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DECLARATION OF COVENANTS, CONDITIONS,

RESTRICTIONS AND EASEMENTS

FOR

THE VILLAGES AT RANCHO EL DORADO

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**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR
THE VILLAGES AT RANCHO EL DORADO**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS ("the Declaration") is made this 28th day of October, 2003, by MMJ DEVELOPMENT, INC., an Arizona corporation ("MMJ" and "Declarant").

RECITALS

A. MMJ is the owner of, and holds good and marketable title to, certain real property located in Pinal County, Arizona, which is more particularly described in Exhibit A attached hereto and incorporated herein (the "Property" or the "Project"), which consists of real property that has been or will be subdivided into residential lots and real property that will be utilized for schools, churches and other purposes and any and all "Additional Properties".

B. Declarant desires that a nonprofit corporation, The Villages at Rancho El Dorado Homeowners Association, be formed for the purpose of the efficient preservation of the values and amenities of the Property and to which will be delegated certain powers of administering and maintaining the Common Area, enforcing this Declaration, and collecting and disbursing the assessments created herein.

C. Declarant desires and intends that the Property shall be held, sold and conveyed, subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and shall be binding on and for the benefit of all parties having or acquiring any right, title or interest in the Property or any part thereof, their heirs, successors or assigns, and shall inure to the benefit of each owner thereof and their heirs, representatives, successors and assigns.

NOW, THEREFORE, DECLARANT hereby declares that the foregoing recitals are incorporated into the general provisions of this Declaration to the same extent as if they had been set out at length therein and constitute a substantive part thereof, and further declare, covenant and agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 "Additional Properties" shall mean properties added in accordance with Article 11 hereof.

1.2 "Architectural Committee" shall mean the committee created pursuant to Article 7 hereof.

1.3 "Architectural Committee Rules" shall mean the rules, if any, adopted by the Architectural Committee.

1.4 "Articles" shall mean the Articles of Incorporation of the Association, as such may be amended from time to time.

1.5 "Association" shall be synonymous with "Master Association" and shall mean and refer to THE VILLAGES AT RANCHO EL DORADO HOMEOWNERS ASSOCIATION, an Arizona non-profit corporation, its successors and assigns.

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

1.7 "Builder" shall mean an Owner of two or more Lots which is in the business of constructing homes and which intends to construct homes for resale on the Lots it owns.

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

1.9 "Common Area" and "Common Areas" shall mean all areas (including the improvements thereon) owned, leased or otherwise placed under the control or jurisdiction of the Association for the common use and enjoyment of Owners and/or residents of the Property. The Common Areas may include, but are not necessarily limited to, man-made lakes; park spaces; and certain open spaces, washes, retention basins and the like. Without limiting the foregoing, the Common Area to be owned by the Association is described in Exhibit "B" attached hereto and incorporated herein.

1.10 "Declarant" shall be MMJ Development, Inc., an Arizona corporation, and its successors and assigns from time to time, as such successors and assigns are specifically identified and empowered by a written assignment (or other similar operative document) recorded in Pinal County, Arizona.

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

1.12 "Lot" shall mean any numbered parcel of real property shown upon any recorded plat of the Property, or any part thereof, together with any improvements constructed thereon, with the exception of the areas designated as lettered tracts and areas dedicated to the public. Each Lot shall be a separate freehold estate. The term "Lot" shall specifically include any parcel of real property proposed or intended to be shown upon any future recorded plat of the Property, or any part thereof.

1.13 "Member(s)" shall mean any person, corporation, partnership, joint venture or other legal entity that is a member of the Association.

1.14 "Owner(s)" shall mean the record owner, whether one or more persons or entities, of equitable or beneficial title in fee simple (or legal title if the same have merged) of any Lot. Notwithstanding the foregoing, if the record owner (other than Declarant) has granted to an individual or entity (an "optionee") the right to purchase a Lot, such optionee, for purposes of this Declaration and for so long as the optionee's right to purchase the Lot remains effective, shall be considered the "Owner" of such Lot and shall be entitled to exercise the rights of an "Owner" in respect thereto; provided, however, that the existence of an optionee, or the exercise (or failure to

exercise) of any right by an optionee, shall not terminate, modify or diminish any remedy provided in this Declaration against the legal "Owner" of such Lot. "Owner" shall include the purchaser under a recorded agreement for sale of any Lot. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation. Except as stated otherwise herein, "Owner" shall not include a lessee or tenant of a Lot. "Owner" shall include the Declarant or Builder so long as such Declarant or Builder owns any Lot within the Property.

1.15 "Parcel" shall mean any one and "Parcels" shall mean any two or more of parcels of real property constituting a part of The Villages at Rancho El Dorado, a plat for which has been recorded in the office of the County Recorder of Pinal County, Arizona.

1.16 "Plat" shall mean, individually and collectively, those certain plats more specifically set out on the attached Exhibit C.

1.17 "Project" shall mean "The Villages at Rancho El Dorado" consisting of the residential Lots within the various Parcels, any and all Additional Properties, one or more school and church sites, a man-made lake, certain park spaces, and certain open spaces, washes, and the like.

1.18 "Property" or "Properties" shall mean the real property described in Recital A above which is subject to this Declaration, and any personal property appurtenant thereto, and any Additional Properties added thereto, along with any personal property appurtenant thereto.

1.19 "Rules" shall mean the rules and regulations adopted by the Board, if any, as such may be amended from time to time, as further described in Section 4.4.

1.20 "Subsidiary Declaration" or "Tract Declaration" shall mean any declaration of covenants, conditions and restrictions recorded after the recording of this Declaration with respect to any Parcel of the Property by the Declarant or any Builder and meeting the requirements for such Subsidiary Declaration contained herein. All Subsidiary Declarations shall in all cases be consistent with and subordinate to this Declaration.

1.21 "Visible from Neighboring Property" shall mean, with respect to any given object, visible to a person six feet tall, standing on any part of neighboring property at an elevation no greater than ground level where the object is located (assuming the ground level where the person is standing is at the same height as the ground level where the object is located).

ARTICLE 2 PROPERTY SUBJECT TO THIS DECLARATION

2.1 General Declaration. Because it is intended that the Property as presently subdivided shall be sold and conveyed to purchasers subject to this Declaration, Declarant hereby declares that the Property is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part, subject to this Declaration, as amended from time to time; provided, however, property which is not part of a Lot and which is dedicated or transferred to a public authority or utility pursuant to Section 3.6 shall not be subject to this Declaration while owned by the public authority or utility. This Declaration is

declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of the Property and is established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property. This Declaration shall run with all of the Property for all purposes and shall be binding upon and inure to the benefit of the Declarant, the Association, all Owners, Members and their respective successors in interest.

2.2 Unique Tract. Declarant and each Owner hereby acknowledges and agrees that Tract OO, as shown on the Final Plat for the Common Area Tracts and Dedications for The Villages at Rancho El Dorado, recorded in the Office of the County Recorder of Pinal County, Arizona, in Cabinet D, Slide 144, as Fee No. 2003-035610, is unique within the Project and will be the subject of a future Tract Declaration to be prepared and approved by Declarant. Presently, it is anticipated that part of Tract OO will be used for a school site and part of it will be used as a church site, together with appurtenant drainage areas, landscaping areas, etc. However, and notwithstanding any other provision of this Declaration, Declarant reserves the right to remove Tract OO, or any part thereof, from the Property and terminate the effect of this Declaration thereon without any notice or approval of any kind being required to be given to or obtained from the Association or any Builder or any Owner. Declarant further reserves the right to record one or more Tract Declarations for Tract OO and therein specify the uses for each part thereof and any covenants, conditions, restrictions that will be applicable thereto, whether as a school site, church site, commercial site, retail site, Lot site, common area or any other use permitted by applicable law.

ARTICLE 3 PROPERTY RIGHTS

3.1 Owners' Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which 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 charge reasonable admission and other fees for the use of any recreational or storage facilities or areas situated upon the Common Area;
- (b) the right of the Association to suspend the voting rights and right to use of the Common Area by an Owner for any period during which any assessment against his Lot remains unpaid;
- (c) the right of the Association to suspend the right to use the Common Area for a period not to exceed sixty (60) days for any infraction of the Association Rules and consecutive sixty (60) day periods for so long as the infraction continues;
- (d) the right of the Association to limit the number of guests of members using the Common Areas;
- (e) the right of the Association to change and regulate the use of Common Areas in accordance with Section 3.5;
- (f) the right of the Association to change the size, shape or location of the Common Areas, to exchange the Common Areas for other property or interests which become

Common Areas, and to abandon, dedicate or otherwise transfer Common Areas in accordance with Section 3.6 hereof; and

(g) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Areas and facilities, and in aid thereof, to mortgage said property in accordance with Section 8.2(e) hereof. The rights of such mortgagee in said property shall be subordinate to the rights of the Owners hereunder.

3.2 Delegation of Use. Any Owner may delegate, in accordance with and subject to any restrictions contained in the Bylaws, his right of enjoyment to the Common Area and improvements thereon to his tenants, or occupants of his Lot, or guests.

3.3 Owners' Easement of Enjoyment Limitations.

(a) 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 and 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 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.

(b) Except as authorized by Section 3.1(f), Common Area shall remain undivided and no action for partition or division of any part thereof shall be permitted.

(c) Each Owner, his tenant, the occupant of his Lot, and his guests may use the Common Area in common with the Owners, invitees, tenants, and occupants of the other Lots in accordance with the purposes for which it is intended without hindering or encroaching upon the lawful right of such others and in accordance with the Association Rules established by the Board.

3.4 Title to Common Area. Certain Tracts intended to be Common Area will be conveyed by Declarant to one or more Builders so as to permit the development and improvement of such Tracts in concert with each Builder's subdivision. Each Builder covenants that it will convey fee simple title to all Common Areas owned by it to the Association, free of all encumbrances except current real and personal property taxes and other easements, conditions, reservations and restrictions then of record. The conveyance shall be made to the Association by a Builder on the earlier of (i) the date that is twenty (20) days after receipt of a written request from the Declarant to Builder to effectuate such conveyance, or (2) upon completion of all improvements (including but not limited to curbs, gutters, drainage facilities, lighting and landscaping, as applicable) to such Common Area or Common Areas to be constructed by Builder. Declarant covenants that it will convey fee simple title to all other Common Areas otherwise owned by it to the Association, free of all encumbrances except current real and personal property taxes and other easements, conditions, reservations and restrictions then of record. The conveyance of such other Common Areas shall be made to the Association by Declarant prior to the conveyance of the first completed residence within the Project to any purchaser.

3.5 Procedure for Change of Use of Common Area. Upon (a) adoption of a resolution by the Board stating that the then current use of a specified part of the Common Area is no longer in the best interests of the Owners and Members, and (b) the approval of such resolution by a majority

of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose, the Board shall have the power and right to change the use thereof (and in connection therewith to take whatever actions are required to accommodate the new use), provided such new use: (i) also shall be for the common benefit of the Owners and Members, and (ii) shall be consistent with any recorded tract declaration, deed restrictions or zoning regulations. Alternatively, the Board upon satisfaction of Subsection (a) above may, in lieu of calling a meeting, notify in writing all Members of the proposed transaction and of their right to object thereto and, if no more than ten percent (10%) of the Class A Memberships (as discussed herein) eligible to vote object in writing within thirty (30) days after receipt of such notice, the proposed transaction shall be deemed approved by the Members and a meeting of the Members shall not be necessary.

3.6 Procedure for Transfers of Common Area. Subject to the restriction set out in Section 12.11 below, the Association shall have the right to dedicate or transfer all or any part of the Common Area to any public authority or utility (i) if the transfer or dedication does not have a substantial adverse effect on the enjoyment of the Common Areas by the Members or the Owners, or (ii) if required by a recorded subdivision plat, a zoning stipulation or an agreement with Pinal County, effective prior to the date hereof. Except as authorized in (i) or (ii) above, no such dedication or transfer shall be effective without the approval of Owners representing not less than two-thirds (2/3) of the authorized votes of each class of Members, voting in person or by proxy at a meeting called for such purpose. Subject to compliance with applicable law, including, without limitation, zoning requirements of Pinal County, the Association shall have the right to change the size, shape or location of the Common Areas, to exchange the Common Areas for other property or interests which become Common Areas, and to abandon or otherwise transfer Common Areas (to a non-public authority) upon (1) the adoption of a resolution by the Board stating that ownership and/or use of the relevant Common Area is no longer in the best interests of the Owners and Members, and that the change desired shall be for their benefit and shall not substantially adversely affect them, (2) the approval of such resolution by Owners representing not less than two-thirds (2/3) of the authorized votes of each class of Members, voting in person or by proxy, at a meeting called for such purpose, and (3) the approval of the Federal Housing Administration or Veterans Administration as may be required pursuant to Section 12.11 below. Alternatively, the Board upon satisfaction of Subsection (1) above may, in lieu of calling a meeting pursuant to Subsection (2) above, notify in writing all Members of the proposed transaction and of their right to object thereto and, if no more than ten percent (10%) of the Class A Members eligible to vote object in writing within thirty (30) days after receipt of such notice, the proposed transaction shall be deemed approved by the Members and a meeting of the Members shall not be necessary.

3.7 Dividing Walls. Subject to the provisions of Section 8.1(y)(8) below, the Association shall maintain, repair and replace (i) all exterior walls dividing properties of residential use from properties with non-residential uses, (ii) perimeter walls of the Project, and (iii) walls that are adjacent to collector roads, arterial roads, or open space maintained by the Master Association, and the costs thereof will be paid through assessments. The Association is hereby granted any and all easements necessary to perform such work from time to time.

ARTICLE 4
THE ASSOCIATION

4.1 The Association. The Association shall be an Arizona non-profit corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise modified or interpreted so as to be inconsistent with this Declaration.

4.2 The Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such officers as the Board may elect or appoint, in accordance with the Articles and the Bylaws. Notwithstanding anything to the contrary contained herein or in the Articles or Bylaws of the Association, for so long as there are Class B memberships outstanding or until Declarant waives its rights to appoint Directors as provided hereby, all Directors of the Board shall be appointed by the Declarant, or its successor. Upon the termination of the Class B memberships or at such other time as Declarant waives its right to appoint the Directors of the Association, the Directors will be elected by the Members in accordance with the Bylaws of the Association.

4.3 Powers and Duties of the Association. The Association shall have such rights, duties and powers as set forth herein and in the Articles and Bylaws.

4.4 Rules. By action 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 to be known as the "Rules". The Rules may restrict and govern the use of the Property; provided, however, the Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules, as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner. The Rules shall have the same force and effect as if they were set forth herein and were a part of the Declaration and may be recorded.

4.5 Variances. The Board may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in this Declaration or any Tract Declaration, if the Board determines in its discretion that (i) either (a) a restriction will create an unreasonable hardship or burden on an Owner or other permitted user of property, or (b) that a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete, and (ii) that the activity permitted under the variance will not have any substantial adverse effect on the Owners and is consistent with the high quality of life intended for residents and Owners of The Villages at Rancho El Dorado.

4.6 Personal Liability. The Articles shall specify such limitations on the personal liability of members of the Board as shall be applicable.

ARTICLE 5
MEMBERSHIP AND VOTING RIGHTS

5.1 Membership. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. Tenants shall not have any voting or membership rights in the Association by virtue of their occupancy of any Lot or house thereon.

Declarant shall be a Member of the Association for so long as Declarant holds a Class B Membership pursuant to Section 5.2 below.

5.2 Voting Rights. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners but, so long as any Class B memberships are outstanding in the Property, shall not include the Declarant or Builders. Each such Owner shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as such Owners among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Members shall be the Declarant and Builders. Each Class B Member shall be entitled to three (3) votes for each Lot owned. A Class B Member may cast its votes in such proportions as it may determine (i.e., cumulative voting shall be allowed). The Class B memberships shall cease and be converted to Class A memberships on the happening of either the following events, whichever first occurs:

- (a) When the total votes outstanding in the Class A membership within the Project equal or exceed the total votes outstanding in the Class B membership within the Project, or
- (b) The 31st day of December, 2012.

ARTICLE 6 COVENANT FOR MAINTENANCE ASSESSMENTS

6.1 Creation of the Lien and Personal Obligation of Assessments. The Declarant covenants for each Lot (including, by definition, any proposed Lot), and each Owner of any Lot by acceptance of a deed therefor (whether or not it shall be so expressed in such deed) is deemed to covenant and agree to pay to the Association: (1) the working capital assessment, if applicable, (2) annual assessments, (3) transfer and disclosure fees, (4) special assessments for capital improvements, (5) cable communication assessments, and (6) such other assessments to be established and collected as hereinafter provided, (including, by way of example and not limitation, any assessment needed to reimburse the cost of refuse collection as set out in Section 8.1 [j]). A Lot owned by the Association, whether acquired pursuant to Section 6.13 or otherwise, shall not be subject to assessment.

The working capital assessment, annual assessments, special assessments, and transfer and disclosure fees, together with interest costs, late charges, demand fees and lien fees and reasonable attorneys' fees, shall be a charge on the Lot and shall be a continuing lien thereon as well as the personal obligation of the person who was the Lot Owner at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to the Lot Owner's successors in title, unless expressly assumed.

Notwithstanding anything to the contrary contained herein, any school and/or church sites, shall not be subject to or have any liability for assessments or charges or the expenses of the Association unless so specifically provided in a subsequent Tract Declaration.

6.2 Purpose of Assessments. In order to promote civic and social betterment for the common good of the Members of the Association, the assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents and Owners of the Property and for the improvement and maintenance of the Common Area, which shall be deemed to include all public parks, lakes and other such amenities as are maintained by the Association. Notwithstanding any contrary provision of this Declaration, Pinal County will not be responsible for maintenance of any Common Areas.

6.3 Working Capital Assessment. To insure that the Association shall have adequate funds to meet its expenses or to purchase or replace necessary equipment or services, the first purchaser of each Lot, excluding Builders, shall pay to the Association immediately upon becoming the Owner of the Lot a sum equal to one-sixth ($1/6^{\text{th}}$) of the current Annual Assessment for the Lot. Funds paid to the Association pursuant to this Section may be used by the Association for payment of operating expenses, establishment of appropriate maintenance and/or replacement reserves, or any other purpose permitted under the Declaration, the Articles or Bylaws of the Association. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of Assessments levied by the Association pursuant to this Declaration.

6.4 Maximum Annual Assessment. Until December 31, 2004, the maximum annual assessment shall be Six Hundred Sixty and 00/100 Dollars (\$660.00) per Lot. The annual assessment shall be payable quarterly (or at the discretion of the Board, monthly) in advance.

(a) From and after January 1, 2005, the maximum annual assessment shall automatically increase effective January 1 of each year without a vote of the members by an amount which is equal to the greater of: (i) ten percent (10%) of the maximum assessment for the previous year; or (ii) a percentage equal to the average rate of change of the Consumer Price Index (the "CPI") for the most recent past twelve (12) months. For the purposes hereof, CPI shall mean the Monthly Labor Review by the United States Department of Labor Statistics, designated "Consumer Price Index--U.S. City Average for Urban Wage Earners and Clerical Workers, 1982-84 Equals 100, All Items", or the replacement thereof (or, if no replacement thereof is designated by the United States Department of Labor Statistics, then the index selected by the Board). The maximum annual assessment automatically increases each year even if the actual assessment does not increase.

(b) In addition to Section 6.3 above, the maximum annual assessment during each fiscal year of the Association shall be automatically increased by the amounts of any increases in water or other utility charges or any increases to insurance rates charged to the Association.

(c) From and after January 1, 2007, the maximum annual assessment may be increased above the collective amount established in (a) and (b) above by a vote of two-thirds of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

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

(e) Notwithstanding the foregoing, in no event shall the Board of Directors fix an annual assessment at an amount that exceeds that permitted by applicable law.

6.5 Special Assessment for Cable Service. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year (and the same shall be charged and collected on a monthly, quarterly or yearly basis as determined by the Board) for the exclusive purpose of defraying, in whole or in part, the cost of providing cable communication service to the Project. Each Owner acknowledges that the Project is intended to have cable communication availability and that the supplier has agreed to provide access to such service provided that each Lot is included in the service plan. In addition, such services can be delivered at a savings if each Lot is included in the service plan. Each Owner therefore acknowledges and agrees that each Lot shall be subject to an assessment in addition to and apart from the annual and other special assessments for the purpose of paying each Lot's pro rata share of basic cable service provided to the Project. The assessment authorized and provided for herein shall apply only to such service as is considered "basic" and any additional services that constitute "upgrades" or "enhanced" services shall be subscribed for and paid by each Owner on an individual basis.

6.6 Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year for the exclusive purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto; provided, however, that any such assessments shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose.

6.7 Notice and Quorum for any Action Authorized Under Sections 6.4 and 6.6. Written notice of any meeting called for the purpose of taking any action authorized under Sections 6.4 and 6.6 shall be sent to all Members not less than fifteen (15) days or more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of all the votes of each class of membership 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.

6.8 Transfer Fee and Disclosure Fee. Each person, other than the Declarant and any Builder, who as a result of a purchase obtains title to a Lot, shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee, a disclosure fee, or a combination thereof in such amounts as is established from time to time by the Board. Assessments made pursuant to this Section 6.8 shall not constitute a part of the Maximum Annual Assessment as established by Section 6.4.

6.9 Uniform Rate of Assessment. The annual assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly or quarterly basis, as designated by the Board.

6.10 Reduced Assessments; Deficiency Assessments. Notwithstanding any provision contained herein to the contrary, Declarant and Builders shall pay annual assessments with respect to Lots owned by Declarant and Builders, respectively, which are twenty-five percent (25%) of the annual assessments payable by other Owners (except for those assessments made in respect of cable

communication services, which shall be paid by the Declarant and Builders in full without reduction), provided that the Declarant and Builders shall pay or contribute to the Master Association cash as may be necessary to make up any budget shortfalls of the Master Association resulting from the reduced assessment paid by the Declarant and Builders on a proportionate basis within fifteen (15) days of request based upon the number of Lots owned by the Declarant and Builder, as of the end of the period for which the Deficiency has been calculated (hereinafter referred to as "Deficiency Assessments"). In no event, however, shall any Declarant or Builder be required to pay Deficiency Assessments for a period which when added to the reduced annual assessment (or pro rata portion thereof) paid for such period exceeds the annual assessments or pro rata portion thereof that would be payable by an Owner other than the Declarant or Builder. [As an example of the effect of the foregoing, if the annual assessment per Lot was \$660.00, the reduced annual assessment was consequently \$165.00, and there was a shortfall in the first quarter of such year, the maximum Deficiency Assessment for the first quarter will be One Hundred Twenty-three and 75/100 Dollars (\$123.75), calculated by taking the pro rata full annual assessment (\$165.00) and subtracting the pro rata reduced annual assessment (41.25).]

6.11 Date of Commencement of Annual Assessments: Due Date. The annual assessments provided for herein shall commence on June 1, 2004. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors 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 established by the Board of Directors. The Association, or its agent, 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. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as to the matters described therein.

6.12 Special Builder Obligations. In addition to the annual and special assessments provided for above, each Builder shall have the following additional monetary obligations, which shall be deemed to be assessments hereunder and subject to the same remedies and means of enforcement as any annual or special assessment:

(a) Honeycutt Road Fee: Each Builder shall pay a "roadway improvement fee" for the development and improvement of Honeycutt Road of \$850.00 (as the same may be adjusted from time to time for cost of living increases, etc.) for each home that the Builder constructs within the Property at the time a building permit is obtained for the construction of each such home. The roadway improvement fee shall be paid into the Road Fee Escrow Account established by the Declarant for such purpose.

(b) Smith-Enke Road Fee: Each Builder shall pay a "roadway improvement fee" for the development and improvement of Smith-Enke Road of \$950.00 for each home that the Builder intends to construct within the Property. The roadway improvement fee shall be paid into the Road Fee Escrow Account established by the Declarant for such purpose, but each Builder shall have the option of paying such amounts in cash at the time the Builder acquires his property, or posting a Letter of Credit (in such amount and form as is acceptable to Declarant) and paying such amounts from time to time in the form of construction draws as the roadway improvements progress.

(c) Infrastructure Fee: If a Builder has elected to defer the payment of that portion of the purchase price for any Lot (which was calculated in respect of the "infrastructure charge" of \$1,950.00 for each Lot), such deferred purchase price shall be paid at the time a building permit is obtained for the construction of a home on such Lot and shall be payable to Phoenix Capital Partners, LLC.

6.13 Effect of Non-Payment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%) per annum or such lower rate that is equivalent to the maximum rate allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

(a) Enforcement by Suit. The Board may cause a suit at law to be commenced and maintained in the name of the Association against an Owner to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency together with interest thereon, late charges, demand fees and lien fees at the rate of eighteen percent (18%) per annum or such lower rate that is equivalent to the maximum rate allowed by law, from the date of delinquency, court costs, and reasonable attorneys' fees in such amount as the court may adjudge against the delinquent Owner.

(b) Enforcement by Lien. There is hereby created a claim of lien on each and every Lot within the Property to secure payment to the Association of any and all assessments levied against any and all Owners of Lots covered by the Declaration, together with interest thereon, late charges, demand fees and lien fees at the rate of eighteen percent (18%) per annum or such lower rate that is equivalent to the maximum rate allowed by law, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. At any time after the occurrence of any default in the payment of any such assessment, the Association, or any authorized representative may, but shall not be required to, make a written demand for payment to the defaulting Owner on behalf of the Association. 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 or a 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, or even without such a written demand being made, the Association may elect to foreclose such claim of lien on behalf of the Association.

Any such lien may be foreclosed by appropriate action in court in the manner provided by law for the foreclosure of a realty mortgage (or, if permitted, by the exercise of a power of sale in the manner provided by law under a trust deed), as set forth by the laws of the State of Arizona, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Lot Owners. The Association shall have the power to bid in at any foreclosure or trustee's sale and to purchase, acquire, hold, lease, mortgage, and convey any such Lot. In the event of such foreclosure or trustee's sale, reasonable attorneys' fees, court costs, trustee's fees, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a Lot, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner.

6.14 Subordination of the Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the purchaser of any Lot at a sale or transfer of such Lot pursuant to mortgage foreclosure, foreclosure or trustee's sale, or any proceeding in lieu thereof, shall be exempt from the lien of such assessments as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability or any assessments thereafter becoming due or from the lien thereof, and nothing contained herein shall be deemed to exempt the prior Owner from any assessments which became due prior to such foreclosure or trustee's sale or proceeding in lieu thereof.

ARTICLE 7 ARCHITECTURAL CONTROL

7.1 Organization, Power of Appointment and Removal of Members. There shall be an Architectural Committee, organized as follows:

(a) Committee Composition. The Architectural Committee shall consist of three (3) regular members and two (2) alternate members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association.

(b) Alternate Members. In the event of the absence or disability of one (1) or two (2) regular members of said Committee, the remaining regular member or members, even though less than a quorum, may designate either or both of the alternate members, if any, to act as substitutes for the absent or disabled regular member or members for the duration of such absence or disability, who shall thereupon become "regular" members during such term of designation.

(c) Terms of Office. Members of the Architectural Committee shall serve until they resign, are removed, or are replaced.

(d) Appointment and Removal. The right to appoint and remove all regular and alternate members of the Architectural Committee at any time is hereby vested solely in the Board; provided, however, that no member may be removed from the Architectural Committee by the Board except by the vote or written consent of fifty-one percent (51%) of all regular (or alternates sitting as regular) Board members.

(e) Vacancies. Vacancies on the Architectural Committee, however caused, shall be filled by the Board.

7.2 Duties. It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Committee Rules and procedures for appeal to the Board of Directors, and to carry out all other duties imposed upon it by this Declaration. In doing so, the Committee may appoint and designate, by a majority vote of the Committee, a representative (who need not be a Lot Owner) who shall have the authority to exercise those rights and powers and who shall have those duties and liabilities, on behalf of the Architectural Committee, until the Architectural Committee, by a majority vote, shall revoke his appointment and designation.

7.3 Meetings and Compensation. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. Subject to Section 7.1(b), the vote or written consent of a majority of the regular members, at a meeting or otherwise, shall constitute the act of the Architectural Committee, unless the unanimous decision of the Architectural Committee is otherwise required by this Declaration. The Architectural Committee shall keep and maintain a written record of all actions taken by it at such meetings or otherwise. Members of the Architectural Committee shall not be entitled to compensation for their services, but reasonable submittal and processing fees may be established and charged by the Architectural Committee to defer costs and expenses of the Architectural Committee.

7.4 Architectural Committee Rules. The Architectural Committee may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote or written consent, rules and regulations, to be known as "Architectural Committee Rules". Such Architectural Committee Rules shall interpret and implement this Declaration by setting forth the standards and procedures for Architectural Committee review (including but not limited to the establishment of reasonable submittal and processing fees for plans) and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use within the Property. Notwithstanding any contrary provision of this Declaration: (a) the Architectural Committee's approval rights with respect to residences constructed by the Declarant shall extend only to the approval of exterior materials and color, and (b) the Architectural Committee Rules shall be imposed and enforced in a reasonable and consistent manner with regard to Declarant.

7.5 Waiver. The approval by the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under this Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing specification or matter subsequently submitted for approval.

7.6 Time for Approval. In the event the Architectural Committee fails to approve or disapprove the plans and specifications, such will be deemed approved within forty-five (45) days after their submission.

7.7 Liability. Neither the Architectural Committee nor any member thereof, not its agent, shall be liable to the Association, any Owner, or to any other party, and the Association hereby indemnifies and holds harmless the Architectural Committee and all members thereof, and its agent, for, from and against any and all damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, or specifications, or similar documents whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the overall development of the Property, or (d) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided, however, that with respect to the liability of a member or an agent, such member or agent has acted in good faith on the basis of such information as may be possessed by such member or agent (and in the case of an agent, in accordance with any applicable professional conduct), and without willful or intentional misconduct, as would be applicable under local law, and except for those circumstances under which a member of the Board would have liability under Section 4.6. Without in any way limiting the generality of any of the foregoing provisions of this section, the

Architectural Committee, or any member thereof, may, but is not required to, consult with or listen to the views of the Association or any Owner with respect to any proposal submitted to the Architectural Committee.

ARTICLE 8 USE RESTRICTIONS

8.1 Permitted Uses and Restrictions – Residential. The permitted uses, easements, and restrictions for all Property covered by this Declaration shall be as follows:

(a) Single Family Residential Use. All Lots shall be used, improved and devoted exclusively to single family residential use. Except for Builders who lease their model homes and except as otherwise provided by Section 8.1(n), no gainful occupation, profession, trade or other non-residential use shall be conducted thereon. Nothing herein shall be deemed to prevent the leasing of any Lot with the improvements thereon to a single family from time to time by the Owner thereof, subject to all of the provisions of the Declaration. Except for Builders who lease their model homes, leasing of Lots must be for thirty (30) days or longer and the lease agreement must provide that the tenant will abide by this Declaration. No structure whatever shall be erected, placed or permitted to remain on any Lot without the express written approval of the Architectural Committee; provided, however, the Architectural Committee will consider requests for construction of a detached garage, gazebo, guest quarters and other such structures. However, written approval by the Architectural Committee of such structures is essential to construction of such structures and such structures must comply with the guidelines established for such structures either in this Declaration or in any rules established by the Architectural Committee and/or Pinal County. Lots owned or leased by a Declarant or Builder, or their designee or assignee, may be used as model homes, for sales and construction offices or trailers, and the parking related thereto, for the purpose of enabling the Declarant, Builder, or a designee or assignee to sell Lots within the Property until such time as all of the Lots owned by the Declarant, Builder, or designee or assignee have been sold or leased to purchasers or tenants.

(b) Satellite Dishes and Antennas. All television antennae, including satellite dishes, installed upon any of the Lots shall be subject to approval by the Architectural Committee, shall (unless otherwise specifically permitted by the Architectural Committee) conform to federal regulatory guidelines and standards and shall be located in the most unobtrusive location possible while still receiving a quality signal. Such satellite dishes or antennae may be placed upon Lots if (i) the satellite dish is one (1) meter or less in diameter; (ii) the antenna is one (1) meter or less in diameter or diagonal measurement and is designed to receive video programming services via wireless cable. Such satellite dishes or antennae may be mounted on masts to reach the height needed to establish line-of-sight contact with the transmitter but shall not exceed twelve (12) feet above the roof line. Provided, however, the Architectural Committee may prevent installation of the foregoing devices upon said Lots or restrict the location of such installation if (a) such installation would violate a legitimate safety rule; (b) such installation would take place in an area protectable as an historical area; or (c) such installation could reasonably be made elsewhere without the signal being impaired. All dishes that are Visible from Neighboring Property, streets, or the Common Area are to be painted to match the body color of the house. All other antennae not specifically conforming to the federal regulatory guidelines (such as those used to receive signals from multichannel multipoint

distribution services and television broadcast stations) shall be reviewed and considered by the Architectural Committee on a case-by-case basis. All dishes and antennae are to be submitted to the Architectural Committee with a diagram showing the location and size of the device prior to the installation or construction thereof.

(c) Solar Collectors. Solar collectors and related equipment may not be installed on roofs of houses but may be located elsewhere on the Lots not visible from other Lots, the Common Area, or adjacent streets. An Owner must obtain the prior written approval from the Committee pursuant to Article 7 prior to installing the same. The Association, through the Committee, may from time to time adopt guidelines concerning the types of solar collectors and related equipment which may be installed on the Property and acceptable means of installation therefor.

(d) Utility Service. All lines, wire, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be contained in conduits or cables installed and maintained underground or concealed in, under, or on buildings or other structures approved by the Architectural Committee. Temporary power or telephone structures incident to construction activities approved by the Architectural Committee are permitted.

(e) Improvements and Alterations. No improvements, alterations, repairs, excavation or other work which in any way alters the exterior appearance of the Property or the improvements located thereon existing on the date such Property was first conveyed by a Declarant or Builder to a homebuyer shall be made without the prior approval of the Architectural Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, or other structure shall be erected, maintained, improved, altered, made or done (including choice of exterior color scheme and building materials) without the prior written approval of the Architectural Committee or any subcommittee thereof. Pursuant to its rule making power, the Architectural Committee shall establish a procedure for the preparation, submission and determination of applications for any such alteration or improvement. The Architectural Committee shall have the right, in its sole discretion, to refuse to approve any plans, specification or grading plans, which are not suitable or desirable, for aesthetic or other reasons, and in so passing upon such plans, specifications and grading plans, and without any limitation of the foregoing, it shall have the right to take into consideration the suitability of the proposed building or other structure, and of the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings and the effect of the building or other structure as planned, on the outlook from adjacent or neighboring Property. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Committee.

(f) Maintenance of Lawns and Plantings; Backwash From Pools. Lots shall be maintained by their Owners free of weeds and debris; lawns shall be neatly mowed and trimmed; bushes shall be trimmed; and dead plants, trees, or grass shall be removed and replaced.

No owner or occupant of any Lot, nor any of their employees, agents or contractors shall (a) deposit or place lawn or landscaping clippings, leaves, branches or other materials or debris

on any part of the Common Area, or (b) backwash swimming pools or spas onto any part of the Common Area, or otherwise cause or allow swimming pool or spa water to be released onto any part of the Common Area.

(g) Installation of Landscaping on Lots; No Change of Drainage Affecting Parks. Unless installed by the Declarant, and excluding Builders from the provisions hereof in regard to any homes built by such Builders on speculation (i.e., without a sales contract executed prior to the completion of construction), the (a) front yard landscaping on each Lot, and (b) the rear yard landscaping on those Lots which have a "view" fence must be installed and substantially completed in an attractive manner by the Owner within three (3) months from the close of escrow to the first homebuyer of such Lot, based upon plans therefor approved in advance by the Architectural Committee pursuant to Article 7. If the rear yard of a Lot does not have a "view" fence, then landscaping on such Lot must be installed and substantially completed in an attractive manner by the Owner within six (6) months from the close of escrow to the first homebuyer of such Lot, based upon plans therefor approved in advance by the Architectural Committee pursuant to Article 7. The landscape plans submitted to the Architectural Committee must include proposed changes in grade to be accomplished as part of the landscaping development. Landscaping at all times must be maintained by each Owner in a neat and attractive manner and any alterations or modifications made to the original landscaping of a Lot as originally installed shall be approved in advance by the Architectural Committee. Furthermore, each Owner must maintain, repair and restore any and all grades, slopes, retaining walls and drainage structures (collectively, "Lot Improvements") as installed by Declarant or a Builder on a Lot or which have been approved by the Committee. If any Owner does not (i) install and complete approved landscaping within the required time period described above, (ii) maintain his landscaping in a neat and attractive manner, or (iii) maintain all Lot Improvements on a Lot, the Declarant, the Association or the Committee, after giving the Owner fifteen (15) days' written notice to cure any such default, shall have the right to cause the necessary landscaping work or Lot Improvement to be done and the Owner in default shall be responsible for the cost thereof. Additionally, the party expending funds for such work shall have a lien on the defaulting Owner's Lot for the funds expended together with interest thereon at the rate of eighteen percent (18%) per annum, or such lower rate that is equivalent to the maximum rate allowed by law, until paid. In addition to the foregoing, any party may utilize remedies available under Section 6.13, for such Owner's default.

(h) Repair of Buildings. No improvement upon any Property shall be permitted to fall into disrepair, and each such improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. The Owner shall keep the roof, exterior walls, doors and windows and other improvements visible from other Lots, and/or the Common Area, in good condition by promptly replacing broken roof tiles or windows, periodically repairing stucco cracks and painting, and similar matters. In the event a house is totally or substantially destroyed, the house need not be rebuilt but the Owner shall, within three (3) months, remove all destroyed or damaged improvements and restore the Lot to its condition prior to the construction of the house.

(i) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Property except in covered sanitary containers. In no event shall such containers be maintained so as to be Visible from Neighboring Property except to make same available for

collection, and then, only between the hours of 6:00 p.m. on the day prior to pickup and 6:00 p.m. on the day of pickup. All rubbish, trash, or 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. Garbage cans, woodpiles and areas for the storage of equipment and unsightly items shall be kept screened by adequate fencing or other aesthetically pleasing materials acceptable to the Committee so as to conceal same from the view of adjacent Lots and streets, and the Common Area. Notwithstanding the foregoing language addressing the use or visibility of covered containers, such provisions shall not apply to "construction bins" used by a Builder or Builders during periods of construction by such Builder or Builders.

(j) Sanitation and Refuse Collection. The Association shall have the right, at its sole and absolute discretion and from time to time, to negotiate and execute one or more contracts with a sanitation provider (or providers) of its choice, for the collection and removal of garbage, trash, recycling materials, and other refuse within the Property and Project. Notwithstanding anything to the contrary herein, by virtue of each Owner's membership in the Association, each Owner of a Lot shall be obligated to use the sanitation provider(s) selected by the Association for the collection and removal of garbage, trash, recycling materials, and refuse from such Owner's Lot. Unless otherwise directed by the Association, each Owner shall contract directly with the selected sanitation provider(s) for its services and shall pay the cost of such services directly to the sanitation provider(s). Notwithstanding the expectation that each Owner shall contract directly with the selected sanitation provider, the Association reserves the right to pay the cost of such services and obtain reimbursement from each Owner through assessments, as more fully set forth in Article 6.

(k) Overhangs. No tree, shrub, or planting of any kind on any Property shall be allowed to overhang or otherwise to encroach upon any Common Area from ground level to a height of twelve (12) feet, without the prior approval of the Architectural Committee.

(l) Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon the Property except usual and customary equipment and machinery used in connection with the use, maintenance or construction of permitted improvements, and except that which any Declarant or the Association may require for the operation and maintenance of the Common Area. Slides, playground equipment, basketball poles and hoops, outdoor decks, gazebos and other such equipment or structures shall be allowed provided they are approved by the Architectural Committee.

(m) Restriction on Further Subdivision. No Lot shall be further subdivided or separated into smaller lots or parcels 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. No Lot may be converted into a condominium or cooperative or other similar type of entity without the prior written approval of the Board. No further covenants, conditions, restrictions or easements shall be recorded against any Lot without the written consent of the Board being evidenced on the recorded instrument containing such restrictions and without such approval such restrictions shall be null and void. No applications for rezoning, variances, or use permits shall be filed without the written approval of the Board and then only if such proposed use is in compliance with this Declaration.

(n) Restrictions on Commercial Uses of Lots. No trade or business of any kind may be conducted in or from any Lot except that an Owner may conduct a business activity within a single-family house located on a Lot so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the dwelling unit on the Lot; (b) the business activity conforms to all applicable zoning ordinances or requirements for the Property; (c) the business activity does not involve persons coming on to the Lot or the door-to-door solicitation of Owners; (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of any portion of the Property or other Owners; and (e) the business actually conducted on a Lot does not involve any on-site employees other than family members residing on the Lot; all as may be determined from time to time in the sole discretion of the Architectural Committee.

The terms "business" and "trade" as used in this Subsection shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended or does generate a profit; or (iii) a license is required for such activity.

(o) Signs. No sign of any nature (other than a name and address sign, not exceeding 9" x 30" in size) shall be permitted on any Lot; provided, however, that one (1) sign of not more than five (5) square feet may be temporarily erected or placed on a Lot for the purpose of advertising the Lot for sale or rent; and provided further a Declarant or its designee or assignee, and any Builder, may erect any marketing and construction signs on Lots owned by them during the period of construction. Any construction or marketing signs erected during construction periods by a Declarant or Builder shall be deemed to be temporary in nature and shall be removed immediately after completion of such construction. Approval of the design, color scheme, location and building materials of any permanent signage identifying a neighborhood or subdivision (such as that which might be incorporated into a perimeter wall, entry feature or fence) must be obtained from the Architectural Committee prior to the construction of any such signage. These restrictions shall not apply to the Association in furtherance of its powers and purposes herein set forth.

(p) Utility Easements. There is hereby created a blanket easement upon, across, over and under the Common Area for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television cable or communication lines and systems, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment, and to affix and maintain wires, circuits and conduits on, in and under roofs and exterior walls. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated except as initially developed and approved by a developer or thereafter approved by the Board. This easement shall in no way affect any other recorded easements. This easement shall be limited to improvements as originally constructed and no common utility shall be permitted to pass over any improvements on the Lots and no connection line shall be permitted to pass over any improvement on the Lot other than the one it serves.

(q) Project Construction Easements. There is hereby created a blanket encroachment easement upon, across, over and under the Common Area, all Lots, and all Project Parcels for inadvertent encroachments of one foot or less in width resulting from the construction or installation of Project improvements, including, without limitation, utility and service lines and systems, water, sewer, gas, telephone, electricity, television cable or communication lines and systems, Project walls, curbs, etc. By virtue of this easement, it shall be expressly permissible for the Declarant or any Builder, their agents, and any providing utility or service company to install improvements of a temporary or permanent nature inadvertently in such easement areas. This easement shall in no way affect any other recorded easements.

(r) Animals. No animal or fowl, other than a reasonable number of generally recognized house or yard pets, shall be (i) maintained on any Lot covered by this Declaration and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes; or (ii) be permitted to make an unreasonable amount of noise, or create a nuisance. No structure for the care, housing or confinement of any animal or fowl, shall be maintained so as to be Visible from Neighboring Property, or the Common Area. All animals shall be kept under reasonable control at all times and in accordance with applicable laws and any rules and regulations adopted by the Association, and shall be restrained by fence or leash from roaming in or through the Common Area.

(s) Temporary Buildings and Occupancy. No temporary building, structure or vehicle of any kind shall be used as a residence, either temporary or permanent. Builders may locate construction trailers and sales trailers of a temporary nature on one or more of their Lots during construction periods. Temporary buildings or structures used during construction periods shall be removed immediately after completion of such construction.

(t) Trailers, Boats, Aircraft, and Motor Vehicles. No motor vehicle classified by manufacturer rating as exceeding one (1) ton, mobile home, trailer, camper shell, boat, boat trailer or hang glider or other similar equipment or vehicle may be parked, stored, maintained, constructed, reconstructed, or repaired on any Lot, street, or Common Area, Visible from Neighboring Property within the Property or visible from the Common Area; provided, however, the provisions of this section do not preclude the parking in garages or on driveways of (i) pickup trucks of not more than one (1) ton capacity (with or without camper shells) provided the height of such pickup truck and camper shall not exceed seven (7) feet, or (ii) mini motor homes or other recreational vehicles which do not exceed seven (7) feet in height or eighteen (18) feet in length, if those vehicles described in (i) and (ii) are used on a regular and recurring basis for basic transportation. No automobile, motorcycle, motor bike, motorized hang glider, or other motor vehicle shall be constructed, reconstructed or repaired on any Lot, street, or Common Area within the Property and no inoperable vehicle may be stored or parked so as to be Visible from Neighboring Property or visible from the Common Area, except in the event of an emergency, and then only for a maximum of seventy-two (72) hours.

(u) Nuisances/Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to a Lot and no odors or loud noises shall be permitted to arise or emit therefrom, so as to create a nuisance, render any such Property or any portion thereof or activity thereon unsanitary, unsightly, offensive or detrimental to the Lot or person in the vicinity thereof. Without limiting the generality of any of the foregoing provisions, no

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 so as to be audible from other Lots or the Common Area. No motorcycles or motor driven vehicles (except lawn maintenance equipment) shall be operated on any walkways or sidewalks within the Property. The Board in its sole discretion shall have the right to determine the existence of any violation of this section and its determination shall be final and enforceable as provided herein. Normal construction activities shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods. Supplies or building materials and construction equipment shall be stored only in such areas and in such manner as may be approved by the Architectural Committee or a Declarant.

(v) Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot.

(w) 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, except in the event such activity is directly related to landscape grading or pool construction.

(x) Diseases and Insects. No Owner or resident shall permit any thing or condition to exist upon the Property which shall induce, breed or harbor infectious plant diseases or noxious insects.

(y) Party Walls and Fences. The rights and duties of Owners with respect to party walls or party fences shall be as follows:

(1) Owners of contiguous Lots who have a party wall or party fence shall both equally have the right to use such wall or fence, provided that such use does not interfere with the use and enjoyment thereof by the other Owner.

(2) In the event that any party wall or party fence is damaged or destroyed through the act of an Owner, his agents, guests, or family members, it shall be the obligation of such Owner to rebuild and repair the party wall or party fence without cost to the other adjoining Lot Owner or Owners. Any dispute over an Owner's liability shall be resolved as provided in Subsection (5) below.

(3) In the event any party wall or party fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests or family members, it shall be the joint obligation of all Owners whose Lots adjoin such wall or fence to rebuild and repair such wall or fence, such expense to be divided among the Owners in accordance with frontage of their Lot on the party wall or party fence.

(4) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any party wall or party fence without the prior written consent of the Board.

(5) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a party wall or party fence or the sharing of the cost thereof, such adjoining Owners shall submit the dispute to the Board, the decision of which shall be final and enforceable.

(6) Each Owner shall permit the Owners of adjoining Lots, or their representatives, when reasonably required, to enter his Lot for the purpose of repairing or maintaining a party wall or fence or for the purpose of performing installations, alterations or repairs to the Property of such adjoining Owners, provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate. An adjoining Owner making entry pursuant to the terms of this paragraph shall not be deemed guilty of trespass by reason of such entry.

(7) Surfaces of party walls or party fences which are generally accessible or viewable from only the adjoining Property may be planted against, painted, maintained and used by the adjoining Owners. If such surfaces are viewable from public streets or the Common Area, the color scheme shall not be changed without the written consent of the Architectural Committee.

(8) Any Lot which has a wall adjacent to the Common Area and which wall separates the Lot from the Common Area shall be considered to have a party wall with the Association and the provisions of this Section 8.1(y) apply as though the Common Area were an adjacent Lot.

(9) The Owners of Lots with a wall adjacent to a residential street (a non-collector or non-arterial street), or adjoining property, other than Lots or Common Area within the Property, shall be solely responsible for repair and maintenance of such walls, and if repair is necessary, the repaired wall must match the size, color, and texture of the existing adjacent walls within the Property.

(10) Any Builder who constructs a common boundary wall between his Lots and the Lots of another Builder shall be entitled to pro rata reimbursement for the costs thereof from the adjoining Builder or Builders. The Builder which constructs the common boundary wall shall provide written notice of the costs of the construction of the boundary wall along with reasonable documentation supporting the costs and a statement for the amount due from the adjoining Builder or Builders for reimbursement. If the adjoining Builder or Builders dispute the amount asserted due to the Builder which constructed the common boundary wall, the adjoining Builder or Builders shall provide written notice on or before ten (10) days from the date of the written notice from the Builder which constructed the common boundary wall providing reasonable detail of the nature of the dispute to the Builder which constructed the common boundary wall and to the Board. The Board shall decide the dispute and its decision shall be final and enforceable.

(z) Drainage Easement. There is hereby created a blanket easement for drainage of surface water runoff on, over and across the Common Area. No Owner shall obstruct, divert,

alter or interfere with any portion of the drainage established for the Property. Each Owner shall at his own expense maintain the drainageways and channels on his Lot in proper condition free from obstruction.

(aa) Agricultural Spray Easement. In accordance with the Stipulations of Understanding for the Pinal County Planning and Zoning Case No. PZ-030-97, notice is hereby given that the Property is located in the vicinity of or adjacent to other properties that have a long history of agricultural use and that much of the adjacent property will continue to be used for farming and other agricultural uses for the foreseeable future. Each Owner hereby acknowledges and agrees that his Lot shall be held and conveyed subject to the Stipulations of Understanding for the Pinal County Planning and Zoning Case No. PZ-030-97, and further acknowledges and consents to the fact that the operators of the farms in the vicinity of the Property will from time to time be applying insecticides, fertilizers and other farm chemicals in the vicinity of the Property.

(bb) Parking. It is the intent of the Declarant to eliminate on-street parking as much as possible. Vehicles of all Owners, residents, guests and invitees are to be kept in garages, carports, residential driveways and other parking areas designated by the Association. No vehicle which is Visible from Neighboring Property may be parked on gravel, grass, landscaped or other non-concrete areas of a Lot, within five (5) feet of any side Lot line. No vehicle shall be parked so as to obstruct any sidewalk. Limited, short-term on-street parking will be permitted solely for the following purposes: (i) loading and unloading of non-commercial items for use on the Lot; (ii) for temporary visits by guests or invitees of an Owner that do not involve overnight parking; or (iii) for temporary parking of the Owner's vehicles for special events that do not involve overnight parking and that do not occur on a frequent or repetitive basis. The Board may remove, or cause to be removed, any unauthorized vehicle at the expense of the owner thereof in any manner consistent with applicable law.

(cc) Lighting. Photo cell coach lights shall be installed on each garage on a Lot at the time of construction of the garage. The lights shall operate automatically so as to remain on from dusk to dawn. Two car garages shall contain two such lights, one on each side of the garage, and three and four car garages shall contain three such lights, one on each side and the third appropriately placed. The Owner of the Lot on which the garage is situated shall maintain such lights at all times in good and working condition and repair at its sole expense.

(dd) Right of Entry. During reasonable hours and upon reasonable notice to the Owner or resident of a Lot, any member or authorized representative of the Architectural Committee or the Board shall have the right to enter upon and inspect any Lot or improvements thereon, except for the interior portions of any completed improvements, to determine if the improvements are in compliance with this Declaration. Any such persons shall not be deemed guilty of trespass by reason of such entry.

(ee) Health, Safety and Welfare. In the event 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 as part of the Rules or may direct the Architectural Committee to make rules governing their presence on Lots as part of the Architectural Committee Rules.

(ff) Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by the Declarant or a Builder (or a duly authorized agent of either of them) of improvements or signs necessary or convenient to the development or sale of Lots within the Property.

(gg) Risks Associated with Common Area Waters. Each Owner purchasing a Lot acknowledges that (a) there are a number of water bodies throughout the Project such as lakes and washes ("Common Area Waters"); and (b) there is an inherent and unavoidable potential danger and hazard represented by purchasing a Lot in the vicinity of the Common Area Waters and conducting activities in the close proximity to such lakes and waters. Each Owner, his tenants, and their respective family members, guests and other invitees are assuming the various risks involved in living and/or coming upon the Project in the vicinity of the Common Area Waters. Each Owner and tenant shall be solely responsible to ensure the safety of their respective family members, guests and/or other invitees and pets or other domestic animals with respect to the Common Area Waters, including the safety of all persons present at the Project with the actual or implied permission or consent of any such person. Without limitation, this shall include the safety of small children or non-swimmers in the vicinity of the Common Area Waters, and the prevention of unauthorized use of the Common Area Waters by persons present with the actual or implied consent of the Owner or tenant. Neither the Declarant nor the Association will employ or otherwise have available lifeguards, monitors, supervisors, or other persons to monitor or supervise the Common Area Waters, or the safety of any persons, and no actions or omissions by the Declarant or the Association shall create any responsibility or obligation of the Declarant, the Association, or any of their respective officers, directors, partners, shareholders, members, employees or agents to monitor or supervise these matters. **Each Owner, his tenants, and their respective family members, guests and other invitees are hereby specifically warned and each is deemed to hereby acknowledge that the Common Area Waters may contain effluent water and that no swimming is permitted in any Common Area Water.**

8.2 Permitted Uses and Restrictions - Common Area. The permitted uses and restrictions for the Common Area shall be as follows:

(a) Permitted Uses.

(1) Except as otherwise provided herein, the Common Area shall be used in general for the exclusive benefit of the Owners, for the furnishing of services and facilities for which the same are reasonably intended and for the enjoyment to be derived from such reasonable and proper use, without hindering the exercise of or encroaching upon the right of any other Owner to utilize the Common Area, provided that no unlawful use shall be permitted.

(b) Restricted Uses.

(1) The Common Area shall not be used by Owners for storage of supplies, material or personal property of any kind.

(2) Except as otherwise provided herein, no activity shall be carried on, nor condition maintained, by any Owner upon the Common Area which spoils the appearance of the Property or hinders or encroaches upon the right of any other Owner to utilize the Common Area as reasonably intended.

(c) Maintenance by Association. The Association has the right and may, at any time, as to any Common Area tracts conveyed, leased, or transferred to it, or otherwise placed under its jurisdiction, in the discretion of the Board, without any approval of the Owners being required:

(1) Maintain the plantings on all Common Areas. For this purpose, Declarant and the Association shall have the right, at any time, to plant, replace, maintain and cultivate landscaping, shrubs, trees, and plantings on any Common Area and on such easements over an Owner's Lot as may have been granted to the Declarant or the Association, regardless of whether any Owner or the Association is responsible hereunder for maintenance of such areas. No Owner shall remove, alter, injure or interfere in any way with any landscaping, irrigation lines, sprinkler heads, shrubs, trees, grass or plantings placed upon any Common Area without the prior written consent of the Declarant or the Association. The Declarant and the Association shall have the right to enter upon or cross over any Lot, at any reasonable time, for the purpose of planting, replacing, maintaining or cultivating such landscaping, shrubs, trees, grass or plantings and shall not be liable for trespass for so doing.

(2) Reconstruct, repair, replace or refinish any improvement or portion thereof upon the Common Area or the above-described easement areas (to the extent that such work is not the responsibility of any governmental entity or utility);

(3) Construct, reconstruct, repair, replace or refinish any road improvement or surface upon any portion of such area used as a road, street, walk, and parking area (to the extent that such work is not done by a governmental entity or utility, if any such entity is responsible for the maintenance and upkeep of such area);

(4) 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 or advisable;

(5) Place and maintain upon the Common Area such signs, markers and lights as the Board may deem appropriate for the proper identification, use and regulation thereof, subject to the approval of the Architectural Committee;

(6) Remove all papers, debris, filth and refuse from the Common Area and wash or sweep paved areas as required; clean and relamp lighting fixtures as needed;

(7) Repaint striping, markers, directional signs, and similar identification or safety devices as necessary;

(8) Pay all real and personal taxes and assessments on the Common Area;

(9) Pay all electrical, water, gas and other utility charges or fees for services furnished to the Common Area;

(10) Pay for and keep in force at the Association's expense, adequate insurance against liability incurred as a result of death or injury to persons or damage to property on the Common Area. Such insurance shall be with companies acceptable to the Association in amounts and with adequate limits of liability desired by the Owners or required of the Owners pursuant to any other recorded document affecting the Property, such insurance to name the Association or the Owners or both as named insureds;

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

(12) The Board shall be the sole judge as to the appropriate maintenance within the Common Area; and

(13) Nothing herein shall be construed so as to preclude the Association from delegating its powers set forth above to a project manager or agent or to other persons, firms or corporations.

(d) Damage or Destruction of Common Area by Owners. In the event any Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, or agents, such Owner does hereby authorize the Association to repair said damaged area, and the Association shall so repair said damaged area in a good workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association, in the discretion of the Association. The amount necessary for such repairs shall, to the extent required under local law, be paid by said Owner, to the Association and the Association may enforce collection of same in the same manner as provided elsewhere in this Declaration for collection and enforcement of assessments.

(e) Mortgage or Conveyance of Common Area. The Common Area shall not be mortgaged or conveyed without the prior consent of Owners representing not less than two-thirds (2/3) of the authorized votes of each class of Members.

8.3 Tract Declarations. Either the Declarant or any Builder may subject its Parcel or Parcels within the Project to such additional restrictions and covenants as such Declarant or Builder deems beneficial or necessary provided that any Subsidiary or Tract Declaration shall not be effective unless approved by the Board, such approval not to be unreasonably withheld. Any Subsidiary or Tract Declaration shall specify that such document and the rights or requirements created thereby are subject and subordinate to this Declaration, the Articles and Bylaws of the Master Association and The Villages at Rancho El Dorado Rules.

ARTICLE 9 INSURANCE

9.1 Public Liability Insurance. The Association shall obtain and continue in effect comprehensive public liability insurance insuring the Association, the Declarant, the agents and employees of each and the Owners and their respective family members, guests and invitees against any liability incident to the ownership or use of the Common Area, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners, other insureds or the Association.

9.2 Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to a person other than the Declarant, the Association shall maintain adequate insurance for the Common Areas, including liability in an amount not less than one million dollars (\$1,000,000), as well as directors' and officers' liability. Each Owner shall be responsible for coverage on his Lot and any improvements thereon.

9.3 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.

9.4 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 proceeds and reserves shall be paid by the Association. If the 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, then the remainder of the proceeds shall be distributed to the Owners on the basis of an equal share for each Lot.

ARTICLE 10 ALTERNATIVE DISPUTE RESOLUTION

10.1 Alternative Method for Resolving Disputes. Declarant, the Association, its officers, and directors, all Owners, Builders and Members or other parties subject to this Declaration (each a "Bound Party") agree to encourage the amicable resolution of disputes involving any Bound Party without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 10.2 (collectively, "Claims") to the procedures set forth in Section 10.3.

10.2 Claims. Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application or enforcement of this Declaration, or the rights, obligations and

duties of any Bound Party under this Declaration or relating to the design or construction of improvements on the Property shall be subject to the provisions of Section 10.3. Notwithstanding the foregoing sentence, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 10.3 (collectively "Claims Exempt from Dispute Resolution"):

(a) any suit or action by the Association against any Bound Party for delinquent assessments or to enforce the provisions of Article 6 (Covenant for Maintenance Assessments) or to enforce any restriction, law or regulation relating to public safety or health;

(b) any suit by the Association or the Declarant to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to act under and enforce the provisions of Article 7 (Architectural Control) and Article 8 (Use Restrictions);

(c) any suit between or among Owners, which does not include the Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of this Declaration;

(d) any suit brought by the Owner of a school, church or similar site for the purpose of enforcing any easement or other restriction established by the Declaration for the benefit of such site;

(e) any suit in which any indispensable party is not a Bound Party; and

(f) any suit as to which any applicable statute of limitations has expired or would expire within 180 days of giving the Notice required by Section 10.3.

10.3 Mandatory Procedures.

(a) Notice. Any Bound Party initiating a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and the Respondent referred to herein being individually referred to as a "Party," or collectively referred to as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

(i) the nature of the Claim, including the persons involved and Respondent's role in the Claim;

(ii) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(iii) the proposed remedy; and

(iv) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

(ii) If the Parties do not resolve the Claim within 30 days after the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have an additional 30 days to submit the Claim to mediation under the auspices of an independent mediation service designated by the Association, or, if the Parties otherwise agree, to an independent agency providing dispute resolution services with substantial experience with comparable disputes.

(iii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation, or within such other time as determined by the mediator or agreed to by the Parties, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

(v) Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with this Section 10.3 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section 10.3. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

(c) Termination of Mediation. Upon Termination of Mediation, Claimant shall thereafter be entitled to submit the matter to binding arbitration. Any arbitration proceeding will (i) proceed in Phoenix, Arizona; (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code); and (iii) be conducted in accordance with the Commercial Arbitration

Rules of the American Arbitration Association ("AAA"). Any arbitration proceeding will be before a single arbitrator. The parties shall use reasonable efforts to agree upon a single arbitrator within ten (10) days after written notice from one party to the other requesting arbitration. If the parties are unable to agree upon an arbitrator within such ten (10) day period, at any time thereafter either party may require that the arbitrator be selected according to the Commercial Arbitration Rules of the AAA. The arbitrator will be a neutral attorney who practices in the area of commercial real estate or business law. The arbitrator will determine whether or not an issue is arbitrable and will give effect to the statutes of limitation in determining any Claim. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. In any arbitration proceeding, the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. In any arbitration proceeding, discovery will be permitted and will be governed by the Arizona Rules of Civil Procedure. All discovery must be completed no later than 20 days before the hearing date and within 180 days of the commencement of arbitration proceedings. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available. The arbitrator shall award costs and expenses of the arbitration proceeding in accordance with the provisions of this Declaration. The laws of the State of Arizona shall apply in any arbitration proceeding, without regard to its conflict of laws rules.

10.4 Member Approval of Association Claims and Actions. Notwithstanding anything contained herein to the contrary and in addition to any requirements prescribed by law, the Association may not submit a Claim against Declarant, a Builder, or an affiliate of Declarant or a Builder to binding arbitration upon Termination of Mediation, and (if the provisions of Section 10.3 do not apply) may not file any action against Declarant, a Builder, or an affiliate of Declarant or a Builder arising out of or related to the design, construction, condition or sale of any part of the Property or any improvements thereon, until all of the following have occurred:

(a) In advance of the meeting described in Subsection 10.4(b) below, the Board has provided full disclosure in writing to all Members of all material information relating to the Claim or action. The material information shall include, without limitation, a statement that describes the manner in which the action will be funded and a statement describing any demands, notices, offers to settle or responses to offers to settle made either by the Association or the Declarant or its affiliate, if applicable.

(b) The Association has held a duly called meeting of its Members and the Board, at which a majority of the Class A Members, voting in person or by proxy, authorize the submittal of the Claim to arbitration or the filing of the action, as applicable.

(c) The Board has authorized the submittal of the Claim to arbitration or the filing of the action, as applicable.

10.5 Waiver. Each Declarant, Builder, the Association and every Owner, by accepting a deed for the Association property or a Lot, as the case may be, agrees to have any dispute resolved according to the provisions of this Article 10 and waives their respective rights to

pursue any dispute in any manner other than as provided in this Article 10. Such parties acknowledge that by agreeing to resolve all disputes as provided in this Article 10, they are giving up their respective rights to have such disputes tried before a court or jury.

ARTICLE 11 SUBJECTING ADDITIONAL LANDS TO THE DECLARATION

11.1. Additions in Accordance with General Plan of Development. The Declarant or its successors and assigns, shall have the right to bring within the scheme of this Declaration Additional Properties constituting a part of the Santa Rosa Wash lying adjacent to the Property without the consent of the Owners within ten (10) years of the date of this Declaration. This provision is intended to be permissive in nature, and any such planned development shall not bind the Declarant or its successors and assigns, to make the proposed additions in any subsequent development.

The additions authorized under this and the succeeding subparagraph, shall be made by recording a Supplementary Declaration of Covenants, Conditions Restrictions and Easements with respect to the Additional Property which shall extend the scheme of covenants and restrictions of this Declaration to such property.

Such Supplementary Declaration may contain such complementary additions and modifications to the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of the master plan. In no event, however, shall such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the existing Property.

ARTICLE 12 GENERAL PROVISIONS

12.1. The Declaration. By acceptance of a deed or by acquiring any ownership interest in any portion of the Property, each Owner, his heirs, representatives, successors, transferees and assigns, binds himself, his heirs, representatives, successors, transferees and assigns, to restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such Owner by so doing hereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Property and thereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such Owner fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various future Owners.

12.2. Enforcement; Remedies. 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.

Subject to the terms of Article 10 above, remedies shall include but not be limited to damages, injunctive relief and/or any and all other rights or remedies pursuant to law or equity and the prevailing party shall be entitled to collect all costs incurred and reasonable attorneys' fees sustained in commencing and/or defending and maintaining such lawsuit. Notwithstanding the foregoing, an Owner's liability for damage to the Common Area or Lots (including improvements thereon) of other Owners by reason of the acts of the Owner, the Owner's tenants, and their respective family members, guests, invitees or licensees shall be limited to that imposed under applicable Arizona statutory, case and other law. Any breach of these covenants, conditions and restrictions, or any remedy by reason thereof, shall not defeat nor affect the lien of any mortgage or deed of trust made in good faith and for value upon the Lot in question and the breach of any of these covenants, conditions, and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such mortgage or deed of trust.

12.3. Declarant's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise expressly set forth on a recorded plat or other instrument recorded in the office of the Pinal County Recorder, Declarant make no warranties or representations whatsoever that the plans presently envisioned for the development of The Villages at Rancho El Dorado, or any part thereof, can or will be carried out, or that any land now owned or hereafter acquired by any Declarant is or will be subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect.

Declarant further disclaims any liability to all Builders, Owners and all third parties as a result of the failure to construct any of the improvements presently envisioned and as described in any master plan, conceptual master plan, design plans, engineering drawings or plans, renderings, models, marketing materials of any kind, concept drawings, elevations, plans, drawings, or documents of any kind, in the plans for development of The Villages at Rancho El Dorado, or any part thereof, including but not limited to any amenities.

12.4. Assignment of Declarant's Rights. The Declarant, and its successors and assigns, from time to time, shall have the right to assign all or any part of the Declarant's rights and powers under the terms of this Declaration to such successors and assigns as are specifically identified and empowered by a written assignment (or other similar operative document). Such assignment shall become effective upon recordation of such assignment in the Office of the County Recorder of Pinal County, Arizona.

12.5. Severability. Invalidation of any one 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.

12.6. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of thirty (30) years from the date this Declaration is recorded, after which time they shall be extended for successive periods of ten (10) years. This Declaration may be amended during the first thirty (30) year period by an instrument signed by Owners representing not less than seventy-five percent (75%) of the authorized votes of each class of Membership, and thereafter by an instrument signed by Owners representing not less than two-thirds (2/3) of the

authorized votes of each class of Members; except that the Declarant, may amend the Declaration as may be requested by the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Company, or the Federal National Mortgage Association, or any government agency which requests such amendment as a condition of approving the Declaration or any federally-chartered lending institution which requests such amendment as a condition to lending funds upon the security of any Lot, or as may be appropriate in the event of any such requested amendment that deletes, diminishes or alters the Declarant's control of the Association and its activities, to permit the Declarant to adopt other and different control provisions. Any amendment to this Declaration must be recorded and shall become effective upon its recording in the records of the Pinal County Recorder's Office.

12.7 Notices. Notices provided for in these covenants, conditions, and restrictions shall be in writing and shall be addressed to the last known address of the Lot Owner in the files of The Villages at Rancho El Dorado Homeowners Association. Notices shall be deemed delivered when mailed by United States First Class, Registered or Certified Mail addressed to the Lot Owner at such address or when delivered in person to such Owner.

12.8 Condemnation. Upon receipt of notice of intention or notice of proceedings whereby all or any part of the Property is to be taken by any governmental body by exercise of the power of condemnation or eminent domain, all Owners and first mortgagees shall be immediately notified by the Association thereof. The Association shall represent the Owners in any condemnation or eminent domain proceeding for acquisition of any part of the Common Area of the Property, and every Owner appoints the Association his/her attorney-in-fact for this purpose. The entire award made as compensation for such taking of Common Area, including but not limited to any amount awarded as severance damages, or the entire amount received and paid in anticipation and settlement for such taking, after deducting therefrom, in each case, reasonable and necessary costs and expenses, including but not limited to attorneys' fees, appraisers' fees and court costs (which net amount shall hereinafter be referred to as the "Award"), shall be paid to the Association as trustee for the use and benefit of any Owners and their first mortgagees as their interests may appear. The Association shall, as soon as it is practicable, cause the Award to be utilized for the purpose of repairing and restoring the Property, including, if the Association deems it necessary or desirable, the replacement of any improvements so taken or conveyed.

In the event of any taking of all or a part of any Lot in the Property by eminent domain, the Owner of such Lot shall be entitled to receive the award for such taking, and after acceptance thereof the Lot Owner and all of Lot Owners' mortgagees shall be divested of all interest in the Property if such Owner no longer has the right to occupy a dwelling on such Owners' Lot as a result of such taking. The remaining Owners shall decide by majority vote whether to rebuild or repair the Property or take other action. The remaining portion of the Property shall be resurveyed, if necessary, and the Declaration shall be amended to reflect such taking. In the event of a taking by eminent domain of more than one Lot at the same time, the Association shall participate in the negotiations and shall propose the method of division of the proceeds of condemnation where Lots are not valued separately by the condemning authority or by the court. The Association should give careful consideration of the allocation of common interests in the Common Area in determining how to divide lump sum proceeds of condemnation. In the event any Lot Owner disagrees with the proposed allocation, such Lot Owner may have the matter submitted to arbitration under the rules of the American Arbitration Association.

12.9 Waiver, Remedies Cumulative. No failure or delay on the part of any person in exercising any right, power or privilege hereunder and no course of dealing between or among the persons subject hereto shall operate as a waiver of any provision hereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other right, power or privilege. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any person subject hereto would otherwise have. No notice to or demand upon any person in any case shall entitle such person to any other or further notice or demand in similar or other circumstances or constitute a waiver of rights to any other or further action in any circumstances.

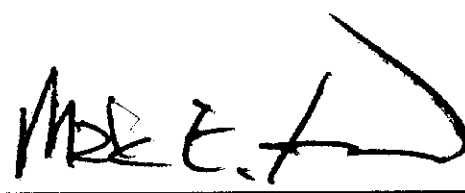
12.10 Topical Heading. The marginal or topical headings of the paragraphs contained in this Declaration are for convenience only and do not define, limit or construe the contents of the paragraphs of this Declaration.

12.11 Prior Approvals. If this Declaration has previously been approved by the Federal Housing Administration or the Veterans Administration, then as long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties (which is otherwise governed by Article 11 of this Declaration), dedication of Common Area and abandonment of Common Area (which are otherwise governed by Section 3.6 of this Declaration), modification of common area (which is otherwise governed by Section 3.6 of this Declaration), and the amendment of this Declaration (which is otherwise governed by Section 12.6 of this Declaration).

Further, no abandonment or modification of any Common Area constituting a private lake or private park, or any change in the Association's obligation to maintain or service such private lake or park shall occur without first obtaining approval thereof by the county manager or Board of Supervisors, as appropriate, of Pinal County.

IN WITNESS WHEREOF, the undersigned, as Declarant, has caused its corporate name to be signed and its corporate seal to be affixed by the undersigned officer thereunto duly authorized this 28th day of October, 2003.

MMJ DEVELOPMENT, INC.,
an Arizona corporation

By: 

Mark E. Ortman, President

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 28 day of October, 2003, by Mark E. Ortman, as President of MMJ DEVELOPMENT, INC., an Arizona corporation, on behalf of the corporation.

Charles A. Weekes

Notary Public

My Commission Expires:

April 9, 2005

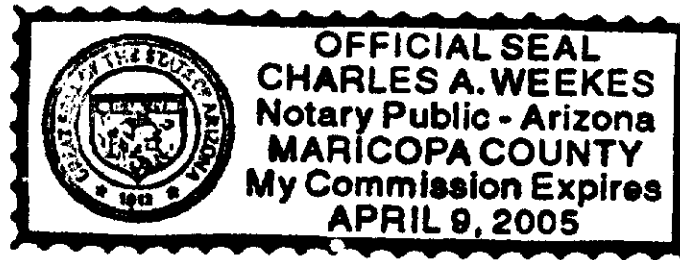


EXHIBIT "A"

Legal Description

PARCEL NO. 1:

Public Right-of-Way and Tracts A through OO, inclusive, of Final Plat for the Common Area Tracts and Dedications for The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 144, as Fee No. 2003-035610.

PARCEL NO. 2:

Lots 1 through 178, inclusive, and Tracts A through C, inclusive, of Final Plat for Parcel 2 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D Slide 145, as Fee No. 2003-035675.

PARCEL NO. 3:

Lots 1 through 176, inclusive, and Tracts A through C, inclusive, of Final Plat for Parcel 3 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 193, as Fee No. 2003-062883.

PARCEL NO. 4:

Lots 1 through 167, inclusive, and Tracts A through F, inclusive, of Final Plat for Parcel 4 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 146, as Fee No. 2003-035676.

PARCEL NO. 5:

Lots 1 through 123, inclusive, and Tracts A through F, inclusive, of Final Plat for Parcel 5 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 147, as Fee No. 2003-035677.

PARCEL NO. 6:

Lots 1 through 138, inclusive, and Tracts A through F, inclusive, of Final Plat for Parcel 6 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 151, as Fee No. 2003-036671.

PARCEL NO. 7:

Lots 1 through 191, inclusive, and Tracts A through F, inclusive, of Final Plat for Parcel 7 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 194, as Fee No. 2003-062884.

Exhibit A - Continued

PARCEL NO. 8:

Lots 1 through 152, inclusive, and Tracts A through D, inclusive, of Final Plat for Parcel 8 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet E, Slide 008, as Fee No. 2003-072162.

PARCEL NO. 9

Lots 1 through 110, inclusive, and Tracts A through C, inclusive, of Final Plat for Parcel 9 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 148, as Fee No. 2003-035678.

PARCEL NO. 10:

Lots 1 through 61, inclusive, and Tracts A through C, inclusive, of Final Plat for Parcel 10 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 195, as Fee No. 2003-062885.

PARCEL NO. 11:

Lots 1 through 163, inclusive, and Tracts A through D, inclusive, of Final Plat for Parcel 11 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 196, as Fee No. 2003-062886.

PARCEL NO. 13A:

Lots 1 through 161, inclusive, and Tracts A through C, inclusive, of Final Plat for Parcel 13A of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 149, as Fee No. 2003-035679.

PARCEL NO. 13B:

Lots 1 through 158, inclusive, and Tracts A and B, of Final Plat for Parcel 13B of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet E, Slide 009, as Fee No. 2003-072163.

PARCEL NO. 14:

Lots 1 through 160, inclusive, and Tracts A through C, inclusive, of Final Plat for Parcel 14 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 197, as Fee No. 2003-062887.

EXHIBIT "B"

Common Area

PARCEL NO. 1:

Tracts A through NN, inclusive, of Final Plat for the Common Area Tracts and Dedications for The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 144, as Fee No. 2003-035610.

PARCEL NO. 2:

Tracts A through C, inclusive, of Final Plat for Parcel 2 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 145, as Fee No. 2003-035675.

PARCEL NO. 3:

Tracts A through C, inclusive, of Final Plat for Parcel 3 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 193, as Fee No. 2003-062883.

PARCEL NO. 4:

Tracts A through F, inclusive, of Final Plat for Parcel 4 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 146, as Fee No. 2003-035676.

PARCEL NO. 5:

Tracts A through F, inclusive, of Final Plat for Parcel 5 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 147, as Fee No. 035677.

PARCEL NO. 6:

Tracts A through F, inclusive, of Final Plat for Parcel 6 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 151, as Fee No. 2003-036671.

PARCEL NO. 7:

Tracts A through F, inclusive, of Final Plat for Parcel 7 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 194, as Fee No. 2003-062884.

Exhibit B - Continued

PARCEL NO. 8:

Tracts A through D, inclusive, of Final Plat for Parcel 8 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet E, Slide 008, as Fee No. 2003-072162.

PARCEL NO. 9

Tracts A through C, inclusive, of Final Plat for Parcel 9 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 148, as Fee No. 2003-035678.

PARCEL NO. 10:

Tracts A through C, inclusive, of Final Plat for Parcel 10 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 195, as Fee No. 2003-062885.

PARCEL NO. 11:

Tracts A through D, inclusive, of Final Plat for Parcel 11 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 196, as Fee No. 2003-062886.

PARCEL NO. 13A:

Tracts A through C, inclusive, of Final Plat for Parcel 13A of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 149, as Fee No. 2003-035679.

PARCEL NO. 13B:

Tracts A and B, of Final Plat for Parcel 13B of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet E, Slide 009, as Fee No. 2003-072163.

PARCEL NO. 14:

Tracts A through C, inclusive, of Final Plat for Parcel 14 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 197, as Fee No. 2003-062887.

Exhibit B - Continued

BUT EXCLUDING THEREFROM:

FIRST EXCLUDED SITE:

That certain Sewer Lift Station across a portion of Tract C of Parcel 8 of The Villages at Rancho El Dorado, Pinal County, Arizona, more particularly described as follows:

A parcel of land located in a portion of the Northeast quarter of Section 22, Township 4 South, Range 3 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Northeast corner of Section 22;
thence South 89 degrees 54 minutes 18 seconds West, 189.82 feet along the north line of the Northeast quarter of Section 22;
thence South 0 degrees 05 minutes 42 seconds East, 70.00 feet to the POINT OF BEGINNING;
thence South 0 degrees 14 minutes 21 seconds East, 50.00 feet;
thence South 89 degrees 54 minutes 18 seconds West, 50.00 feet;
thence North 0 degrees 14 minutes 21 seconds West, 50.00 feet;
thence North 89 degrees 54 minutes 18 seconds East, 50.00 feet to the POINT OF BEGINNING.

SECOND EXCLUDED SITE:

That certain Well Site within Tract B of Parcel 11 of The Villages at Rancho El Dorado, Pinal County, Arizona, more particularly described as follows:

A parcel of land located in a portion of the Southeast quarter of Section 22, Township 4 South, Range 3 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the Southeast corner of Section 22, said point being a found ½" rebar with Pinal County cap from which the South quarter corner of Section 22, a found ½" rebar with Pinal County cap bears North 89 degrees 43 minutes 04 seconds West a distance of 2660.23 feet;
thence North 89 degrees 43 minutes 04 seconds West, 420.27 feet along the south line of the Southeast quarter of Section 22;
thence North 0 degrees 16 minutes 56 seconds East, 52.13 feet to the POINT OF BEGINNING;
thence North 0 degrees 16 minutes 56 seconds East, 57.92 feet;
thence North 89 degrees 43 minutes 04 seconds West, 35.00 feet;
thence South 0 degrees 16 minutes 56 seconds West, 60.05 feet;
thence South 89 degrees 43 minutes 04 seconds East, 11.48 feet to the beginning of a non-tangent curve, concave Northerly, from which the radius point bears North 3 degrees 30 minutes 41 seconds West a distance of 493.00 feet;
thence Easterly 23.62 feet along the arc of said curve to the left through a central angle of 2 degrees 44 minutes 42 seconds to the POINT OF BEGINNING.

Exhibit B - Continued

THIRD EXCLUDED SITE:

That certain Well Site within Tract A of Parcel 13B of The Villages at Rancho El Dorado, Pinal County, Arizona, more particularly described as follows:

A parcel of land located in a portion of the Southwest quarter of Section 22, Township 4 South, Range 3 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

Commencing at the South quarter corner of Section 22, said point being a found ½" rebar with Pinal County cap from which the Southwest corner of Section 22, a found brass cap in handhole bears North 89 degrees 41 minutes 55 seconds West, 2660.20 feet;
thence North 89 degrees 41 minutes 55 seconds West, 972.90 feet along the south line of the Southwest quarter of Section 22;
thence North 0 degrees 18 minutes 05 seconds East, 51.35 feet to the POINT OF BEGINNING;

thence North 0 degrees 18 minutes 19 seconds East, 23.91 feet;
thence North 89 degrees 41 minutes 41 seconds West, 35.00 feet;
thence South 0 degrees 18 minutes 19 seconds West, 25.26 feet;
thence South 89 degrees 41 minutes 55 seconds East, 16.61 feet to the beginning of a non-tangent curve, concave Northerly, from which the radius point bears North 2 degrees 49 minutes 51 seconds West a distance of 493.00 feet;
thence Easterly 18.44 feet along the arc of said curve to the left through a central angle of 2 degrees 08 minutes 35 seconds to the POINT OF BEGINNING.

AND SUBJECT TO:

That certain Sewer Easement across a portion of Tract C of Parcel 8 at The Villages at Rancho El Dorado, Pinal County, Arizona, more particularly described as follows:

An easement across a portion of the Northeast quarter of Section 22, Township 4 South, Range 3 East, of the Gila and Salt River Base and Meridian, Pinal County, Arizona, described as follows:

COMMENCING at the Northeast corner of Section 22;
thence South 89 degrees 54 minutes 18 seconds West, 189.82 feet along the north line of the Northeast quarter of Section 22;
thence South 0 degrees 14 minutes 21 seconds East, 120.00 feet to the POINT OF BEGINNING;
thence South 89 degrees 54 minutes 18 seconds West, 50.00 feet;
thence North 0 degrees 14 minutes 21 seconds West, 50.00 feet;
thence South 89 degrees 54 minutes 18 seconds West, 25.00 feet;
thence South 0 degrees 14 minutes 21 seconds East, 70.00 feet;
thence North 89 degrees 54 minutes 18 seconds East, 75.00 feet;
thence North 0 degrees 14 minutes 21 seconds West, 20.00 feet to the POINT OF BEGINNING.

EXHIBIT C

Plats

Public Right-of-Way and Tracts A through OO, inclusive, of Final Plat for the Common Area Tracts and Dedications for The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 144, as Fee No. 2003-035610.

Final Plat for Parcel 2 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D Slide 145, as Fee No. 2003-035675.

Final Plat for Parcel 3 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 193, as Fee No. 2003-062883.

Final Plat for Parcel 4 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 146, as Fee No. 2003-035676.

Final Plat for Parcel 5 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 147, as Fee No. 2003-035677.

Final Plat for Parcel 6 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 151, as Fee No. 2003-036671.

Final Plat for Parcel 7 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 194, as Fee No. 2003-062884.

Final Plat for Parcel 8 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet E, Slide 008, as Fee No. 2003-072162.

Final Plat for Parcel 9 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 148, as Fee No. 2003-035678.

Final Plat for Parcel 10 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 195, as Fee No. 2003-062885.

Exhibit C - Continued

Final Plat for Parcel 11 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 196, as Fee No. 2003-062886.

Final Plat for Parcel 13A of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 149, as Fee No. 2003-035679.

Final Plat for Parcel 13B of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet E, Slide 009, as Fee No. 2003-072163.

Final Plat for Parcel 14 of The Villages at Rancho El Dorado, according to the plat of record in the Office of the County Recorder of Pinal County, Arizona, recorded in Cabinet D, Slide 197, as Fee No. 2003-062887.