When recorded, mail to:

Rancho Verde L.L.C.
8035 North 85th Way
Scottsdale, AZ 85258

DECLARATION OF HOMEOWNER BENEFITS AND

COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

Rancho Verde Homeowner's Association

(A Single Family Subdivision)

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This Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions for Rancho Verde Homeowner's Association (A Single Family Subdivision) is made as of the date set forth at the end of this Declaration by Rancho Verde L.L.C., an Arizona Limited Liability Company.

BACKGROUND

A. Declarant is the owner of certain real property ("Property" or "Project") that is described on the Plat and that is additionally described as follows:

See Exhibit "A" attached to and incorporated in this Declaration by this reference.

The Property is located in the City of Scottsdale, County of Maricopa, State of Arizona.

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

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

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

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

ARTICLE I

DEFINITIONS

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

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

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

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

1.5 "Assessment." "assessment," "annual assessment." and "special assessment" (and the plural of each) means the assessments authorized in this Declaration, including those authorized in Article IV.

1.6 "Association" means Rancho Verde Homeowner's Association, Inc., that has been or will be incorporated by Declarant and/or others as a nonprofit Arizona corporation, and means additionally the Association's successors and assigns.

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

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

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

1.10 "Commercial or Recreational Vehicles" means any of the following types of vehicles that are owned, leased, or used by an Owner of a Lot or any of Owner's Permittees: commercial truck, municipal vehicle, tractor bulldozer, crane, snowmobile, ambulance, tour jeep, trolley, recreational vehicle, commercial delivery van, commercial pickup truck in excess of one (1) ton capacity, semi, semi-trailer, wagon, freight trailer, flatbed, boat trailer, automobile trailer, camper, camper shell, mobile home, motor home, boat, jet ski, dune buggy, all- terrain vehicle, bus, or similar commercial or recreational vehicles or equipment (whether or not equipped with sleeping quarters). Any commercial pickup truck of a

three quarter (3/4) ton capacity or less that is not equipped with a camper, camper shell, or work equipment in the truck bed will be treated as a "Family Vehicle," as described below.

1.11 "Common Area" means all of the real property described on the Plat as common area tracts and any other real property that may be from time to time annexed into the Project as Common Area but will not include the real property described on the Plat as individual Lots or public streets. Whether owned by the Declarant or the Association, the Common Area is reserved for the common use and enjoyment of the Owners and is reserved exclusively for the Owners and not for the public, unless otherwise specifically designated in the Declaration or on the Plat. The initial common area consists only of those common area tracts described on Exhibit "A". The term "Common Area" also includes all structures, facilities, roadways, trails furniture, fixtures, improvements, and landscaping, if any and if permitted, located on the common area tracts, and all rights, easements, and appurtenances relating to the real property owned by the Association. If the Project contains sidewalks for pedestrian access over portions of any Lots, these sidewalks will be deemed to be "Common Area" for the purpose of maintenance and repair responsibility by the Association. Tracts "A", "B", "C", "D", "E", "F", "G", "H", "I" and "J" as depicted on the Plat and all of which are part of the Common Area, will be referred to as the "Common Area Tracts".

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

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

1.14 "Detached Dwelling Unit" means all buildings that are located on a Lot and that are used or are intended to be used for Single Family Residential Use, including the garage, carport, and open or closed patios.

1.15 "Family Vehicles" means any domestic or foreign cars, station wagons, sport wagons, pickup trucks, vans, mini-vans, jeeps, sport utility vehicles, motorcycles, and similar non-commercial and non-recreational vehicles that are used by the Owner of the applicable Lot or the Owner's Permittees for family and domestic purposes only and not for any commercial purpose. Notwithstanding the types of vehicles included within the definition of Commercial or Recreational Vehicles, a "Family Vehicle" also includes the following types of vehicles that the Architectural Committee determines, in advance of its use within the Project, to be similar in size and appearance to smaller vehicles so as to be parked and maintained as a Family Vehicle: (i) non-commercial pickup trucks of a three quarter (3/4) ton capacity or less with attached camper shells so long as the truck and camper shell are no more than eight (8) feet in height, measured from ground level; and (ii) small motor homes of not more than eight (8) feet in height and not more than eighteen (18) feet in length.

1.16 "Institutional Guarantor" means, if applicable to the Project, a governmental insurer, guarantor, or secondary market mortgage purchaser such as the Federal Housing Administration

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

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

1.18 "Member" means an Owner of a Lot.

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

1.20 "Mortgagee" (whether capitalized or not) means a person or entity to whom a Mortgage is made and will include a holder of a promissory note, a beneficiary under a deed of trust, or a seller under an agreement for sale. "First Mortgagee" means a Mortgagee that is the first and most senior of all Mortgagees upon the applicable Lot. "Eligible Mortgage Holder" means a First Mortgagee that has informed the Association in writing of the First Mortgagee's address and that has requested notification from the Association on any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders.

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

1.22 "Non-recurring And Temporary Basis" means the parking of vehicles of any type either: (i) for the sole purpose of loading and unloading 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 cleaning or special events that do not involve overnight parking and that do not occur on a frequent or repetitive basis.

1.23 "Owner" means the record owner, whether one or more persons or entities, of a fee simple legal title to any Lot. The term "Owner" does not include those persons having an interest in a Lot merely as security for the performance of an obligation or duty (i.e., a mortgagee). In the case of Lots

in which the fee simple title is vested of record in a trustee pursuant to Arizona Revised Statutes, §§ 33-801, et seq., the "Owner" of the Lot will be deemed to be the trustor. In the case of a Lot covered by an Agreement for Sale of Real Property as described in A.R.S., §§ 33-741, et seq., the buyer of the Lot will be deemed to be the "Owner.". The term "Owner's Permittees" means all family members, guests, tenants, licensees, invitees, and agents that use the Owner's Lot or other portions of the Project (including Common Area) with the implied or express consent of an Owner.

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

1.25 "Plat" means the subdivision plat for Rancho Verde recorded in Book 447 of Maps, Page 44, Official Records of Maricopa County, Arizona, as it may be amended from time to time pursuant to this Declaration.

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

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

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

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

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

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

1.32 "Yard" (whether capitalized or not) means all portions of the Lot other than the portions of the Lot upon which the Detached Dwelling Unit or an Ancillary Unit is constructed. "Private Yard" means the portion of the yard that is not Visible From Neighboring Property and is shielded or

enclosed by walls, fences, hedges, and similar items. "Public Yard" means that portion of the Yard that is Visible From Neighboring Property, whether located in front of, beside, or behind a Detached Dwelling Unit and includes all landscaping that is Visible From Neighboring Property regardless of the fact that the base or ground level of the landscaping is not Visible From Neighboring Property. "Enclosed Side Yard" means the portion of a yard that, when viewed from the street in front of the Detached Dwelling Unit, is located behind any side yard boundary wall located on a Lot. The Enclosed Side Yard can be no deeper (when measured from the street in front of the Detached Dwelling Unit) than the deepest wall of any Detached Dwelling Unit located on a Lot. The Architectural Committee will be the sole judge as to what constitutes an Enclosed Side Yard in accordance with this Declaration.

ARTICLE II

PROPERTY RIGHTS IN COMMON AREAS

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

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

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

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

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

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

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

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

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

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

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

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

1. Four (4) months after the date when the total votes outstanding in the Class A membership first equals or exceeds the total votes outstanding in the Class B membership;

2. The date that is six (6) years after the date of the close of escrow on the first Lot sold by Declarant; or

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

Upon the conversion of Declarant's Class B membership to Class A membership, the Declarant will be entitled to only one (1) vote for each Lot owned by the Declarant. The period of time during which Class B membership is in existence will be referred to in this Declaration as the period of "Declarant Control." For the purposes of Section 3.2(b)(l) above, the number of votes will be based upon the Lots initially covered by this Declaration, plus all Lots that in the future may be included in or covered by this Declaration as provided in this Declaration, minus all Lots withdrawn from this Declaration, if any.

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

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

4.1 Lien and Personal Obligation for Assessments.

(a) Creation of Lien. Each Owner of any Lot, by accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument) or otherwise becoming an "Owner", is deemed personally to covenant and agree to be bound by all covenants and restrictions of the Project Documents and to pay to the Association: (i) annual assessments for the purposes described in Section 4.2 below; (ii) special assessments for capital improvements, unexpected or extraordinary expenses for repairs of Common Area, or other Association matters as provided in Section 4.4 below; (iii) an amount sufficient to, on demand, indemnity and hold harmless the Association for, from, and against all obligations undertaken or incurred by the Association on

account of an individual Owner's special request and to repay the Association for all expenditures on account of the special services or benefits requested by an Owner; (iv) an amount sufficient to reimburse the Association for the cost of performing any obligation of an Owner under the Project Documents that the Owner has failed to timely pay or perform; (v) an amount sufficient to, on demand, indemnify and hold harmless the Association for, from, and against all monetary damages or penalties imposed on the Association arising out of the failure of the Association to disclose, or to accurately disclose, the information required under A.R.S. § 33-1806 where the Owner knew or should have known of the inaccuracy of the information or where the Owner was under a contractual or other duty to disclose the information not provided by the Association; and (vi) all other assessments, accrued interest, taxable court costs, late fees, attorney fees, fines, penalties, or other similar charges that may be fixed, established, and collected from time to time as provided in this Declaration or the other Project Documents. The assessments and amounts described above, together with all accrued interest, court costs, attorney fees, late fees, penalties, fines, and all other expenses incurred in connection with the assessments and amounts described above, whether or not a lawsuit or other legal action is initiated, are referred to collectively in the Project Documents as an "assessment" or the "assessments". The Association, by the recordation of this Declaration, is granted a perfected, consensual, and continuing lien upon the Lot against which the assessment is made or has been incurred for the payment of all assessments, and the further recordation of any claim of lien or notice of lien is not required for perfection or enforcement of the Association's lien for the assessments.

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

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

4.3 Initial and Annual Assessments. Until December 31, 1998, the maximum annual assessments will be twelve hundred dollars and No/1 00 Dollars ($1,200.00) per Lot. From and after the "base year" ending December 31, 1997, the maximum annual assessment will be as determined by the

Board of Directors, subject to the limitations below. The annual assessment may not be increased over the annual assessment in the previous year by more than the Permitted Percentage Increase (as defined below), unless the additional increase is approved at a duly called regular or special meeting by an affirmative vote (in person or by proxy) of two-thirds (2/3) or more of the total number of eligible votes cast at that meeting in each class of Members. From and after December 31, 1998, the Board, without a vote of the Members, may increase the maximum annual assessments during each fiscal year of the Association by an amount ("Permitted Percentage Increase") equal to the greater of: (i) ten percent (10%); or (ii) a percentage calculated by dividing the Consumer Price Index in the most recent October (identified by an "A" in the formula below) by the Consumer Price Index for the October one (1) year prior (identified by a "B" in the formula below), minus one (1) (i.e., CPI percentage = (A/B) -1). By way of example only, the percentage increase in the assessment for 1998, cannot be increased by more than the greater of: (I) ten percent (10%); or (II) the increase in the Consumer Price Index for October, 1998, divided by the Consumer Price Index in October 1997), minus one (1). The term "Consumer Price Index" will refer to the "United States Bureau of Labor Statistics, Consumer Price Index, United States and selected areas, all items" issued by the U.S. Bureau of Labor Statistics, or its equivalent, revised, or successor index. Notwithstanding the previous portions of this Section 4.3, if the Permitted Percentage Increase exceeds twenty percent (20%) or if, regardless of the Permitted Percentage Increase, the annual assessment is otherwise sought to be increased by more than twenty percent (20%) over the annual assessment in the previous year, the increase in the annual assessment must be approved by greater than fifty percent (50%) of the total number of eligible votes of the Members, regardless of class, and these approvals may be obtained at a regular or annual meeting of the Members or by written ballot of the Members.

4.4 Special and Other Assessments.

(a) Special Assessments. The Association, at any time and from time to time in any assessment year, in addition to the annual assessments authorized above or any other assessments authorized elsewhere in this Declaration, may levy a special assessment against all of the Members for the purpose of defraying, in whole or in part: (i) the cost of any construction, repair, or replacement of the Common Area or any improvement on the Common Area, including fixtures and personal property related to the Common Area, regardless of the cause for the construction, repair, or replacement; or (ii) the cost of any other unexpected or extraordinary expenses for repairs of Common Area or other Association matters. The foregoing types of special assessments, however, must be approved at a duly called regular or special meeting of the Members by an affirmative vote (in person or by proxy) of two thirds (2/3) or more of the total number of eligible votes cast at that meeting for each class of Members.

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

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

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

4.7 Commencement and Verification of Assessments.

(a) Commencement and Collection. The annual assessments established in this Declaration will commence on the first day of the month following the conveyance of the Common Areas to the Association. The first annual assessment will be adjusted according to the number of months remaining in the calendar year. The Board of Directors will endeavor to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; however, the annual assessment will be binding notwithstanding any delay and all amounts due for annual assessments in any calendar year may be collected retroactively for that calendar year upon their determination or approval under the Project Documents. Written notice of the annual assessment and any special assessments must be sent to every Owner subject to the assessment. The due dates for assessments will be established by the Board of Directors. Assessments will be payable in the full amount specified by the assessment notice, and no offsets against this amount will be permitted for any reason whatsoever including, without limitation, abandonment of the Owner's Lot, a claim that the Association is not properly exercising its duties in maintenance or enforcement, a claim against the Declarant or its affiliates, or the non-use or claim of non-use by Owner of all or any portion of the Common Area.

Assessments may be collected in advance or in arrears as the Board of Directors will determine in their sole discretion.

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

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

(a) Late Charge. Any installment of any annual, special, or other assessment that is not paid within thirty (30) days after the due date will be subject to a late charge equal to the greater of Fifteen and No/100 Dollars ($15.00) or ten percent (1 0%) of the unpaid assessment and, additionally, will bear interest from the due date at the minimum rate of twelve percent (12%) per annum, compounded monthly, or any other legal interest rate approved by the Board of Directors and permitted under the requirements of any applicable Institutional Guarantor.

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

(c) Protective Advances. If an Owner fails to make payments under any Mortgage affecting a Lot or fails to pay taxes, governmental assessments, or any other payments due with respect to the Owner's Lot, the Association may make payments of the amounts due under any Mortgage or may make the required payments for taxes, governmental assessments, or other payments on the Lot, and all advances made by the Association to cover the required payments will be due and payable immediately from the Owner as an assessment of the Association secured by the Association's lien for assessments.

(d) Collection and Lien Actions. Each Owner of a Lot, by accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument), or otherwise becoming an "Owner", specifically vests in the Association and its agents the right and power to bring all actions against the Owner personally for the collection of all assessments due under the Project Documents as a debt to the Association and to enforce the lien securing the assessment by all methods available for the enforcement or foreclosure of liens under the Project Documents or Arizona law. To the extent permitted by law, each Owner grants to the Association a private power of sale in connection with the lien. The Association is empowered to bid in any foreclosure, sheriffs sale, or similar sale (whether or not the foreclosure was initiated by the Association or some other person) and to acquire, hold, lease, mortgage, and convey the Lot purchased. The Association may institute suit to recover a money judgment for unpaid assessments of the Owner

without being required to foreclose its lien on the Lot and without waiving the lien that secures the unpaid assessments. Any foreclosure action of the Association may be instituted without regard to the value of the Lot, the solvency of the Owner, or the relative size of the Owner's default. The Association's assessment lien and its rights of enforcement under this Declaration are in addition to, and not in substitution of, all other rights and remedies that the Association may be entitled to exercise under the other Project Documents or Arizona law.

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

4.9 Subordination of Association Lien. Except as established under A.R.S. § 33-1807.C. and regardless of whether or not a Notice and Claim of Lien has been recorded by the Association, the Association's lien for the assessments established in this Declaration is superior to all liens, charges, homestead exemptions, and encumbrances that are imposed on or recorded against any Lot after the date of recordation of this Declaration. The Association's lien for the assessments established in this Declaration, however, will be automatically subordinate to: (i) the lien of any Mortgagee holding a Mortgage that was recorded before the date on which the assessment sought to be enforced became delinquent, except for assessments that accrue from and after the date upon which the Mortgagee acquires title to or comes in possession of any Lot and except for amounts due to the Association as described in Section 5.6 below; and (ii) any liens for real estate taxes or other governmental assessments or charges that by law are prior and superior to the Association's lien for the assessments. The assignment, conveyance, or transfer of title to any Lot will not affect or extinguish the Association's lien for assessments or the personal obligation of the Owner to pay all assessments arising during the Owner's ownership of the Lot; however, the assignment, conveyance, or transfer of title to any Lot pursuant to a judicial foreclosure or trustee's sale by a Mortgagee will extinguish the assessments on the Lot that became due prior to the judicial foreclosure or trustee's sale by the Mortgagee. No assignment, conveyance, or transfer pursuant to a judicial foreclosure or trustee's sale of any Mortgagee will relieve any foreclosed Owner from personal liability for the payment of assessments arising during the Owner's ownership of the Lot or will act to release the lien for any assessments that may become due or arise after the judicial foreclosure or trustee's sale or the lien for any other assessment created under Section 5.6 below.

4.10 Notice of Lien. Without affecting the priority and perfection of any assessment that has been perfected as of the date of recordation of this Declaration, the Association may give (but is not obligated to give) notice to any Owner whose assessment is due and unpaid by mailing to the Owner a copy of a "Notice and Claim of Lien" which may state, among other things, the following: (i) the last known name of the delinquent Owner; (ii) the legal description or street address of the Lot against which the claim of lien is made; (iii) the amount claimed to be due and owing from the Owner and assessed against the Lot; and (iv) a statement that the claim is made by the Association pursuant to the terms of the Declaration and the other Project Documents. Each default in the payment of any assessment will constitute a separate basis for a claim of lien, but any number of defaults may be included within a single Notice and Claim of Lien. The Association may record a Notice and Claim of Lien against the delinquent Owner's Lot. The Notice and Claim of Lien may be executed by any officer of the Association, the managing agent for the Association, or legal counsel for the Association, but in all events the lien will remain that of the Association.

ARTICLE V

COMMON AREA AND LOT MAINTENANCE

5.1 Common Area. Except as provided in Section 5.2, the Association will be responsible for the maintenance, repair, and replacement of the Common Area, and, without any approval of the Owners, the Association may: (i) reconstruct, repair, replace, and refinish any landscaping or improvement located on or used in connection with the Common Area; and (ii) do any other acts deemed necessary to preserve, beautify, and protect the Common Area in accordance with the general purposes specified in the Project Documents. The Board of Directors will be the sole and absolute judge as to the appropriate maintenance of the Common Area. Notwithstanding anything contained in this Section 5.1, the Association will have no obligation to perform any maintenance or repair work that is performed by any municipality or provider utility company that is responsible for the maintenance of any utilities or improvements located within any Common Area. No Owner will alter, remove, injure, or interfere in any way with any landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like, if any, placed on the Common Area without the express written consent of the Declarant, during the period of Declarant Control, or the Architectural Committee, after the period of Declarant Control.

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

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

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

5.5 Landscaping. Unless completed by Declarant as part of the Owner's purchase contract for the Lot and Detached Dwelling Unit, the Public Yard of a Lot must be landscaped by the Owner of the Lot within ninety (90) days of becoming an Owner. The foregoing restriction will not apply to the Declarant or any Lots owned by the Declarant as model units or Completed Inventory Lots. Plans for all landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, decorative features (such as flag poles, planters, bird baths, and walkways), and the like (collectively called in this Declaration the "landscaping") that are to be installed anywhere on the Owner's Lot (whether in the Public Yard or not) must be approved prior to installation by the Architectural Committee under Article IX of this Declaration. The Lot and all landscaping located in the Public Yard of a Lot must be maintained in clean, safe, neat, and attractive condition and repair solely by the Owner of that Lot, and Owner will be solely responsible for neatly trimming and property cultivating the landscaping and for the removal of all trash, weeds, leaves, and other unsightly material located in the Public Yard of a Lot.

5.5 Landscaping.

(a) Initial Landscaping by Owner. Unless completed by Declarant as part of the Owner's purchase contract for the Lot and Detached Dwelling Unit, the Public Yard of a Lot must be landscaped by the Owner of the Lot within ninety (90) days of becoming an Owner. Plans for all landscaping which is to be installed by the Owner anywhere on the Owner's Lot (whether in the Public Yard or not) must be approved by the Architectural Committee under Article IX of this Declaration at the same time the house plans are approved. If the initial landscaping on the Public Yard is not completed within the ninety (90) day period described above, the Association may elect either to cause the Landscaping to be installed on the Lot or to impose a late charge of Two Hundred and No/100 Dollars ($200.00) for each day after the ninety (90) day period until the landscaping is completed. The Association's election will become effective immediately upon delivery of written notice to the non-performing Owner. If the Association elects to cause the landscaping to be installed on the Lot, the actual cost of installation, up to a maximum of Ten Thousand and No/100 Dollars ($10,000.00), will be deemed an assessment against the non-performing Owner and the Owner's Lot under Section 4.1(d) above. Any late charge levied by the Association will be an assessment against the non-performing Owner and the Owner's Lot under Section 4.1(e) above, and any late charges levied by the Association pursuant to this Section 5.5 will become part of the Association's general funds and will not be paid for, applied to, or credited against the cost of installing the Minimum Required Landscaping or reimbursed to the Owner upon completion of the Minimum Required Landscaping.

(b) Timing for Approvals. Notwithstanding the time periods outlined in Section 9.1 below, if the Architectural Committee fails to approve or disapprove an Owner's landscaping plan within ten (10) days of its submittal, the landscaping plan will be deemed approved.

(c) Maintenance of Landscaping. The Lot and all landscaping, lawns, plants, irrigation systems, sprinklers, shrubs, trees, and the like (collectively referred to as the "landscaping") located in the Public Yard of a Lot must be maintained at all times by each Owner in a clean, safe, neat, and attractive condition, and each Owner of a Lot will be solely responsible for keeping all landscaping located in the Public Yard on that Owner's Lot neatly trimmed, properly cultivated, and free from trash, weeds, leaves, and other unsightly material.

5.6 Owner's Failure to Maintain. If an Owner fails to perform any maintenance and repair required under the terms of this Article V, then, upon the vote of a majority of the Board of Directors and after not less than thirty (30) days prior written notice to that Owner, the Association will have the right (but not the obligation) to enter upon or into that Lot and to provide the required maintenance or make the required repairs. Any entry by the Association or its agents will not be considered a trespass. The cost of these maintenance items and repairs will be an assessment against the applicable Lot and the Owner, will be paid promptly to the Association by that Owner, and will constitute a lien upon that Owners Lot. The self-help rights of the Association described above are in addition to any other remedies available to the Association under the Project Documents or Arizona law. Without limiting the rights of the Association described above, if, concurrent with delivery of the thirty (30) day written default notice to Owner for failure of the Owner to perform its obligations under this Article V, the Association delivers a similar written notice to the holders of all Mortgages on the defaulting Owner's Lot, the lien in favor of the Association will constitute a "lien for other assessments" of the Association under A.R.S. §33-1807.C. Upon recordation of a Notice and Claim of Lien specifically referring to this Section 5.6, the assessment made for the cost of the maintenance and repairs performed by the Association will be deemed to have been delinquent as of the date of recordation of this Declaration, and the lien for this other assessment will have priority based on the recordation date of this Declaration.

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

ARTICLE VI

DUTIES AND POWERS OF THE OWNERS' ASSOCIATION

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

(a) Common Area. Maintain and otherwise manage the Common Area and all other real and personal property that may be acquired by, or come within the control of the Association;

(b) Legal and Accounting Services. Obtain legal, accounting, and other services deemed by the Board, in its discretion, to be necessary or desirable in the operation of the Association and the Common Area;

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

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

(e) Purchase Insurance. Purchase insurance for the Common Area for risks, with companies, and in amounts as the Board determines to be necessary, desirable, or beneficial, subject to the provisions of Section 6.2 below;

(f) Other. Perform all other acts that are expressly or impliedly authorized under this Declaration, the other Project Documents, or Arizona law including, without limitation, the right to construct improvements on the Lots and Common Area and the power to prepare those statements and certificates required under A.R.S. § 33-1306 and § 33-1307.1.; and

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

6.2 Insurance.

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

(b) Hazard and Multi-Peril Insurance - Master Policy for Common Area. A master or blanket hazard and multi-peril insurance policy will be purchased or obtained by the Board or acquired by assignment from Declarant promptly following the construction of any building or other similar permanent structure on the Common Area. Once purchased, obtained, or acquired, the hazard insurance policy will be maintained in force at all times. The premiums will be paid out of the Association's funds. The hazard insurance policy will be carried with reputable companies authorized and qualified to do business in the State of Arizona and will insure against loss from fire and other hazards covered by the standard extended coverage endorsement and "all risk" endorsement to the hazard insurance policy for the full replacement cost of all of the permanent improvements upon the Common Area. The hazard insurance policy will be in an amount determined from time to time by the Board in its sole discretion. The hazard insurance policy will name the Declarant (for so long as Declarant owns a Lot), Association, and any First

Mortgagee of the insured permanent improvements on the Common Area as insureds, as their respective interests may appear.

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

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

(e) General Provisions on Insurance. The Board of Directors of the Association is granted the authority to negotiate loss settlements with the appropriate insurance carriers covering insurance purchased and obtained by the Association pursuant to Paragraph 6.2. Any two (2) Directors of the Association may sign a loss claim form and release form in connection with the settlement of a loss claim, and their signatures will be binding on the Association and the Members. Any policy of insurance obtained by the Association may contain a reasonable deductible. The deductible will be paid by the party who would be responsible for the repair in the absence of insurance and, in the event multiple parties are responsible but without waiving any right to enter a joint and several liability, the deductible will be allocated in relation to the amount each party's responsibility bears to the total loss, as determined by the Board. Where possible, each insurance policy maintained by the Association must require the insurer to notify the Association in writing at least ten (10) days before the cancellation or any substantial change to the Association's insurance.

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

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

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

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

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

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

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

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

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

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

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

6.3 Damage and Destruction - Reconstruction. In the event of damage or destruction of any improvements upon the Common Area, the Board will obtain bids and contract for repair or reconstruction of these improvements. If the proceeds of any insurance policies payable as a result of the damage or destruction together with the amounts paid by a responsible Owner under Section 5.2 of this

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

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

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

ARTICLE VII

FENCES, WALLS AND GATES

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

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

7.3 Maintenance and Repair of Fences. All Fences constructed upon or near the dividing line between the Lots will be maintained in good condition and repaired at the joint cost and expense of the adjoining Lot Owners. Fences constructed upon the back of any Lot that do not adjoin any other Lot will be maintained and repaired at the sole cost and expense of the Lot Owner upon whose Lot (or immediately adjacent to whose Lot) the Fence is installed. In the event any dividing line Fence is damaged or destroyed by the act or acts of one of the adjoining Lot Owners or the adjoining Lot Owner's Permittees (whether or not the act is negligent or otherwise culpable), the adjoining Lot Owner will be responsible for the damage and will promptly rebuild and repair the Fence to its prior condition, at that Owner's sole cost and expense. All gates will be no higher than the adjacent Fence. Except as may otherwise be provided in this Declaration, the general rules of law regarding party walls and fences will be applied to any dispute or problem.

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

7.5 Fence Design and Color. The exterior appearance, color, or finish of the side of any Fence that is visible from any street located within or adjacent to the Property may not be modified from the condition originally constructed by the Declarant unless approved by the Architectural Committee. The design, material, or construction of any Fence may not be altered or changed without the approval of

the adjoining Owners, if any, and the Architectural Committee. Without limiting the preceding portions of this Section 7.5, a Fence may not be painted or stuccoed without the prior approval of the Architectural Committee.

ARTICLE VIII

USE RESTRICTIONS

In addition to all other covenants and restrictions contained in this Declaration and the other Project Documents, the use of the Common Area, Lots, Detached Dwelling Units, and Ancillary Units is subject to the following:

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

8.2 Business and Related Uses. No Lot will ever be used, allowed, or authorized to be used in any way, directly or indirectly, for any business, commercial, manufacturing, industrial, mercantile, commercial storage, vending, or other similar uses or purposes; however, Declarant and its agents, successors, or assigns may use the Property or Lots for any of the foregoing uses as may be required, convenient, or incidental to the construction and sale of Detached Dwelling Units, including, without limitation, a business office, management office, storage area, construction yard, signage, model sites, and display and sales office during the construction and sales period. The foregoing restriction will not prevent an Owner from conducting his or her personal affairs on the Lot or in the Detached Dwelling Unit and will not be deemed to prevent an Owner from using the Detached Dwelling Unit for business purposes that: (i) utilize a minimal portion of the Detached Dwelling Unit; (ii) do not result in the use of the Detached Dwelling Unit for business meetings, appointments, gatherings, or day care; (iii) do not result in shipping or receiving from or to the Detached Dwelling Unit; and (iv) do not otherwise violate local zoning and use laws.

8.3 Signs. No emblem, logo, sign, or billboard of any kind will be displayed on any of the Lots or Common Area so as to be Visible From Neighboring Property, except for: (i) signs used by Declarant to advertise the Lots or living units on the Lots for sale or lease; (ii) signs on the Common Area as may be placed and approved by the Declarant, during the period of Declarant Control, or by the Architectural Committee, after the period of Declarant Control; (iii) one sign having a total face area of five (5) square feet or less advertising a Lot and Detached Dwelling Unit for sale or rent placed in a location designated by the Architectural Committee; (iv) any signs as may be required by legal proceedings; and (v) signs (including political signs and symbols) as may be approved in advance by the Architectural Committee in terms of number, type, and style. The foregoing will not be deemed to prevent the right of an Owner to display religious and holiday signs, symbols, and decorations of the type customarily and typically displayed inside or outside single family residences, subject to the authority of the Board or the

Architectural Committee to adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners (including disturbance from pedestrian and vehicle traffic coming on the Project to view the signs, symbols, and decorations).

8.4 Noxious or Offensive Activities. No noxious or offensive activity will be engaged in (or permitted to be engaged in) on any Lot. No act or use may be performed on any Lot that is or may become an annoyance or nuisance to the neighborhood generally or other Owners specifically, or that interferes with the use and quiet enjoyment of any of the Owners and of the Owner's Lot. No Owner will permit anything or condition to exist upon any property that induces, breeds, or harbors infectious plant diseases or infectious or noxious insects.

8.5 Restricted Residences. Except as originally constructed by the Declarant as part of the original construction of the Detached Dwelling Unit and related improvements, no Ancillary Units will be constructed or maintained on any Lot at any time, unless the type, size, shape, height, location, style, and use of the Ancillary Unit, including all plans and specifications and materials for the Ancillary Unit, are approved by the Architectural Committee pursuant to Article IX below prior to the commencement of construction. All Ancillary Units approved by the Architectural Committee for construction on a Lot must be constructed solely from new materials and must be constructed in compliance with all local and municipal codes, ordinances, and stipulations applicable to the Project and all restrictions contained in the Project Documents. Any Ancillary Unit that has been constructed without the prior approval of the Architectural Committee or in violation of any provision of the Project Documents or any local or municipal codes, ordinances, and stipulations must be removed upon notice from the Association at the sole loss, cost, and expense of the constructing Owner. The main dwelling unit must be completed including landscaping within 24 months of Close of Escrow of the lot. Any Ancillary Unit must be completed within 180 days of start of construction.

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

8.7 Animals. No animals, livestock, horses, birds, or poultry of any kind will be raised, bred, or kept on or within any Lot or structure on a Lot; however, an Owner may keep up to two (2) dogs or two (2) cats or two (2) other common household pets or two (2) of any combination of dogs, cats, or other common household pets in the Detached Dwelling Unit or in an enclosed Private Yard if permitted under local zoning ordinances. Additional pets are prohibited unless approved in advance by the Board. The foregoing restriction will not apply to fish contained in indoor aquariums. These permitted types and numbers of pets will be permitted for only so long as they are not kept, bred, or maintained for any commercial purpose and for only so long as they do not result in an annoyance or nuisance to other Owners. No pets will be permitted to move about unrestrained in any Public Yard of the Owner's Lot or any other Lot, Common Area, or any public or private street within the Project. Each Owner will be responsible for the immediate removal and disposal of the waste or excrement of all the Owner's pets from the Public Yard of the Owner's Lot or any other Lot, Common Area, or public or private streets. Owners will be liable for all damage caused by their pets. The Board may establish a system of fines or charges for

any infraction of the foregoing, and the Board will be the sole judge for determining whether a pet is a common household pet or whether any pet is an annoyance or nuisance.

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

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

8.10 Woodpiles and Storage Areas. Woodpiles and open storage areas may not be maintained upon any Lot, unless located in the Private Yard. Covered or uncovered patios may not be used for storage purposes whether or not Visible From Neighboring Property. At no time may an Owner maintain any outside storage of Commercial or Recreational Vehicles or Family Vehicles of the type described in this Declaration in any stage of construction, reconstruction, modification, or rebuilding. No vehicle frames, bodies, engines, or other parts or accessories may be stored on a Lot.

8.11 Antennas. Except as originally installed by the Declarant or as approved by the Architectural Committee, no external radio, television antenna, or satellite dish may be installed or constructed on any Lot or on the roof of any Detached Dwelling Unit or permitted Ancillary Unit in any manner that will make any portion of the external radio or television antenna or satellite dish Visible From Neighboring Property.

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

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

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

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

8.16 Restriction on Subdivision and Time Shares. No Lot will be further subdivided or separated into smaller lots or parcels by any Owner, and no portion of a Lot will be conveyed or transferred by any Owner without the prior written approval of the Board. No Owner will transfer, sell, assign, or convey any time share in any Lot, and any timeshare transaction will be void.

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

8.18 Drainage Plan. No Detached Dwelling Unit, Ancillary Unit, pool, concrete area, or landscaping will be constructed, installed, placed, or maintained on any Lot or Common Area in any manner that would obstruct, interfere, or change the direction or flow of water in accordance with the drainage plans for the Project, Drainage Tracts, or any Lot that are on file with the county or municipality in which the Project is located.

8.19 Clothes Drying Facilities and Basketball Structures. Outside clotheslines or other outside facilities for drying or airing clothes will not be erected, placed, or maintained on any Lot unless they are erected, placed, or maintained in a Private Yard in such a manner as to not be Visible From Neighboring Property. Basketball hoops, backboards, and other elevated sport structures will not be erected, placed, or maintained on any roof of a Detached Dwelling Unit or in any Public Yard of a Lot (including in front driveways). Basketball hoops, backboards, and other elevated sport structures may be erected, placed, and maintained solely in the rear portion of any Private Yard so long as the structure is removable or on removable sleeves.

8.20 Outdoor Burning and Lighting. There will be no outdoor burning of trash, debris, wood, or other materials. The foregoing, however, will not be deemed to prohibit the use of normal residential barbecues or other similar outside cooking grills. Without limiting the provisions of Section 8.3 above and except as originally installed by the Declarant or as otherwise approved by the Architectural Committee, no spotlights, flood lights, or other high intensity lighting will be placed or utilized upon any Lot so that the light is directed or reflected on any Common Area or any other Lot.

8.21 Fuel Tanks. No fuel tanks of any kind will be erected, placed, or maintained on the Property except for propane or similar fuel tanks permitted under the ordinances of the county or municipality having jurisdiction over the Property.

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

8.23 Commercial and Recreational Vehicles. Except as provided in this paragraph below, no Commercial or Recreational Vehicles may be parked upon a Lot within the Project. Notwithstanding the limitation in the previous sentence, upon a written request by any Owner, the Board may approve the storage or parking of certain limited types of Commercial or Recreational Vehicles within the Project so long as the Board determines, in advance of its use within the Project, the Commercial or Recreational Vehicle to be of a size and type that would be consistent with the residential nature of the Project and so long as the approved Commercial or Recreational Vehicles are parked only: (i) within a fully enclosed garage located on the Owner's Lot; (ii) in the driveway of the Lot on a Non-recurring And Temporary Basis; or (iii) on any public or private street within the Project only on a Non-recurring And Temporary Basis.

8.24 Garages and Parking of Family Vehicles. Each Lot will have at least one (1) garage that will be used by the Owner of the Lot for parking of Family Vehicles or Commercial or Recreational Vehicles and for household storage purposes only. The garage door will be maintained by the Owner in good and functioning order and will remain closed except while the garage is in use for cleaning, entry, and exit. No garage may be used for storage or any other use that restricts or prevents the garage from being used for parking Family Vehicles or approved Commercial or Recreational Vehicles in a number not less than that contemplated by the garage's initial design (i.e., three (3) vehicles in a 3-car garage). Additional Family Vehicles that can not be parked in the garage located on the Lot may be parked in the driveway so long as the Family Vehicles are operable and are, in fact, operated from time to time. Notwithstanding any less restrictive local or municipal codes, ordinances, or stipulations, Family Vehicles may be parked in any public or private street within the Project only on a Non-recurring And Temporary Basis, and no other on-street parking is permitted within the Project.

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

8.26 Special Lot Restrictions.

(a) Classes of Lots. For the purposes of this Declaration only, the Lots shall be divided into three classes: "Class A Lots", "Class B Lots", and "Class C Lots", as more particularly described on the attached Exhibit "A".

(b) Class A Restrictions. Class A Lots will be subject to the following restrictions:

1. Each Class A Lot will be restricted to a minimum lot size of ten thousand five hundred (10,500) square feet per Lot and a minimum Detached Dwelling Unit size of two thousand eight hundred (2,800) livable square feet; and

2. Each Class A Lot will have side yards on each side of a Detached Dwelling Unit having an aggregate side yard setback of not less than seventeen (17) feet so long as the minimum side yard setback for any side is not less than seven (7) feet.

(c) Class B Restrictions. Class B Lots will be subject to the following restrictions:

1. Each Class B Lot will be restricted to a minimum lot size of ten thousand five hundred (10,500) square feet per Lot, except for Lots 11 through 18, inclusive, which will be restricted to a minimum lot size of twelve thousand two hundred eighty (12,280) square feet per Lot;

2. Each Detached Dwelling Unit located on a Class B Lot will be restricted to a minimum Detached Dwelling Unit size of two thousand eight hundred (2,800) livable square feet, except for Lots 11-18, inclusive, which will be restricted to a minimum Detached Dwelling Unit size of two thousand nine hundred (2,900) livable square feet;

3. Class B Lots will have the following side yard setback requirements: (i) for Lots 50, 51, and 11 through 18, inclusive, a ten (10) foot minimum side yard setback on each side of a Detached Dwelling Unit; (ii) for Lots 52-57, and a fifteen (15) foot minimum side yard setback on each side of a detached Dwelling Unit; and (iii) for Lots 49, 1-2 and 58 through 63, inclusive, an aggregate side yard setback of not less than seventeen (17) feet so long as the minimum side yard setback for any side is not less than seven (7) feet; and

4. All Detached Dwelling Units constructed on Class B Lots will be limited to one story and, except for chimneys, flues, vents, or flagpoles, will be no greater than twenty-five (25) feet in height, as measured from the Finish Floor Elevations, as defined in Paragraph 5 below.

(d) Class C Restrictions. Class C Lots will be subject to the following restrictions:

1. Each Class C Lot will be restricted to the following minimum lot size: (i) Lots 47, 48, and 10, a minimum lot size of seventeen thousand five hundred (17,500) square feet per Lot and a minimum Detached Dwelling Unit size of two thousand nine hundred (2,900) livable square feet; and (ii) Lots 3 through 9, inclusive, a minimum lot size of twenty-one thousand (21,000) square feet per Lot and a minimum Detached Dwelling Unit size of three thousand two hundred (3,200) livable square feet;

2. Each Class C Lot will have a fifteen (15) foot minimum side yard setback on each side of a Detached Dwelling Unit; and

3. All Detached Dwelling Units constructed on Class C Lots will be limited to one (1) story and, except for chimneys, flues, vents, or flagpoles, will be no greater than twenty-five (25) feet in height, as measured from the Finish Floor Elevations, as defined in Paragraph 5 below,

(e) Restrictions Common to All Lots. All Lots, regardless of class, shall be subject to the following restrictions: (i) no contiguous Lots that share a common side boundary will contain identical front setbacks; (ii) no Detached Dwelling Units constructed on contiguous Lots that share a common side boundary will be constructed with the same front Elevations; (iii) no Detached Dwelling Unit may be constructed on a Lot that has the same front Elevation as a Detached Dwelling Unit constructed on the Lot most directly across a linear street. This restriction does not apply to Detached Dwelling Units located on Lots within a cul-de-sac; (iv) as used with respect to Class B Lots and Class C Lots, the term "Finish Floor Elevations" means the elevation of the finished floor of a Detached Dwelling Unit located on a Lot, as shown on the Rancho Verde Plat; and (v) the term "Elevation" means the architectural and landscape design of the front of the Detached Dwelling Unit.

8.27 Mailboxes. Except when originally installed by the Declarant no mailboxes, mail posts, or similar items for the receipt of mail will be installed, constructed, or placed on a Lot unless the location, design, height, color, type, and shape are approved by the Architectural Committee.

8.28 Declarant's Exemption. Nothing contained in this Declaration will be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, of model homes, structures, improvements, Construction trailers, or signs necessary or convenient to the construction, development, identification, sale, or lease of Lots or other property within the Project.

ARTICLE IX

ARCHITECTURAL CONTROL

9.1 Architectural Approval. No Ancillary Unit may be constructed or maintained on a Lot, and no exterior addition, change, or alteration may be made to any Detached Dwelling Unit or approved Ancillary Unit located on a Lot until all plans and specifications are submitted to and approved in writing by the Architectural Committee. All plans and specifications submitted to the Architectural

Committee must show the nature, type, size, style, color, shape, height, location, materials, floor plan, approximate cost, and other material attributes. All plans and specifications will be reviewed by the Architectural Committee for harmony and compatibility of external design and location in relation to surrounding structures, landscaping, topography, and views from neighboring Lots. Without limiting the generality of the preceding sentence, the prior approval of the Architectural Committee also will be necessary for all landscaping installed by the Owner under Section 5,5, all roof mounted equipment of the type described in Section 8.6, and all window coverings of the type described in Section 8.12 above. Landscaping plans must be submitted at the same time as the house plans to the Architectural Committee. Unless a different time period is specified in this Declaration, in the event the Architectural Committee fails to approve or disapprove the plans and specifications within thirty (30) days after complete and legible copies of the plans and specifications have been submitted to the Association, the application will be deemed approved. All decisions of the Architectural Committee will be final. All approvals of the Architectural Committee are intended to be in addition to, and not in lieu of any required municipal or county approvals or permits, and Owner is solely responsible to ensure conformity with municipal and county building codes and building permits, if applicable. A fee of Five Hundred Dollars and No/100 ($500.00) will be paid by Owner at the time of submittal. This fee may be changed from time to time by the Board of Directors.

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

9.3 Architectural Committee Rules. The Architectural Committee, by unanimous vote or unanimous written consent, may adopt, amend, and repeal rules and regulations regarding the procedures for the Architectural Committee approval and the architectural style, nature, kind, shape, height, materials, exterior colors, surface texture, and location of any improvement on a Lot. These rules and regulations will be called the Architectural Committee Rules. The Architectural Committee Rules will not be interpreted in a manner that is inconsistent with the Declaration, the Articles, the Bylaws, or the Plat, and, upon adoption, the Architectural Committee Rules will have the same force and effect as if they were set forth in full and were part of this Declaration.

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

ARTICLE X

CREATION OF EASEMENTS

10.1 Public Utility Easements. Declarant grants and creates a permanent and non-exclusive easement upon, across, over, and under those portions of the Lots and Common Area depicted and described on the Plat as a public utility easement or p.u.e. for the installation and maintenance of

utilities servicing the Project, including electricity, telephone, water, gas, cable television, drainage facilities, sanitary sewer, or other utility lines. All public utility easements depicted and described on the Plat may be used by the provider utility company and municipality without the necessity of any additional recorded easement instrument. While it holds a Class B membership, the Declarant may permit, through a recorded instrument, any person to use the public utility easement for the installation and maintenance of utilities servicing any neighboring property. The public utility easement described in this Section 10.1 will not affect the validity of any other recorded easements affecting the Project, and the term of this public utility easement will be perpetual. All utilities and utility lines will be placed underground, but no provision of this Declaration will be deemed to forbid the use of temporary power or telephone structures incident to the construction of buildings or structures as needed by the Declarant. Public or private sidewalks may be located in the public utility easements.

10.2 Temporary Construction Easements. During the period of Declarant's construction activities within the Project, Declarant reserves a non-exclusive easement for the benefit of itself and its agents, employees, and independent contractors on, over, and under those portions of the Common Area and the Lots that are not owned by the Declarant but that are reasonably necessary to construct improvements on the Common Area or on any adjoining Lots owned by the Declarant. This temporary construction easement will terminate automatically upon Declarant's completion of all construction activities at the Project. In no event will this temporary construction easement be deemed to affect any portion of a Lot upon which a Detached Dwelling Unit, permitted Ancillary Unit, or pool is located. In utilizing this temporary construction easement, Declarant will not be liable or responsible for any damage to any landscaping or improvements located within the temporary construction easement; however, Declarant will use (and cause its agents, employees, and independent contractors to use) reasonable care to avoid damage to any landscaping or improvements.

10.3 Easement for Encroachments. Without limitation of the easement created under Section 7.2 above, each Lot and the Common Area will be subject to a reciprocal and appurtenant easement benefiting and burdening, respectively, the Lot or Common Area for minor encroachments created by construction, settling, and overhangs as originally designed or constructed by Declarant. This easement is a valid easement and will remain in existence for so long as any encroachment of the type described in the proceeding sentence exists and will survive the termination of the Declaration or other Project Documents, This easement is non-exclusive of other validly created easements. This easement for encroachments and maintenance is reserved by Declarant by virtue of the recordation of this Declaration for the benefit of the encroaching Lot and its Owner or the Association, as applicable.

10.4 Easements for Ingress and Egress. A perpetual and non-exclusive easement for pedestrian ingress and egress is created and reserved by Declarant for the benefit of the Declarant and all Owners over, through, and across sidewalks, paths, recreation trails, walks, and lanes that from time to time may be constructed within the Project. Additionally, a perpetual and non-exclusive easement for vehicular ingress and egress is created and reserved by Declarant for the benefit of the Declarant and all Owners over and across any Common Area, sidewalks, or easements that may be located between the driveway of a Lot and any public or private street within the Project. The right of access described in this Section 10.4 is and will remain at all times an unrestricted right of ingress and egress.

10.5 Water Easement. Without limiting any other provision of this Declaration or the Plat, Declarant grants to the City of Scottsdale a permanent, non-exclusive, and blanket easement on,

under, and across the Property for the purpose of installing, repairing, reading, and replacing water meter boxes. In no event will this permanent easement be deemed to affect any portion of a Lot upon which a Detached Dwelling Unit or permitted Ancillary Unit is located.

10.6 Drainage Easement. Declarant grants to and for the benefit of the City of Scottsdale and the Association a perpetual and non-exclusive easement in, through, across, and under the surface of the Drainage Tracts for the purpose of delivering, storing, and accepting storm water to and from the Project and installing, maintaining, and repairing underground drainage pipes, lines, drains, and other drainage facilities (together with the right to ingress and egress to perform the installation, maintenance, or repair). No buildings or similar structures may be erected on the Drainage Tracts. Any landscaping that may be planted in the Drainage Tracts must be planted so as to not materially impede the flow of water into, through, over, or under the Drainage Tracts. All landscaping installed in the Drainage Tracts will be maintained by the Association.

10.7 Sewer Easement. Declarant grants to the City of Scottsdale a non-exclusive easement for the installation, maintenance, and repair of sewer lines and sewage facilities under Rancho Verde. This easement will be perpetual unless and until abandoned by resolution of the City of Scottsdale.

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

10.9 Visibility Easement. Declarant grants to the City of Scottsdale a non- exclusive restricted visibility easement on and over those specific areas of those Lots indicated on the Plat. All structures and landscaping that are located within this restricted visibility easement will have at all times a height no greater than three (3) feet higher than the highest elevation of any adjoining streets. This easement will be perpetual unless and until abandoned by resolution of the City of Scottsdale.

ARTICLE XI

GENERAL PROVISIONS

11.1 Enforcement. The Association, in the first instance, or any Owner, if the Association fails to act within a reasonable time, will have the right to enforce by any proceeding at law or in equity all covenants and restrictions now or in the future imposed by the provisions of this Declaration or the other Project Documents. Failure of the Association or any Owner to enforce any covenant and reservation in this Declaration or in the other Project Documents will not be deemed a waiver of the right of the Association or any Owner to enforce the covenant or restriction in the future for the same or similar violation. A failure by the Association to disclose or to accurately disclose any of the matters required under A.R.S. §33-1806.A.4., A.5, or A.6 will not act as a defense to the enforcement of the Project Documents by any Owner for those matters. No act or omission by the Declarant, whether in its capacity as a Member of the Association or as a seller or builder of any Lot, will act as a waiver, offset, or defense to the enforcement of this Declaration by the Association or any Owner. Deeds of conveyance of all or any

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

11.2 General Provisions on Condemnation. If an entire Lot is acquired by eminent domain or if part of a Lot is taken by eminent domain leaving the Owner with a remnant that may not be used practically for the purposes permitted by this Declaration (both instances being collectively referred to as a "condemnation" of the entire Lot), the award will compensate the Owner for the Owner's entire Lot and the Owner's interest in the Common Area, whether or not any Common Area interest is acquired by the condemning party. Upon the condemnation of an entire Lot, unless the condemnation decree provides otherwise, the affected Lot's entire Common Area interest, vote, and membership in the Association, and all common expense liabilities, will be automatically reallocated to the remaining Lots in the Project in proportion to the respective interests, votes, and liabilities of those Lots prior to the condemnation, and the Association will promptly prepare, execute, and record an amendment to the Declaration reflecting these reallocations. For purposes of this Section, each Owner, by acceptance of a deed for a Lot or any interest in a Lot, will be deemed to have appointed the Association, acting by and through the Board, as the Owner's attorney-in-fact for the purposes of executing and recording the above-described amendment to the Declaration. Any remnant of a Lot remaining after a condemnation under this Section 11.2 will be deemed a part of the Common Areas.

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

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

in proportion to their respective interests in the Common Area prior to the taking, as their respective interests may appear.

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

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

11.7 Amendment. This Declaration and/or the Plat may be amended as provided in this Declaration. During the first twenty (20) year term of this Declaration and except as otherwise provided in Section 11.11 and Section 12.6, amendments will be made only by a recorded instrument executed on behalf of the Association by an officer of the Association designated for that purpose or, in the absence of designation, by the President of the Association, and any amendment will be deemed adopted if approved at a duly called regular or special meeting by the affirmative vote (in person or by proxy) of seventy-five (75%) or more of the total number of eligible votes in the Association. After the initial twenty (20) year period, amendments will be made by a recorded instrument approved at a duly called regular or special meeting by the affirmative vote (in person or by proxy) of two-thirds (2/3) or more of the total number of eligible votes in the Association, and the amendment will be executed on behalf of the Association by an officer of the Association designated for the purpose or, in the absence of designation, by the President of the Association. Subject to any limitation described in Section 11.11 below, Declarant unilaterally may amend this Declaration or Plat or the other Project Documents prior to the recordation of the first deed for any Lot within the Project to an Owner other than Declarant or the recordation of a contract to sell a Lot to an Owner other than Declarant. In addition to and notwithstanding the foregoing, any amendment to the uniform rate of assessments established under Section 4.6 above will require the prior written approval of two-thirds (2/3) or more of the holders of First Mortgages on the Lots.

11.8 Government Financing. If the financing of any Institutional Guarantor is applicable to the Property, any amendment to the Declaration made by the Declarant pursuant to the last sentence of Section 11.7 and any annexation amendment made by the Declarant pursuant to Section 12.2 will contain either: (i) the approval of the Institutional Guarantor; or (ii) an affidavit that the Institutional Guarantor's approval has been requested in writing and that it has not either approved or disapproved the amendment or annexation within thirty (30) days of Declarant's request.

11.9 Construction. This Declaration will be liberally construed to effectuate its purpose of creating a uniform plan and scheme for the development of Single Family Detached Dwelling Units and Common Area with maintenance as provided in this Declaration and the other Project Documents. The provisions of this Declaration will be construed in a manner that will effectuate the inclusion of additional lots pursuant to Article XII. Section and Article headings have been inserted for convenience only and will not be considered or referred to in resolving questions of interpretation or construction. All terms and words used in this Declaration (including any defined terms), regardless of the

number and gender in which they are used, will be deemed and construed to include any other number and any other gender as the context or sense of this Declaration may require, with the same effect as if the number and words had been fully and properly written in the required number and gender. Whenever the words and symbol "and/or" are used in this Declaration, it is intended, if consistent with the context, that this Declaration be interpreted and the sentence, phrase, or other part be construed in both its conjunctive and disjunctive sense, and as having been written twice, once with the word "and" inserted, and once with the word "or" inserted, in the place of words and symbol "and/or." Any reference to this Declaration will automatically be deemed to include all amendments to this Declaration.

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

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

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

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

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

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

11.16 Construction. In the event of any discrepancies, inconsistencies, or conflicts between the provisions of this Declaration and the Articles, Bylaws, Plat, Association Rules, or Architectural Committee Rules, the provisions of this Declaration will prevail in all instances.

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

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

11.19 Attorney Fees. Without limiting the power and authority of the Association to incur and assess attorney fees as part of the creation or enforcement of any assessment, in the event an action is instituted to enforce any of the provisions contained in the Project Documents, the party prevailing in any action will be entitled to recover from the other party all reasonable attorneys' fees and court costs. In the event the Association is the prevailing party in the action, the amount of attorney fees and court costs may be deemed all or part of a special assessment against the Lot and Owner involved in the action.

11.20 Security. Each Owner understands and agrees that neither the Association (nor its officers, directors, employees, and agents) nor the Declarant (nor its officers, directors, employees, and agents) is responsible for the acts or omissions of any third parties or of any other Owner or the Owner's Permittees resulting in damages or injury to person or property. Any security measures or devices (including security guards, gates, or patrol) that may be used at the Project will commence and be maintained by the Association solely through a majority vote of the Board, and each Owner understands

that any security measures or devices that are in effect at the time he or she accepts a deed for a Lot (or otherwise becomes an "Owner") may be abandoned, terminated, or modified by a majority vote of the Board. The commencement of security devices or controls will not be deemed to be an assumption of any duty on the part of the Association or the Declarant with respect to the Project and its Owners.

11.21 Electricity. The Rancho Verde boundary of the Project is adjacent to an electric transmission line containing electrical circuits which create electromagnetic fields when current flows through a circuit. Each Owner and all of Owner's Permittees, as an express condition to residency in the Project, releases Declarant and its shareholders, officers, employees, and agents from all liability, loss, damages, and claims relating to the electric transmission line or the electromagnetic fields.

ARTICLE XII

DEVELOPMENT PLAN AND ANNEXATION

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

12.2 Annexation Without Approval. During any period of Declarant Control, additional real property may be annexed into the Project and made subject to this Declaration by Declarant without the consent of any Member or First Mortgagee, but with the approval of any Institutional Guarantor. Declarant's annexation will be evidenced by recording an amendment ("Annexation Amendment") to the Declaration signed by the Declarant that describes the new real property to be included as lots and Common area tracts, refers to this Declaration, and states that all new lots and new Common area tracts are being added or annexed into the Declaration. Upon annexation, any additional Common Area will be conveyed to the Association concurrent with the conveyance of the first Lot in the annexed phase to a Class A Member The Association will maintain all annexed Common Area, and all Owners will be assessed for the maintenance and subsequent development of any annexed Common Area as though all Lots and all Common Area then covered by the Declaration had been initially included within the Project.

12.3 Annexation With Approval. Upon the written consent or affirmative vote of at least two thirds (2/3) of the Class A Members of the Association (and further upon the written consent of the Declarants long as Declarant is a Member of the Association) or owns any portion of the Annexable Property that has not been irrevocably annexed into the Declaration), the Association may annex real property other than the Annexable Property to the provisions of this Declaration by recording in the Official Records of Maricopa County, Arizona, a "Supplemental Declaration" describing the real property

being annexed. Any Supplemental Declaration will be signed by the President and Secretary of the Association and the owner or owners of the properties being annexed, and any annexation under this Section will be effective upon its recordation.

12.4 Effect of Annexation. Except as provided in Section 12.2(g) with regard to the commencement of assessments on conditionally annexed Annexable Property, when a phase has been included (annexed) under this Declaration, the Owners of the Lots in the additional phase will have the same rights, duties, and obligations (including the obligation to pay assessments) under this Declaration as the Owners of Lots in the first phase (i.e., the Lots initially covered by this Declaration) and vice versa.

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

12.6 Amendment. This Article XII will not be amended without the written consent of Declarant so long as the Declarant owns any Lot or any portion of the Annexable Property.

Dated as of September 9, 1997.

"Declarant"

RANCHO VERDE, L.L.C.
an Arizona Limited Liability Company

By: _____
Its: Member

STATE OF ARIZONA)
) SS.
County of Maricopa)

OFFICIAL SEAL
SUSAN MAUL
Notary Public - Arizona
MARICOPA COUNTY
My Commission Expires
March 10, 2001

The foregoing instrument was acknowledged before me this 9 day of September 1999, by Jon James, the Member of Rancho Verde, LLC who executed the foregoing on behalf of the corporation, being authorized so to do for the purposes therein contained

Susan Maul
Notary Public

My Commission Expires:

3-10-2001

EXHIBIT "A"
TO
DECLARATION OF HOMEOWNERS BENEFITS
AND
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR

(legal description)

Lots 1 through 63, inclusive, and Tracts 1 through 63, Rancho Verde, according to the plat of record as shown in Book 447 of Maps, Page 44, Official Records of Maricopa County, Arizona.

WHEN RECORDED, RETURN TO:

Rancho Verde, L.L.C.
8035 North 85th Way
Scottsdale, AZ 85258

OFFICIA
MARICOPA COUNTY RECORDER
HELEN PURCELL
97-0672462 09/26/97 04:51
CATHY 154 OF 157

(for recording information only)

26-9244

COVENANTS, CONDITIONS AND RESTRICTIONS AGREEMENT

THIS COVENANTS, CONDITIONS AND RESTRICTIONS AGREEMENT (the "Agreement") is made and entered into as of the 25th day of September, 1997, by and between **RANCHO VERDE, L.L.C.,** an Arizona limited liability company (hereinafter referred to as "Developer"), and **CHRISTOPHER A. TRAETTINO**, an unmarried man ("Purchaser").

RECITALS:

A. Developer is the owner of that certain real property known as RANCHO VERDE, per plat recorded in Book 447 of Maps, Page 44 (the "Rancho Verde Subdivision", the subdivided lots from time to time located therein referred to as the "Lots").

B. Purchaser is the owner of, and acquired from Developer, that certain real property adjacent to Rancho Verde Subdivision described on EXHIBIT "A" attached hereto and made a part hereof (referred to, together with any rights or other properties from time to time appurtenant thereto, including any adjacent property from time to time conveyed by Developer to Purchaser pursuant to the terms of that Special Warranty Deed by which Purchaser initially acquired such property from Developer, as the "Exception Parcel").

C. By reason of the proximity of Exception Parcel to the Rancho Verde Subdivision, Developer, and other persons or entities from time to time owning all or any portion of the Rancho Verde Subdivision, have a substantial interest in the use and maintenance of the Exception Parcel.

NOW, THEREFORE, the Developer and Purchaser, as present owners of the Rancho Verde Subdivision and Exception Parcel, and for the purposes above set forth, declare as follows:

1. **Declaration.** Developer and Purchaser hereby declare and agree that the Rancho Verde Subdivision and Exception Parcel shall be owned, held, conveyed, transferred, sold, leased, mortgaged, encumbered, occupied, used and improved subject to the terms and

conditions of this Agreement and that the covenants, conditions and restrictions contained in this Agreement shall constitute covenants and conditions running with the land and shall be binding upon and inure to the benefit of Developer, Purchaser, each owner of all or any portion of the Rancho Verde Subdivision or Exception Parcel, and their respective heirs, devisees, personal representatives, successors and assigns.

2. **Definitions.** The following words and phrases, when used in this Agreement, shall have the following meanings:

(a) "Visible From Neighboring Property" means, with respect to any given Improvement, that such Improvement is or would be visible to a natural person six feet (6') tall, standing at ground level on any Lot or other part (including common areas or streets) within the Rancho Verde Subdivision.

(b) "Improvement" means any residence, building, fence, wall or other structure or any swimming pool, road, driveway, parking area or any trees, plants, shrubs, grass or other landscaping improvements of every type and kind.

3. **Maintenance.** Purchaser shall maintain the Exception Parcel and all buildings, landscaping and other improvements situated thereon in good condition and repair at all times. All grass, hedges, shrubbery, vines, trees and plants of any type from time to time located on the Exception Parcel shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind. No yard equipment, wood piles or storage areas may be maintained so as to be Visible From Neighboring Property.

4. **Architectural and Landscape Control.** No Improvement which would be Visible From Neighboring Property, and no change, addition, alteration, repair or other work which in any way alters the exterior appearance of any part of the Exception Parcel or any Improvements located thereon which are Visible From Neighboring Property, including but not limited to changes in the height of walls or fences, changes in the exterior appearance and colors of the Residence (defined below) and other Improvements on the Exception Parcel, changes in the landscaping on the Exception Parcel, changes that would increase the height of the Residence above its as-constructed height and roof configuration as of the date of this Agreement, and changes to add a second story addition to the Residence, shall be constructed or installed on any part of Exception Parcel without the prior written approval of Developer or, if so designated by Developer, the architectural or design review committee, or Board of Directors, of the Rancho Verde Homeowners Association (the "Association").

5. **Use Restrictions.**

5.1 The Exception Parcel shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on or from the Exception Parcel or any portion thereof, including the residence situated thereon (the "Residence"), except that an owner or other occupant of the Residence on the Exception Parcel may conduct a

business activity within the Residence so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residence; (ii) the business activity conforms to all applicable zoning ordinances or requirements; (iii) the business activity does not involve persons coming on to the Exception Parcel; and (iv) the business activity is consistent with the residential character of the Rancho Verde Subdivision and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of the owners and occupants in the Rancho Verde Subdivision. The terms " business" and "trade" as used in this Section 5.1 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 other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether; (1) such activity is engaged in full or part time; (2) such activity is intended or does generate a profit; or (3) a license is required for such activity. The leasing of the Residence for residential use purposes shall not be considered a trade or business within the meaning of this Section 5.1.

5.2 No condition shall be permitted to exist or operate upon the Exception Parcel so as to be offensive or detrimental to any Lot or the Common Areas of the Rancho Verde Subdivision, or to any owner or occupant of a Lot within the Rancho Verde Subdivision. Purchaser shall not permit anything to be done or kept on the Exception Parcel which will obstruct or interfere with the rights or occupancy of any owner of a Lot of the Rancho Verde Subdivision, or other persons entitled to the use and enjoyment of the Common Areas of Rancho Verde Subdivision, or annoy them by unreasonable noise or otherwise. Normal construction activities and parking in connection with the building of Improvements on the Exception Parcel shall not be considered a nuisance or otherwise prohibited by this Agreement but the Exception Parcel shall be kept in a neat and tidy condition during construction periods and trash and debris shall not be permitted to accumulate. Purchaser shall not permit any thing or condition to exist upon the Exception Parcel which shall induce, breed or harbor infectious plant diseases or noxious insects.

5.3 No antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation (including without limitation, satellite or microwave dishes) shall be erected, used, or maintained on the Exception Parcel so as to be Visible From Neighboring Property.

5.4 No reflective roofing materials will be used on any portion of the roof of the Residence or other Improvements on the Exception Parcel.

5.5 No rubbish, debris, garbage or trash shall be placed or kept on the Exception Parcel except in covered containers of a type, size and style which are issued by the City of Scottsdale. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then only for the shortest time reasonably necessary to effect such collection. All rubbish, trash, or garbage shall be removed from the Exception Parcel and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on the Exception Parcel.

5.6 No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on the Exception Parcel so as to be Visible From Neighboring Property.

5.7 Purchaser shall not permit anything to be done or kept on the Exception Parcel which will result in the violation of any law.

5.8 No sign of any kind (except one (1) ground mounted "For Sale" or "For Rent" sign) shall be installed, constructed or displayed on the Exception Parcel so as to be Visible From Neighboring Property, except such signs as may be required by legal proceedings.

5.9 No animals, including horses or other domestic farm animals, fowl or poisonous reptiles of any kind may be kept, bred or maintained on the Exception Parcel, except a reasonable number of commonly accepted household pets (excluding in any event horses, and farm animals), in accordance with the rules and regulations as from time to time adopted by the Association. No animals shall be kept, bred or raised within the Exception Parcel for commercial purposes.

5.10 No boats, trailers, buses, motor homes (RVs), campers or other vehicles shall be parked or stored in or upon the Exception Parcel except within an enclosed garage (except that a motor home or camper may be parked in the driveway in front of or on the side of the Exception Parcel); (b) no vehicle shall be repaired, serviced or rebuilt on the Exception Parcel; and (c) nothing shall be parked on the public or private roads providing legal access to the Property.

5.11 No spotlights, flood lights, or other high intensity lighting shall be placed or utilized upon the Exception Parcel, which in any manner will allow light to be directed or reflected on the common areas, or any part thereof, or any Lot within the Rancho Verde Subdivision.

5.12 Without limiting any other provision in this Section 5, Purchaser shall maintain and keep the Exception Parcel at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by owners of Lots within the Rancho Verde Subdivision or the common areas of the Rancho Verde Subdivision.

5.13 Other than barbecues or grills and fires in firepits, no open fires shall be permitted on the Exception Parcel.

5.14 The Exception Parcel shall not be further divided or subdivided.

6. **Common Walls.**

6.1 Each wall which is placed on the dividing line between the Exception Parcel and Lots 10, 11, 27, 28, 46, 47 and Tract B within Rancho Verde Subdivision shall constitute a party wall. With respect to any such wall, each of the adjoining owners (Purchaser as to the Exception Parcel, and owners of the referenced Lots and Tract within Rancho Verde Subdivision) shall assume the burden and be entitled to the benefit of this Section 6, and to the extent not inconsistent with this Section 6, the general rules of law regarding party walls shall be applied.

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

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

6.4 The right of any owner to contribution from any other owner under this Agreement shall be appurtenant to the land and shall pass to such owners and their successors in title.

6.5 In addition to meeting the requirements of building code or similar regulations or ordinances, any owner proposing to modify, make additions to or rebuild a party wall, shall first obtain the written consent of the adjoining owner; provided, the foregoing shall not limit the rights of an owner to paint, stucco or otherwise alter, in a non-structural manner, the appearance of any party wall to the extent facing such owner's property and not generally visible from adjoining owners' property.

6.6 No structural change in or material alteration of or addition to a party wall shall be made without the approval of all adjoining owners thereto (with Purchaser acknowledging initial changes and additions to such wall by Developer have been authorized pursuant to Easement Agreement between Developer and Purchaser of even date, and recorded concurrently with, this Agreement).

6.7 Any dispute between owners with respect to the repair or the rebuilding of a party wall or sharing of the cost thereof, shall be settled by arbitration in the City of Phoenix, Arizona, in accordance with the Commercial Arbitration Rules of, and before an arbitrator appointed by the American Arbitration Association ("AAA") in effect at the time the dispute arises. Any conflict between the Rules and the provisions of this Agreement shall be resolved in favor of this Agreement.

(a) Any disputes that arise as to the admissibility of evidence will be resolved by the arbitrator or arbitrators in the sound administration of justice. Strict conformity with the formal Rules of Evidence will not be required. The arbitrator may, in his own discretion, confer with any party or person and otherwise conduct his investigation outside the hearing process for the purpose of obtaining additional evidence.

(b) The arbitrator shall have no authority to add to, subtract from or otherwise modify the terms of this Agreement.

(c) Any party to the arbitration may be represented by counsel. The arbitrator shall have thirty (30) days after adjournment of the hearing to render an award. Witness expenses shall be paid by the party producing the witness. The arbitrator's fees and expenses, including required travel and per diem costs, and the costs of any evidence or proof produced at the arbitrator's discretion are apportionable and shall be borne as determined by the arbitrator.

(d) All decisions of the arbitrator made in accordance with this Section 6 shall be final, valid, irrevocable and conclusively binding on the parties. Judgment upon any award rendered by the arbitrator may be entered in any court having jurisdiction.

6.7 The provisions of this Section 6 shall be binding upon the heirs, devisees, personal representatives, successors and assigns of the owner of any Lot within the Rancho Verde Subdivision and the owner(s) of the Exception Parcel, but no person shall be liable for any act or omission respecting the party wall except such as took place while he was an owner.

7. Remedies. The Developer, the Association, Purchaser or any owner of a Lot within the Rancho Verde Subdivision shall have the right to enforce this Agreement in any manner provided for in this Agreement or by law or in equity, including but not limited to, an action to obtain an injunction to compel removal of any Improvements constructed on the Exception Parcel in violation of this Agreement or to otherwise compel compliance with this Agreement. The failure of any such person or entity to take enforcement action with respect to a violation of this Agreement shall not constitute or be deemed a waiver of the right of the such person or entity to enforce this Agreement in the future. If any lawsuit is filed to enforce the provisions of this Agreement or in any other manner arising out of this Agreement, the prevailing party in such action shall be entitled to recover from the non-prevailing party all attorneys' fees and costs incurred by the prevailing party in the action.

8. General Provisions.

8.1 Term. The covenants, conditions, restrictions and agreements contained in this Agreement and the easements granted herein shall continue in perpetuity, or until terminated or modified in writing pursuant to the provisions of Section 8.2.

8.2 Amendment. This Agreement may be modified or terminated at

any time by the unanimous written consent of: (a) either the Association or the owners of all of the Rancho Verde Subdivision; and (b) the owner(s) of the Exception Parcel, and recording such modification or termination in the official records of Maricopa County, Arizona. Amendment of the Plat for Rancho Verde Subdivision shall not require any consent or joinder by Purchaser or other owners of the Exception Parcel.

8.3 Notices. Notices provided for in this Agreement shall be in writing and shall be addressed to the parties at the addresses set forth below. The parties may designate a different address or addresses for notice by giving written notice of such change of address to the other party. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgment of the receipt thereof.

8.4 Captions and Exhibits; Construction; Recordings. Captions given to various sections in this Agreement are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various Exhibits referred to herein are incorporated as though fully set forth where such reference is made. Recordation references are to the Office of the Maricopa County Recorder, Arizona.

8.5 Severability. If any provision of this Agreement is held invalid, the validity of the remainder of this Agreement shall be construed as if such invalid part were never included therein.

IN WITNESS WHEREOF, Developer and Purchaser have caused this Agreement to be executed as of the day and year first above written.

DEVELOPER:

RANCHO VERDE, L.L.C., an Arizona limited liability company

By: Harbor Shores Development, Inc., an Arizona corporation, Its Member

By: B. B

Print Name: W.K. Brent Brodeur

Its: President

Address: 8035 North 85th Way
Scottsdale, Arizona 85258

PURCHASER:

Christopher A. Traettino

Address: 11616 Walapai Circle
Fountain Hills, AZ
85268

STATE OF ARIZONA)
:ss
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 25th day of Sept, 1997, by W. K. Brent Broaderip, the President of Harbor Shores Development, Inc., an Arizona corporation, ADMINISTRATIVE Member of RANCHO VERDE, L.L.C., an Arizona limited liability company, on behalf of the corporation on behalf of the limited liability company.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Christie Turley
Notary Public

My Commission Expires:

OFFICIAL SEAL
CHRISTIE TURLEY
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires March 10, 1999

STATE OF ARIZONA)
:ss
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 24th day of Sept, 1997, by CHRISTOPHER A. TRAETTINO.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Christie Turley
Notary Public

My Commission Expires:

OFFICIAL SEAL
CHRISTIE TURLEY
NOTARY PUBLIC-ARIZONA
MARICOPA COUNTY
My Comm. Expires March 10, 1999

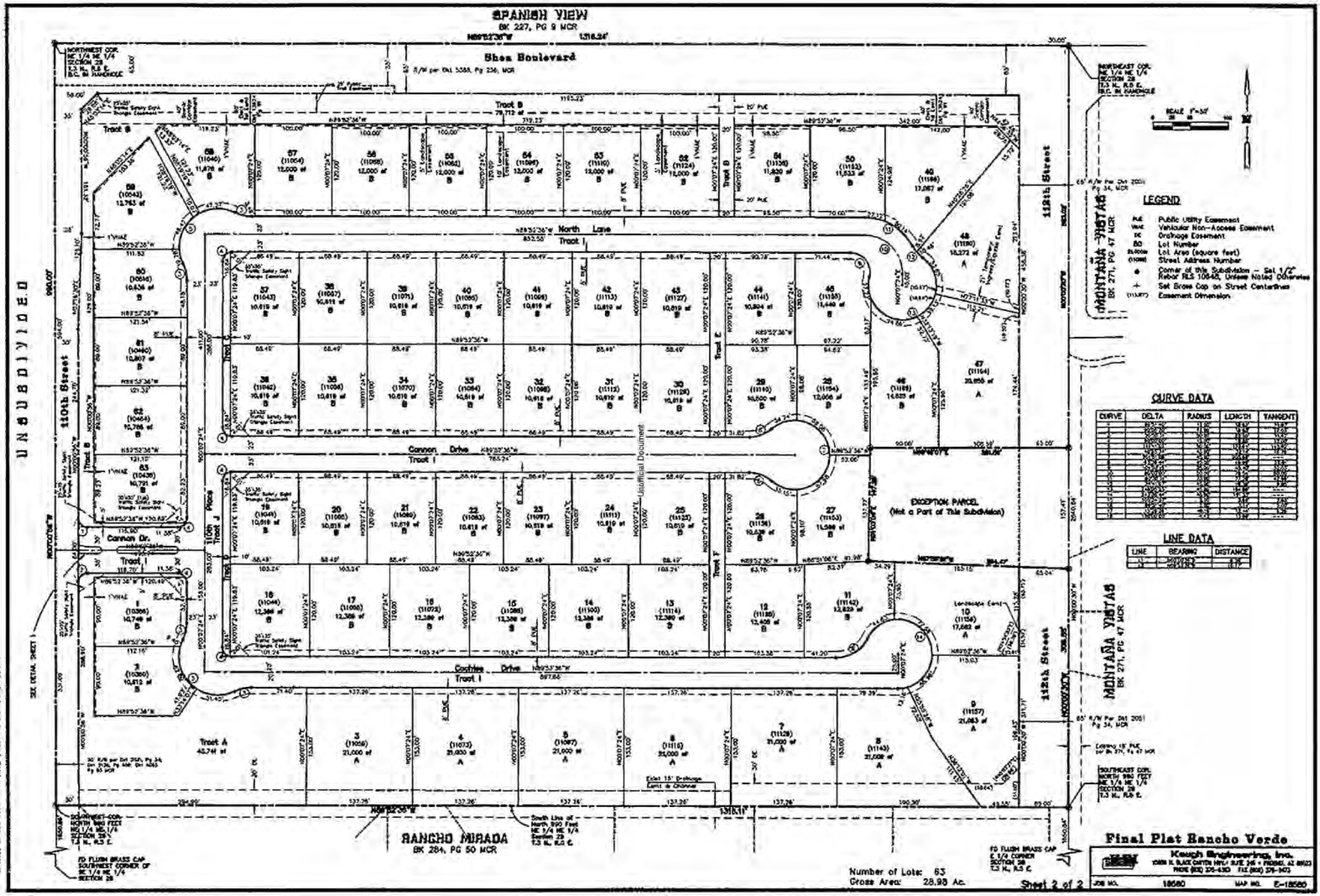

SPANISH VIEW
BK 227, PG 9 MCR
Shea Boulevard
North Lane
Cannon Drive
Cochise Drive
110th Street
110th Place
112th Street
UNSUBDIVIDED
RANCHO MIRADA
BK 284, PG 50 MCR
MONTAÑA VISTAS
BK 271, PG 47 MCR
EXCEPTION PARCEL
(Not a Part of This Subdivision)
Tract A
45.74± ac
Tract B
78,712 sf
Tract C
Tract D
Tract E
Tract F
Tract I
Tract J
LEGEND
CURVE DATA
LINE DATA
Unofficial Document
Final Plat Rancho Verde
Kaugh Engineering, Inc.
Number of Lots: 63
Gross Area: 28.98 Ac.
Sheet 2 of 2
JOB NO. 18580
MAP NO. E-18580

EXHIBIT "A"

That part of the Northeast quarter of Section 28, Township 3 North, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

Commencing at the Northeast corner of said Northeast quarter of Section 28;

Thence South 00 degrees 00 minutes 30 seconds East, along the East line of said Northeast quarter of Section 28, a distance of 523.03 feet to a corner of RANCHO VERDE I, according to Book 447 of Maps, page 44, records of Maricopa County, Arizona, and the Point of Beginning;

Thence South 89 degrees 48 minutes 07 seconds West, along a line of said RANCHO VERDE I, a distance of 261.59 feet to a corner of said RANCHO VERDE I;

Thence South 01 degrees 03 minutes 04 seconds West, along a line of said RANCHO VERDE I, a distance of 147.28 feet to a corner of said RANCHO VERDE I;

Thence South 87 degrees 59 minutes 51 seconds East, along a line of said RANCHO VERDE I, a distance of 264.47 feet to a point on the East line of said Northeast quarter of Section 28;

Thence North 00 degrees 00 seconds 30 seconds West, along said East line, a distance of 157.40 feet to the Point of Beginning.

EXCEPT THE EAST 65 FEET.

WHEN RECORDED, RETURN TO:

Rancho Verde, L.L.C.
8035 N. 85th Way
Scottsdale, AZ 85258

OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
97-0765530 10/31/97 02:22

(for recording information only)

FIRST AMENDMENT TO DECLARATION OF HOMEOWNER BENEFITS AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO VERDE HOMEOWNER'S ASSOCIATION

(A Single Family Subdivision)

THIS FIRST AMENDMENT TO DECLARATION OF HOMEOWNER BENEFITS AND COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO VERDE HOMEOWNER'S ASSOCIATION (A Single Family Subdivision) (the "Amendment") is made this 21 day of OCTOBER, 1997, by RANCHO VERDE L.L.C., an Arizona limited liability company ("Declarant").

RECITALS:

A. A Declaration of Homeowner Benefits and Covenants, Conditions and Restrictions for Rancho Verde Homeowner's Association (A Single Family Subdivision) was recorded on September 16, 1997, at Instrument No. 97-0636228, Records of Maricopa County, Arizona (the "Declaration"), to establish a general plan of development of the development known as "Rancho Verde". All capitalized terms used herein shall have the same meaning as ascribed to such terms in the Declaration, unless otherwise defined herein.

B. Pursuant to Section 11.7 of the Declaration, prior to the recordation of the first deed for any Lot within the Project to an owner other than Declarant or the recordation of a contract to sell a Lot to an Owner other than the Declarant, Declarant unilaterally may amend the Declaration. The first deed for any Lot within the Project has not been recorded and a contract to sell a Lot to an Owner other than Declarant has not been recorded. Declarant has approved the amendments to the Declaration set forth in this Amendment.

AMENDMENT:

NOW, THEREFORE, the Declaration is amended as follows:

1. Amendment. Section 8.26(e) is hereby deleted in its entirety and the following is hereby inserted in its place and stead:

> "(e) Restrictions Common to All Lots. All Lots, regardless of class, shall be subject to the following restrictions: (i) contiguous Lots that share a common side boundary will not contain identical front setbacks; (ii) no Detached Dwelling Units constructed on contiguous Lots that share a common side boundary will be constructed with the same front Elevations; (iii) no Detached Dwelling Unit may be constructed on a Lot that has the same front Elevation as a Detached Dwelling Unit constructed on the Lot most directly across a linear street; provided, this restriction does not apply to Detached Dwelling Units located on Lots within a cul-de-sac; (iv) as used with respect to Class B Lots and Class C Lots, the term "Finish Floor Elevations" means the elevation of the finished floor of a Detached Dwelling Unit located on a Lot, as shown on the Rancho Verde Plat; (v) the term "Elevation" means the architectural and landscape design of the front of the Detached Dwelling Unit; and (vi) all Detached Dwelling Units and other improvements shall be no more than one (1) story in height (no Detached Dwelling Unit or other improvements more than one (1) story in height shall be constructed on any Lot)."

2. Miscellaneous. Except as expressly amended by this Amendment, the Declaration shall remain in full force and effect. In the event of any conflict or inconsistency between this Amendment and the Declaration, this Amendment shall control.

3. Effective Date. This Amendment shall be effective upon the recording of this Amendment in the Records of Maricopa County, Arizona.

IN WITNESS WHEREOF, Rancho Verde L.L.C., an Arizona limited liability company, has hereunto executed this Amendment as of the day and year first above written.

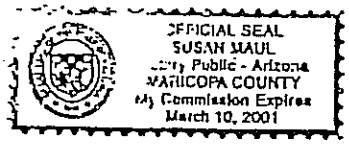
RANCHO VERDE, L.L.C., an Arizona limited liability company

By: Terrazona, L.L.C., an Arizona limited liability company, Member

By: _____

Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)



The foregoing instrument was acknowledged before me this 31st day of October, 1997, by Jon James, the Managing Member of Terrazona, L.L.C., an Arizona limited liability company, Member of RANCHO VERDE L.L.C., an Arizona limited liability company, who executed the foregoing on behalf of the limited liability company as Member, being authorized so to do for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Susan Maul
Notary Public

My Commission Expires:

3-10-2001

FINAL PLAT

FOR

RANCHO VERDE I

AN R1-18 PRD SUBDIVISION OF A PORTION OF NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 28, T 3 N, R 6-E, GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA

DEDICATION

STATE OF ARIZONA } SS
COUNTY OF MARICOPA

[illegible]

ACKNOWLEDGMENTS

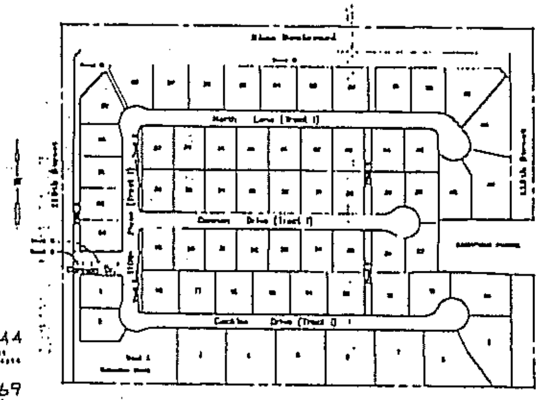
[illegible]

BASIS OF BEARINGS

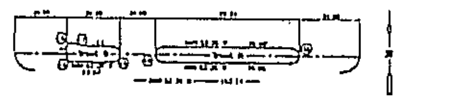
[illegible]

447 44

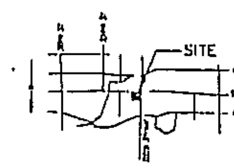
97-0557869



KEY MAP



ENTRANCE DETAIL



VICINITY MAP

TRACT TABLE

Tract A - 43,741 sf - Open Space, Landscape, Drainage Easement
Tract B - 86,332 sf - Open Space, Landscape, Drainage Easement, Public Trail Easement
Tract C - 23,347 sf - Open Space, Landscape, Drainage Easement
Tract D - 7,114 sf - Open Space, Landscape, Drainage Easement
Tract E - 4,800 sf - Landscape & Pedestrian Access Easement & PUE
Tract F - 4,800 sf - Landscape & Pedestrian Access Easement & PUE
Tract G - 766 sf - Landscape
Tract H - 844 sf - Landscape
Tract I - 182,378 sf - Private Accessway, Emergency and Service Type Vehicle Access Easement

All Tracts To Be Maintained By The Home Owners Assoc.

LEGAL DESCRIPTION

[illegible]

NOTES

[illegible]

APPROVALS

[illegible]

CERTIFICATION

[illegible]

SITE DATA

Zoning R1-18 PRD
Gross Area 28.94 Ac
Number of Lots 63

OWNER/DEVELOPER

Rancho Verde L.L.C.
2141 E Highland Ave. Suite 150
Phoenix, AZ 85016
(602) 956-2744

Final Plat Rancho Verde I

Sheet 1 of 2
Number of Lots 63
Gross Area 28.94 Ac

ORIGINAL
Keep In Base File