3. Effect of Amendment. As specified in this First Amendment, the terms and provisions of the Declaration shall remain in full force and effect without modification or amendment.

Dated as of the date set forth above.

CURTIS LAND HOLDINGS, INC., an Arizona corporation

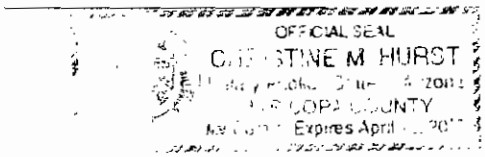
By: _____
Scott T. Curtis, President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this, the 27th day of January, 2005, before me, the undersigned Notary Public, personally appeared Scott T. Curtis known to me to be the person whose name is subscribed to the within instrument, and acknowledged that he is the President of Curtis Land Holdings, Inc., an Arizona corporation, and that he, having the authority so to do, executed the same for the purposes therein contained. In witness whereof, I hereunto set my hand and official seal.

Notary Public

My commission expires:



CONSENT AND APPROVAL OF LENDER

The undersigned, First National Bank of Arizona, as the beneficiary under that certain Construction Deed of Trust dated as of April 26, 2004, and which was recorded on April 27, 2004, in the Official Records of Maricopa County, Arizona, at Document No. 2004-0450939, does hereby approve the foregoing First Amendment to the Declaration of Homeowner Benefits and Covenants, Conditions and Restrictions for Rogers Ranch Unit 1 (A Single Family Subdivision), and does hereby consent to the recordation of the same.

Executed this 24 day of January, 2005.

First National Bank of Arizona

By: _____
Fred R. Sutter, Jr.
Its: Senior Vice President

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this ___ day of January, 2005, by Fred R. Sutter, Jr., the Senior Vice President of First National Bank of Arizona, on behalf of such entity.

OFFICIAL SEAL
MARY BUCHANAN
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires June 14, 2007

_____
Notary Public

When recorded, mail to:

John A. Hink, Esq.
Ryley Carlock & Applewhite
One North Central Avenue
Suite 1200
Phoenix, Arizona 85004-4417

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Rogers Ranch
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DECLARATION OF HOMEOWNER BENEFITS AND COVENANTS, CONDITIONS, AND RESTRICTIONS FOR ROGERS RANCH UNIT 1

(A Single Family Subdivision)

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DECLARATION OF HOMEOWNER BENEFITS AND

COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

ROGERS RANCH UNIT 1

(A Single Family Subdivision)

This Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions for Rogers Ranch Unit 1 (A Single Family Subdivision) is made as of the date set forth at the end of this Declaration by Curtis Land Holdings, Inc., an Arizona corporation.

BACKGROUND

A. Declarant is the owner of certain real property ("Property" or "Project") that is depicted on the Plat and legally described on Exhibit "A" attached to this Declaration. The Property is located in the City of Phoenix, County of Maricopa, State of Arizona.

B. Declarant desires to provide for the phased construction of residential development consisting of detached single family residences, common areas, and other facilities.

C. Declarant includes in this Declaration and initially imposes these benefits, covenants, conditions, and restrictions upon only the lots and those common area tracts described on Exhibit "A". Subsequent to the date of this Declaration, additional phases of lots or common area tracts may be incorporated into the Project as provided below.

D. Declarant intends that this Declaration and the other Project Documents will facilitate a general plan for the development for the Property.

DECLARATION

Accordingly, Declarant declares that the lots and common area tracts described on the Plat, together with any other lots and common area tracts that, in the future, may be included in this Declaration as provided below, are to be held, sold, mortgaged, encumbered, leased, rented, used, occupied, improved, and conveyed subject to the following benefits, burdens, rights, reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges, duties, obligations, and liens (collectively referred to as "covenants and restrictions"). The covenants and restrictions are for the purpose of protecting the value, attractiveness, and desirability of the Property, and the covenants and restrictions will benefit, burden, and run with the title to the Property and will be binding upon all parties having any right, title, or interest in or to any part of the Property and their heirs, successors, and assigns. The covenants and restrictions will inure to the benefit of each Owner. The Declarant further declares as follows:

ARTICLE I

DEFINITIONS

1.1 "Ancillary Unit" means any of the following types of permanent or temporary items that are not part of the Detached Dwelling Unit and related improvements originally constructed by the Declarant: basements, cellars, guest houses, hobby houses, storage sheds (portable or permanent), stables, wood sheds, outbuildings, shacks, barns, garages, living quarters, cabanas, ramadas, gazebos, carports, covered patios, or any structures or items of any similar type.

1.2 "Architectural Committee" means the committee established pursuant to Article VII of this Declaration and the provisions of any other Project Documents.

1.3 "Architectural Committee Rules" means any rules, regulations, or design guidelines that may be adopted or amended by the Architectural Committee.

1.4 "Areas of Association Responsibility" means those areas of the Project and adjoining right-of-ways that, while not part of the Common Area owned by the Association, are required to be maintained by the Association either pursuant to: (i) this Declaration or the Plat; (ii) any written agreement with any utility provider; or (iii) any zoning or development stipulation or requirement of the City.

1.5 "Articles" means the Articles of Incorporation of the Association that have been or will be filed in the office of the Corporation Commission of the State of Arizona, as may be amended from time to time in the manner set forth in the Articles.

1.6 "Assessment" (whether capitalized or not in this Declaration or the other Project Documents) means the Annual Assessments, Special Assessments, and Other Assessments described and defined in the Project Documents.

1.7 "Association" means Rogers Ranch Unit 1 Community Association, Inc., that has been or will be incorporated by Declarant and/or others as a nonprofit Arizona corporation, and the Association's successors and assigns.

1.8 "Association Rules" means any rules and regulations adopted by the Association, as the rules and regulations may be amended from time to time.

1.9 "Board" and "Board of Directors" means the Board of Directors of the Association.

1.10 "Bylaws" means the bylaws of the Association, as may be amended from time to time in the manner set forth in the Bylaws.

1.11 "City" means the City of Phoenix, a municipal corporation, and all applicable councils, boards, commissions, departments, authorities, and agencies of the municipality.

1.12 "Commercial or Recreational Vehicles" means any of the following types of vehicles that are owned, leased, or used by an Owner of a Lot or any of Owner's Permittees: commercial truck, municipal vehicle, tractor, bulldozer, crane, snowmobile, ambulance, tour jeep, trolley, recreational vehicle, commercial delivery van, commercial pickup truck with a manufacturer's capacity rating of more than one (1) ton, semi, semitrailer, wagon, freight trailer, flatbed, boat trailer, automobile trailer, camper, camper shell, mobile home, motor home, boat, jet ski, dune buggy, go cart, golf cart, all-terrain vehicle, bus, or similar commercial or recreational vehicles or equipment (whether or not equipped with sleeping quarters). Any commercial pickup truck with a manufacturer's capacity rating of one (1) ton or less that is not equipped with a camper, camper shell, or work equipment in the truck bed will be treated as a "Family Vehicle," as described below.

1.13 "Common Area" means all of the real property described on the Plat as Tracts "A" through "I", inclusive, and Tract "K" and all real property that may be annexed from time to time into the Project as additional common area tracts. The Common Area will be owned and maintained by the Association in accordance with the Project Documents. The "Common Area" does not include the real property described on the Plat (or any subsequent plat affecting any annexed property) as individual Lots, public streets, or other publicly dedicated areas. The term "Common Area" also includes all structures, facilities, furniture, fixtures, improvements, picnic areas, ramadas, barbeque areas, sport courts, tot lots, recreational facilities, and landscaping, if any, located on the common area tracts, and all rights, easements, and appurtenances relating to the common area tracts owned by the Association. The relevant portions of Tracts "A" through "I", inclusive, and Tract "K" will be referred to as the "Retention Tracts".

1.14 "Declarant" means Curtis Land Holdings, Inc., an Arizona corporation. The term "Declarant" includes all successors and assigns of Curtis Land Holdings, Inc., if the successors or assigns: (i) acquire more than one (1) undeveloped Lot from the Declarant for the purpose of resale; and (ii) record a supplemental declaration executed by the then-Declarant declaring the successor or assignee as a succeeding Declarant under this Declaration. The term "Declarant" does not include any Mortgagee.

1.15 "Declaration" means this Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions and the covenants and restrictions set forth in this entire document (in entirety or by reference), as may be amended from time to time in the manner set forth below.

1.16 "Detached Dwelling Unit" means all buildings located on a Lot and used or intended to be used for Single Family Residential Use, including any garages, carports, open or closed patios, and basements, as originally constructed by the Declarant.

1.17 "Family Vehicles" means any domestic or foreign cars, station wagons, sport wagons, pickup trucks, vans, mini-vans; jeeps, sport utility vehicles, motorcycles, and similar non-commercial and non-recreational vehicles that are used by the Owner of the applicable Lot or the Owner's Permittees for family, personal, and domestic purposes only and not for any commercial purpose. Notwithstanding the types of vehicles included within the definition of Commercial or Recreational Vehicles, a "Family Vehicle" also includes the

following types of vehicles that the Architectural Committee determines, in advance of its use within the Project, to be similar in size and appearance to smaller vehicles so as to be parked and maintained as a Family Vehicle: (i) non-commercial pickup trucks with a manufacturer's capacity rating of one (1) ton or less with attached camper shells so long as the truck and camper shell are no more than eight (8) feet in height, measured from ground level; and (ii) small motor homes of not more than eight (8) feet in height and not more than eighteen (18) feet in length.

1.18 "Institutional Guarantor" means, if applicable to the Project, a governmental insurer, guarantor, or secondary market mortgage purchaser such as the Federal Housing Administration (FHA), the Veterans Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA) that insures, guarantees, or purchases any note or similar debt instrument secured by a First Mortgage. An Institutional Guarantor will be entitled to vote on those matters that require the approval or consent of the Institutional Guarantors if the Institutional Guarantor notifies the Association in writing of its desire to vote and its address for delivery of all Association notices.

1.19 "Lot" means any one of the lots that is described and depicted on the Plat and that is initially subjected to this Declaration and includes any other lot that in the future may be included within the Project by an Annexation Amendment or Supplemental Declaration as provided in this Declaration. The term "Inventory Lot" means any Lot owned by the Declarant upon which a Detached Dwelling Unit has not been constructed completely. Completed construction will be evidenced by the issuance of a final certificate of occupancy or similar approval by the City. The term "Completed Inventory Lot" means a Lot owned by Declarant upon which a Detached Dwelling Unit has been completed, as evidenced by the issuance of a final certificate of occupancy by the City.

1.20 "Member" means each and every Owner of a Lot.

1.21 "Mortgage" (whether capitalized or not) means the consensual conveyance or assignment of any Lot, or the creation of a consensual lien on any Lot, to secure the performance of an obligation. The term "Mortgage" includes a deed of trust, mortgage, assignment, or any other agreement for the purpose of creating a lien to secure an obligation, and also includes the instrument evidencing the obligation. The term "First Mortgage" means a Mortgage held by an institutional lender that is the first and most senior of all Mortgages on the applicable Lot.

1.22 "Mortgagee" (whether capitalized or not) means a person or entity to whom a Mortgage is made and will include a holder of a promissory note, a beneficiary under a deed of trust, or a seller under an agreement for sale. The term "First Mortgagee" means a Mortgagee that is the first and most senior of all Mortgagees upon the applicable Lot.

1.23 "Mortgagor" means a person or entity who is a maker under a promissory note, a mortgagor under a mortgage, a trustor under a deed of trust, or a buyer under an agreement for sale, as applicable.

1.24 "Nonrecurring And Temporary Basis" means the parking of vehicles of any type either: (i) for the temporary purpose of loading and unloading non-commercial items

for use on the Lot; (ii) for temporary parking by guests or invitees of an Owner that do not involve overnight parking; or (iii) for temporary parking of the vehicles of an Owner or the Owner's Permittees for cleaning or special events that do not involve overnight parking and that do not occur on a frequent or repetitive basis.

1.25 "Owner" means the record owner, whether one or more persons or entities, of a fee simple legal title to any Lot. The term "Owner" does not include those persons having an interest in a Lot merely as security for the performance of an obligation or duty (i.e., a mortgagee). In the case of Lots in which the fee simple title is vested of record in a trustee pursuant to Arizona Revised Statutes, §§ 33-801, et seq., the "Owner" of the Lot will be deemed to be the trustor. In the case of a Lot covered by an Agreement for Sale of Real Property as described in A.R.S., §§ 33-741, et seq., the buyer of the Lot will be deemed to be the "Owner." The term "Owner's Permittees" means all family members residing in the Owner's Detached Dwelling Unit and all guests, tenants, licensees, invitees, occupants, and agents that use the Owner's Lot or other portions of the Project (including Common Area) with the implied or express consent of an Owner.

1.26 "Permitted Satellite Dishes and Exterior Antennas" means: (i) any antenna that is designed to receive direct broadcast service (DBS), including direct-to-home satellite services, of one (1) meter or less in diameter; (ii) any antenna that is designed to receive video programming services via multi-point distribution services (MMDS) of one (1) meter or less in diameter; (iii) an antenna that is designed to receive television broadcast signals; or (iv) any similar antenna or satellite dish, the residential use of which is protected under the Telecommunications Act of 1996 and any rules promulgated under the Telecommunications Act, as either may be amended.

1.27 "Person" (whether capitalized or not) means a natural person, a corporation, a partnership, a trust, or other legal entity.

1.28 "Plat" means the subdivision plat for Rogers Ranch Unit 1 recorded at Instrument No. 2003-0120929 in Book 622 of Maps, Page 13, Official Records of Maricopa County Recorder, Arizona, as it may be amended from time to time pursuant to this Declaration, and any additional plats that may be referred to in any Annexation Amendment or Supplemental Declaration.

1.29 "Project Documents" means this Declaration, the Articles, the Bylaws, the Association Rules, the Architectural Committee Rules, and the Plat, collectively, as any or all of the foregoing may be amended from time to time.

1.30 "Recreational Vehicle Parking Area" means that portion of the Enclosed Side Yard of a Lot that has been designated by the Architectural Committee as a place for the parking of Commercial or Recreational Vehicles or Family Vehicles. The plans and specifications for any Recreational Vehicle Parking Area must be approved in writing by the Architectural Committee prior to its installation or construction. The Recreational Vehicle Parking Area must be Screened From View.

1.31 "Screened From View" means that the object in question is appropriately screened from view from abutting Lots, Common Area, and public and private streets by a gate, wall, shrubs, or other approved landscaping or screening devices. The Architectural Committee will be the sole judge as to what constitutes an object being Screened From View or appropriately screened.

1.32 "Single Family" means a group of one or more persons each related to the other by blood, marriage, or legal adoption, or a group of not more than four (4) adult persons not all so related who maintain a common household in a Detached Dwelling Unit located on a Lot.

1.33 "Single Family Residential Use" means the occupancy or use of a Detached Dwelling Unit and Lot by a Single Family in conformity with the Project Documents and the requirements imposed by applicable zoning laws or other state, county, or municipal rules, ordinances, codes, and regulations.

1.34 "Visible From Neighboring Property" means, with respect to any given object, that the object is or would be clearly visible without artificial sight aids to a person six (6) feet tall, standing on any part of the Property (including a Lot, Common Area, or public or private street) adjoining the Lot or the portion of the Property upon which the object is located.

1.35 "Yard" (whether capitalized or not) means all portions of the Lot other than the portions of the Lot upon which the Detached Dwelling Unit or an Ancillary Unit is constructed. "Private Yard" means the portion of the yard that generally is not Visible From Neighboring Property and is shielded or enclosed by walls, fences, hedges, and similar items (typically, a back or enclosed side yard of the Lot). "Public Yard" means that portion of the Yard that is Visible From Neighboring Property, whether located in front of, beside, or behind a Detached Dwelling Unit (typically, a front yard or open side yard of a Lot). "Enclosed Side Yard" means the enclosed side yard portion of a Lot that is located behind, when viewed from the street in front of the Detached Dwelling Unit, any front boundary wall located on a Lot. The Architectural Committee will be the sole judge as to what constitutes an Enclosed Side Yard in accordance with this Declaration.

ARTICLE II

PROPERTY RIGHTS IN COMMON AREAS

2.1 Owners' Easements of Enjoyment. Every Owner will have a non-exclusive right and easement of use and enjoyment in and to the Common Area, in common with all other persons entitled to use the Common Area. An Owner's right and easement to use and enjoy the Common Area will be appurtenant to and pass with the title to every Lot and will be subject to the following:

(a) Charges and Regulations. The right of the Association to charge reasonable admission and other fees for the use of the Common Areas and to regulate the use of the Common Area; the right of the Association to limit the number of the Owner's Permittees who use the Common Area; the right of the Association to limit the number

and type of pets that use the Common Area; the right of the Association to hold the Owners accountable for the conduct of the Owner's Permittees and pets;

(b) Suspension of Voting and Usage Rights. The right of the Association to suspend the voting rights of any Owner and to suspend the right of any Owner or the Owner's Permittees to the use of the Common Areas if any assessment against that Owner or Owner's Lot is not paid within thirty (30) days after its due date or if there exists any uncured non-monetary infraction of the Project Documents, subject to compliance with any applicable notice and hearing requirements contained in the Bylaws;

(c) Dedication/Grant. The right of the Association to dedicate or grant an easement covering all or any part of the Common Area to the City or any provider utility company for the purposes, and subject to the conditions, that may be established by the Declarant during the period of Declarant Control (as defined in Section 3.2) and, after the period of Declarant Control, by the Board. Except for those easements reserved or created in this Declaration or by the Plat, no dedications or grants of easements over all or any part of the Common Area to the City or any provider utility company will be effective unless the dedication or grant is approved at a duly called regular or special meeting by an affirmative vote in person or by proxy of two-thirds (2/3) or more of the total number of eligible votes in each class of Members and unless the instrument evidencing the dedication or grant is executed by an authorized officer of the Association and recorded in the proper records in Maricopa County; and

(d) Declarant Use. In addition to their rights set forth elsewhere in this Declaration and the other Project Documents, the right of the Declarant and its respective agents and representatives to the nonexclusive use, without extra charge, of the Common Area for sales, display, and exhibition purposes both during and after the period of Declarant Control.

2.2 Delegation of Use. Subject to and in accordance with the Project Documents, any Owner may delegate to the Owner's Permittees its right of enjoyment to the Common Area.

2.3 Conveyance of Common Area. By a time no later than the conveyance of the first Lot within the Project to a Class A Member, the Common Area will be conveyed by Declarant to the Association by the delivery of a special warranty deed, free and clear of all monetary liens, but subject to the covenants and restrictions of the Project Documents. Once conveyed by the Declarant to the Association, the Common Area will be maintained by the Association at the common expense of the Owners, all as detailed in Article IV below.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. Every Owner of a Lot, by accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument) or otherwise becoming an "Owner", is a Member of the Association, is bound by the provisions of the Project Documents, is deemed to have personally covenanted and agreed to be bound by all covenants and

restrictions contained in the Project Documents, and is deemed to have entered into a contract with the Association and each other Owner for the performance of the respective covenants and restrictions. The personal covenant of each Owner described in the preceding sentence will be deemed to be in addition to the real covenants and equitable servitudes created by the Declaration, and this personal covenant of each Owner will not limit or restrict the intent that this Declaration benefit and burden, as the case may be, and run with title to, all Lots and Common Area covered by this Declaration. Membership in the Association will be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment. Upon the permitted transfer of an ownership interest in a Lot, the new Owner will automatically become a Member of the Association. With the exception of Declarant, membership in the Association will be restricted solely to Owners of Lots.

3.2 Class. The Association will have two (2) classes of voting membership:

(a) Class A. Class A members will be all Owners, with the exception of the Declarant. Class A members will be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all joint owners will be Members; however, for all voting purposes and quorum purposes, they will together be considered to be one (1) Member. The vote for any jointly-owned Lot will be exercised as the joint owners determine, but in no event will more than one (1) vote be cast with respect to any Lot. Any attempt to cast multiple votes for a given Lot will result in the invalidity of all votes cast for that Lot.

(b) Class B. The Class B member will be the Declarant and will be entitled to three (3) votes for each Lot owned. The Class B membership will cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earlier:

(1) Four (4) months after the date when the total votes outstanding in the Class A membership first equals or exceeds the total votes outstanding in the Class B membership, unless, prior to that date, Declarant records an Annexation Amendment annexing all or any part of the Annexable Property into the Project as additional Lots;

(2) The date that is six (6) years after the date of the close of escrow on the first Lot sold by Declarant; however, if, and to the extent that any portion of the Annexable Property is annexed from time to time into the Project as additional Lots pursuant to a recorded Annexation Amendment, this outside date will be extended automatically to a date that is ten (10) years after the date of the close of escrow on the first Lot sold by Declarant within the newly annexed portion of the Project; or

(3) When the Declarant notifies the Association in writing that it relinquishes its Class B membership.

Upon the conversion of Declarant's Class B membership to Class A membership, the Declarant will be entitled to only one (1) vote for each Lot owned by the Declarant. The period of time

during which Class B membership is in existence will be referred to in this Declaration as the period of "Declarant Control." For the purposes of Section 3.2(b)(1) above, the number of votes will be based upon the Lots initially covered by this Declaration, plus all Lots that in the future may be included in or covered by this Declaration as provided in this Declaration, minus all Lots withdrawn from this Declaration, if any.

3.3 Transfer of Control. When the period of Declarant Control ends, the Class A Members will accept control of the Association from the Declarant and full responsibility for the operation of the Association and administration of the Property as provided in the Project Documents, and Declarant will have no further responsibility for any future acts or omissions with respect to the operation of the Association and administration of the Property. Any claims of the Association or any Owners against the Declarant for acts or omissions of the Declarant with respect to the operation of the Association or the administration of the Property (including the availability or sufficiency or any reserves) arising during the period of Declarant Control will be waived, unenforceable, and void if not commenced within one (1) year from the expiration of Declarant Control.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

4.1 Lien and Personal Obligation for Assessments.

(a) Creation of Lien. By accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument) or otherwise becoming an "Owner", each Owner of any Lot is deemed personally to covenant and agree to be bound by all covenants and restrictions of the Project Documents and to pay to the Association: (i) the Annual Assessments described in Section 4.2 below; (ii) the Special Assessments described in Section 4.4 below; (iii) an amount sufficient to, on demand, indemnify, defend, protect and hold harmless the Association for, from, and against all obligations undertaken or incurred by the Association on account of an individual Owner's special request and to repay the Association for all expenditures on account of the special services or benefits requested by an Owner; (iv) an amount sufficient to reimburse the Association for the cost of performing any obligation of an Owner under the Project Documents that the Owner has failed to timely pay or perform; (v) an amount sufficient to, on demand, indemnify and hold harmless the Association for, from, and against all monetary damages or penalties imposed on the Association arising out of the failure of the Association to disclose, or to accurately disclose, the information required under A.R.S. § 33-1806 where the Owner knew or should have known of the inaccuracy of the information or where the Owner was under a contractual or other duty to disclose the information not provided (or not accurately provided) by the Association; and (vi) all other assessments or other similar charges that may be fixed, established, and collected from time to time as provided in this Declaration or the other Project Documents. The amounts described above, together with all accrued interest, court costs, attorney fees, late fees, penalties, fines, and all other expenses incurred in connection with the collection of the amounts described above, whether or not a lawsuit or other legal action is initiated, are referred to collectively in the Project Documents as an "Assessment"

(whether capitalized or not). The Association, by the recordation of this Declaration, is granted a perfected, consensual, and continuing lien upon the Lot against which the assessment is made or has been incurred for the payment of all assessments, and the further recordation of any claim of lien or notice of lien is not required for perfection or enforcement of the Association's lien for the assessments.

(b) Personal Obligation. Each assessment also will be the personal, joint, and several obligation of each person who was the Owner of the Lot at the time when the assessment became due, was incurred, or arose, as applicable. The personal obligation for delinquent assessments will not pass to the particular Owner's successors in title unless expressly assumed in writing by the Owner's successors; however, the personal obligation of the prior Owner for the delinquent assessments will not be deemed released or discharged by reason of any assignment, conveyance, or transfer of title of a Lot. The Association may enforce the personal obligation of an Owner to pay delinquent assessments in any manner permitted under Arizona law or the Project Documents. Notwithstanding the previous sentences in this subparagraph, if there is an assignment, conveyance, or transfer of title to any Lot, all assessments applicable to the transferred Lot will continue as a lien against the Lot in the hands of the subsequent Owner, except in those circumstances described in Section 4.9 below.

4.2 Purpose of Annual Assessments. The term "Annual Assessments" (whether capitalized or not) means those assessments levied by the Association for the purpose of: (i) promoting the recreation, health, safety, welfare, and desirability of the Project for its Owners; (ii) operating the Common Area or any other areas over which the Association has maintenance responsibility such as the Areas of Association Responsibility (including payment of any taxes, utilities charges, street light improvement district assessments, and rubbish collection fees if not individually billed to the Owners); (iii) insuring, maintaining, repairing, painting, and replacing improvements in the Common Area or Areas of Association Responsibility; and (iv) enhancing and protecting the value, desirability, and attractiveness of the Project generally. The annual assessment may include a reserve fund for taxes, insurance, insurance deductibles, maintenance, repairs, painting, and replacements of the Common Area and other areas that the Association is responsible for maintaining including the Areas of Association Responsibility.

4.3 Initial and Annual Assessments. Prior to the conveyance of the first Lot by Declarant to a third party purchaser, the Association will establish an annual assessment that will remain in effect through the "base year" ending December 31, 2005. After the base year, the maximum annual assessment will be as determined by the Board of Directors, subject to the limitations below. The annual assessment may not be increased over the annual assessment in the previous year by more than the Permitted Percentage Increase (as defined below), unless the additional increase is approved at a duly called regular or special meeting of the Association by an affirmative vote (in person or by proxy) of two-thirds (2/3) or more of the total number of eligible votes cast at that meeting in each class of Members. From and after the base year, the Board, without a vote of the Members, may increase the maximum annual assessment during each fiscal year of the Association by an amount ("Permitted Percentage Increase") equal to the greater of: (i) ten percent (10%); or (ii) a percentage calculated by dividing the Consumer Price Index in the most recent October (identified by an "A" in the formula below) by the Consumer

Price Index for the month of October one (1) year prior (identified by a "B" in the formula below), minus one (1) (i.e., CPI percentage = (A/B) -1). By way of example only, the percentage increase in the assessment for 2006 cannot be increased by more than the greater of: (I) ten percent (10%); or (II) the increase in the Consumer Price Index for October, 2005, divided by the Consumer Price Index in October, 2004), minus one (1). The term "Consumer Price Index" will refer to the "United States Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, United States city average, all items (1982-84 = 100)" issued by the U.S. Bureau of Labor Statistics, or its equivalent, revised, or successor index. Notwithstanding the previous portions of this Section 4.3, if the Permitted Percentage Increase exceeds twenty percent (20%) or if, regardless of the Permitted Percentage Increase, the annual assessment is otherwise sought to be increased by more than twenty percent (20%) over the annual assessment in the previous year, the increase in the annual assessment must be approved by greater than fifty percent (50%) of the total number of eligible votes of the Members, regardless of class, and these approvals may be obtained at a regular or annual meeting of the Association or by written ballot of the Members.

4.4 Special and Other Assessments.

(a) Special Assessments. The Association, at any time and from time to time in any assessment year and in addition to the annual assessments authorized above or any other assessments authorized elsewhere in this Declaration, may levy a special assessment against all of the Members for the purpose of defraying, in whole or in part: (i) the cost of any construction, repair, or replacement of the Common Area or the Areas of Association Responsibility, regardless of the cause for the construction, repair, or replacement; or (ii) the cost of any other unexpected or extraordinary expenses incurred in connection with the maintenance of the Common Area or the Areas of Association Responsibility or any other Association matters. The foregoing assessments will be referred to as "Special Assessments" (whether capitalized or not). All special assessments, however, must be approved at a duly called regular or special meeting of the Members by an affirmative vote (in person or by proxy) of two thirds (2/3) or more of the total number of eligible votes cast at that meeting for each class of Members.

(b) Other Assessments. In addition to the annual and special assessments described above, the Board, without a vote of the Members, may levy other assessments (collectively called the "Other Assessments," whether the term is capitalized or not) against individual Owners arising out of: (i) the Owner's failure to comply with the Project Documents; (ii) any negligent, grossly negligent, or intentional act or omission of the Owner or the Owner's Permittees resulting in injury to any other Owner or any other person within the Project or damage to any other Lot, Common Area, or other areas of Association responsibility including the Areas of Association Responsibility; or (iii) those indemnification, reimbursement or payment obligations described in Sections 4.1(a)(iii), 4.1(a)(iv), 4.1(a)(v), 4.1(a)(vi), 4.8(c), 5.2, or 5.6 of the Declaration. Assessments made for any of the matters described in the previous sentence will not be considered a monetary penalty against the Owner and will not be subject to the limitations contained in Sections 4.3 or 4.4(a) above.

4.5 Notice and Quorum. Written notice of any regular or special meeting called for the purpose of taking any action for which a meeting is required under Sections 4.3 or 4.4 above will be sent to all Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first meeting called regarding any given action, the presence (at the beginning of the meeting) of Members in person or by proxy entitled to cast sixty percent (60%) or more of the total number of eligible votes of the Association, regardless of class of membership, will constitute a quorum. If the required quorum is not present, one other meeting for the same purpose may be called subject to the same notice requirement, and the presence (at the beginning of the meeting) of Members in person or by proxy entitled to cast thirty percent (30%) or more of all the total number of eligible votes of the Association, regardless of class of membership, will constitute a quorum. No subsequent meeting will be held more than sixty (60) days following the preceding meeting. The notice and quorum requirements outlined above apply only to meetings called under Sections 4.3 or 4.4(a) of the Declaration.

4.6 Uniform Rate of Assessment. Both the annual assessments outlined in Section 4.3 and the special assessments outlined in Section 4.4 (a) above must be fixed at a uniform rate for all assessable Lots; however, the rate of assessment for Inventory Lots and Completed Inventory Lots will be twenty-five percent (25%) of the rate for completed and occupied Lots owned by an Owner other than the Declarant. Notwithstanding the reduced assessment on Inventory Lots and Completed Inventory Lots, Declarant will be obligated to pay to the Association for any shortages or deficiencies in the Association's operating budget caused by reason of any reduced assessments paid by the Declarant; however, the respective maximum obligation of Declarant for these shortages or deficiencies will be equal to the uniform rate of assessment multiplied by the number of Inventory Lots and Completed Inventory Lots upon which a reduced assessment was paid, less all amounts previously paid as reduced assessments on the Inventory Lots and Completed Inventory Lots. Annual assessments may be collected in installments throughout the year as the Board of Directors may determine. The provisions of this Section 4.6 do not preclude the Board from making other assessments of the type described in Section 4.4(b) above against an Owner or multiple Owners on a non-uniform basis based on the services or benefits provided, the reimbursements required, or the repairs or maintenance performed for which the other assessments are imposed.

4.7 Commencement and Verification of Assessments.

(a) Commencement and Collection. The annual assessments established in this Declaration will commence on the first day of the month following the conveyance of the first Lot by Declarant to a third party purchaser. The first annual assessment will be adjusted according to the number of months remaining in the calendar year. After determination of the annual assessment during the base year, the Board of Directors will endeavor to fix the amount of each subsequent annual assessment against the Lot at least thirty (30) days in advance of each annual assessment period; however, the annual assessment will be binding notwithstanding any delay and all amounts due for annual assessments in any calendar year may be collected retroactively for that calendar year upon their determination or approval under the Project Documents. Written notice of the annual assessment and any special assessments must be sent to every Owner subject to the assessment. The due dates for assessments will be established by the Board of Directors. Assessments will be payable in the full amount specified by the assessment

notice, and no offsets against this amount will be permitted for any reason whatsoever including, without limitation, abandonment of the Owner's Lot, a claim that the Association is not properly exercising its duties in maintenance or enforcement, a claim against the Declarant or its affiliates, or the non-use or claim of non-use by Owner of all or any portion of the Common Area. Assessments may be collected in advance or in arrears as the Board of Directors will determine in their sole discretion.

(b) Verification of Assessments. The Association, acting through the Board of Directors, upon written demand and for a reasonable charge determined by the Board, will furnish to any lienholder, Owner, or authorized representative or designee of an Owner a certificate signed by an officer of the Association setting forth the amount of any unpaid assessments on a specified Lot, all within the time periods (if any) required under A.R.S. § 33-1807.I. A properly executed certificate of the Association as to the status of assessments on a Lot will be binding on the Association as of the date of issuance of the certificate and for the time period specified in the certificate. The Board is authorized to prescribe specific rules regarding these requests for certificates including rules regulating the frequency of the requests and the charge for furnishing the recordable certificates.

4.8 Effect of Nonpayment of Assessments - Remedies of the Association.

(a) Late Charge. Any installment of any annual, special, or other assessment that is not paid within fifteen (15) days after the due date will be subject to a late charge equal to the greater of Fifteen and No/100 Dollars ($15.00) or ten percent (10%) of the unpaid assessment and, additionally, will bear interest from the due date at the minimum rate of twelve percent (12%) per annum, compounded monthly, or any other legal interest rate approved by the Board of Directors and permitted under the requirements of any applicable Institutional Guarantor.

(b) Monetary Penalties. The Board, after satisfaction of the notice and hearing requirements contained in the Bylaws, may impose monetary penalties in a reasonable amount against an Owner for any non-monetary violations of the Project Documents.

(c) Protective Advances. If an Owner fails to make payments under any Mortgage affecting a Lot or fails to pay taxes, governmental assessments, or any other payments due with respect to the Owner's Lot, the Association may make, but is not obligated to make, payments of the amounts due under any Mortgage or may make the required payments for taxes, governmental assessments, or other payments on the Lot, and all advances made by the Association to cover the required payments will be due and payable immediately from the Owner as an assessment of the Association secured by the Association's lien for assessments.

(d) Collection and Lien Actions. Each Owner of a Lot, by accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument) or otherwise becoming an "Owner", specifically vests in the Association and its agents the right and power to bring all actions against the Owner personally for the collection of all

assessments due under the Project Documents as a debt to the Association and to enforce the lien securing the assessment by all methods available for the enforcement or foreclosure of liens under the Project Documents or Arizona law. The Association may bid in any foreclosure, sheriff's sale, or similar sale (whether or not the foreclosure was initiated by the Association or some other person) and to acquire, hold, lease, mortgage, and convey the Lot purchased. The Association may institute suit to recover a money judgment for unpaid assessments of the Owner without being required to foreclose its lien on the Lot and without waiving the lien that secures the unpaid assessments. Any foreclosure action of the Association may be instituted without regard to the value of the Lot, the solvency of the Owner, or the relative size of the Owner's default. The Association's assessment lien and its rights of enforcement under this Declaration are in addition to, and not in substitution of, all other rights and remedies that the Association may be entitled to exercise under the other Project Documents or Arizona law.

(e) Application of Payments. Any amounts received by the Association from a delinquent Owner will be applied to the delinquent amounts in the manner required under A.R.S. § 33-1803.A.

4.9 Subordination of Association Lien. Except as established under A.R.S. § 33-1807.C. and regardless of whether or not a Notice and Claim of Lien has been recorded by the Association, the Association's lien for the assessments established in this Declaration is superior to all liens, charges, homestead exemptions, and encumbrances that are imposed on or recorded against any Lot after the date of recordation of this Declaration. The Association's lien for the assessments established in this Declaration, however, will be automatically subordinate to: (i) the lien of any First Mortgagee holding a First Mortgage, except for assessments that accrue from and after the date upon which the First Mortgagee acquires title to or comes in possession of any Lot and except for amounts due to the Association as described in Section 5.6 below; and (ii) any liens for real estate taxes or other governmental assessments or charges that by law are prior and superior to the Association's lien for the assessments. The assignment, conveyance, or transfer of title to any Lot will not limit or extinguish the Association's lien for assessments or the personal obligation of the Owner to pay all assessments arising during the Owner's ownership of the Lot; however, the assignment, conveyance, or transfer of title to any Lot pursuant to a judicial foreclosure or trustee's sale of a First Mortgage will extinguish the assessments on the Lot that became due prior to the judicial foreclosure or trustee's sale by the First Mortgagee. The assignment, conveyance, or transfer pursuant to a judicial foreclosure or trustee's sale by any First Mortgagee, however, will not relieve any foreclosed Owner from personal liability for the payment of assessments arising during the Owner's ownership of the Lot and will not release or extinguish the lien for any assessments that may become due or arise after the judicial foreclosure or trustee's sale or the lien for any other assessment created under Section 5.6 below.

4.10 Notice of Lien. Without affecting the priority and perfection of any assessment that has been perfected as of the date of recordation of this Declaration, the Association may give (but is not obligated to give) notice to any Owner whose assessment is due and unpaid by mailing to the Owner a copy of a "Notice and Claim of Lien" which may state, among other things, the following: (i) the last known name of the delinquent Owner; (ii) the legal description or street address of the Lot against which the claim of lien is made; (iii) the

amount claimed to be due and owing from the Owner and assessed against the Lot; and (iv) a statement that the claim is made by the Association pursuant to the terms of the Declaration and the other Project Documents. Each default in the payment of any assessment will constitute a separate basis for a claim of lien, but any number of defaults may be included within a single Notice and Claim of Lien. The Association may record a Notice and Claim of Lien against the delinquent Owner's Lot. The Notice and Claim of Lien may be executed by any officer of the Association, the managing agent for the Association, or legal counsel for the Association, but in all events the lien will remain that of the Association.

ARTICLE V

COMMON AREA AND LOT MAINTENANCE

5.1 Common Area. Except as provided in Section 5.2 below, the Association will be responsible for the maintenance, repair, and replacement of the Common Area and the Areas of Association Responsibility, and, without any approval of the Owners, the Association as a common expense of the Owners may: (i) reconstruct, repair, replace, and refinish any landscaping or improvement located on or used in connection with the Common Area or any Areas of Association Responsibility; and (ii) do any other acts deemed necessary to preserve, beautify, and protect the Common Area or any Areas of Association Responsibility in accordance with the general purposes specified in the Project Documents. The Board of Directors will be the sole and absolute judge as to the appropriate maintenance of the Common Area and the Areas of Association Responsibility. The City of Phoenix is not responsible for, and will not accept maintenance of, any private facilities, landscaping, or similar improvements within the Common Area, the maintenance and responsibility for which will be that of the Association. The Association will have no obligation to perform any maintenance or repair work that is performed by the City or any provider utility company that is responsible for the maintenance of any utilities or municipal improvements located within the Project. No Owner will alter, remove, injure, or interfere in any way with any landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like, if any, placed on the Common Area or any Areas of Association Responsibility without the express written consent of the Declarant, during the period of Declarant Control, or the Architectural Committee, after the period of Declarant Control.

5.2 Repairs Necessitated by Owner. If the need for maintenance or repair to any Common Area or any Areas of Association Responsibility is caused through the acts or omissions (including negligent acts or omissions) of an Owner, the Owner's Permittees, or any pet of the Owner, the Association, in its discretion, may add the cost of the maintenance or repairs, including the deductible portion of any applicable insurance policy, to the assessment against the Lot owned by that Owner, without regard to the availability of any insurance proceeds payable to the Association for the cost of the maintenance or repairs. In addition to the foregoing, if the Owner of a given Lot is held liable to the Association for maintenance or repair work performed by the Association to any other Lot (i.e., a Lot not owned by that Owner), the amount of that judgment will be added to and become a part of the assessment against the Lot owned by that Owner.

5.3 Maintenance of Detached Dwelling Unit. The Detached Dwelling Unit and all other permitted Ancillary Units must be maintained by the Owner of the applicable Lot in a clean, safe, neat, and attractive condition and repair and must be adequately painted and finished. Without limiting the foregoing, the Owner of each Lot will be responsible for: (i) all conduits, ducts, plumbing, wiring, and other facilities and utility services that are contained on the Lot; (ii) all service equipment, such as refrigerators, air conditioners, heaters, dishwashers, washers, dryers, ovens, and stoves; and (iii) all floor coverings, roofs, windows, doors, paint (internal and external), finishes, siding, and electrical and plumbing fixtures.

5.4 Access at Reasonable Hours. For the purpose of performing the maintenance, repairs, or replacements permitted under this Article V, the Association and the Association's agents or employees will have the right, after reasonable notice to an Owner (except in the case of emergency, in which case no notice need be given), to enter onto the Owner's Lot at any reasonable time. For the purposes of performing the maintenance authorized by Section 5.1 above upon any portion of the Common Area, the Association and the Association's agents or employees may enter onto the Common Area without notice to any Owner at reasonable hours.

5.5 Landscaping. Unless completed by Declarant as part of the Owner's purchase contract for the Lot and Detached Dwelling Unit, the Public Yard of a Lot must be landscaped by the Owner of the Lot within ninety (90) days of becoming an Owner. The foregoing restriction will not apply to the Declarant or any Lots owned by the Declarant as model units or Completed Inventory Lots. Plans for all landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, decorative features (such as fountains, water features, flag poles, planters, bird baths, sculptures, and walkways), and the like (collectively called, in this Declaration, the "landscaping") that are to be installed in the Public Yard must be approved prior to installation by the Architectural Committee under Article VII of this Declaration. The landscaping plans may not incorporate the use of any prohibited plants or trees designated from time to time by the Architectural Committee and must incorporate only those approved plants and trees designated by the Architectural Committee. The landscaping plans must incorporate (and the Owner must plant or retain) at least one (1) fifteen (15) gallon non-deciduous tree in the front yard of the Lot. The Lot and all landscaping located on the Lot must be maintained at all times in clean, safe, neat, and attractive condition and repair solely by the Owner of the Lot, and the Owner will be solely responsible for neatly trimming and properly cultivating the landscaping located anywhere on the Lot and for the removal of all yard clippings, trash, weeds, leaves, and other unsightly material located on the Lot. If, for any reason, any front yard tree located on a Lot dies, becomes diseased, or is cut or knocked down resulting in less than one (1) tree being located in the front yard, the Owner will replace the tree with a minimum fifteen (15) gallon non-deciduous tree.

5.6 Owner's Failure to Maintain. If an Owner fails to perform any maintenance and repair required under the terms of this Article V, then, upon the vote of a majority of the Board of Directors and after not less than thirty (30) days prior written notice to that Owner, the Association will have the right (but not the obligation) to enter upon or into that Lot and to provide the required maintenance or make the required repairs. Any entry by the Association or its agents will not be considered a trespass. The cost of these maintenance items and repairs will be an assessment against the applicable Lot and the Owner, will be paid

promptly to the Association by that Owner, and will constitute a lien upon that Owner's Lot. The self-help rights of the Association described above are in addition to any other remedies available to the Association under the Project Documents or Arizona law. Without limiting the rights of the Association described above, if, concurrent with delivery of the thirty (30) day written default notice to Owner for failure of the Owner to perform its obligations under this Article V, the Association delivers a similar written notice to the holders of all Mortgages on the defaulting Owner's Lot, the lien in favor of the Association will constitute a "lien for other assessments" of the Association under A.R.S. § 33-1807.C. Upon recordation of a Notice and Claim of Lien specifically referring to this Section 5.6, the assessment made for the cost of the maintenance and repairs performed by the Association will be deemed to have been delinquent as of the date of recordation of this Declaration, and the lien for this other assessment will have priority based on the recordation date of this Declaration.

5.7 Fences and Walls.

(a) Construction. Except as may be installed by the Declarant, no boundary or enclosure fence or wall, other than the wall of the Detached Dwelling Unit constructed on the Lot, may be constructed on any Lot without the prior approval of the Architectural Committee. In addition, no fence or wall of the type described in the previous sentence will be more than a nominal height of six (6) feet. All gates will be no higher than the adjacent fence or wall. For purposes of this Section 5.7, the fences or walls described above will be called a "Fence" or "Fences". Notwithstanding the foregoing, any prevailing governmental regulations will take precedent over these restrictions if the governmental regulations are more restrictive. Unless otherwise approved by the Architectural Committee, all Fences and any materials used for Fences dividing, or defining the Lots must be of new masonry block or "superlite" block construction and must be erected in a good and workmanlike manner and in a timely manner.

(b) Encroachments. Declarant will endeavor to construct all Fences upon the dividing line between the Lots. By virtue of accepting a deed for a Lot (whether or not it is expressed in the deed or conveying instrument) or otherwise becoming an "Owner", all Owners acknowledge and accept that the Fences installed by Declarant may not be exactly upon the dividing line, but rather may be near or adjacent to the dividing line because of minor encroachments or minor engineering errors or because existing easements or utility lines prevent a Fence from being located on the dividing line. With respect to any Fence not located exactly on a dividing line between Lots but located near or adjacent to the dividing line, an Owner of a Lot will have and is granted a permanent and exclusive easement over any property immediately adjoining the Owner's Lot up to the center line of the Fence for the sole use and enjoyment of that Owner.

(c) Maintenance and Repair of Fences. All Fences constructed upon or near the dividing line between the Lots will be maintained in good condition and repaired at the joint cost and expense of the adjoining Lot Owners. If any dividing line Fence is damaged or destroyed by the act or acts of one of the adjoining Lot Owners or the adjoining Lot Owner's Permittees, the Lot Owner that is responsible for the damage will promptly rebuild and repair the Fence to its prior condition, at that Owner's sole cost

and expense. Except for repairs necessitated by the negligent acts or omissions of the Association or any other Owner, all Fences constructed on a Lot that do not adjoin any other Lot (i.e., that adjoin common area or property that is not subject to this Declaration) will be maintained and repaired at the sole cost and expense of the Lot Owner upon whose Lot (or immediately adjacent to whose Lot) the Fence is installed. Nothing in the prior sentence, however, will be construed as a waiver or limitation of the right of any Lot Owner to be reimbursed for damage or destruction to a Fence arising out of the act or omissions of any adjoining property owner that is not subject to this Declaration.

(d) Easement for Repair. For the purpose of repairing and maintaining any Fence located upon the dividing line between Lots (or located near or adjacent to the dividing line), a permanent and non-exclusive easement not to exceed five (5) feet in width is created and reserved over the portion of every Lot or Common Area immediately adjacent to any Fence.

(e) Fence Design and Color. The exterior appearance, color, or finish of the side of any Fence that is visible from any street located within or adjacent to the Property may not be modified from the condition originally constructed by the Declarant unless approved by the Architectural Committee. The design, material, construction, or appearance (including interior and exterior appearance, color, or finish) of any Fence may not be altered or changed without the approval of the adjoining Owners, if any, and the Architectural Committee. Without limiting the preceding portions of this Section 5.7, the interior or exterior side of any Fence may not be painted or stuccoed without the prior approval of the Architectural Committee.

5.8 General Standards. Except as may be otherwise provided in this Declaration or the other Project Documents, the Association and each respective Owner of a Lot, as applicable, will maintain the areas they are respectively responsible for at a level of general maintenance at least equal to that prevailing with respect to areas of a similar nature located in residential communities commonly and generally deemed to be of the same quality as the Project.

ARTICLE VI

DUTIES AND POWERS OF THE OWNERS' ASSOCIATION

6.1 Duties and Powers. In addition to the duties and powers enumerated in the other Project Documents or elsewhere in the Declaration, the Association, through its Board of Directors, is vested with the power and authority to:

(a) Common Area. Maintain, repair, replace, and otherwise manage the Common Area and all other real and personal property that may be acquired by, or come within the control of, the Association (including the Areas of Association Responsibility) including the right to enter into contracts for the design, installation, or construction of capital or other improvements on the Common Area;

(b) Legal and Accounting Services. Subject to the limitations established in Section 10.2 below, obtain legal, accounting, and other services deemed by

the Board, in its discretion, to be necessary or desirable in the operation of the Association;

(c) Easements. Subject to the limitations, if any, imposed by the Project Documents, grant easements where necessary for utilities, sewer facilities, and CATV on, under, over, through, upon, or across the Common Area to serve the Common Areas or any Lot;

(d) Employment of Managers. Employ affiliated or third-party managers or other persons and contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association;

(e) Purchase Insurance. Purchase insurance for the Common Area for risks, with companies, and in amounts as the Board determines to be necessary, desirable, or beneficial, subject to the provisions on insurance below;

(f) Other. Perform all other acts that are expressly or impliedly authorized under this Declaration, the other Project Documents, or Arizona law including, without limitation, the right to construct improvements on the Lots, Common Area, and Areas of Association Responsibility, and the power to prepare those statements and certificates required under A.R.S. § 33-1806 and § 33-1807.I.; and

(g) Enforcement. Enforce the provisions of this Declaration and the other Project Documents by all available and proper means, including, without limitation, the expenditure of funds of the Association, the employment of legal counsel, the commencement of actions, and the establishment of a system of fines or penalties for the enforcement of this Declaration and the other Project Documents.

6.2 Insurance.

(a) Liability Insurance. Comprehensive general liability insurance covering the Common Area and the activities of the Association within the Areas of Association Responsibility will be purchased and obtained by the Board, or acquired by assignment from Declarant, promptly following the Board's election, and will be maintained in force at all times. The premiums will be paid out of the Association's funds. The insurance will be carried with reputable companies authorized and qualified to do business in Arizona. The minimum amounts of coverage will be $1,000,000 for bodily injury and property damage on a combined single limit basis. The policy will be purchased on an occurrence basis and will name as insureds the Owners, the Association (its directors, officers, employees, and agents acting in the scope of their employment), and the Declarant (its directors, officers, partners, employees, and agents in the scope of their employment) for so long as Declarant owns any Lot. This policy will include, but need not be limited to, insurance against injury or damage occurring in or on the Common Area.

(b) Hazard and Multi-Peril Insurance -- Master Policy for Common Area. A master or blanket hazard and multi-peril insurance policy will be purchased or obtained by the Board or acquired by assignment from Declarant promptly following the

construction of any building or other similar permanent structure on the Common Area. Once purchased, obtained, or acquired, the hazard insurance policy will be maintained in force at all times. The premiums will be paid out of the Association's funds. The hazard insurance policy will be carried with reputable companies authorized and qualified to do business in the State of Arizona and will insure against loss from fire and other hazards covered by the standard extended coverage endorsement and "all risk" endorsement to the hazard insurance policy for the full replacement cost of all of the permanent improvements upon the Common Area and the Areas of Association Responsibility. The hazard insurance policy will be in an amount determined from time to time by the Board in its sole discretion. The hazard insurance policy will name the Declarant (for so long as Declarant owns a Lot), Association, and any First Mortgagee of the insured permanent improvements on the Common Area as insureds, as their respective interests may appear.

(c) Hazard Insurance -- Detached Dwelling Units. The Association will not be obligated to obtain property insurance, liability insurance, flood insurance, or any other type of hazard insurance covering the Detached Dwelling Units or the Lots. The procurement and maintenance of these types of insurance on the Detached Dwelling Units and the Lots will be the sole obligation of the Owners of the respective Lot and Detached Dwelling Unit.

(d) Other Insurance. The Board may purchase (but is not obligated to purchase) additional insurance that the Board determines to be advisable or necessary including, but not limited to, workmen's compensation insurance, boiler explosion insurance, demolition insurance, flood insurance, fidelity bonds, director and officer liability insurance, errors and omissions insurance, and insurance on personal property owned by the Association. All premiums for these types of insurance and bonds will be paid out of the Association's funds. The Association may assess the Owners in advance for the estimated cost of these types of insurance. By virtue of owning a Lot subject to this Declaration, each Owner covenants and agrees with all other Owners and the Association that each Owner will carry "all-risk" casualty insurance on its Detached Dwelling Unit. Without limiting any other provision of the Declaration, it will be each Owner's sole responsibility to secure liability insurance, theft, fire, multi-peril, and other hazard insurance covering loss or damage to the Owner's personal property, Detached Dwelling Unit, and any other insurance not carried by the Association that the Owner desires.

(e) General Provisions on Insurance. The Board of Directors of the Association is granted the authority to negotiate loss settlements with the appropriate insurance carriers covering insurance purchased and obtained by the Association pursuant to Section 6.2. Any two (2) Directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and their signatures will be binding on the Association and the Members. Any policy of insurance obtained by the Association may contain a reasonable deductible no higher than that permitted by any Institutional Guarantor. The deductible will be paid by the party who would be responsible for the repair in the absence of insurance and, in the event multiple parties are responsible but without waiving any right to enter a joint and several liability, the deductible will be allocated in relation to the amount each party's responsibility bears to

the total loss, as determined by the Board. Where possible, each insurance policy maintained by the Association must require the insurer to notify the Association in writing at least ten (10) days before the cancellation or any substantial change to the Association's insurance.

(f) Non-liability of Association. Notwithstanding the requirement of the Association to obtain insurance coverage as stated in this Declaration, neither the Declarant (nor its officers, directors, partners, or employees) nor the Association nor any director, officer, or agent of the Association will be liable to any Owner or any other party if any risks or hazards are not covered by the insurance to be maintained by the Association or if the amount of insurance is not adequate, and it will be the responsibility of each Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for any additional insurance coverage and protection that the Owner may desire.

(g) Provisions Required. The comprehensive general liability insurance referred to in Subsection 6.2(a) and, if applicable, the hazard insurance policy referred to in Subsection 6.2(b) will contain the following provisions (to the extent available at a reasonable cost):

(1) Any "no other insurance" clause will exclude insurance purchased by any Owners or First Mortgagees;

(2) The coverage afforded by the policies will not be brought into contribution or proration with any insurance that may be purchased by any Owners or First Mortgagees;

(3) The act or omission of any one or more of the Owners or the Owner's Permittees will not constitute grounds for avoiding liability on the policies and will not be a condition to recovery under the policies;

(4) A "severability of interest" endorsement will be obtained that will preclude the insurer from denying the claim based upon negligent acts or omissions of the Association or Owners;

(5) Any policy of property insurance that gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that this election is not exercisable without the prior written consent of the Association;

(6) Each insurer will waive its rights to subrogate under each policy against the Association (and its directors, officers, agents, and employees) and the Owner (and the Owner's Permittees);

(7) A standard mortgagee clause will be included and endorsed to provide that any proceeds will be paid to the Association, for the use and benefit of First Mortgagees as their interest may appear, or endorsed to fully protect the interest of First Mortgagees and their successors and assigns; and

(8) An "Agreed Amount" and "Inflation Guard" endorsement will be obtained, when available.

(h) Governmental Requirements. Notwithstanding anything to the contrary contained in this Section 6.2, the Association will maintain any other forms or types of insurance as may be required from time to time by any applicable guidelines issued by any Institutional Guarantor. Additionally, all insurance maintained by the Association must meet the rating requirements of any Institutional Guarantor.

6.3 Damage and Destruction - Reconstruction. If the Common Area or the Areas of Association Responsibility are damaged or destroyed, the Board will obtain bids and contract for repair or reconstruction of these improvements. If the proceeds of any insurance policies payable as a result of the damage or destruction together with the amounts paid by a responsible Owner under Section 5.2 of this Declaration are insufficient to complete the repair or reconstruction, the deficiency will be the subject of a special assessment against all Lots if approved by a vote of the Owners as provided in Section 4.4. If the cost of repairing or reconstructing the improvements in and upon the Common Area or the Areas of Association Responsibility exceeds the available insurance proceeds and the responsible Owner's payment under Section 5.2, and if the Members fail to approve a special assessment to cover the deficiency, the Board will cause any remaining portion of the improvement that is not usable (as determined by the Board in its sole discretion) to be removed and the area cleared and landscaped in a manner consistent with the appearance of the remainder of the Project. If a Detached Dwelling Unit or other structure on any Lot is substantially destroyed by fire or other casualty, the Owner of the Lot will repair or replace the Detached Dwelling Unit or other structure. If the replacement is not commenced and completed within a reasonable period of time by the Owner, the Board may elect to demolish and remove the damaged Detached Dwelling Unit or structure and clean or landscape the applicable portion of the Lot until the Owner elects to repair or replace the Detached Dwelling Unit or structure. The cost of the demolition and other work performed by or at the request of the Association will be added to the assessments charged to the Owner of that Lot and will be promptly paid to the Association by that Owner.

6.4 Other Duties and Powers. The Association, acting through the Board and if required by this Declaration or by law or if deemed necessary or beneficial by the Board for the operation of the Association or enforcement of this Declaration, will obtain, provide, and pay for any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, or insurance, or pay any taxes or assessments. If, however, any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments are specifically provided or apply to particular Lots, the cost will be specially assessed to the Owners of these Lots. The Association may likewise pay any amount necessary to discharge any lien or encumbrance levied against any or all the Lots that, in the sole discretion of the Board, may constitute a lien against the Common Area. If, however, one or more Owners is responsible for the existence of a lien against the Common Area, they will be jointly and severally liable for the cost of discharging it, and any costs incurred by the Association by reason of the lien or liens will be specially assessed to the responsible Owners. The Association may exercise any other right or privilege given to it by the Project Documents and every other right or privilege implied from the existence of the Project Documents.

6.5 Association Rules. By a majority vote of the Board, the Association, from time to time and subject to the provisions of this Declaration, may adopt, amend, and repeal rules and regulations for the Project. The Association Rules may restrict and govern the use of any area by any Owner or the Owner's Permittees or the Owner's pets and additionally may establish a system of fines and charges for violations of the Project Documents; however, the Association Rules may not discriminate among Owners. A copy of the Association Rules will be available for inspection by the Members at reasonable times. The Association Rules will not be interpreted in a manner inconsistent with this Declaration or the Articles or Bylaws, and, upon adoption, the Association Rules will have the same force and effect as if they were set forth in full and were a part of this Declaration.

ARTICLE VII

ARCHITECTURAL CONTROL

7.1 Architectural Approval. No Ancillary Unit may be constructed or maintained on a Lot, and no exterior addition, change, or alteration may be made to any Detached Dwelling Unit or approved Ancillary Unit located on a Lot, until all plans and specifications are submitted to and approved in writing by the Architectural Committee. All plans and specifications submitted to the Architectural Committee must show the nature, type, size, style, color, shape, height, location, materials, floor plan, approximate cost, and other material attributes. All plans and specifications will be reviewed by the Architectural Committee for harmony and compatibility of external design and location in relation to surrounding structures, landscaping, topography, and views from neighboring Lots. Without limiting the generality of the preceding sentence, the prior approval of the Architectural Committee also will be necessary for all landscaping installed by the Owner under Section 5.5, all roof mounted equipment of the type described in Section 8.6 below, all window coverings of the type described in Section 8.12 below, all Recreational Vehicle Parking Areas, and all mailboxes of the type described in Section 8.27 below. Unless a different time period is specified in this Declaration, if the Architectural Committee fails to approve or disapprove the plans and specifications within thirty (30) days after complete and legible copies of the plans and specifications have been submitted to the Association, the application will be deemed approved. All decisions of the Architectural Committee will be final. All approvals of the Architectural Committee are intended to be in addition to, and not in lieu of, any required municipal or county approvals or permits, and Owner is solely responsible to ensure conformity with municipal and county building codes and building permits, if applicable.

7.2 Appointment of Architectural Committee. The appointment and removal of the Architectural Committee will be governed by the Bylaws.

7.3 Architectural Committee Rules. The Architectural Committee, by unanimous vote or unanimous written consent, may adopt, amend, and repeal rules and regulations regarding the procedures for the Architectural Committee approval and the architectural style, nature, kind, shape, height, materials, exterior colors, surface texture, and location of any improvement on a Lot. These rules and regulations will be called the Architectural Committee Rules. The Architectural Committee Rules will not be interpreted in a manner that is inconsistent with the Declaration, the Articles, the Bylaws, or the Plat, and, upon

adoption, the Architectural Committee Rules will have the same force and effect as if they were set forth in full and were part of this Declaration.

7.4 Limited Effect of Approval. The approval by the Architectural Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring prior written approval by virtue of this Declaration or any other Project Documents, will not be deemed to constitute a waiver of any requirement or restriction imposed by the City or any other law or requirement or restriction imposed by this Declaration and will not be deemed an approval of the workmanship or quality of the work or of the integrity or sufficiency of the plans, drawings, or specifications.

ARTICLE VIII

USE RESTRICTIONS

In addition to all other covenants and restrictions contained in this Declaration and the other Project Documents, the use of the Common Area, Lots, Detached Dwelling Units, Areas of Association Responsibility, and Ancillary Units by the Owners and the Owner's Permittees is subject to the following use restrictions:

8.1 Restricted Use. Except as otherwise permitted under this Declaration, a Lot will be used only by a Single Family and only for Single Family Residential Use. All construction on any Lot will be restricted to single-family houses and related improvements. No permanent or temporary prefabricated housing, modular housing, or manufactured housing may be placed on a Lot as a Detached Dwelling Unit or an Ancillary Unit. No Commercial or Recreational Vehicle or Family Vehicle may be used as living or sleeping quarters on a permanent or temporary basis within the Project, and, except for Ancillary Units specifically designed for sleeping or living, no garage or Ancillary Unit may be used as living or sleeping quarters on a permanent or temporary basis.

8.2 Business and Related Uses. No Lot will ever be used, allowed, or authorized to be used in any way, directly or indirectly, for any business, trade, commercial, manufacturing, industrial, mercantile, commercial storage, vending, or other similar uses or purposes; however, Declarant and its affiliates and agents may use the Property or Lots for any of the foregoing uses as may be required, convenient, or incidental to the construction and sale of Detached Dwelling Units, including, without limitation, a business office, management office, storage area, construction yard, signage, model sites, and display and sales office during the construction and sales period. The foregoing restriction will not prevent an Owner from conducting his or her personal affairs on the Lot or in the Detached Dwelling Unit and will not be deemed to prevent an Owner and the Owner's family members only from the incidental and secondary use of the Detached Dwelling Unit for business or trade purposes that: (i) utilize a minimal portion of the Detached Dwelling Unit; (ii) do not result in the use of the Detached Dwelling Unit for business meetings, appointments, gatherings, child care, or day care; (iii) do not result in shipping or receiving from or to the Detached Dwelling Unit; (iv) do not display exterior signs or result in excessive or offensive noises, smells, vibrations, or smoke; (v) do not use the street address of the Lot in any off-site signs, advertising, or similar marketing materials; and (vi) do not otherwise violate local zoning and use laws.

8.3 Signs. No emblem, logo, sign, or billboard of any kind will be displayed on any of the Lots or Common Area so as to be Visible From Neighboring Property, except for: (i) signs used by Declarant to advertise the Lots or living units on the Lots for sale or lease; (ii) signs on the Common Area as may be placed and approved by the Declarant, during the period of Declarant Control, or by the Architectural Committee, after the period of Declarant Control; (iii) one sign having a total face area of five (5) square feet or less advertising a Lot and Detached Dwelling Unit for sale or rent placed in a location designated by the Architectural Committee; (iv) any signs as may be required by legal proceedings; and (v) signs (including political signs and symbols) as may be approved in advance by the Architectural Committee in terms of number, type, and style. The foregoing will not be deemed to prevent an Owner from displaying religious and holiday signs, symbols, and decorations of the type customarily and typically displayed inside or outside single family residences, subject to the authority of the Board or the Architectural Committee to adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners (including disturbance from pedestrian and vehicle traffic coming on the Project to view the signs, symbols, and decorations). The foregoing also will not be deemed to prevent an Owner from the temporary and appropriate display of a flag on national holidays through the use of a house or garage mounted bracket or a flagpole approved by the Architectural Committee.

8.4 Restricted Activities. No illegal, noxious, or offensive activity will be engaged in (or permitted to be engaged in) on any Lot. No act or use may be performed on any Lot that is or may become an annoyance or nuisance to the neighborhood generally or other Owners specifically, or that interferes with the use and quiet enjoyment of any of the Owners and of the Owner's Lot. Music and other sounds from outdoor speakers will be played at a level so as to not be a nuisance to neighboring Lot Owners. No Owner will permit any thing or condition to exist upon any Lot that induces, breeds, or harbors infectious plant diseases or infectious or noxious insects.

8.5 Restricted Residences. Except as originally constructed by the Declarant as part of the original construction of the Detached Dwelling Unit and related improvements, no Ancillary Units will be constructed or maintained on any Lot at any time, unless the type, size, shape, height, location, style, and use of the Ancillary Unit, including all plans and specifications and materials for the Ancillary Unit, are approved by the Architectural Committee pursuant to Article VII above prior to the commencement of construction. All Ancillary Units approved by the Architectural Committee for construction on a Lot must be constructed solely from new materials and must be constructed in compliance with all local and municipal codes, ordinances, and stipulations applicable to the Project and all restrictions contained in the Project Documents. Any Ancillary Unit that has been constructed without the prior approval of the Architectural Committee or in violation of any provision of the Project Documents or any local or municipal codes, ordinances, and stipulations must be removed upon notice from the Association at the sole loss, cost, and expense of the constructing Owner.

8.6 Roofs and Roof Mounted Equipment. All original and replacement roofs for all Detached Dwelling Units located within the Property must be made of tile, slate, fired clay, concrete, or similar material, unless otherwise approved by the Architectural Committee. Solar energy panels, solar energy devises, swamp coolers, air conditioning units, or other cooling, heating, or ventilating systems may not be installed on the roof of any Detached

Dwelling Unit or Ancillary Unit or in any other area of a Lot that is Visible From Neighboring Property, except where originally installed by the Declarant, unless otherwise approved by the City and the Architectural Committee.

8.7 Animals. No animals, livestock, horses, birds, or poultry of any kind will be raised, bred, or kept on or within any Lot or structure on a Lot; however, an Owner may keep a reasonable number of dogs, cats, or other common household pets in the Detached Dwelling Unit or in an enclosed Private Yard if permitted under local zoning ordinances. The Board will be the sole judge as to what constitutes a reasonable number of pets and what constitutes a common household pet. Each Owner covenants that it will seek the Board's approval before bringing pets on the Owner's Lot that may not be considered common household pets. The foregoing restriction will not apply to fish contained in indoor aquariums. These permitted types and numbers of pets will be permitted for only so long as they are not kept, bred, or maintained for any commercial purpose and for only so long as they do not result in an annoyance or nuisance to other Owners. No pets will be permitted to move about unrestrained in any Public Yard of the Owner's Lot or any other Lot, Common Area, Areas of Association Responsibility, or any public or private street within the Project. Each Owner will be responsible for the immediate removal and disposal of the waste or excrement of all the Owner's pets from the Owner's Lot or any other Lot, Common Area, Areas of Association Responsibility, or public or private streets. Owners will be liable for all damage caused by their pets. The Board may establish a system of fines or charges for any infraction of the foregoing, and the Board will be the sole judge for determining whether a pet is a common household pet or whether any pet is an annoyance or nuisance. No dog runs, animal pens, or similar pet enclosures may be erected on any Lot unless approved by the Architectural Committee.

8.8 Drilling and Mining. No oil or mineral drilling, refining, quarrying, or similar mining operations of any kind will be permitted upon or in any Lot. No wells, tanks, tunnels, mineral excavations, or shafts will be permitted on or under the surface of any Lot. No derrick or other structure designed for use in boring for water, oil, or natural gas will be erected, maintained, or permitted upon any Lot.

8.9 Trash. All rubbish, trash, and garbage will be regularly removed from their respective Lots, and an Owner will not allow rubbish, trash, or garbage to accumulate on any Lot. If an Owner allows trash to accumulate on the Owner's Lot, the Board, on behalf of the Association, may arrange and contract for the removal and cleanup of the trash, and the costs will become a special assessment to that Owner. No incinerators will be kept or maintained on any Lot. Refuse containers may be placed on a Lot so as to be Visible From Neighboring Property only on trash collection days and then only for the shortest period of time reasonably necessary for trash collection. Except as permitted in the previous sentence, refuse containers will be stored in an enclosed garage or on another portion of a Lot that is not Visible From Neighboring Property.

8.10 Woodpiles and Storage Areas. Woodpiles, open storage areas, and pool filters may be maintained only in the Private Yard of a Lot. Covered or uncovered patios may not be used for storage purposes, whether or not the patio or any objects on the patio are Visible From Neighboring Property. Yard tools, lawn mowers, and similar tools and equipment must be

stored (when not in use) in the garage of the Lot or in an enclosed storage shed approved as an Ancillary Unit.

8.11 Antennas. Except for the Permitted Satellite Dishes and Exterior Antennas, no external radio antenna, television antenna, or satellite dish may be installed or constructed on any Lot, on the roof of any Detached Dwelling Unit, or on any permitted Ancillary Unit in any manner that will make any portion of the external radio antenna, television antenna, or satellite dish Visible From Neighboring Property. Notwithstanding the preceding sentence, an Owner may install Permitted Satellite Dishes and Exterior Antennas in any location on a Lot, Detached Dwelling Unit, or Ancillary Unit that is approved by the Architectural Committee. In approving the location for Permitted Satellite Dishes and Exterior Antennas, the Architectural Committee may require specific locations, size limitations, or screening devices so long as the restrictions do not impair the installation, maintenance, or use of the Permitted Satellite Dishes and Exterior Antennas, as the term "impair" is defined under the Telecommunications Act of 1996 and any rules promulgated under the Telecommunications Act, as either may be amended.

8.12 Windows and Window Covering. Sheets, newspapers, and similar items may not be used as temporary window coverings. No aluminum foil, reflective screens, reflective glass, mirrors, or similar reflective materials of any type will be placed or installed inside or outside of any windows of a Detached Dwelling Unit or Ancillary Unit without the prior written approval of the Architectural Committee. No awnings, storm shutters, canopies, air conditioners, swamp coolers, or similar items may be placed in, on, or above any window of a Detached Dwelling Unit or Ancillary Unit so as to be Visible From Neighboring Property, unless approved by the Architectural Committee.

8.13 Leasing. Nothing in the Declaration will be deemed to prevent the leasing of a Lot and Detached Dwelling Unit to a Single Family from time to time by the Owner of the Lot, subject to all of the provisions of the Project Documents. Any Owner who leases a Lot and Detached Dwelling Unit will notify promptly the Association of the existence of the lease and will advise the Association of the terms of the lease and the name of each lessee and occupant.

8.14 Encroachments. No tree, shrub, or planting of any kind on any Property will be allowed to overhang or otherwise to encroach upon any neighboring Lot, sidewalk, street, pedestrian way, or Common Area in the area between ground level to a height of ten (10) feet.

8.15 Machinery. No machinery of any kind will be placed, operated, repaired, or maintained upon or adjacent to any Lot or Common Area other than machinery that is usual and customary in connection with the use, maintenance, or construction of a Detached Dwelling Unit and machinery that Declarant or the Association may require for the operation and maintenance of the Property.

8.16 Subdivision and Time Shares. Except in those instances where the Declarant is permitted to further subdivide a Lot in the exercise of its general declarant rights, no Lot will be further subdivided or separated into smaller lots or parcels by any Owner, and no portion of a Lot will be conveyed or transferred by any Owner without the prior written approval

of the Board. No Owner will transfer, sell, assign, or convey any time share in any Lot, and any time share transaction will be void.

8.17 Increased Risk. Nothing will be done or kept by any Owner in or on any Lot, Detached Dwelling Unit, Ancillary Unit, or any other area of the Project that will increase the Association's rate of insurance without the prior written consent of the Board. No Owner will permit anything to be done or kept on or in the Owner's Lot, Detached Dwelling Unit, Ancillary Unit, or any other area of the Project that will result in the cancellation or reduction of insurance on any Detached Dwelling Unit or any insurance of the Association or that would be a violation of any law.

8.18 Drainage Plan. No Detached Dwelling Unit, Ancillary Unit, pool, concrete area, or landscaping will be constructed, installed, placed, or maintained on any Lot or any other areas of the Project in any manner that would obstruct, interfere, or change the direction or flow of water in accordance with the drainage plans for the Project.

8.19 Clothes Drying Facilities and Basketball Structures. Outside clotheslines or other outside facilities for drying or airing clothes will not be erected, placed, or maintained on any Lot unless they are erected, placed, or maintained on a Lot in a manner so as to not be Visible From Neighboring Property. Basketball hoops, backboards, and other elevated sport structures of any type may not be attached to or placed on a Detached Dwelling Unit. Basketball hoops, backboards, and other elevated sport structures may be installed and maintained in the Public Yard of a Lot (including in front driveways) so long as the structure is mobile or on removable sleeves and so long as the structure is stored when not in actual use so as to minimize the structure being Visible From Neighboring Property. Portable basketball goals also are allowed in the Public Yard (including the front driveways) so long as they are up only when in use and are stored when not in use so as to not be Visible From Neighboring Property. Basketball hoops, backboards, and other elevated sport structures may be erected, placed, and maintained in any Private Yard of any Lot on a permanent basis only after approval by the Architectural Committee.

8.20 Outside Installations. The outdoor burning of trash, debris, wood, or other materials within the Project is prohibited. The foregoing, however, will not be deemed to prohibit the use of normal residential barbecues or other similar outside cooking grills. Except as originally installed by the Declarant or as otherwise approved by the Architectural Committee, no spotlights, flood lights, or other high intensity lighting will be placed or utilized upon any Lot so that the light is directed or reflected on any Common Area or any other Lot.

8.21 Fuel Tanks. No fuel tanks of any kind will be erected, placed, or maintained on or under the Property except for propane or similar fuel tanks for pools, gas grills, and similar equipment so long as the fuel tanks are permitted under the ordinances of the City.

8.22 Hazardous Wastes. Except as may be necessary for normal household, landscaping, or automotive uses, no Owner will permit any hazardous wastes (as defined under all applicable federal and state laws), asbestos, asbestos containing material, or any petroleum products or by-products to be kept, dumped, maintained, stored, or used in, on, under, or over

any Lot. No gasoline, kerosene, cleaning solvents, or other flammable liquids may be stored in the Common Area.

8.23 Commercial and Recreational Vehicles. Except as provided in this paragraph below, no Commercial or Recreational Vehicles may be parked upon a Lot within the Project. Notwithstanding the limitation in the previous sentence, upon a written request by any Owner, the Board may approve the storage or parking of certain limited types of Commercial or Recreational Vehicles within the Project so long as the Board determines, in advance of its use within the Project, the Commercial or Recreational Vehicle to be of a size and type that would be consistent with the residential nature of the Project and so long as the approved Commercial or Recreational Vehicles are parked only: (i) within a fully enclosed garage located on the Owner's Lot; (ii) in a Recreational Vehicle Parking Area; (iii) in the driveway of the Lot only on a Nonrecurring And Temporary Basis; or (iv) on any public or private street within the Project only on a Nonrecurring And Temporary Basis. Any Commercial or Recreational Vehicles parked in violation of these restrictions may be towed by the Association at the sole expense of the owner of the vehicle if the vehicle remains in violation of these restrictions for a period of twenty-four (24) hours from the time a notice of violation is placed on the vehicle, and neither the Association nor any of its officers or directors will be liable for trespass, negligence, conversion, or any criminal act by reason of towing the vehicle.

8.24 Garages and Parking of Family Vehicles. Each Lot will have at least one (1) garage that will be used by the Owner of the Lot for parking of Family Vehicles or Commercial or Recreational Vehicles and for household storage purposes only. The garage door will be maintained by the Owner in good and functioning order and will remain closed except while the garage is in use for cleaning, entry, and exit. No garage may be used for storage or any other use that restricts or prevents the garage from being used for parking Family Vehicles or approved Commercial or Recreational Vehicles. Additional Family Vehicles that can not be parked in the garage located on the Lot may be parked in the driveway or in any Recreational Vehicle Parking Area so long as the Family Vehicles are operable and are, in fact, operated from time to time. Notwithstanding any less restrictive local or municipal codes, ordinances, or stipulations, Family Vehicles may be parked in any public or private street within the Project only on a Nonrecurring And Temporary Basis, and no other on-street parking is permitted within the Project.

8.25 Vehicle Repairs. Routine maintenance and repairs of Family Vehicles or approved Commercial or Recreational Vehicles may be performed within the garage (with the garage door closed) located on the Lot but not on the driveway located on a Lot, any Recreational Vehicle Parking Area, any public or private streets within the Project, or any other portion of the Owner's Lot. No vehicles of any type may be constructed, reconstructed, or assembled anywhere on any Lot. Without limiting the provisions of Sections 8.23 or 8.24 above, no Family Vehicle or approved Commercial or Recreational Vehicle will be permitted to be or remain anywhere on any Lot (including in an enclosed garage) in a state of disrepair, construction, reconstruction, or modification or in an inoperable condition. No vehicle frames, bodies, engines, or other parts or accessories may be stored on a Lot.

8.26 Setbacks. No portion of any Detached Dwelling Unit or Ancillary Unit may be located within any building setback areas designated with respect to each Lot on the Plat.

8.27 Mailboxes. Except when originally installed by the Declarant, no mailboxes, mail posts, or similar items for the receipt of mail will be installed, constructed, or placed on a Lot unless the location, design, height, color, type, and shape are approved by the Architectural Committee. If the Project is developed with "NBU's", cluster boxes, or "gang" mailboxes, the Association will maintain the community mailboxes, and no Owner will be permitted to install or use individual mailboxes on the Owner's Lot.

8.28 Minimum Dwelling Unit Size. Except for those Detached Dwelling Units originally constructed by Declarant, no Detached Dwelling Unit will be constructed on the Property so as to contain less than one thousand two hundred (1200) net livable square feet. The term "net livable square feet" will mean the area, measured in square feet, of the interior and enclosed living area of a single family residence, excluding any garages and covered patios and balconies.

8.29 Children's Play Structures. Children's play structures that are Visible From Neighboring Property may be erected only in the Private Yard and only after approval by the Architectural Committee. If the structure is Visible From Neighboring Property, the structure must remain a natural wood color or be painted a color to match the color of the Detached Dwelling Unit. Without limiting the foregoing, the color and use of any shade canopy for the children's play structures must be approved by the Architectural Committee.

8.30 Declarant's Exemption. Nothing contained in this Declaration will be construed to prevent the Declarant or its agents from constructing, erecting, and maintaining model homes, sales structures, temporary improvements, construction trailers, or signs necessary or convenient to the sale or lease of Lots within the Project. Also, the use restrictions created in Article VIII of this Declaration will not apply to any construction activities of Declarant.

ARTICLE IX

CREATION OF EASEMENTS

9.1 Public Utility and Facilities Easements. Declarant grants and creates a permanent and non-exclusive easement upon, across, over, and under those portions of the Lots and Common Area depicted and described on the Plat as a public utility and facilities easement or p.u.f.e. for the installation and maintenance of utilities, including electricity, telephone, water, gas, cable television, drainage facilities, sanitary sewer, or other utility lines servicing the Project or any other real property. All public utility and facilities easements depicted and described on the Plat may be used by the provider utility company and municipality without the necessity of any additional recorded easement instrument. The public utility and facilities easement described in this Section 9.1 will not affect the validity of any other recorded easements affecting the Project, and the term of this public utility and facilities easement will be perpetual. All utilities and utility lines will be placed underground, but no provision of this Declaration will be deemed to forbid the use of temporary power or telephone structures incident to the construction of buildings or structures as needed by the Declarant. Public or private sidewalks may be located in the public utility and facilities easements.

9.2 Temporary Construction Easements. During the period of Declarant's construction activities within the Project, Declarant reserves a non-exclusive easement for the benefit of itself and its agents, employees, and independent contractors on, over, and under those portions of the Common Area and the Lots that are not owned by the Declarant but that are reasonably necessary to construct improvements on the Common Area or on any adjoining Lots owned by the Declarant. This temporary construction easement will terminate automatically upon Declarant's completion of all construction activities at the Project. This temporary construction easement will not be deemed to affect any portion of a Lot upon which a Detached Dwelling Unit, permitted Ancillary Unit, or pool is located. In utilizing this temporary construction easement, Declarant will not be liable or responsible for any damage to any landscaping or improvements located within the temporary construction easement; however, Declarant will use (and cause its agents, employees, and independent contractors to use) reasonable care to avoid damage to any landscaping or improvements.

9.3 Easement for Encroachments. Without limitation of the easement for fence encroachments created under Section 5.7(b) above, each Lot and the Common Area will be subject to a reciprocal and appurtenant easement benefitting and burdening, respectively, the Lot or Common Area for minor encroachments created by construction, settling, and overhangs as originally designed or constructed by Declarant. This easement is a valid easement and will remain in existence for so long as any encroachment of the type described in the proceeding sentence exists and will survive the termination of the Declaration or other Project Documents. This easement is non-exclusive of other validly created easements. This easement for encroachments and maintenance is reserved by Declarant by virtue of the recordation of this Declaration for the benefit of the encroaching Lot and its Owner or the Association, as applicable.

9.4 Easements for Ingress and Egress. A perpetual and non-exclusive easement for pedestrian ingress and egress is created and reserved by Declarant for the benefit of the Declarant and all Owners over, through, and across sidewalks, paths, walks, and lanes that from time to time may be constructed within the Project. Additionally, a perpetual and non-exclusive easement for vehicular ingress and egress is created and reserved by Declarant for the benefit of the Declarant and all Owners over and across any Common Area, landscape tracts, sidewalks, or easements that may be located between the driveway of a Lot and any public or private street within the Project. The right of access described in this Section 9.4 is and will remain at all times an unrestricted right of ingress and egress.

9.5 Water Easement. Without limiting any other provision of this Declaration or the Plat, Declarant grants to the City a permanent, non-exclusive, and blanket easement on, under, and across the Property for the purpose of installing, repairing, reading, and replacing water meter boxes. This permanent easement will not be deemed to affect any portion of a Lot upon which a Detached Dwelling Unit or permitted Ancillary Unit is located.

9.6 Drainage Easement. Declarant grants to and for the benefit of the City, the Association, and all Owners a perpetual and non-exclusive easement in, through, across, and under the surface of the Retention Tracts for the purpose of delivering, storing, and accepting storm water to and from the Project and installing, maintaining, and repairing underground drainage pipes, lines, drains, and other drainage or retention facilities required by the City and

approved by the Association (together with the right to ingress and egress to perform the installation, maintenance, or repair). No buildings or similar structures (other than a ramada, picnic areas, or similar recreational facilities approved by the City) may be erected on the Retention Tracts. Any landscaping that may be planted in the Retention Tracts must be planted so as to not materially impede the flow of water into, through, over, or under the Retention Tracts. All landscaping installed in the Retention Tracts will be maintained by the Association.

9.7 Vehicular Non-Access. Where depicted and described by the Plat, Declarant grants to the City a non-exclusive vehicular non-access easement across those portions of the Property described on the Plat. No vehicles may be driven or moved across or over these easement areas to access any adjoining streets or real property. This easement will be perpetual unless and until abandoned by resolution of the City.

9.8 Landscape and Natural Open Space. Subject to the public utilities and facilities easement created in Section 9.1 above and the easement rights for drainage and retention created in Section 9.6 above, Declarant grants to the Association and all Owners a non-exclusive and perpetual easement for landscape over Tracts "A" through "I", inclusive, and Tract "K" of the Common Area. These areas will be maintained by the Association upon their conveyance to the Association.

9.9 Areas of Association Responsibility. The Association will maintain and repair any Areas of Association Responsibility.

ARTICLE X

GENERAL PROVISIONS

10.1 Enforcement. The Association, in the first instance, or any Owner, if the Association fails to act within a reasonable time, will have the right to enforce by any available legal means all covenants and restrictions now or in the future imposed by the provisions of this Declaration or the other Project Documents. Subject to the limitations established in Article XII below with respect to the negotiation, mediation, and arbitration of disputes, the right to enforce all covenants and restrictions includes the right to bring an action of law and in equity. Failure of the Association or any Owner to enforce any covenant and reservation in this Declaration or in the other Project Documents will not be deemed a waiver of the right of the Association or any Owner to enforce the covenants and restrictions in the future for the same or similar violation. A failure by the Association to disclose or to accurately disclose to any purchaser of a Lot any of the matters required under A.R.S. § 33-1806.A.4., A.5, or A.6 (i.e., violations of the Project Documents, violations of health and building codes, and pending litigation) will not act as a defense to the enforcement of the Project Documents by any Owner for those matters. No act or omission by the Declarant, whether in its capacity as a Member of the Association or as a seller or builder of any Lot, will act as a waiver, offset, or defense to the enforcement of this Declaration by the Association or any Owner. Deeds of conveyance of all or any part of the Property may incorporate the covenants and restrictions by reference to this Declaration; however, each and every covenant and restriction will be valid and binding upon the respective grantees whether or not any specific or general reference is made to this Declaration in the deed or conveying instrument. Without limitation of the preceding portions of this Section, violators

of any one or more of the covenants and restrictions may be restrained by any court of competent jurisdiction and damages may be awarded against the violators. The remedies established in this Declaration may be exercised jointly, severally, cumulatively, successively, and in any order. A suit to recover a money judgment for unpaid assessments, obtain specific performance, or obtain injunctive relief may be maintained without the extinguishing, waiving, releasing, or satisfying the Association's liens under this Declaration. Each Owner of a Lot, by accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument) or otherwise becoming an "Owner," specifically acknowledges that any award of monetary damages made in favor of the Owner against the Association for the Association's failure to comply with, or accurately comply with, the provisions of A.R.S. § 33-1806 will be satisfied from and limited solely to: (i) the proceeds available under any policy of insurance maintained by the Association for errors or omissions of this type; or (ii) the amount available in any liability reserve account that may be established by the Association and funded through specific liability reserves collected as part of the annual assessments.

10.2 Approval of Litigation. Except for any legal proceedings initiated by the Association either to: (i) enforce the use restrictions contained in this Declaration through injunctive relief or otherwise; (ii) enforce the Association Rules or the Architectural Committee Rules through injunctive relief or otherwise; or (iii) collect any unpaid Assessments, enforce or foreclose any lien in favor of the Association, or determine the priority of any lien for Assessments; (iv) make a claim against a vendor of the Association or supplier of goods and services to the Association; (v) defend claims filed against the Association (and to assert counterclaims or cross-claims in connection with a defense); or (vi) make a claim for a breach of fiduciary duty by any one or more of the Board of Directors or officers of the Association, the Association will not incur litigation expenses (including, without limitation, attorney fees and costs) to initiate legal proceedings or to join as a plaintiff in legal proceedings without the prior approval of the Members. The Members' approval to initiate legal proceedings or join as a plaintiff in legal proceedings must be given at any duly called regular or special meeting of the Members by an affirmative vote (in person or by proxy) of more than fifty percent (50%) of the total number of eligible votes of the Members, excluding the vote of any Owner who would be a defendant in the proceedings. Prior to any vote of the Members, the Association will provide full disclosure of the nature of the claim, the name and professional background of the attorney retained by the Association to pursue the matter, a description of the relationship (if any) between the attorney and the Board of Directors (or any member of the Board of Directors) or the property management company, a description of the fee arrangement with the attorney, an estimate of the fees and costs necessary to pursue the claim, and the estimated time necessary to complete the proceedings. The costs of any legal proceedings initiated by the Association that are not included in the above exceptions (i.e., subparagraphs (i) through (vi) above) must be financed by the Association with monies that are specifically collected for that purpose, and the Association will not borrow money, use reserve funds, or use monies collected for other specific Association obligations (such as working capital requirements) to initiate or join in any legal proceeding. Each Owner must notify all prospective purchasers of the Owner's Lot of all legal proceedings initiated by the Board for which a special litigation fund has been established and must provide all prospective purchasers with a copy of any written notice received by the Owner from the Association regarding the litigation. These limitations on the commencement of litigation do not preclude the Board from incurring expenses for legal advice in the normal course of operating the Association to: (I) enforce the Project Documents; (II) comply with the

Project Documents or any statutes or regulations related to the operation of the Association, Common Area, or the Areas of Association Responsibility; (III) amend the Project Documents as provided in this Declaration; (IV) grant easements or convey Common Area as provided in this Declaration; or (V) perform the obligations of the Association as provided in this Declaration. As used in this section, the term "legal proceedings" includes administration, arbitration and judicial actions, including any matters covered by the alternative dispute resolution procedures described in Article XII below.

10.3 General Provisions on Condemnation. If an entire Lot is acquired by eminent domain or if part of a Lot is taken by eminent domain leaving the Owner with a remnant that may not be used practically for the purposes permitted by this Declaration (both instances being collectively referred to as a "condemnation" of the entire Lot), the award will compensate the Owner for the Owner's entire Lot and the Owner's interest in the Common Area, whether or not any Common Area interest is acquired by the condemning party. Upon the condemnation of an entire Lot, unless the condemnation decree provides otherwise, the affected Lot's entire Common Area interest, vote, and membership in the Association, and all common expense liabilities, will be automatically reallocated to the remaining Lots in the Project in proportion to the respective interests, votes, and liabilities of those Lots prior to the condemnation, and the Association will promptly prepare, execute, and record an amendment to the Declaration reflecting these reallocations. For purposes of this Section, each Owner, by acceptance of a deed for a Lot or any interest in a Lot, will be deemed to have appointed the Association, acting by and through the Board, as the Owner's attorney-in-fact for the purposes of executing and recording the above-described amendment to the Declaration. Any remnant of a Lot remaining after a condemnation of the type described above will be deemed a part of the Common Area.

10.4 Partial Condemnation of Lot. If only a portion of a Lot is taken by eminent domain and the remnant is capable of practical use for the purposes permitted by this Declaration, the award will compensate the Owner for the reduction in value and its interest in the Common Area. Upon a partial taking, the Lot's interest in the Common Area, votes, and membership in the Association, and all common expense liabilities, will remain the same as that which existed before the taking, and the condemning party will have no interest in the Common Area, votes, or membership in the Association, or liability for the common expenses.

10.5 Condemnation of Common Area If a portion of the Common Area is taken by eminent domain, the award will be paid to the Association and the Association will cause the award to be utilized for the purpose of repairing and restoring the Common Area, including, if the Board deems it necessary or desirable, the replacement of any common improvements. Any portion of the award not used for any restoration or repair of the Common Area will be divided among the Owners and First Mortgagees in proportion to their respective interests in the Common Area prior to the taking, as their respective interests may appear.

10.6 Severability. Invalidation of any one or any portion of these covenants and restrictions by judgment or court order will not affect the validity of any other provisions of the Project Documents, and these other provisions of the Project Documents will remain in full force and effect.

10.7 Term. The covenants and restrictions of this Declaration will run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they will be automatically extended for successive periods of ten (10) years for so long as the Lots continue to be used for Single Family Residential Uses or unless terminated at the end of the initial or any extended term by an affirmative vote (in person or by proxy) of the Owners of ninety percent (90%) of the total eligible votes in the Association.

10.8 Amendment. This Declaration and the Plat may be amended as provided in this Declaration. During the first twenty (20) year term of this Declaration and except as otherwise provided in Section 10.12, amendments will be made only by a recorded instrument executed on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association, and any amendment will be deemed adopted if approved at a duly called regular or special meeting by the affirmative vote (in person or by proxy) of seventy-five (75%) or more of the total number of eligible votes in the Association. After the initial twenty (20) year period, amendments will be made by a recorded instrument approved at a duly called regular or special meeting by the affirmative vote (in person or by proxy) of two-thirds (2/3) or more of the total number of eligible votes in the Association, and the amendment will be executed on behalf of the Association by an officer of the Association designated for the purpose or, in the absence of designation, by the President of the Association. Subject to any limitation described in Section 10.12 below, Declarant unilaterally may amend this Declaration or Plat or the other Project Documents prior to the recordation of the first deed for any Lot within the Project to an Owner other than Declarant or the recordation of a contract to sell a Lot to an Owner other than Declarant. In addition to and notwithstanding the foregoing, any amendment to the uniform rate of assessments established under Section 4.6 above will require the prior written approval of two-thirds (2/3) or more of the holders of First Mortgages on the Lots.

10.9 Government Financing. If the financing of any Institutional Guarantor is applicable to the Property, any amendment to the Declaration made by the Declarant pursuant to Section 10.8 and any Annexation Amendment made by the Declarant will contain either: (i) the approval of the Institutional Guarantor; or (ii) an affidavit or certification that the Institutional Guarantor's approval has been requested in writing but that the Institutional Guarantor has not either approved or disapproved the amendment or annexation within thirty (30) days of Declarant's request.

10.10 Construction. This Declaration will be liberally construed to effectuate its purpose of creating a uniform plan and scheme for the development of a planned area development consisting of Detached Dwelling Units for Single Family Residential Use and Common Area with maintenance as provided in this Declaration and the other Project Documents. The provisions of this Declaration will be construed in a manner that will effectuate the inclusion of additional lots pursuant to Article XI. Section and Article headings have been inserted for convenience only and will not be considered or referred to in resolving questions of interpretation or construction. All terms and words used in this Declaration (including any defined terms), regardless of the number and gender in which they are used, will be deemed and construed to include any other number and any other gender as the context or sense of this Declaration may require, with the same effect as if the number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or"

are used in this Declaration, it is intended, if consistent with the context, that this Declaration be interpreted and the sentence, phrase, or other part be construed in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of words and symbol "and/or." Any reference to this Declaration will automatically be deemed to include all amendments to this Declaration.

10.11 Notices. Unless an alternative method for notification or the delivery of notices is otherwise expressly provided in the Project Documents, any notice that is permitted or required under the Project Documents must be delivered either personally, by mail, or by express delivery service. If delivery is made by mail, it will be deemed to have been delivered and received two (2) business days after a copy of the notice has been deposited in the United States mail, postage prepaid and properly addressed. If delivery is made by express delivery service, it will be deemed to have been delivered and received on the next business day after a copy of the notice has been deposited with an "overnight" or "same-day" delivery service, properly addressed. If an Owner fails to provide the Association with an address for purposes of receiving notices, the address of any Detached Dwelling Unit owned by the Owner will be used in giving the notice. For purpose of notice for the Association or the Board, notice must be sent to the principal office of the Association, as specified in the Articles, and the statutory agent for the Association. The place for delivery of any notice to an Owner or the Association may be changed from time to time by written notice specifying the new notice address.

10.12 General Declarant Rights. Declarant specifically reserves the right to construct improvements on the Lots and Common Area that are consistent with this Declaration or the Plat and to change the unit mix of the Lots described in the Declaration or the Plat, without the vote of any Members. During any period of Declarant Control, Declarant reserves the right to: (i) amend the Declaration or Plat without the vote of any Members to comply with applicable law or correct any error or inconsistency in the Declaration, so long as the amendment does not materially and adversely affect the rights of any Owner; (ii) amend the Declaration to conform with any rules or guidelines of any Institutional Guarantor; or (iii) without the vote of any Members (but with the consent of the Institutional Guarantor, if applicable), withdraw the Property or portions of the Property from this Declaration and subdivide Lots, convert Lots into Common Area, and convert Common Area into Lots.

10.13 Management Agreements. Any management agreement entered into by the Association or Declarant may be made with an affiliate of Declarant or a third-party manager and, in any event, will be terminable by the Association with or without cause and without penalty upon thirty (30) days written notice. The term of any management agreement entered into by the Association or Declarant may not exceed one year and may be renewable only by affirmative agreement of the parties for successive periods of one year or less. Any property manager for the Project or the Association will be deemed to have accepted these limitations, and no contrary provision of any management agreement will be enforceable.

10.14 No Partition. There will be no partition of any Lot, nor will Declarant or any Owner or other person acquiring any interest in any Lot, or any part of the Lot, seek any partition.

10.15 Declarant's Right to Use Similar Name. The Association irrevocably consents to the use by any other profit or nonprofit corporation that may be formed or incorporated by Declarant of a corporate name that is the same or deceptively similar to the name of the Association, provided one or more words are added to the name of the other corporation to make the name of the Association distinguishable from the name of the other corporation. Within five (5) days after being requested to do so by the Declarant, the Association will sign all letters, documents, or other writings as may be required by the Arizona Corporation Commission (or any other governmental entity) in order for any other corporation formed or incorporated by the Declarant to use a corporate name that is the same or deceptively similar to the name of the Association.

10.16 Joint and Several Liability. In the case of joint ownership of a Lot, the liabilities and obligations of each of the joint Owners set forth in or imposed by the Declaration and the other Project Documents will be joint and several.

10.17 Construction. If there are any discrepancies, inconsistencies, or conflicts between the provisions of this Declaration and the other Project Documents, the provisions of this Declaration will prevail in all instances.

10.18 Survival of Liability. The termination of membership in the Association will not relieve or release any former Member from any liability or obligation incurred under or in any way connected with the Association during the period of membership or impair any rights or remedies that the Association may have against the former Member arising out of or in any way connected with the membership and the covenants and obligations incident to the membership.

10.19 Waiver. The waiver of or failure to enforce any breach or violation of the Project Documents will not be deemed a waiver or abandonment of any provision of the Project Documents or a waiver of the right to enforce any subsequent breach or violation of the Project Documents. The foregoing will apply regardless of whether any person affected by the Project Documents (or having the right to enforce the Project Documents) has or had knowledge of the breach or violation.

10.20 Attorney Fees. Without limiting the power and authority of the Association to incur (and assess an Owner for) attorney fees as part of the creation or enforcement of any assessment, if a court action is instituted to enforce any of the provisions contained in the Project Documents, the party prevailing in any court action will be entitled to recover from the other party all reasonable attorneys' fees and court costs. If the Association is the prevailing party in the court action, the amount of attorney fees and court costs may be deemed all or part of a special assessment against the Lot and Owner involved in the action. This Section will not apply to any costs or fees incurred in connection with actions maintained under the alternative dispute resolution procedures described below.

10.21 Security. EACH OWNER UNDERSTANDS AND AGREES THAT NEITHER THE ASSOCIATION, DECLARANT, ANY BUILDER, NOR THE PROJECT OWNER (NOR THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS) ARE RESPONSIBLE FOR THE ACTS OR OMISSIONS OF ANY THIRD

PARTIES OR OF ANY OTHER OWNER OR THE OWNER'S PERMITTEES RESULTING IN PROPERTY DAMAGE, BODILY INJURY, PERSONAL INJURY, OR MARKETABILITY. ANY SECURITY MEASURES OR DEVICES (INCLUDING GATED ENTRIES, SECURITY GUARDS, GATES, PRIVATE SECURITY ALARMS, OR PATROL) THAT MAY BE USED AT THE PROJECT WILL COMMENCE AND BE MAINTAINED BY THE ASSOCIATION SOLELY THROUGH A MAJORITY VOTE OF THE BOARD, AND EACH OWNER UNDERSTANDS THAT ANY SECURITY MEASURES OR DEVICES THAT ARE IN EFFECT AT THE TIME HE OR SHE ACCEPTS A DEED FOR A LOT (OR OTHERWISE BECOMES AN "OWNER") MAY BE ABANDONED, TERMINATED, OR MODIFIED BY A MAJORITY VOTE OF THE BOARD. THE COMMENCEMENT OF SECURITY DEVICES OR CONTROLS WILL NOT BE DEEMED TO BE AN ASSUMPTION OF ANY DUTY ON THE PART OF THE ASSOCIATION, DECLARANT, ANY BUILDER, OR THE PROJECT OWNER WITH RESPECT TO THE PROJECT AND ITS OWNERS.

10.22 Refuse Collection. Residents occupying properties on dead-end streets will place their solid waste containers for collection in a location identified by the City of Phoenix, Solid Waste Field Services Superintendent or its designee. Solid waste containers placed for collection must be positioned at least four feet from any other structure or obstruction and in a location that the collection truck can provide service without requiring the truck to back up. Residents on dead-end streets may need to situate their container at a collection location on the right-of-way in front of a lot other than their own and are hereby granted the non-exclusive right to do so.

ARTICLE XI

DEVELOPMENT PLAN AND ANNEXATION

11.1 Proposed Development. Each Owner of a Lot, by acceptance of a deed for that Lot (or otherwise becoming an "Owner"), acknowledges that it has not relied upon any representation, warranty, or expression, written or oral, made by Declarant or its agents, regarding whether: (i) the contemplated development will be completed or carried out; (ii) any land now or in the future owned by Declarant will be subject to this Declaration or developed for a particular use; (iii) any land now or in the future owned by Declarant was once or is used for a particular use or whether any prior or present use will continue in effect; or (iv) any common private or public amenities (such as parks, playgrounds, schools, community pools, etc.) contemplated for future phases actually will be constructed. Declarant need not construct Detached Dwelling Units on any Lot subject to the Declaration in any particular order or progression, but Declarant may build Detached Dwelling Units on any Lot subject to this Declaration in any order or progression that Declarant desires to meet its needs or desires or the needs or desires of a potential purchaser.

11.2 Annexation Without Approval. During any period of Declarant Control, additional real property may be annexed into the Project and made subject to this Declaration by Declarant without the consent of any Member or First Mortgagee, but with the approval of any Institutional Guarantor. Declarant's annexation will be evidenced by recording an amendment ("Annexation Amendment") to the Declaration signed by the Declarant that describes the new real property to be included as lots and common area tracts, refers to this Declaration, and states

that all new lots and new common area tracts are being added or annexed into the Declaration. Upon annexation, any additional Common Area will be conveyed to the Association concurrent with the conveyance of the first Lot in the annexed phase to a Class A Member. The Association will maintain all annexed Common Area, and all Owners will be assessed for the maintenance and subsequent development of any annexed Common Area as though all Lots and all Common Area then covered by the Declaration had been initially included within the Project.

11.3 Annexation With Approval. Upon the written consent or affirmative vote of at least two thirds (2/3) of the Class A Members of the Association (and further upon the written consent of the Declarant so long as Declarant is a Member of the Association), the Association may annex real property to the provisions of this Declaration by recording in the Official Records of Maricopa County, Arizona, a "Supplemental Declaration" describing the real property being annexed. Any Supplemental Declaration will be signed by the President and Secretary of the Association and the owner or owners of the properties being annexed, and any annexation under this Section 11.3 will be effective upon its recordation.

11.4 Effect of Annexation. When a phase has been included (annexed) under this Declaration, the Owners of the Lots in the additional phase will have the same rights, duties, and obligations (including the obligation to pay assessments) under this Declaration as the Owners of Lots in the first phase (i.e., the Lots initially covered by this Declaration) and vice versa.

11.5 No Assurance on Annexed Property. Declarant makes no assurances that any other property will be annexed into the Project, and Declarant makes no assurances as to the exact type, location, or price of buildings and other improvements to be constructed on any annexed property. Declarant makes no assurances as to the exact number of Lots that may be added by any annexed property. Declarant makes no assurances as to the type, location, or price of improvements that may be constructed on any annexed property; however, the improvements will be generally consistent in construction quality with the improvements constructed on the real property described in Exhibit "A" attached to this Declaration.

ARTICLE XII

CLAIMS AND DISPUTE RESOLUTION/LEGAL ACTIONS

12.1 Dispute Resolution Agreement. All Bound ADR Parties, as identified and defined below, agree to encourage the amicable resolution of claims, grievances, controversies, disagreements, or disputes involving the Project or the Project Documents in order to avoid or limit wherever possible the emotional and financial costs of litigation. Accordingly, each Bound ADR Party covenants and agrees that all Covered Claims, as defined below, between one or more Bound ADR Party must be resolved using the dispute resolution procedures set forth below in this Declaration and the Bylaws in lieu of filing a lawsuit or initiating administrative proceedings. As used in the Project Documents, the term "Bound ADR Parties" means the Association, Board, Declarant, any property manager or association manager for the Project, all Owners, any tenant of an Owner, any family member residing in the Owner's Detached Dwelling Unit, and any person not subject to this Declaration who voluntarily agrees to be subject to the dispute resolution procedures described below. Unless they otherwise agree, Mortgagees and

Institutional Guarantors are not Bound ADR Parties. As used in the Project Documents, the term "Covered Claims" means all claims, grievances, controversies, disagreements, or disputes arising out of: (i) the interpretation, application, or enforcement of the Declaration or the other Project Documents; (ii) any alleged violation of the Project Documents by any of the Bound ADR Parties; (iii) the authority of the Association or the Board to take or not take any action under the Project Documents; (iv) the failure of the Declarant or the Association or the Board to properly conduct elections, give adequate notice of meetings, properly conduct meetings, allow inspection of books and records, or establish adequate warranty and reserve funds; (v) the performance or non-performance by any of the Bound ADR Parties of any of their respective obligations or responsibilities under the Project Documents to or on behalf of any other Bound ADR Party; (vi) the design or construction of any of the Detached Dwelling Units within the Project (other than matters of aesthetic judgment by the Architectural Committee or the Board, all of which are not subject to review under the alternative dispute resolution procedures or legal action); or (vii) any alleged violation or defect with respect to the maintenance or construction of the Common Area or any improvements or landscaping on the Common Area or the Areas of Associate Responsibility. The term "Covered Claims," however, specifically does not include any Exempt Claims of the type described below. The term "Alleged Defects" means only those Covered Claims described in subsections (vi) or (vii) above.

12.2 Exempt Claims. The following claims, grievances, controversies, disagreements, and disputes (each an "Exempt Claim" and, collectively, the "Exempt Claims") are exempt from the alternative dispute resolution provisions described in this Declaration; provided, however, Exempt Claims are still the provisions in paragraph 12.6:

(a) Collection of Assessments. Any action taken by the Association against any Bound ADR Party to enforce the collection of any Assessments, to enforce or foreclose any lien in favor of the Association, or to determine the priority of any lien for Assessments;

(b) Specific Actions. Any claim, grievance, controversy, disagreement, or dispute that primarily involves:

(1) Title to any Lot or Common Area;

(2) A challenge to a property taxation or condemnation proceeding;

(3) The eviction of a tenant from a Detached Dwelling Unit;

(4) The breach of fiduciary duty by any one or more of the Board of Directors or officers of the Association;

(5) The rights of any Mortgagee or Institutional Guarantor;

(6) An employment matter between the Association and any employee of the Association; or

(7) The invalidation of the Declaration or any of the covenants and restrictions contained in the Project Documents.

(c) Injunctive Relief. Any suit by the Association to obtain a temporary or permanent restraining order or equivalent emergency equitable relief (together with any other ancillary relief as the court may deem necessary) in order to maintain the then-current status of the Project and preserve the Association's ability to enforce the architectural control provisions of the Project Documents and the use restrictions contained in this Declaration;

(d) Large Claims. Any suit solely between Owners (other than suits involving the Declarant) seeking redress on any Covered Claim that would constitute a cause of action under federal law or the laws of the State of Arizona regardless of the existence of the Project Documents, if the amount in controversy exceeds $25,000.00;

(e) Written Contracts. Any action arising out of any separate written contract between Owners or between the Declarant and any Owner that would constitute a cause of action under the laws of the State of Arizona in absence of the Project Documents; and

(f) Not Bound Parties. Any suit in which less than all parties are Bound ADR Parties (unless the parties that are not Bound ADR Parties voluntarily agree to be subject to the alternative dispute resolution procedures established in this Declaration and the Bylaws).

Any Bound ADR Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth below, but there is no obligation to do so. The submission of an Exempt Claim involving the Association or Declarant to the alternative dispute resolution procedures below requires the approval of the Association or Declarant, as applicable.

12.3 Mandatory Resolution Procedures. All Covered Claims must be resolved using the following procedures:

(a) Notice. Any Bound ADR Party having a Covered Claim (each a "Claimant") against any one or more Bound ADR Party (each a "Respondent") must notify each Respondent in writing of the Covered Claim (the "Covered Claim Notice"), stating plainly and concisely:

(1) The nature of the claim, including date, time, location, persons involved, and Respondent's role in the Covered Claim;

(2) The basis of the Covered Claim (i.e., the provisions of the Project Documents or other authority out of which the Covered Claim arises);

(3) The resolution or relief sought by Claimant against Respondent to resolve the Covered Claim; and

(4) The agreement of Claimant to meet personally with Respondent at a mutually agreeable time and place to discuss ways to resolve the Covered Claim.

If the Respondent to the Covered Claim includes the Declarant or its officers, directors, incorporators, members, or employees, Declarant will be given a period of fifteen (15) days after the receipt of Covered Claim Notice to enter the Project and inspect, test, and repair the alleged violation or defect in the sole discretion of Declarant. The right to inspect and test is irrevocable and may not be waived or otherwise terminated except by a written agreement instrument signed by Declarant.

(b) Conciliation and Negotiation.

(1) Each Claimant and Respondent (collectively, the "Claim Parties") must make reasonable efforts to meet personally and agree to confer for the purpose of resolving the Covered Claim by good faith and confidential negotiations.

(2) Upon receipt of a written request from any of the Claim Parties, accompanied by a copy of the Covered Claim Notice, the Board may appoint a representative to assist the Claim Parties in resolving the dispute by negotiation if, in its discretion, the Board believes its efforts will be beneficial to the Claim Parties or to the welfare of the community, as a whole.

(c) Mediation.

(1) If the Claim Parties do not resolve the Covered Claim through negotiation within ten (10) days of the date of the Covered Claim Notice (or within any other period as may be agreed upon by the Claim Parties) ("Termination of Negotiations"), Claimant will have thirty (30) additional days within which to submit the Covered Claim to mediation by an independent mediation service designated by the Association or, in absence of a mediation service designated by the Association or in the case of a reasonable objection by Claimant, any dispute resolution center or other independent agency providing similar services in the Maricopa County, Arizona area upon which the Claim Parties may mutually agree.

(2) If Claimant does not submit on a timely basis the Covered Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant will be deemed to have waived the Covered Claim, and Respondent will be released and discharged from any and all liability to Claimant arising out of the Covered Claim; however, Claimant's failure to submit the Covered Claim for mediation will not release or discharge Respondent from any liability to any person that is not a Claim Party to the foregoing proceedings.

(3) Within ten (10) days of the selection of the mediator, each of the Claim Parties will submit a brief memorandum setting forth its position with regard to the issues to be resolved. The mediator will have the right to

schedule a pre-mediation conference, and all parties to the dispute must attend unless otherwise agreed. The mediation will commence within ten (10) days following submittal of the memoranda to the mediator and will conclude within fifteen (15) days from the commencement of the mediation unless the Claim Parties mutually agree to extend the mediation period. The mediation will be held in Maricopa County, Arizona, or any other place that is mutually acceptable to the Claim Parties.

(4) 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 Covered Claim. The mediator is authorized to conduct joint and separate meetings with the parties to the Covered Claim and to make oral and written recommendations for settlement. Whenever necessary, the mediator also may obtain expert advice concerning technical aspects of the dispute, so long as the Claim Parties agree to obtain and assume the expenses of obtaining the expert advice. The mediator does not have the authority to impose a settlement.

(5) The expenses of witnesses for either side will be paid by the party producing the witnesses. All other expenses of the mediation, including, but not limited to, 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, will be borne equally by the Claim Parties unless agreed to otherwise. Each Claim Party will bear their own attorney fees and costs in connection with the mediation.

(6) If the Claim Parties do not settle the Covered Claim within thirty (30) days after submission of the matter to the mediation process, or within any period of time as determined reasonable or appropriate by the mediator, the mediator will issue a notice or termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice must set forth when and where the Parties met, the nature of the Parties' impasse, and the date that the mediation was terminated. At the option of the Claim Parties, the Termination of Mediation notice may establish, as to matters or items that have been agreed to by the Claim Parties, any undisputed factual findings or agreed resolutions.

(7) Within five (5) days of the Termination of Mediation, each of the Claim Parties must make a written offer of settlement in an effort to resolve the Covered Claim, the Claimant will make a final written settlement demand ("Settlement Demand") to the Respondent, and the Respondent will make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Covered Claim Notice will constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent will be deemed to have made a "zero", "take nothing", or "do nothing" Settlement Offer.

(8) All mediation discussions are privileged and confidential. Persons who are not Claim Parties are not allowed to attend the mediation conference without the consent of all Claim Parties. Any mediation resolution may be enforced in a court of law.

(d) Final and Binding Arbitration. If the Claim Parties do not agree in writing to accept either the Settlement Demand the Settlement Offer or otherwise fail to resolve the Covered Claim within fifteen (15) days of the Termination of Mediation, the Claimant will have fifteen (15) additional days to submit the Covered Claim to arbitration in accordance with the Arbitration Rules described in the Bylaws. If the Claimant fails to submit on a timely basis the Covered Claim to arbitration, the Covered Claim will be deemed waived, and Respondent will be released and discharged from any and all liability to Claimant arising out of the Covered Claim; however, Claimant's failure to submit the Covered Claim for arbitration will not release or discharge Respondent from any liability to any person that is not a Claim Party to the foregoing proceedings. Except as provided below, an arbitration award issued by the arbitrator (the "Arbitration Award") will be final, binding, and unappealable, and a judgment may be entered upon the Arbitration Award in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Arizona.

(e) Limited Right of Appeal. An Arbitration Award may be: (i) vacated by a court only in those cases where the Arbitration Award was procured by corruption, fraud, or undue means, an arbitrator showed evident partiality, or an arbitrator exceeded its powers or failed to execute its powers in a manner so as to render a final and definite Arbitration Award; or (ii) appealed to or modified by a court if the arbitrators made prejudicial error in the application of governing substantive law to the facts found, there was an evident miscalculation or mistake in the Arbitration Award, or an Arbitration Award was made on a matter not submitted to arbitration.

(f) Limitation on Arbitration Award. An arbitrator of a Covered Claim will have no power to grant any relief that cannot be granted by a court, and any monetary award made by the arbitrator will be for actual and compensatory damages only and not exemplary, punitive, or consequential damages.

12.4 Allocation of Costs of Resolving Claims.

(a) Costs for Negotiation and Mediation. Each Bound ADR Party will bear its own costs incurred prior to and during the negotiation and mediation proceedings described in Section 12.3(a), (b) and (c) above, including the fees of its attorney or other representative. Each Bound ADR Party will share equally all costs of the mediator and, if and to the extent required, will pay this respective share of the costs in advance of the mediation as a condition to their continuation of the prosecution or defense of the Covered Claim.

(b) Costs for Arbitration. Each Bound ADR Party will bear its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation and will share equally in the costs of conducting the arbitration

proceeding (collectively, "Post Mediation Costs"), except as otherwise provided below. If, and to the extent required, each Bound ADR Party will pay their respective share of the costs in advance of the arbitration as a condition to their continuation of the prosecution or defense of the Covered Claim.

(c) Association Advance. If any Owner that is a Bound ADR Party refuses to pay in advance the cost of mediation or arbitration in any Covered Claim involving the Association, the Association may advance the cost and impose an assessment on the applicable Owner.

(d) Award of Costs. If the arbitrator enters any Arbitration Award that is equal to or more favorable to Claimant than Claimant's Settlement Demand, Claimant's Post Mediation Costs will be added to the Arbitration Award, and all Post Mediation Costs will be borne equally by all Respondents. If the arbitrator enters any Arbitration Award that is equal to or less favorable to Claimant than Respondent's Settlement Offer to that Claimant, Respondent's Post Mediation Costs will be added to the Arbitration Award, and all Post Mediation Costs will be borne by all such Claimants. The arbitrator will be the sole judge as to whether or not the Arbitration Award is more or less favorable that the Settlement Demand or Settlement Offer, as applicable.

12.5 Enforcement of Resolution. This agreement of the Bound ADR Parties to negotiate, mediate, and arbitrate all Covered Claims is specifically enforceable under the applicable arbitration laws of the State of Arizona. After resolution of any Covered Claim through negotiation, mediation, or arbitration in accordance with the provisions outlined above, if any Bound ADR Party fails to abide by the terms of any agreement or Arbitration Award, any other Bound ADR Party may file suit or initiate administrative proceedings to enforce the agreement or Arbitration Award without the need to again comply with the procedures set forth above. In this case, the Bound ADR Party taking action to enforce the agreement or Arbitration Award is entitled to recover from the non-complying Bound ADR Party (or if more than one non-complying Bound ADR Party, from all non- complying Bound ADR Parties pro rata) all costs incurred in enforcing the agreement or Arbitration Award, including, with limitation, attorney fees, and court costs.

12.6 Alleged Defects. If any Owner or the Association desires or intends to bring a claim of any sort against the Declarant or its affiliates or contractors for an Alleged Defect, the following provisions will apply to provide full and fair notice of the existence of the Alleged Defect and an opportunity to repair or correct the Alleged Defect without costly and time-consuming litigation.

(a) Notice of Alleged Defect. If any Owner or the Association discovers an Alleged Defect, the discovering party (referred to as a "Defect Claimant") will give written notice to the Declarant of the Alleged Defect and, if known, the repair or remedy sought by the Defect Claimant.

(b) Right to Enter. Within a reasonable time after the receipt by Declarant of written notice of the Alleged Defect (or Declarant's independent discovery of a possible Alleged Defect), Declarant will have the right to enter any affected

Detached Dwellings Units, Common Area, or Areas of Association Responsibility, to inspect, test, and, if deemed necessary or advisable by the Declarant in its sole discretion, cause the repair or correction of the Alleged Defect. All tests, inspections, and applicable repairs may be made by Declarant or its agents or independent contractors (including contractors and subcontractors) but can be commenced only after reasonable written notice by the Declarant to the Defect Claimant and must be made only during normal business hours.

(c) Declarant Discretion. In performing the tests, inspections, or repairs, as applicable, Declarant will be entitled to utilize methods or take actions that it deems appropriate or necessary, and Declarant's sole obligation with respect to the Defect Claimant will be to restore the affected area as close as reasonably possible to its condition prior to the testings, investigations, or repairs.

(d) No Extension of Warranties. The existence of this right to notice and an opportunity to inspect and/or cure will not be deemed to impose any obligation on the Declarant to test, inspect, or repair any Alleged Defect or to establish or extend any applicable warranty of any builder, developer, or seller (including Declarant) that may be applicable to the Detached Dwelling Lot, Common Area, or Areas of Association Responsibility. Notwithstanding Section 12.7 below, the provisions of this Section 12.6 may not be modified, amended, waived, or terminated in any manner during any period of time that Declarant or its affiliates or contractors may remain liable or responsible for the Alleged Defect or any resulting injury or damage from the Alleged Defect, without the prior and express written consent of Declarant given in a recorded instrument.

12.7 Amendments to Article XII. The alternative dispute resolution procedures established in Article XII of this Declaration may not be modified, amended, terminated, or waived in any manner without Declarant's prior and express written consent, as evidenced by a recorded instrument, for so long as Declarant owns at least one Lot within the Project. After Declarant ceases to own at least one Lot within the Project, the alternative dispute resolution procedures of Article XII may be modified, amended, or terminated in accordance with the procedures established in the Project Documents; however, to the extent any Covered Claim still involves the Declarant, the Declarant can elect for the Covered Claim to be governed by the alternative dispute resolution procedures previously contained in the Project Documents (as though not modified, amended, or terminated). Nothing contained in this Section 12.7 is intended to shorten, modify, or amend the provisions of Section 12.6 with respect to the notice and opportunity to inspect and/or cure an Alleged Defect.

12.8 Conflicts. Notwithstanding anything to the contrary in this Declaration, if there is a conflict between this Article and any other provisions of the Project Documents, this Article shall control.

Dated as of September 9, 2004.

"Declarant"

Curtis Land Holdings, Inc., an Arizona corporation

By: _____
Scott T. Curtis, President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 9th day of September, 2004, by Scott T. Curtis, the President of Curtis Land Holdings, Inc., an Arizona corporation, who executed the foregoing on behalf of the corporation, being authorized so to do for the purposes therein contained.

_____
Notary Public

My Commission Expires:

OFFICIAL SEAL
CHRISTINE M. HURST
Notary Public - State of Arizona
MARICOPA COUNTY
My Comm. Expires April 12, 2007

EXHIBIT "A"
TO
DECLARATION OF HOMEOWNERS BENEFITS
AND
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
ROGERS RANCH UNIT 1

(legal description)

Lots 1 through 213, inclusive, and Tracts "A" through "I", inclusive, and Tract "K", Rogers Ranch Unit 1, according to the plat of record as shown in Book 622 of Maps, Page 13, Official Records of Maricopa County Recorder, Arizona, as corrected by that certain Affidavit of Correction recorded as Instrument No. 2003-0480656, Official Records of Maricopa County Recorder, Arizona.

CONSENT AND APPROVAL OF LENDER

The undersigned, First National Bank of Arizona, as the beneficiary under that certain Construction Deed of Trust dated as of April 26, 2004, and which was recorded on April 27, 2004, in the Official Records of Maricopa County, Arizona, at Document No. 2004-0450939, does hereby approve the foregoing Declaration of Homeowner Benefits and Covenants, Conditions and Restrictions for Rogers Ranch Unit 1 (A Single Family Subdivision), and does hereby consent to the recordation of the same.

Executed this 20 day of September, 2004.

First National Bank of Arizona

By: _____
Its: Senior Vice President

State of Arizona)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 20 day of September, 2004, by Fred R Sutter Jr., the Senior Vice President of First National Bank of Arizona, on behalf of such entity.

OFFICIAL SEAL
MARY BUCHANAN
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
My Comm. Expires June 14, 2007

_____
Notary Public