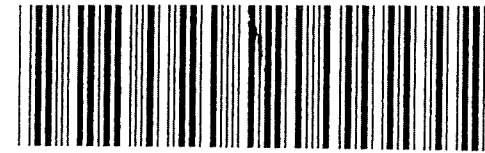


WHEN RECORDED RETURN TO:  
SMITH, FEOLA & TRAICA, P.C.  
2800 N. Central, #1400  
Phoenix, Arizona 85004



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
2003-1545981 11/06/03 15:56  
1 OF 1

RETURN VIA  
FLEMING ATTORNEY  
SERVICE

SHIRLEY

DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
SANALINA

THIS Declaration of Covenants, Conditions and Restrictions (hereinafter termed the "Declaration") is made on this 8th day of July, 2003 by U. S. DEVELOPMENT LAND, LLC, an Arizona limited liability company (hereinafter sometimes termed "Declarant").

W I T N E S S E T H:

WHEREAS, the Declarant is the Owner of the real property located in Maricopa County, Arizona which is described on Exhibit "A" attached hereto.

NOW, THEREFORE, Declarant hereby declares that all of said real property (hereinafter sometimes referred to as "Sanalina") shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions contained in this Declaration which are for the purpose of protecting the value and desirability of, and which shall run with, said real property and be binding on all parties having any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE 1  
DEFINITIONS

Section 1.1. "Architectural Committee" shall mean the committee established by the Board pursuant to Section 3.1 of this Declaration.

Section 1.2. "Architectural Committee Rules and Guidelines" shall mean the rules adopted by the Architectural Committee, as said rules may be amended from time to time.

Section 1.3. "Articles" shall mean the Articles of Incorporation of the Association which have been, or will be, filed in the Office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

Section 1.4. "Association" shall mean "Sanalina Homeowners Association", an Arizona nonprofit corporation.

Section 1.5. "Association Rules" shall mean the rules and regulations adopted by the Association, as the same may be amended from time to time.

Section 1.6. "Board" shall mean the Board of Directors of the Association.

Section 1.7. "Builder" shall mean a person or entity who is engaged in residential real estate development and who purchases one or more Lots from the Declarant for the purpose of constructing Improvements thereon for sale or lease.

Section 1.8. "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 1.9. "Common Area" shall mean all real property, and all Improvements located thereon, owned by the Association for the common use and enjoyment of the Owners.

Section 1.10. "Declarant" shall mean U. S. Development Land, LLC, an Arizona limited liability company, its successors and any person or entity to whom it may expressly assign its rights under this Declaration.

Section 1.11. "Declaration" shall mean the covenants, conditions and restrictions herein set forth in this entire document, as the same may from time to time be amended.

Section 1.12. "First Mortgage" shall mean and refer to any mortgage or deed of trust with first priority over any other mortgage or deed of trust.

Section 1.13. "First Mortgagee" shall mean and refer to the holder of any First Mortgage.

Section 1.14. "Improvement" shall mean buildings, roads, driveways, parking areas, fences, walls, rocks, hedges, plantings, planted trees and shrubs, and all other structures or landscaping Improvements of every type and kind.

Section 1.15. "Lot" shall mean any parcel of real property designated as a Lot on the Plat.

Section 1.16. "Member" shall mean any person, corporation, limited liability company, partnership, joint venture or other legal entity which is an Owner of a Lot within the Property.

Section 1.17. "Owner" shall mean the record Owner, whether one (1) or more persons or entities, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Lot. Owner shall not include (i) the Purchaser of a Lot under an executory

contract for the sale of real property, (ii) persons or entities having an interest in a Lot merely as security for the performance of an obligation or (iii) a lessee or tenant of a Lot. In the case of a Lot the fee simple title to which is vested in a trustee pursuant to Arizona Revised Statutes, § 33-801, et seq., the Trustor shall be deemed to be the Owner. In the case of a Lot, the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust shall be deemed to be the Owner.

Section 1.18. "Plat" shall mean the Plat of survey of the Project, which Plat is recorded with the County Recorder of Maricopa County, Arizona.

Section 1.19. "Project Documents" shall mean this Declaration and the Articles, Bylaws, Association Rules and Architectural Committee Rules and Guidelines.

Section 1.20. "Property" or "Project" shall mean the real property described on Exhibit "A" attached to this Declaration.

Section 1.21. "Purchaser" shall mean any person other than the Declarant who by means of a voluntary transfer acquires a legal or equitable interest in a Lot other than (a) a leasehold interest of less than five (5) years (including renewal options) or (b) as security for an obligation.

Section 1.22. "Single Family" shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption; or a group of persons not all so related, not to exceed three (3) in number, who maintain a common household in a dwelling.

Section 1.23. "Single Family Residential Use" shall mean the occupation or use of a residence by a Single Family in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulation.

Section 1.24. "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is, or would be, visible to a person six (6) feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

## ARTICLE 2 THE ASSOCIATION

Section 2.1. Rights, Powers and Duties. The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles and Bylaws of the Association and this Declaration

together with such rights, powers and duties as may be reasonably necessary to effectuate the objectives and purposes of the Association as set forth in this Declaration.

Section 2.2. Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers and committees as the Board may elect or appoint, in accordance with the Articles and the Bylaws.

Section 2.3. Association Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations. The Association Rules may restrict and govern the use of any area by any Owner, by the family of such Owner or by an invitee, licensee or lessee of such Owner; provided, however, that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be provided to each Owner upon acquisition of a Lot and shall be available for inspection by the Members at reasonable times.

### ARTICLE 3 ARCHITECTURAL COMMITTEE

Section 3.1. Establishment. The Declarant shall establish an Architectural Committee to perform the functions of the Architectural Committee set forth in this Declaration and to adopt the procedural rules and regulations for the performance of such duties, including procedures for preparation, submission and determination of the application for any approvals required by this Declaration (the Architectural Committee Rules and Guidelines). The Architectural Committee shall consist of such number of regular members as the Declarant may designate and such members shall be appointed by the Declarant. The appointees need not be architects, Owners or residents and do not need to possess any special qualifications of any type except such as the Declarant may, in its discretion, require. The Architectural Committee Rules and Guidelines shall interpret and implement this Declaration by setting forth the procedures for Architectural Committee review and the standards for development within the Project. The Architectural Committee Rules and Guidelines may also include provisions requiring the establishment of landscaping on Lots pursuant to specific timetables. Subject to the provisions of this Article, the decision of the Architectural Committee shall be final on all matters submitted to it pursuant to this Declaration.

Section 3.2. Appeal. Any Owner aggrieved by a decision of the Architectural Committee may appeal the decision to the Board in accordance with procedures to be established by the Board. If the Board fails to allow an appeal or if the Board, after the appeal, again rules in a manner aggrieving the appellant, the decision of

the Board is final. In the event the decision of the Architectural Committee is overruled by the Board on any issue or question, the prior decision of the Architectural Committee shall be deemed modified to the extent specified by the Board and, for purposes of this Declaration, such decision, as so modified, shall thereafter be deemed the decision of the Architectural Committee. In this regard, the Board shall have the authority to modify or overrule the decision of the Architectural Committee on any matter presented to it.

Section 3.3. Fee. The Architectural Committee may establish a reasonable processing fee to defer the costs of the Association in considering any request for approvals submitted to it, which fee shall be paid at the time the request for approval is submitted. The Architectural Committee may employ an architect and other design professionals and the fees for such services shall be included in review fees.

Section 3.4. Appointment of Architectural Committee Members. Architectural Committee members shall be appointed by the Declarant and may be replaced at the discretion of the Declarant. Declarant's right to appoint Architectural Committee members shall cease and the Board shall be vested with that right and all other rights of the Declarant pertaining to the Architectural Committee two (2) years after the date on which the Class B membership is extinguished, at such time as Declarant no longer owns any property within the Project or when such right is expressly relinquished by Declarant to the Board in writing, whichever condition occurs first.

Section 3.5. Requirement for Approval of Plans; Non-Liability. No Improvement shall be made to any Lot (including, without limitation, any landscaping, any installation of Satellite television antennas, any installation of any heating or cooling system or component or any other item on the roof of the building, the construction of any covered or uncovered patios, awning, decking or roof extension and any other Improvement which is Visible From Neighboring Property) unless and until the plans, drawings and specifications for the same are first submitted to, and approved by, the Architectural Committee. All plans, drawings and specifications shall be approved by the Architectural Committee as to style, exterior design, appearance and location prior to any Improvement being made or constructed by an Owner or any other person. The Architectural Committee takes no responsibility for engineering design or for compliance with zoning and building ordinances and, by approving any such plans and specifications, neither the Association, the Board, the Declarant nor any Member or Owner shall be deemed to assume any liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications. Neither the Architectural Committee, any member thereof, the Association, the Board nor the Declarant shall be liable to any Owner or any other person for any damage, loss or

prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not deficient or defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications or (c) the development, or manner of development, of any property within the Project. Approval of plans and specifications by the Architectural Committee is not, and shall not be deemed to be, a representation or warranty, whether express or implied, that said plans or specifications comply with applicable governmental ordinances or regulations including, without limitation, zoning ordinances and building codes, or industry standards for design or construction.

ARTICLE 4  
MEMBERSHIP

Section 4.1. Identity of Members. Membership in the Association shall be limited to Owners of Lots. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a Member of the Association and shall remain a Member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

Section 4.2. Transfer of Membership. Membership in the Association shall be appurtenant to each Lot and a membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of a Lot (and then only to the Purchaser thereof), or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process affecting such Lot. Any attempt to make a prohibited transfer shall be void and shall not be reflected upon the books and records of the Association.

ARTICLE 5  
VOTING RIGHTS

Section 5.1. Classes of Members. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners of Lots, with the exception of the Declarant. Each Class A Member shall be entitled to one (1) vote for each Lot owned.

Class B. The Class B Member shall be the Declarant. The Declarant shall be entitled to three (3) votes for each Lot held by the Declarant. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever occurs earlier:

(a) One hundred eighty (180) days after the number of Class A votes exceeds the number of Class B votes; or

(b) When the Declarant notifies the Association in writing that it relinquishes its Class B membership; or

(c) January 1, 2050.

Section 5.2. Joint Ownership. When more than one (1) person is the Owner of any Lot, all such persons shall be Members. the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) ballot be cast with respect to any Lot. The vote or votes for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner casts a ballot representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event more than one (1) ballot is cast for a particular Lot, none of said votes shall be counted and said votes shall be deemed void.

Section 5.3. Corporate Ownership. In the event any Lot is owned by a corporation, partnership, limited liability company or other association, the corporation, partnership, company or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the chief executive officer, if any, of such corporation, company, partnership or association shall have the power to vote the membership, and if there is no chief executive officer, then the Board of Directors, manager or general partner of such corporation, company, partnership or association shall designate who shall have the power to vote the membership.

Section 5.4. Suspension of Voting Rights. In the event any Owner is in arrears in the payment of any assessments or other amounts due under any of the provisions of the Project Documents for a period of fifteen (15) days, said Owner's right to vote as a Member of the Association and the right of such Owner and such Owner's lessees, guests and invitees to use and enjoy the Common Area shall be suspended and shall remain suspended until all payments, including collection and/or attorneys' fees, are brought current. In addition, an Owner's right to vote as a Member and the right of such Owner and such Owner's lessees, guest and invitees to use and enjoy the Common Area shall be suspended for a period not to exceed sixty (60) days for any other infractions of the Project Documents, and for successive sixty (60) day periods if the infraction has not been corrected during the then existing suspension period.

ARTICLE 6  
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 6.1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned by it, hereby covenants, and each Owner of a Lot, by becoming the Owner thereof, whether or not it is expressed in the deed or other instrument by which the Owner acquired ownership of the Lot, is deemed to covenant and agree to pay to the Association: (1) annual assessments, (2) supplemental assessments and (3) special assessments for capital improvements. The annual, supplemental and special assessments, together with costs, late charges and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with late charges, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 6.2. Purpose of the Assessments; Budget. The assessments levied by the Association shall be used exclusively for the upkeep, maintenance, repair, replacement and improvement of the Common Area and such portions of the Lots, and such portions of the Improvements located thereon, as the Association is obligated to maintain under Sections 10.1 and 10.2 of this Declaration, and for promoting the recreation, health, safety and welfare of the Owners and residents of Lots within the Property. The Annual Assessment shall be determined with the objective of fulfilling the Association's obligations under this Declaration as set forth herein. At least sixty (60) days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated expenses of the Association for the upcoming year, including the amount estimated to be reasonably necessary to fund any appropriate reserves. The budget shall reflect the sources and estimated amount of funds available to pay such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments and the amount to be generated through the assessments authorized by this Declaration. Within thirty (30) days after the Board adopts a final budget for each fiscal year, it shall send a copy of the budget to each Owner of a Lot, along with a notice of the amount of the annual assessment for the upcoming year. The budget and each assessment shall be effective upon adoption by the Board.

Section 6.3. Maximum Annual Assessment.

(a) Until January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment for each Lot shall be Six Hundred Dollars (\$600.00).



(b) From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the Board may, without a vote of the membership, increase the maximum annual assessment during each fiscal year of the Association by (i) an amount proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers (All Items), U.S. City Average, published by the United States Department of Labor, Bureau of Labor Statistics (1967 = 100), or in the event said index ceases to be published, by any successor index recommended as a substitute therefor by the United States government; (ii) or ten percent (10%), whichever is greater.

(c) From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment may be increased by an amount greater than the maximum increase allowed pursuant to subparagraph (b) above only by the written consent or affirmative vote, or a combination thereof, of Owners having two-thirds (2/3) of the votes of each class of Membership entitled to vote thereon. All votes shall be cast (in person or by proxy) at a meeting duly called for such purpose at which a quorum is present.

(d) The Board may fix the annual assessment in any amount not in excess of the maximum annual assessment.

Section 6.4. Supplemental Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are, or will become, inadequate to meet all expenses of the Association, for any reason including, without limitation, nonpayment of assessments by the Members, it shall determine the approximate amount of such inadequacies for such fiscal year, prepare a supplemental budget, determine from such supplemental budget the amount of such inadequacies for such fiscal year and levy a supplemental assessment against each Lot in such amount as the Board deems necessary in order to obtain the amount of such inadequacies. Notice of any such supplemental assessment shall be given to each Owner. The supplemental assessment shall be paid on such dates, and in such installments, as may be determined by the Board. Notwithstanding the foregoing, no supplemental assessment shall be levied by the Board until such assessment has been approved by the written consent or affirmative vote, or a combination thereof, of Owners having two-thirds (2/3) of the votes of each class of Membership entitled to vote thereon. All votes shall be cast (in person or by proxy) at a meeting duly called for such purpose at which a quorum is present.

Section 6.5. Special Assessments. In addition to the annual and supplemental assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Area, including

fixtures and personal property related thereto, or for any other lawful Association purpose, provided that any such assessment shall be approved by the written consent or affirmative vote, or a combination thereof, of Owners having two-thirds (2/3) of the votes of each class of Membership entitled to vote thereon. All votes shall be cast (in person or by proxy) at a meeting duly called for such purpose at which a quorum is present.

Section 6.6. Notice and Quorum for Any Action Authorized Under Sections 6.3, 6.4 and 6.5. Written notice of any meeting called for the purpose of taking any action authorized under Section 6.3, 6.4 or 6.5 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or proxies entitled to cast sixty percent (60%) of all the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6.7. Uniform Rate of Assessment. Except as specifically set forth in this Section 6.7 with respect to Builders and the Declarant, all annual, supplemental and special assessments must be fixed at a uniform rate for all Lots owned by an Owner. A Builder is entitled to pay fifty percent (50%) of the full assessment amount until (i) the completion of the residence on the Lot or (ii) six months from the commencement of construction of the residence on the Lot or (iii) two years from the date the title is first transferred from Declarant to the Builder, whichever occurs soonest. The Builder shall be a Class A Member and shall not be entitled to vote on any matters hereunder as long as a reduced assessment is applicable to the Lot in question. So long as the Class B membership exists, Lots owned by the Declarant shall not be subject to assessment, but Declarant shall be required to pay the Association the difference between the cost of operating and administering the Association and the revenue received by the Association from all sources. Upon termination of the Class B membership for any reason, Declarant no longer shall be required to subsidize the Association. Notwithstanding the foregoing, it is specifically provided that in no event shall Declarant be obligated to pay or contribute to the Association in excess of the per Lot amount assessed to each Owner other than a Builder, multiplied by the number of Lots owned by Declarant at the time of assessment. When the Class B membership ceases as prescribed in Article 5, Section 5.1, Declarant shall become a Class A Member and will be subject to full assessment for each Lot owned by the Declarant.

Section 6.8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the

conveyance of the first Lot to a Purchaser or, if later, the date upon which the Common Area is transferred to the Association; provided, however, that if fulfillment of the purposes of the Association does not require the imposition of an annual assessment at such time, the Board may delay the initial imposition of the annual assessment until such time as the Board determines it is necessary to impose such assessment. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. Initially, the annual assessment shall be paid in quarterly installments, payable on such due dates as the Board shall determine. The Board shall have the right to change the required frequency of payment of the annual assessment from time to time and to establish revised due dates for each installment. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 6.9. Working Capital Fund. To insure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment or services, each person or entity, with the exception of Builders and the Declarant, who purchases a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a sum equal to one-sixth (1/6) of the current annual assessment for the Lot (the "Reserve Contribution"). The Reserve Contribution shall be nonrefundable and shall be in addition to, and not in lieu of, any other assessments or amounts payable to the Association. The Reserve Contribution shall not be offset or credited against or considered as an advance payment of any other assessments levied by the Association pursuant to this Declaration. Payment of the Reserve Contribution shall be secured by the assessment lien more fully described at Section 6.11 below. The Association shall use and apply all Reserve Contributions to pay the costs and expenses related to the design, construction, maintenance, repair or replacement of the Common Area and any additions thereto or expansions thereof. In addition, Reserve Contributions may be used by the Association for payment of its general operating expenses and for any other purpose for which assessments may be utilized in accordance with this Declaration.

Section 6.10. Transfer Fee. Each person or entity other than Declarant or a Builder who purchases a Lot from a person or entity other than the Declarant or a Builder, shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is established from time to time by the Board.

Section 6.11. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment, or any installment of an assessment, not paid within thirty (30) days after the assessment, or the installment of the assessment, first became due shall bear a monthly late charge to be set by the Board. Any assessment, or any installment of an assessment, which is delinquent shall be and become a continuing lien on the Lot against which such assessment was made. The lien shall be perfected in any manner required or permitted by law including, without limitation, by the recording of a "Notice of Claim of Lien" which shall set forth (1) the name of the delinquent Owner as shown on the records of the Association, (2) the legal description, street address and number of the Lot against which the lien is made, (3) the amount claimed as of the date of the recording of the notice, including lien recording fees, late charges and reasonable attorneys' fees and (4) the name and address of the Association. The Association's lien shall have priority over all liens or claims created subsequent to perfection of the lien except for tax liens for real property taxes on the Lot, assessments on any Lot in favor of any municipal or other governmental body and the liens which are specifically described in Section 6.12 of this Declaration.

Before recording a lien against any Lot, the Association shall make a written demand to the defaulting Owner for payment of the delinquent assessments, together with late charges and reasonable attorneys' and collection fees, if any. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Association may proceed with recording a Notice of Claim of Lien against the Lot of the defaulting Owner. The Association shall not be obligated to release any lien recorded pursuant to this Section until all delinquent assessments, lien fees, late charges and reasonable attorneys' fees and costs of collection have been paid in full whether or not all of such amounts are set forth in the Notice of Claim of Lien.

The Association shall have the right, at its option, to enforce collection of any delinquent assessments together with lien fees, late charges, reasonable attorneys' and collection fees and any other sums due to the Association in any manner allowed by law including, but not limited to, (a) bringing an action at law against the Owner personally obligated to pay the delinquent assessments, and such action may be brought without waiving any lien securing any such delinquent assessments, or (b) bringing an action to foreclose its lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

Section 6.12. Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Declaration shall be subordinate to the lien of any First Mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 6.13. Exemption of Owner. No Owner of a Lot may exempt himself from liability for annual, supplemental or special assessments levied against his Lot or for other amounts which he may owe to the Association under the Project Documents by waiver and non-use of any of the Common Area and facilities, or by the abandonment of his Lot.

## ARTICLE 7 PERMITTED USES AND RESTRICTIONS

Section 7.1. Scope. Except as otherwise specified, the provisions of this Article shall apply to all of the Property.

Section 7.2. Residential Use and Construction. All Lots shall be used, improved and devoted exclusively to Single Family Residential use. No gainful occupation, profession, trade or other nonresidential use shall be conducted on or from any Lot. Nothing herein shall be deemed to prevent the leasing of a Lot to a Single Family from time to time by the Owner thereof, subject to all of the provisions of the Project Documents. Any Owner who leases his Lot shall promptly notify the Association and shall advise the Association of the term of the lease and the name of each lessee. All buildings or structures erected upon the Property shall be of new construction and no buildings or structures shall be moved from other locations onto the Property without the prior written approval of the Architectural Committee. Any structure or other Improvement which is proposed to be erected in the rear of a Single Family Residence located on a Lot must be pre-approved by the architectural committee (which may grant or withhold such approval in its sole and absolute discretion), shall not be visible from Neighboring Property and, if such structure or other improvement shall exceed six (6) feet in height at any point, shall be a minimum of fifteen (15) feet away from all perimeter fencing.

Section 7.3. Animals. No animals, birds, fowl, poultry or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall

be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner, the Board shall determine whether, for the purposes of this Section, a particular animal is a generally recognized house or yard pet, or nuisance, or whether the number of animals on any such property is reasonable. Any decision rendered by the Board shall be enforceable to the same extent as other restrictions contained in this Declaration.

Section 7.4. Antennas. No antenna, satellite dish or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be erected, used or maintained outdoors on any Lot, whether attached to a building or structure or otherwise, without prior written approval by the Architectural Committee; provided, however, that an Owner shall have the right to install one satellite dish on such Owner's lot so long as such satellite dish is less than 39 inches in diameter and prior written Architectural Committee approval is obtained with respect to the placement and color scheme of such satellite dish.

Section 7.5. Roof Mounted Equipment. No roof mounted equipment of any kind including, but not limited to, solar collectors, evaporative coolers, air conditioners and ventilating systems shall be permitted without the prior written approval of the Architectural Committee.

Section 7.6. Utility Service. Except as approved in writing by the Architectural Committee, no lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures as approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incidental to the construction of buildings or structures approved by the Architectural Committee.

Section 7.7. Improvements and Alterations. No improvements, alterations, repairs, excavations, landscaping or other work, including exterior paint, which in any way alters the exterior appearance of any Lot or the Improvements located thereon from its natural or improved state existing on the date such property was first conveyed in fee by Declarant to a Purchaser, shall be made or done without the prior written approval of the Architectural Committee, except as otherwise expressly provided in this Declaration.

No building, fence, wall, lawn area, landscaping, residence or other structure shall be commenced, erected, maintained, improved, altered, made or done without the prior written approval of the

plans and specifications therefor by the Architectural Committee. No change or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Committee. All decisions of the Architectural Committee shall be final, subject to the appeal rights provided by Section 3.2 above, and no Owner or other parties shall have recourse against the Architectural Committee for its refusal to approve any such plans and specifications or plat plan, including lawn area and landscaping.

Section 7.8. Temporary Occupancy. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structure of any kind shall be used at any time, on any portion of the Property, for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such property shall be removed immediately after the completion of construction.

Section 7.9. Trailers and Other Vehicles. No motor vehicle classed by manufacturer rating as exceeding 3/4-ton, mobile home, travel trailer, tent trailer, camper shell, detached camper, boat, boat trailer or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any Lot or on any street so as to be Visible From Neighboring Property; provided, however, that the provisions of this Section shall not apply to pickup trucks of 3/4-ton or less capacity with camper shells not exceeding seven (7) feet in height measured from ground level and mini-motor homes not exceeding seven (7) feet in height and eighteen (18) feet in length which are used on a regular and recurring basis for basic transportation.

Section 7.10. Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors shall be permitted to arise therefrom, so as to render any such property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No nuisance shall be permitted to exist or operate upon any such property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property.

Section 7.11. Trash Containers and Collection. No garbage or trash shall be placed or kept on any property except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection, and then only for the shortest time reasonably necessary to effect such collection. The

Board shall have the right to require all Owners to place their garbage or trash containers at a specific location for collection, or to require all Owners to subscribe to a trash collection service. All rubbish, trash and garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot. No garbage or trash containers shall be kept or placed on any grass or other landscaped area.

Section 7.12. Clothes Drying Facilities. Outside clothes lines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any property so as to be Visible From Neighboring Property.

Section 7.13. Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any property except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a residence, appurtenant structures or other Improvements, and except that which Declarant or the Association may require for the operation and maintenance of the Property.

Section 7.14. Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller Lots by any Owner, and no portion less than all of any such Lot shall be conveyed or transferred by any Owner without the prior written approval of the Board.

Section 7.15. Signs. No signs whatsoever (including, but not limited to, commercial, advertising, political and similar signs) shall be erected or maintained anywhere on the Property including but not limited to, the inside or outside of windows in any building located on the Property, except such signs as may be required by legal proceedings or otherwise approved herein. The use of "For Sale" or "For Lease" signs is subject to approval by the Board except as provided in Section 7.16 herein.

Section 7.16. Declarant's Exemption. Notwithstanding any other provision of the Project Documents, it shall be expressly permissible for the Declarant or its duly authorized agents, employees and representatives to maintain during the period of the sale of Lots, such facilities, structures and signs as are necessary or convenient, in the sole opinion of the Declarant, to the sale of the Lots, including, but without limitation, a business office, storage area, construction yards, homes and sales offices; provided, however, that such use of the Common Area by the Declarant must be reasonable and must not interfere with any Owner's use or enjoyment of the Common Area.



Section 7.17. Planting and Landscaping. No planting or landscaping shall be done, and no fences, hedges or walls shall be erected or maintained on any Lot without the prior written approval of the Architectural Committee.

Section 7.18. Mineral Exploration. No property shall be used in any manner to explore for, or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

Section 7.19. Diseases and Insects. No Owner shall permit any thing or condition to exist upon any property which shall induce, breed or harbor infectious plant diseases or noxious insects.

Section 7.20. Trash and Debris. Each Owner of a Lot, when installing or constructing Improvements on the Lot, shall provide a place for the daily collection and storage of trash and debris and will remove such trash and debris on a reasonable schedule. No Owner of a Lot will allow any nuisance to occur on his Lot or adjacent to his Lot other than the reasonable result of construction activity. The Board shall be the sole judge as to whether or not undue nuisance is occurring and upon notice from the Board to the Lot Owner, any such nuisances identified by the Board shall be corrected.

Section 7.21. Maintenance of Lawns and Plantings. Each Owner of a Lot shall keep all shrubs, trees, hedges, grass and plantings of every kind located on his Lot neatly trimmed, and shall keep all such areas properly cultivated and maintained and free of trash, weeds and other unsightly material.

Section 7.22. Repair of Building. No building or structure on any Lot shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, then, subject to the approvals required within this Declaration, such building or structure shall be immediately repaired or rebuilt or shall be demolished.

Section 7.23. Overhead Encroachments. No tree, shrub or planting of any kind on any Lot shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way or other area from ground level to a height of eight (8) feet without the prior written approval of the Architectural Committee.

Section 7.24. Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot or street in the Project and no inoperable vehicle, including but not limited to vehicles with flat tires, may be stored or parked on any such Lot or street so as

to be Visible From Neighboring Property or to be visible from Common Areas or streets; provided, however, that the provisions of this Section shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved in writing by the Architectural Committee.

Section 7.25. Parking. Vehicles of all Owners and residents, and of their guests and invitees, are to be kept in garages, carports, residential driveways of the Owner and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles at a Lot; provided, however, this Section shall not be construed to permit the parking in the above described areas of any vehicle whose parking on the Project is otherwise prohibited or the parking of any inoperable vehicle. Notwithstanding the foregoing, vehicles may not be parked on the streets overnight.

Section 7.26. Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other occupant of a Lot, any member of the Architectural Committee, any member of the Board or any authorized representative of any of them shall have the right and license to enter upon and inspect any Lot, and the Improvements thereon, except for the interior portions of any completed residence, for the purpose of ascertaining whether or not the provisions of this Declaration, the Architectural Committee Rules and Guidelines or the Association Rules have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

Section 7.27. Towing of Vehicles. The Board shall have the right to have any truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat, boat trailer or similar equipment or vehicle or any automobile, motorcycle, motorbike or other motor vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of this Declaration towed away at the sole cost and expense of the owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand by the owner of the vehicle or equipment. If the vehicle or equipment is owned by an Owner, any amounts payable to the Association shall be secured by the assessment lien, and the Association may enforce collection of such amounts in the same manner provided for in this Declaration for the collection of assessments.

Section 7.28. Health, Safety and Welfare. In the event additional uses, activities and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners or residents, the Board may make rules restricting or regulating their presence on the Project as part of the Association Rules or may direct the Architectural Committee to

make rules governing their presence on Lots as part of the Architectural Committee Rules and Guidelines.

Section 7.29. Basketball Hoops. No basketball backboard, hoop or rim shall be affixed to the front or sides of any building or structure located on any Lot. An Owner shall be entitled to have a portable basketball stanchion, backboard and rim in the driveway of the Single Family Residence located on such Owner's Lot.

Section 7.30 Environmental Protections. No Owner shall generate, manufacture, refine, transport, treat, handle, dispose of, transfer, produce, process, spill or release any Hazardous Substance, petroleum product or solid waste on such Owner's Lot or any facility or Improvements located thereon. As used herein, the term "Hazardous Substance" shall mean any substance, pollutant, contaminant or material which poses a risk of injury or threat to health or the environment or which is or becomes regulated under any Environmental Law including, without limitation, petroleum, petroleum derivatives and asbestos. The term "Environmental Law" shall mean any federal, state or local law, statute, ordinance, rule, regulation or common law guidelines now in effect or hereinafter modified or enacted, pertaining to health, hygiene or environmental protection including, without limit, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), the Resource Conservation and Recovery Act, the Toxic Substance Control Act, the Superfund Amendments and Reauthorization Act of 1986 (SARA), the Clean Water Act, or any other similar law, rule or regulation. The Association and its representatives shall be authorized to enter upon an Owner's Lot to make such inspections and tests, at the Owner's expense, as the Association shall reasonably deem appropriate in order to determine compliance of an Owner with this Section 7.30. The Association may, at its option, but without obligation to do so, correct any condition violating any applicable Environmental Law affecting the Lot, and in so doing shall conclusively be deemed to be acting reasonably and for the purpose of protecting the value of the Property, and all costs of correcting a condition or violation shall be payable to the Association by the Owner, with such payment being secured by the assessment lien as set forth at Section 6.11. Any inspections or tests made by the Association shall be for its sole purposes and shall not be construed to create any responsibility or liability on the part of the Association to the Lot Owner or to any other person. Each Owner hereby (i) releases and waives any future claims against the Association for indemnity or contribution in the event such Owner becomes liable for cleanup or other costs under any Environmental Law and (ii) agrees to indemnify, defend and hold harmless the Association against any and all claims, losses, liabilities, damages, penalties and expenses which it may directly or indirectly sustain or suffer resulting from a breach of this Section 7.30 or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened

release of a Hazardous Substance on such Owner's Lot, whether or not the same was or should have been known to said Owner.

ARTICLE 8  
EASEMENTS

Section 8.1. Utility Easement. There is hereby created a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utilities including, but not limited to, water, sewers, gas, telephones, electricity and a cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility to erect and maintain the necessary facilities and equipment on the Common Area. This easement shall in no way affect any other recorded easements on the Common Area.

Section 8.2. Easement for Encroachments. In the event a wall, landscaping or other approved Improvement on a Lot or the Common Area encroaches upon another Lot or the Common Area, and such encroachment is inadvertent and has no significant adverse impact on the adjacent property, an easement for such encroachment is hereby given and the right to determine whether such encroachment causes a significant adverse impact shall be determined by the Architectural Committee upon request by either of the parties. When such determination is made by the Architectural Committee, that determination is binding on all parties.

Section 8.3. Easements for Ingress and Egress. Easements for ingress and egress are hereby reserved to the Declarant, the Owners and their family, guests, tenants and invitees for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the Common Area; and for vehicular traffic over, through and across such portions of the Common Area as from time to time may be paved and intended for such purposes; and for such other purposes reasonably necessary to the use and enjoyment of a Lot or the Common Area. In the event that ingress to or egress from any Lot is through a portion of the Common Area which is to be conveyed or encumbered, such conveyance or encumbrance shall in all events be subject to an easement for ingress and egress benefiting such Lot.

Section 8.4. Association's Easement For Performing Maintenance Responsibilities. The Association shall have an easement upon, across, over and under the Common Area and the Lots for the purpose of repairing, maintaining and replacing the Common Area and those portions of the Lots which the Association is obligated to maintain under Article 10 of this Declaration.

Section 8.5. Use and Drainage Easements Among Owners. Wherever drainage, as estimated by the Declarant, flows from one (1) Lot under or through one (1) or more other Lots, said drainage flow shall not be impeded, diverted or otherwise changed and shall

constitute an easement upon, across, over and under the affected Lots or Common Area. These easements shall include, but are not limited to, receiving the runoff from roofs and drainage under and through garden walls.

ARTICLE 9  
PROPERTY RIGHTS

Section 9.1. Owners' Easement of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area. Said easement shall be appurtenant to and shall pass with the title to every Lot subject to the following provisions:

(a) the right of the Association to adopt reasonable rules and regulations governing the use of the Common Area and all facilities located thereon;

(b) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Board; provided, however, that no such dedication or transfer shall be effective unless evidenced by an instrument signed by at least two-thirds (2/3) of each class of members, except that the Board may make a dedication or transfer without consent of the Members, provided that such transfer is of minimal value and causes no adverse impact to the Members, as reasonably determined by the Board; and

(c) the right of Declarant and its agents and representatives, in addition to the rights set forth elsewhere in this Declaration, to the non-exclusive use, without charge, of the Common Area for maintenance of sales facilities and display and exhibit purposes.

(d) The right of the Association to suspend any Owner's right to use and enjoy the Common Area (i) for any period during which an assessment remains delinquent, (ii) for a period not to exceed sixty (60) days for any infraction of this Declaration or the rules and regulations adopted by the Association from time to time or (iii) for successive sixty (60) day periods if any such delinquency or infraction is not corrected during any preceding suspension period.

The Association shall not make any dedication or transfer of Common Area, or otherwise encumber any portion or all of the Common Area, except upon (i) the adoption of a resolution by the Board determining that such dedication, transfer or encumbrance should be made and stating that the transaction would be in the best interest of the Owners, (ii) the approval of such Board resolution by not less than two-thirds (2/3) of the votes of each class of Members and (iii) approval of the proposed action by the Federal Housing Administration and the Veterans Administration, as

applicable, if required by such agencies or Section 13.19 of this Declaration. Any such dedication, transfer or encumbrance shall be subject to the provisions relating to easements for ingress and egress set forth at Section 8.3 of this Declaration.

Section 9.2. Delegation of Use. Any Owner may delegate, subject to this Declaration and the Association Rules, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, his guests or invitees, provided such delegation is for a reasonable number of persons and at reasonable times, and in accordance with reasonable Association Rules.

Section 9.3. Limitations. An Owner's right and easement of enjoyment in and to the Common Area shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot. Such right and easement of enjoyment in and to the Common Area shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale or other transfer of any Owner's Lot, notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to the Common Area.

#### ARTICLE 10 MAINTENANCE

Section 10.1. Maintenance of Common Area by the Association. The Association shall be responsible for the maintenance, repair and replacement of the Common Area and may, without any approval of the Owners being required, do any of the following:

(a) Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any such area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area);

(b) Replace injured and diseased trees or other vegetation in any such area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

(c) Place and maintain upon any such area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof;

(d) Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the appearance thereof, in accordance with the general purposes specified in this Declaration.

Section 10.2. Exterior Maintenance By Association. In addition to the maintenance, repair and replacement of the Common Area and the Improvements located thereon, the Association shall

maintain, repair and replace the landscaping and other Improvements on any area within, or immediately adjacent to, the Project, providing the Board agrees that such maintenance shall be in the best interest of all the Members and agrees to such maintenance in writing.

Section 10.3. Maintenance By Owners. Each Owner shall be solely responsible for that portion of the maintenance, repair and replacement of his Lot and Improvements which are not maintained by the Association as described in Sections 10.1 and 10.2.

Section 10.4. Damage or Destruction of Common Area by Owners. No Owner or guest or invitee of an Owner shall in any way damage or destroy any Common Area or interfere with the activities of the Association in connection therewith. No Owner or guest or invitee of an Owner shall in any way interfere with the maintenance responsibilities of the Association, including, but not limited to, landscaping, street maintenance and wall maintenance. Any expenses incurred by the Association by reason of any such act shall be paid by said Owner, upon demand, to the Association to the extent that the Owner is liable therefor under Arizona law, and such amounts shall be a lien on any Lots owned by said Owner and the Association may enforce collection of any such amounts in the same manner as provided elsewhere in this Declaration for the collection and enforcement of assessments.

Section 10.5. Nonperformance by Owners. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates the Project Documents, or in the event the Owner of any Lot is failing to perform any of its obligations under the Project Documents with respect to the maintenance, repair or replacement of the Lot or the Improvements located on such Lot, the Board may, by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give written notice thereof to the Owner by mail to the mailing address of the Lot and make demand that corrective action be taken within fourteen (14) calendar days of the day of the notice. If at the expiration of the said fourteen (14) day period the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken, including but not limited to the hiring of an attorney to take action on behalf of the Board, whether by informal pre-suit action or by formal legal proceedings. The costs of any action taken by the Board as set forth herein, including but not limited to incidental and taxable costs, attorneys' fees and any fines assessed against any Owner shall be added to and become a part of the assessment to which the offending Owner and the Owner's Lot is subject and shall be secured by the assessment lien.

ARTICLE 11  
PARTY WALLS

Section 11.1. Rights and Duties of Adjoining Owners. The rights and duties of Owners of Lots with respect to party walls shall be governed by the following provisions:

(a) Each wall or fence which is placed on the dividing line between separate Lots shall constitute a party wall. With respect to any such wall, each of the adjoining Owners shall assume the burden and be entitled to the benefit of the restrictive covenants contained in this Declaration, and to the extent not inconsistent with this Declaration, the general rules of law regarding party walls shall be applied;

(b) The cost of reasonable repair and maintenance of a party wall shall be shared by the adjoining Owners of such wall in proportion to the use thereof, without prejudice, however, to the right of any Owner to call for a larger contribution from the adjoining Owner under any rule of law regarding liability for negligent or willful acts or omissions;

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one (1) of the adjoining Owners, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time) then, in such event, both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense;

(d) Notwithstanding any other provision of this Article, an Owner who, by his negligent or willful act, causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements;

(e) The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owners and their successors in title;

(f) In addition to meeting the other requirements of this Declaration and of any city code or similar regulations or ordinances, any Owner proposing to modify, make additions to, build or rebuild a party wall in any manner which requires construction, extension or other alteration, shall first obtain the written consent of the adjoining Owner and the Architectural Committee;

(g) In the event of a dispute between Owners with respect to the repair or the rebuilding of a party wall or with respect to sharing of the cost thereof, then, upon written request of one of such Owners addressed to the Association, the matter shall be submitted to the Architectural Committee whose decision shall be final; and



(h) The provisions of this Article shall be binding upon the heirs and assigns of any Owners, but no person shall be liable for any act or omission respecting the party wall except such as took place while he was an Owner.

ARTICLE 12  
INSURANCE

Section 12.1. Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to an individual Owner other than the Declarant, the Association shall maintain adequate insurance for Common Area liability, which shall extend to those areas the Association may agree to maintain pursuant to Article 10 herein, officers and directors liability insurance, insurance against liability of committees appointed by the Board, property insurance, fidelity and any other coverage deemed necessary by the Board.

Section 12.2. Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be canceled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 12.3. Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Area damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners owning at least eighty percent (80%) of the Lots vote not to rebuild. The cost of repair or replacement in excess of insurance proceedings and reserves shall be paid by the Association. If the entire Common Area is not repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall be distributed to the Owners on the basis of an equal share for each Lot or maintained by the Board as a reserve against future Association expenses, as the Board shall reasonably determine.

Section 12.4. Owner's Responsibility. It is the responsibility of each Owner of a Lot to maintain insurance on his Lot and Improvements thereon.

ARTICLE 13  
GENERAL PROVISIONS

Section 13.1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 13.2. Severability. Invalidation of any one (1) of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 13.3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Property for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years.

Section 13.4. Amendment by Owners. This Declaration may be amended during the first twenty (20) year period by an instrument signed by Owners representing not less than ninety percent (90%) of the Lots, and thereafter by an instrument signed by Owners representing not less than seventy-five percent (75%) of the Lots. Any amendment must be recorded.

Section 13.5. Amendment by Board. Notwithstanding anything to the contrary in this Declaration, the Board shall have the right, but not the obligation, to amend this Declaration, without obtaining the approval or consent of any other Owner or mortgagee, in order to conform the Declaration to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or other government or government approved agencies when such modification is required to qualify for the use of the services, insurance or other guarantees provided by such agencies.

Section 13.6. Violations and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by Declarant, the Association or any Owner.

Section 13.7. Violation of Law. Any violation of any state, municipal or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

Section 13.8. Remedies Cumulative. Each remedy provided herein is cumulative and not exclusive.

Section 13.9. Delivery of Notices and Documents. Any written notice or other documents relating to, or required by, this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid. Each Owner of a Lot shall file the correct mailing address of such Owner with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

Section 13.10. Binding Effect. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each person or entity, for himself and his heirs, personal representatives, successors, transferees, and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Property and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners. Declarant, its successors, assigns and grantees, covenants and agrees that the Lots and the membership in the Association and other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

Section 13.11. Management Agreements. Any agreement for professional management of the Association, the Project or any other contract providing for services of the Declarant, or other developer, sponsor or builder of the Project shall not exceed one (1) year.

Section 13.12. Gender. The singular, wherever used in this Declaration, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions of this Declaration apply either to corporations, partnerships, limited liability companies or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 13.13. Topic Headings. The marginal or topical headings of the Sections contained in this Declaration are for convenience only and do not define, limit or construe the contents of the Sections or this Declaration.

Section 13.14. Survival of Liability. The termination of membership in the Association shall not relieve or release any such former Member from any liability or obligation incurred under or in any way connected with the Association during the period of such membership, or impair any rights or remedies which the Association may have against such former Member arising out of, or in any way connected with such membership and the covenants and obligations incidental thereto.

Section 13.15. Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, Bylaws, Association Rules or Architectural Committee Rules, the provisions of this Declaration shall prevail.

Section 13.16. 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, this Declaration shall be joint and several.

Section 13.17. Attorneys' Fees. In the event the Association employs an attorney to enforce any lien granted to it under the terms of this Declaration, or to collect any assessments or other amounts due from an Owner, or to enforce compliance with or recover damages for any violation or noncompliance with the Project Documents, the offending Owner or other person or entity shall pay to the Association, upon demand, all attorneys' fees and court costs incurred by the Association, whether or not suit is filed, which fees and costs shall be secured by the assessment lien.

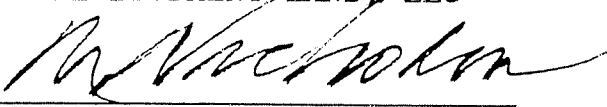
Section 13.18. Declarant's Right to Use Similar Name. The Association hereby irrevocably consents to the use by any other nonprofit corporation which may be formed or incorporated by Declarant of a corporate name which is the same or deceptively similar to the name of the Association provided one (1) or more words are added to the name of such other corporation to make the name of the Association distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by the Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other corporation formed or incorporated by the Declarant to use a corporate name which is the same or deceptively similar to the name of the Association.

Section 13.19. Annexation, etc. So long as there is a Class B Member and VA or FHA certification is desired by Declarant, the following actions will require the prior approval of the VA and FHA, unless such agencies have waived such requirements (i) annexation of additional properties into the Project (unless such annexation is in accordance with a plan of annexation or expansion previously approved by such agencies); (ii) mergers and consolidations; (iii) mortgaging or otherwise encumbering Common Area; (iv) dedication or other transfer of Common Areas; (v) dissolution of the Association; and (vi) amendment of provisions in the Declaration to the extent required to be approved by the FHA or VA pursuant to their rules and regulations. Consent of the FHA and VA to the foregoing will not be required pursuant to the Declaration if the FHA and VA have elected not to approve the Project for certification or if such approval has been revoked, withdrawn, canceled or suspended.

IN WITNESS WHEREOF, U. S. Development Land, LLC, an Arizona limited liability company, has hereunto caused this Declaration to be executed by the signature of its duly authorized official as of the day and year first above written.

U. S. DEVELOPMENT LAND, LLC

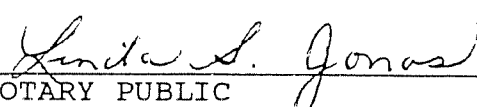
By:

  
MICHAEL NICHOLAS

Its: Manager

STATE OF ARIZONA        )  
                                  ) ss.  
County of Maricopa     )

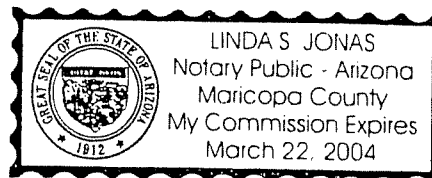
The foregoing Declaration was acknowledged before me this 8th day of July, 2003 by Michael Nicholas, the authorized Manager of U. S. Development Land, LLC, an Arizona limited liability company.

  
NOTARY PUBLIC

My Commission Expires:

March 22, 2004

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**EXHIBIT "A"**

LEGAL DESCRIPTION - SANALINA

Lots 1 through 209 inclusive of the final plat for Cotton Gin, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 658 and Page 40.