

WHEN RECORDED, RETURN TO:

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DECLARATION ESTABLISHING THE
SIERRA FOOTHILLS
CONDOMINIUM ASSOCIATION
AND
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION AND THESE COVENANTS, CONDITIONS AND RESTRICTIONS are made as of the date hereinafter set forth by Merchant Land Partners, LLC, an Arizona limited liability company (the "Company"), and Sierra Foothills Condominium Association, an Arizona non-profit corporation (the "Association"), and are made in reference to the following Recitals which are a material part of this Declaration.

RECITALS:

- A. The Company is the developer and fee owner of that certain real property situated in the City of Phoenix, County of Maricopa, State of Arizona, the legal description of which is more particularly described on Exhibit "C" attached hereto and incorporated herein by reference, together with all buildings, improvements and other permanent fixtures of whatsoever kind thereon, including all buildings and other improvements to be constructed thereon, and all rights and privileges belonging or pertaining thereto, and any interest in the Association.
- B. The Company intends to develop the Property, to include two (2) buildings.
- C. Declarant desires to submit the Property to a condominium plan of description and ownership pursuant to Title 33, Chapter 9, of the Arizona Revised Statutes, and upon development it will be composed of commercial condominiums to be developed and sold pursuant to this Declaration.
- D. The Association has been formed by the Company for common area management and for other purposes benefiting the entire Property and its Owners and Occupants of the Property, as hereinafter defined. The Company and the Association intend that the Owners of the Buildings and Units constructed therein shall share certain Common Elements (as hereinafter defined) and shall own undivided interests in these Common Elements. In order to provide such common area management to the Property, the Association may (a) acquire, construct, operate, manage, maintain, repair and replace a variety of common elements upon the Property; (b) establish, levy, collect and disburse assessments and other charges imposed hereunder to pay for the services described in subsection (a); and (c) administer and enforce all provisions hereof and

enforce use and other restrictions imposed on the Property, or any part thereof.

E. The Company and the Association further desire to declare and establish, for their assignees and their own benefit, and for the mutual benefit of all Owners and Occupants of the Property or any part thereof, whether present or future, certain easements and rights in, over, upon and under the Property or any part thereof, whether present or future, and certain mutually beneficial covenants, restrictions and obligations with respect to the proper use, conduct and maintenance of the Property, including, but not limited to establishing certain easements for (i) ingress and egress by vehicular and pedestrian traffic in, over and upon the Property, (ii) to establish certain public and/or private utility easements under, through and across the Property, and (iii) certain other covenants, conditions and restrictions upon the Property and all parts thereof which will constitute a general scheme for the use and enjoyment by the Owners and Occupants of the Property.

F. This Declaration provides for the management duties and rights of the Association for the common area maintenance of the Property as described herein, including the ability to make assessments in order to fulfill such obligations, and establishes the easements and restrictions governing the use and occupancy of the Property.

G. It is desirable to have covenants, conditions and restrictions binding upon the Property and each and every portion thereof and to have certain mutually beneficial restrictions and obligations with respect to the proper use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. The Company desires and intends that the Property's assignees, Owners, mortgagees, beneficiaries and trustees under trust deeds, Tenants, Occupants, permittees and all other Persons hereafter acquiring any interest in the Property or any part thereof, shall at all times enjoy the benefits of, and shall hold their interests subject to, the rights, easements, privileges and restrictions hereinafter set forth. The rights, easements, privileges and restrictions included here shall all run with the land and be binding upon the Property, the Company, and all Persons having or acquiring any right, title or interest in or to the Property, or any part thereof. All are declared to be in furtherance of a plan to promote and protect the cooperative use, conduct and maintenance of the Property, are established for the benefit of the Property and all parts thereof and for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property.

AGREEMENTS:

NOW, THEREFORE, pursuant to Title 33, Chapter 9 of the Arizona Revised Statutes, the Company and the Association hereby submit the Property to the Condominium to be known as "Sierra Foothills Condominium Association" and hereby declares that the entire Property and each part thereof shall be subject to these covenants, conditions and restrictions, and shall be held, and used subject to the following covenants, conditions, restrictions, easements and equitable servitudes. The covenants, conditions, restrictions, easements and equitable servitudes set forth in this Declaration shall run with the land, shall be binding upon all Persons having or acquiring any right, title or interest in the Property, or any part thereof, and shall inure to the benefit of the Property, and each portion thereof, and any interest therein, and shall inure to the benefit of and be binding upon any assignee and successor in interest of the Company or the

Association and each Owner and Occupant and may be enforced by Company, by any Owner or Occupant, or their assignees and/or successors in interest, or by the Association (as herein defined). The Property is also part of and subject to the control of the Foothills Community Association (the "Master Association"). This Declaration is subject and subordinate to the provisions of the Master Association's Declaration, Articles, Bylaws, Association and Architectural Rules.

ARTICLE 1
DEFINITIONS

As used herein, unless the context otherwise requires, the following terms shall have the following definitions:

- 1.1 "Abutting Highways" means any road, street, avenue, highway or other public way accommodating vehicular or pedestrian traffic, or both, situated adjacent and contiguous to the Property including, but not limited to Desert Foothills Parkway, or any future roadway constructed in close proximity thereto, in the City of Phoenix, Arizona.
- 1.2 "Act" means the Arizona Condominium Act, Title 33, Chapter 9 of the Arizona Revised Statutes.
- 1.3 "Allocated Interests" means undivided interests in the Common Elements, the Common Expense Liability, and votes in the Association allocated to each Owner as more particularly set forth in paragraph 3.5.
- 1.4 "Articles" or "Articles of Incorporation" means the Articles of Incorporation of the Association, as the same may be amended from time to time.
- 1.5 "Assessment" includes the Annual, Special and Supplemental Assessments, as defined in Article 8.
- 1.6 "Association" means Sierra Foothills Condominium Association, an Arizona non-profit corporation, its successors and assigns, formed or to be formed to administer, exercise and enforce the Covenants, Restrictions and Conditions and any documents related thereto, and to exercise the rights, powers and duties set forth therein and the applicable provisions in the Act.
- 1.7 "Association Rules" means the rules and regulations adopted by Board pursuant to Article 7, as such rules and regulations may be amended from time to time.
- 1.8 "Board" or "Board of Directors" means the Board of Directors of the Association.
- 1.9 "Building" means the office building structures designated as Building(s) on the Project Plat.
- 1.10 "Building A" means the office building, commonly known as "Building A" described on Exhibit "A" attached hereto.

1.11 "Building B" means the office building, commonly known as "Building B" described on Exhibit "B" attached hereto.

1.12 "Business Use" shall be construed to have its ordinary, generally accepted meaning and shall include 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: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor. The leasing of an Owner's own Building or Unit shall not be considered a trade or business.

1.13 "Bylaws" means the Bylaws of the Association required by the Act, as the same may be amended from time to time.

1.14 "City" means the City of Phoenix, Arizona.

1.15 "Common Elements" means all of those portions of the Property or Condominium not included within the description of any Units. The Common Elements are more particularly described and shown on the Project Plat, as amended, and as follows: all real and personal property and easements which the Association owns, leases or otherwise holds possessory or use rights in and for the common use and enjoyment of the Owners, including, without limitation, parking areas; driveways; landscaped areas; together with all "Common Elements" of any of the Buildings, as that term is defined in Arizona Revised Statutes ("A.R.S.") §33-1202(7), including, without limitation, foyer areas; mechanical and maintenance rooms; common storage areas; public restrooms; corridors and stairways (interior and exterior), windows, easements, roof and utility and mechanical facilities such as plumbing, electrical, lighting, heating and air conditioning servicing the public areas and all other shared portions of the Property and Buildings. The Common Elements are more particularly described and shown on the Project Plat.

1.16 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocation for reserves. Common Expenses shall also include, without limitation, the following: rental charges for or the costs of acquisition of maintenance equipment; all premiums for insurance required to be carried; real estate taxes or assessments on any portion of the Common Elements; all personal property taxes levied or assessed on equipment, fixtures and other personal property which are located on or used in connection with the maintenance of the Common Elements; all costs of cleaning, collection, storage and removal of rubbish, dirt and debris from the Common Elements; all costs of water to the Common Areas and the Units, provided, however, the Board reserves the right to require a Unit Owner to obtain and pay for a separate water meter and pay for its own water consumption, with no adjustment to that Unit's Assessment, if the Association determines that the Unit Owner consumes an inordinate amount of water in comparison to the average consumption of the other Units, all costs of landscaping maintenance and supplies; all charges for utilities services, together with all costs of maintenance of lighting fixtures and other utilities, equipment and fixtures; assessments of the Master Association; all debt service and carrying costs for capital improvements or purchases which are financed; all costs associated with cleaning, sweeping, striping, repairing, and resurfacing the parking areas; license, permit and inspection fees; professional fees,

including fees for legal and accounting services rendered by independent contractors and directly related to effectuation of the covenants, conditions and restrictions herein set forth; costs of services of independent contractors retained by the Declarant to perform duties related to the maintenance and operation of the Common Elements, including charges for restriping and/or re-asphalting the relevant portions of the Common Elements as and when reasonably necessary; costs of supplies; all reasonable and necessary costs of compensation (including employment taxes and fringe benefits) of all persons employed to perform regular and recurring duties in connection with the day-to-day operation, maintenance and repair of the Common Elements; and all other reasonable and necessary costs required to be incurred in order to fully satisfy the maintenance and repair obligations. Common Expenses shall be determined in accordance with generally accepted accounting principles consistently applied. The real property taxes assessed against each Unit shall not be Common Expenses; however, until the Maricopa County Assessor separately allocates real estate taxes among the Units, the Board shall allocate such taxes among the Unit Owners in the same proportion as their interest in the Common Elements and require payment of each Unit Owner's share together with Assessments.

1.17 "Common Expense Liability" means the liability for Common Expenses allocated to each Owner.

1.18 "Company" means Merchant Land Partners, LLC, an Arizona limited liability company.

1.19 "Condominium" means a condominium project created pursuant to the Act, including Condominium Units and Common Elements, and such term in general shall have the same meaning as set forth in A.R.S. §33-1202(10) as it relates to the Condominium hereby created.

1.20 "Condominium Documents" means the Declaration, Bylaws, Articles of Incorporation, and Rules, if any, comprising the Property developed as a Condominium project pursuant to the Act.

1.21 "Declarant" means the Company and the Association, or their successors and assigns, who reserve, are granted, or succeed to any Special Declarant Rights pursuant to this Declaration or the Act.

1.22 "Declaration" means this Declaration Establishing the Sierra Foothills Condominium Association and Declaration of Covenants, Conditions and Restrictions, as the same may be amended from time to time.

1.23 "Development Rights" means any right or combination of rights reserved by or granted to a Declarant in this Declaration to do any of those things as described and set forth in A.R.S. §33-1202(14).

1.24 "First Mortgage" means any mortgage or deed of trust on any Building or Unit with first priority over any other mortgage or deed of trust upon the same property.

1.25 "First Mortgagee" means the holder of any First Mortgage.

- 1.26 "Lease" means any agreement for the leasing or rental of any Unit, or a portion thereof, and the interest in the Common Elements appurtenant to such Unit.
- 1.27 "Leased Premises" means the specific Unit or portion of a Unit and the interest in the Common Elements appurtenant thereto, which is the subject of a Lease.
- 1.28 "Majority" or "Majority of Members" means a group of Members owning more than eighty-five percent (85%) of the votes entitled to be cast.
- 1.29 "Member" means any Person who is or becomes a member of the Association.
- 1.30 "Membership" means a membership in the Association.
- 1.31 "Mortgage" means any recorded, filed or otherwise perfected instrument given in good faith and for valuable consideration which is not a fraudulent conveyance under Arizona law as security for the performance of an obligation, including, without limitation, a deed of trust, but does not mean any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code.
- 1.32 "Mortgagee" means a person secured by a Mortgage, including a trustee and beneficiary under a deed of trust.
- 1.33 "Mortgagor" means the party executing a Mortgage.
- 1.34 "Net Square Footage" on a single floor shall be determined by measuring from the inside unfinished surface of the exterior wall and extensions of the plane thereof (the "wall line") to the inside surface of the opposite wall line and shall include all areas within the exterior walls, excluding vertical penetrations such as building stairs, elevator shafts, flues, vents, stacks, pipe shafts and vertical ducts; provided, however, that vertical penetrations which are for the specific use of a Unit, such as special stairs or elevators, shall be included as Net Square Footage. Net Square Footage for a partial floor shall include all space within the demising walls (measured from the mid-point of the demising walls and in the case of exterior walls, to the wall line). No deductions from Net Square Footage shall be made for columns or projections necessary to the Building (including bracing elements and walls enclosing the same). Net Square Footage shall not include a pro-ration of Common Elements.
- 1.35 "Occupant" means a person or persons, other than an Owner, and including, but not limited to, a Tenant, in rightful possession of a Unit or a part thereof.
- 1.36 "Owner" means the record owner, whether one or more Persons or entities, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Unit. Owner shall not include: (1) Persons or entities having an interest in a Unit merely as security for the performance of an obligation, or (ii) a lessee or Tenant of a Unit or a part of a Unit. Owner shall include a purchaser under a contract for the conveyance of real property, a contract for deed, a contract to convey, an agreement for sale or any similar contract through which a seller has conveyed to a purchaser equitable title in a Unit

under which the Seller is obligated to convey to the purchaser the remainder of seller's title in the same, whether legal or equitable, on payment in full of all monies due under the contract. Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to executory contracts pending the closing of a sale or purchase transaction. In the case of a Unit the fee simple title to which is vested in a trustee pursuant to A.R.S. §33-801, et seq., the Trustor shall be deemed to be the Owner. In the case of a Unit, the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the same shall be deemed to be the Owner.

1.37 "Parking Space" means each of the separate parking spaces lined in the parking areas allocated under the Project Plat.

1.38 "Permittees" means all Occupants or Owners and all customers, employees, licensees and other business invitees of such Occupants or Owners.

1.39 "Person" means an individual, corporation, partnership, limited liability company, trustee or other entity capable of holding title to real property and their respective heirs, personal representatives, successors and assigns.

1.40 "Project" means all of the Property, Buildings, Condominiums, Leased Premises, Units and other structures of the Property, and Common Elements, as more particularly described on the Project Plat.

1.41 "Project Plat or "Plat" means the final plat of survey of the entire Property, which Project Plat was recorded on September 29, 2006 as Instrument No. 2006-1288484 in Book of Maps 870 at page 11 of the records of the County Recorder of Maricopa County, Arizona.

1.42 "Property" means the real property known as the Sierra Foothills Professional Plaza, as more particularly described on Exhibit "C" attached hereto and the Condominium and all Buildings and Units, other improvements and permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto.

1.43 "Record" or "Recording" refers to the record or the act of recording, in the office of the County Recorder of Maricopa County, Arizona.

1.44 "Rules" or "Rules and Regulations" means the same thing as the Association Rules, as herein before indicated.

1.45 "Special Declarant Rights" means any right or combination of rights reserved by or granted to a Declarant in this Declaration to do any of those things or perform any acts as set forth in A.R.S. §33-1202(21) .

1.46 "Taking" shall mean condemnation by eminent domain or sale under threat of condemnation of all or any Unit.

1.47 "Tenant" means any lessee or tenant of a Unit which is the subject of a Lease.

1.48 "Unit" means any portion of any Condominium located at the Property, which is shown on the Project Plat, or any subsequent amendment thereto, designed and designated for separate ownership or occupancy, all as defined in the Title 33, Chapter 9 of the Arizona Revised Statutes and shall not include any of the Common Elements. A Unit shall include the interior space depicted on the Project Plat as measured from: (i) the interior face of the exterior walls of a Building, (ii) the center line of interior walls separating Units, (iii) the top of a Unit's floor foundation, and (iv) ten feet (10') above a Unit's floor foundation. Each Unit is described on Exhibit "D".

1.49 "Utility Facilities" means all utility facilities located in the Property including, but not limited to, storm drain facilities, retention facilities, sanitary sewer systems, domestic or fire water systems, fire protection installations, electric gas lines, telephone cables and lines and all necessary connections, including lines, pipes and ducts for such facilities.

ARTICLE 2
ESTABLISHMENT OF THE CONDOMINIUM
AND
PROPERTY SUBJECT TO DECLARATION, INCLUDING UNITS

The Company hereby creates and establishes the Condominium pursuant to Title 33, Chapter 9 of the Arizona Revised Statutes, to be hereafter known as the "Sierra Foothills Condominium Association" and does hereby declare that all of the Units shall be owned, leased, sold, conveyed and encumbered or otherwise held or disposed of subject to the terms, conditions, and other provisions of the Condominium Documents and Act.

The entire Property and Condominium and each and every Building or Unit included therein shall be subject to all the terms, covenants, conditions and restrictions, easements and equitable servitudes set forth in this Declaration. This Declaration shall be binding upon and shall benefit the Association and its Members.

ARTICLE 3
DESCRIPTION OF THE CONDOMINIUM,
UNITS AND ELEMENTS

3.1 Entire Condominium. The entire Condominium shall consist of two (2) Buildings, i.e. *Building A and Building B*, and all Units and the Common Elements located thereon, as described on the Project Plat.

3.2 Buildings. For a review of an individual Building, reference is hereby made to the legal description of Building A attached hereto as Exhibit "A", the legal description of Building B attached hereto as Exhibit "B", all of which include a description of the boundaries and any particular property attributes for such Building.

3.3 Units. Each of the Buildings are divided into Units described as Exhibit "D".

The legal description for any Units created from any Building shall be determined in the following manner:

(a) "Vertical Boundaries". A Unit's lower boundary is the top of its floor foundation. A Unit's upper boundary is the bottom side of the each Unit's roof trusses.

(b) "Horizontal Boundaries". A Unit's horizontal boundaries are the interior face of the Building's unfinished exterior walls to the centerline of the interior walls separating Units, or if there is no wall, to the boundary centerline separating Units depicted on the Project Plat.

All spaces, walls, floor, ceiling, interior partitions, stairways, fixtures and other improvements within the boundaries of a Unit are a part of such Unit.

3.4 Allocated Interests.

(a) Interests in the Common Elements. Each Owner of a Unit shall have allocated to it an undivided interest in and to the Common Elements of the Property based upon the percentages set forth on Exhibit "D".

(b) Common Expense Liability Allocated to Each Owner. Each Owner of a Unit shall have allocated to it a share of the Common Expense Liability in the same proportion as its interest in the Common Elements, as set forth above in Paragraph 3.5(a). Said allocation has been determined by the Declarant to be the fair share of the Common Expense Liability to be borne by each Owner.

ARTICLE 4 PARKING SPACES

4.1 Description. Parking Spaces shall be part of the Common Elements as shown on the Project Plat subject to the provisions contained herein.

4.2 Assigned Parking Spaces. The Project Plat shall indicate the number of covered/reserved parking spaces, handicapped and designated visitor spaces within the Property. The covered/reserved parking spaces shall be allocated among all Owners as determined by the Board. It is initially intended that the Board shall allocate one reserved/covered parking spot for each full 1000 square feet area an Owner holds within a Unit or combination of Units. If any reserved/covered spaces remain after such allocation, the Board may lease those spaces to Owners and their employees, the proceeds from which shall apply toward reducing Common Expenses as a whole. Refer to Exhibit "I" for parking detail.

4.3 Unassigned Parking Spaces. Uncovered Parking Spaces shall be available for use by all Owners of Units, their employees and invitees, their Occupants or the employees and invitees of the same, on a first come, first serve basis; provided, the Declarant or Board shall have the right to assign additional Parking Spaces and to establish Rules and Regulations for the

operation and management of the Parking Spaces for and on behalf of the Association as the Declarant or Board from time to time shall establish. Owner shall require their employees to park in areas designated by the Board away from the Units.

ARTICLE 5
EASEMENTS

5.1 Utility Easement. There is hereby created an easement upon, across, over and under the Common Elements for reasonable ingress, egress, installation, replacement, repair and/or maintenance of all utilities and utility facilities, including, but not limited to, water, sewer, satellite, DSL, cable, microwave, telecommunications uses, heating, ventilation and cooling systems and ducting, telephone, fire sprinklers, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company or governmental agency to erect and maintain the necessary equipment on the Common Elements. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utility or service lines may be installed or located on the Common Elements except as presently exists or as approved by the Board. This easement shall in no way affect any other recorded easements on the Common Elements.

5.2 Easements for Encroachments. Each Building and Unit and the Common Elements appurtenant thereto shall be subject to an easement for encroachments, including, but not limited to, encroachments of walls, ceilings, ledges, floors, and roofs created by the construction, settling and overhangs as originally designed or constructed, or as created by discrepancies between the Project Plat and the actual construction. All walls between Units shall be constructed so that the boundary line between the Unit shall be the centerline of the wall. If any portion of the Common Elements shall actually encroach upon any Building or Unit, or if any Building or Unit shall actually encroach upon any portion of the Common Elements, or if any Building or Unit shall actually encroach upon another Building or Unit, as the Common Elements, Buildings and the Units are shown on the Project Plat, a valid easement for any of said encroachments and for the maintenance thereof, so long as they stand, shall and does exist. Easements shall not exist, however, for encroachments created with the encroaching Owner's knowledge. In the event any Building, Unit or Common Element is repaired, altered, or reconstructed, the Owner(s) of the Building or Unit agree that similar encroachments shall be permitted and that a valid easement for said encroachments and for the maintenance thereof shall exist.

5.3 Easement for Use of Common Element. There shall be appurtenant to each Unit, a nonexclusive and perpetual right and easement to use the Common Elements in common with all other Persons entitled to use the Common Elements (subject to the right of an Owner of use of the Parking Space(s) assigned to such Building or Unit pursuant to Article 4 above) as may be required for the purposes of access, ingress and egress to and from, and the use, occupancy and enjoyment of the Property, Buildings, Condominium, Units and the Common Elements for their intended purposes as provided herein and in the applicable Condominium Documents.

Such rights and easements shall include, but not be limited to, an easement for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the Common Elements, and an easement for ingress and egress

for pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such use. Such rights and easements shall extend to each Owner and Occupant and the agents, servants, and invitees of the Owner or Occupant of each Unit, or any portion thereof. Such rights and easements shall be subject to such limitations, restrictions, Rules and Regulations as may from time to time be promulgated by the Association or its Board including, but not limited to, the right of the Board to suspend the right of any Unit Owner to vote pursuant to the provisions of Article 7 hereof for any period during which an Assessment attributable to such Owner's Unit remains unpaid for a period of at least fifteen (15) days and for any violations of Rules and Regulations promulgated by the Board. Such a suspension may be applied for a period not to exceed sixty (60) days.

The Declarant and the Board shall have the authority to lease, convey easements, make dedications, transfer or grant concessions consistent with the overall character and use of the Property with respect to parts of the Common Elements and to change the character, description and use thereof, subject to the provisions of this Declaration, the Articles and the Bylaws, but the right of the Board to convey, dedicate or transfer all or part of the Common Elements to any public agency, authority or utility is subject to the approval of Members entitled to cast at least two-thirds (2/3) of the membership votes in the Association. No such conveyance, dedication or transfer shall be effective unless an instrument has then been recorded with the Maricopa County Recorder's Office. The foregoing requirement shall not apply in the case of utility easements covered by Section 5.1 which may be granted by the Declarant or the Board. Any funds received by the Association from leases, concessions or other sources shall be held and used for the benefit of the Members pursuant to such rules, resolutions or regulations as the Board may adopt or prescribe.

Notwithstanding anything contained herein to the contrary, Declarant shall be entitled to exclusive access to and occupancy of all or any portion of the Condominium, or any Building or Unit until such time as the construction or remodeling thereof has been completed and the particular Building or Unit has been conveyed or leased to a new Owner or Occupant by Declarant, and Declarant shall be entitled to nonexclusive access to and occupancy of all or any portion of the Common Elements for display and exhibit purposes and for the maintenance of sales or leasing facilities. Notwithstanding anything contained herein to the contrary, there shall be no restriction upon any Owner's or Occupant's right of ingress and egress to or from such Owner's Unit, which right shall be perpetual and appurtenant to the ownership of the same.

5.4 Other Matters Relating to Use of Common Elements.

(a) Occupants. If a Unit, or a portion thereof, is leased or rented by the Owner, the Occupant, its agents and employees, shall have the right to use the Common Elements of that Owner, including any Parking Spaces assigned to the Occupant (to the same extent as the Owner had prior to such leasing or renting) during the term of the lease, and the Owner of such leased portion of the Unit shall have no right to use the Common Elements if all of the Owner's Unit is leased or rented, until the termination or expiration of such lease, except to the extent necessary to perform its obligations under and to enforce the lease, or except as agreed to in writing by the Owner and the Occupant.

(b) Guests and Invitees. The guests and invitees of any Member, Owner,

Occupant or other Person entitled to use the Common Elements, may use the Common Elements, subject to the Rules and Regulations promulgated by the Board.

(c) Limitation on Transfer. An Owner's right of easement and enjoyment in and to the Common Elements shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Building or Unit, such right of easement and enjoyment in and to the Common Elements shall be deemed to be conveyed, transferred or alienated upon the sale or transfer of any Owner's Building or Unit, notwithstanding that the description in the instrument of conveyance, transfer or alienation may not refer to such right and easement.

(d) HVAC. Each Building shall have areas, within the Common Elements, specifically designated for the placement of heating ventilation and cooling equipment ("HVAC Equipment"). Each Owner shall be responsible for the installation, maintenance, repair and replacement and of its own HVAC Equipment at its own expense. Although an Owner's HVAC Equipment shall be located within the Common Elements, each Owner shall only be permitted to access the HVAC Equipment serving its own Units. An Owner shall indemnify and hold another Owner harmless from any damage an Owner causes to another Owner's HVAC Equipment. The Association shall not be responsible for HVAC Equipment except to the extent it services Common Elements.

ARTICLE 6 USE AND OCCUPANCY RESTRICTIONS

6.1 General Use and Occupancy. Subject to the terms of this Declaration, and any applicable Condominium Documents, all of the Property and Condominium and each portion thereof, shall be subject to the rules, regulations, ordinances and laws of all Governmental agencies, including, but not limited to, zoning laws and regulations, and shall be utilized only for healthcare, professional offices (inclusive of medical, dental, chiropractic, podiatric, optometric, and related ancillary uses), restricted retail as determined by the City of Phoenix Zoning Ordinance Section 622. Commercial C-1 District-Neighborhood Retail unless specifically stated below, in Section 6.8 (Business Use Restrictions) of this Declaration, and for no other uses or purposes unless specifically authorized by the Declarant. Without limiting the generality of the foregoing, no portion of the Property or Condominium shall be utilized for housing or living purposes.

6.2 Misuse and Nuisance. No nuisances shall be allowed upon the Property or Condominium or any portion thereof, nor any use or practice be allowed (including, but not limited to, anything which permits any excessive noises or objectionable odors to be produced upon or to emanate from the Units, or any portion thereof), which is the source of annoyance to any Owner or Occupant or which interferes with the peaceful possession and proper use of the Property by its Owners and Occupants. Each Unit and the Common Elements shall be kept in a clean and sanitary condition and no fire hazard shall be allowed to exist. No Owner or Occupant shall permit or suffer anything to be done or kept upon his Unit or make any use of his Unit or the Common Elements which will increase the rate of insurance upon the Property or any part thereof. In connection with the foregoing (but not in limitation thereof):

- (a) No radio, stereo, broadcast or loudspeaker units and no amplifiers of any

kind shall be placed or be directed to the outside of any Unit without prior written approval and authorization of the Declarant and the Board of Directors. The foregoing requirement shall not apply to the Declarant and Declarant shall be entitled to store items on the Property until completion of construction.

(b) No exterior television, radio or other antenna of any type shall be placed, allowed, or maintained upon any Unit or Common Element without prior written approval and authorization of the Board.

(c) No outside lighting shall be placed or maintained on any Unit without prior written approval and authorization of the Board, it being intended that all outside lighting be uniform throughout the Property.

(d) No Owner or Occupant shall permit any thing or condition to exist upon the Property, Condominium or any Unit which shall induce, breed or harbor plant disease or noxious insects.

(e) No Owner or Occupant shall violate or permit a violation in or on his Unit, or in or on the Common Elements, of any law, rule, regulation or ordinance regarding hazardous materials, water pollution, air pollution or other environmental laws.

(f) No vending machines and outdoor furniture or any type shall be placed or maintained on the Common Elements.

6.3 Lawful Use. No unlawful use shall be made of the Property or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the Property or any portion thereof shall be the same (either the responsibility of the Owner or of the Association) as the responsibility for the maintenance and repair of the particular part of the Property affected.

6.4 Animals. No animals, reptiles, fish (except a fish aquarium maintained inside a Unit) or birds of any kind shall be raised, bred or kept on or in any Unit or on the Common Elements, unless approved in writing by the Board.

6.5 Environmental Matters.

(a) Definitions.

(i) The term "Hazardous Substance" means any substance that is at any pertinent time defined or listed in, or otherwise classified, designated, or regulated pursuant to, any Environmental Law as a hazardous substance, hazardous material, extremely hazardous substance, hazardous waste, hazardous chemical, infectious waste, toxic substance, toxic pollutant or solid waste, or any other legislative or regulatory formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity or EP toxicity, including, without limitation, friable asbestos and polychlorinated biphenyls and also including oil and petroleum,

petroleum products, by-products and wastes, and by-products associated with the extraction, refining, or use of petroleum or petroleum products, whether or not so defined, listed, classified, designated or regulated in "Environmental Laws."

(ii) The term "Environmental Law" means any statute, law, act, ordinance, rule, regulation, order, decree, or ruling of any Federal, State and/or local governmental, quasi-governmental, administrative or judicial body, agency, board, commission or other authority relating to the protection of health and/or the environment or otherwise regulating and/or restricting the use, storage, disposal, treatment, handling, release, and/or transportation of Hazardous Substances, including, without limitation, The Comprehensive Environmental Response, Compensation and Liability Act, The Resource Conservation and Recovery Act, The Federal Water Pollution Control Act, The Clean Air Act, The Hazardous Materials Transportation Act, The Toxic Substances Control Act, The Emergency Planning and Community Right To Know Act, and the Environmental Control Laws of the State of Arizona, each as now or hereafter amended, and all regulations and interpretive guidelines respectively promulgated thereunder.

(b) Environmental Covenants.

(i) Owner will not, and it will cause all Occupants to not, use, handle, generate, manufacture, produce, store, discharge, treat, remove, transport, or dispose of Hazardous Substances at, in, upon, under, to or from the Property except (A) in de minimis quantities necessary for or incidental to the conduct of the business at a Unit, and/or (B) in strict compliance with all Environmental Laws.

(ii) Owner will, and will cause all Occupants to, immediately deliver to the Board complete copies of all notices, demands, or other communications received by Owner or any Occupant from any governmental or quasi-governmental authority or any insurance company or board of fire underwriters or like or similar entities regarding in any way (A) alleged violations or potential violations of any Environmental Law or otherwise asserting the existence or potential existence of any condition or activity on the Property which is or could be dangerous to life, limb, property, or the environment (including without limitation water or air quality), or (B) releases or threatened releases in excess of reportable quantities of Hazardous Substances upon, under, at, in, or from the Property.

(iii) Owner shall immediately advise the Board in writing (and orally in the event of a release or other emergency) of (A) any and all enforcement, clean-up, removal, and mitigation orders or other governmental, regulatory, or judicial acts or orders instituted, or threatened pursuant to any Environmental Law affecting the Unit, the Condominium, the Property, Owner, or any Occupant; (B) all claims made or threatened by any third party against the Unit, the Condominium, the Property, Owner or any Occupant (if and when actually known to Owner) relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any actual, proposed, or threatened use, handling, generation, manufacture, production, storage, release, discharge, treatment, removal, transportation, decontamination, cleanup, disposal, and/or presence of any Hazardous Substance on, under, from, to, or about the Unit, Condominium or the Property; (C) the discovery by Owner or any Occupant of any occurrence or condition at the Unit, Condominium or the Property that could cause the Unit, Condominium or

Property to be the subject of a claim, order, or action under any Environmental Law, and/or (D) the discovery by the Owner or any Occupant of any occurrence or condition which could subject the Property, Owner, or any Occupant to any material adverse effect on ownership, occupancy, transferability, marketability, or use of the Property under or as a consequence of any Environmental Law.

(iv) Owner shall, and shall cause any Occupant to, at its sole cost and expense, observe, perform, and comply with all Environmental Laws applicable to the activities of Owner or such Occupant at the Property and all enforcement, cleanup, removal, and mitigation orders or other governmental, regulatory, or judicial acts or orders instituted pursuant to any Environmental Law affecting the Property, Owner or any Occupant which relate to or arise out of acts or failures to act on the part of Owner or such Occupant, and shall, and shall cause any Occupant to, make all repairs and restorations to the Property required following the completion thereof.

(v) Owner shall obtain and maintain in full force and effect during the periods required by law each license, permit, or other governmental or quasi-governmental consent or approval relating to the use, handling, generation, manufacture, production, storage, release, discharge, treatment, removal, transportation, decontamination, cleanup, disposal, or presence of Hazardous Substances, (the "Environmental Permits"), and shall immediately notify Landlord in writing of the actual or threatened termination or non-renewal of any of the Environmental Permits then required by law to be maintained by Owner.

(vi) Owner will, and will cause all Occupants to, provide to the Board upon the Board's request copies of all (A) Material Safety Data Sheets with respect to Hazardous Substances known to Owner to be present upon the Unit, and (B) Chemical Inventory Reporting Forms filed by Owner pursuant to the Emergency Planning and Community Right To Know Act ("EPCRA") or any state or local laws or ordinances enacted pursuant to or in furtherance of EPCRA.

(vii) The Board will immediately deliver to Owner complete copies of all notices, demands, or other communications received by the Board from any governmental or quasi-governmental authority, or any insurance company or board of fire underwriters or like or similar entities, regarding in any way (A) alleged violations or potential violations of any Environmental Law or otherwise asserting the existence or potential existence of any condition or activity on the Property which is or could be dangerous to life, limb, property, or the environment (including without limitation water or air quality), or (B) releases or threatened releases in excess of reportable quantities of Hazardous Substances upon, under, at, in, or from the Property.

(viii) The Board shall immediately upon the Board receiving actual notice thereof advise Owner in writing (and orally in the event of a release or other emergency) of (A) any and all enforcement, cleanup, removal, mitigation, or other governmental, regulatory, or judicial acts or orders instituted, contemplated, or threatened pursuant to any Environmental Law affecting the Property or any Occupant thereof; (B) all claims made or threatened by any third party against the Property or any Occupant thereof relating to damage, contribution, cost recovery, compensation, loss or injury resulting from any actual, proposed, or threatened use,

handling, generation, manufacture, production, storage, release, discharge, treatment, removal, transportation, decontamination, cleanup, disposal, and/or presence of any Hazardous Substance on, under, from, to, or about the Property; (C) the discovery by the Board of any occurrence or condition at the Property that could cause the Property to be the subject of a claim, order, or action under any Environmental Law, and/or (D) the discovery by the Board of any occurrence or condition at the Property which could subject the Property, Owner, or any Occupant to any material adverse effect on ownership, occupancy, transferability, marketability, or use of the Property under or as a consequence of any Environmental Law.

(ix) The Board shall, at its sole cost and expense, observe, perform, and comply with all Environmental Laws applicable to the activities of the Association and all enforcement, clean-up, removal, and mitigation orders or other governmental, regulatory, or judicial acts or orders instituted pursuant to any Environmental Law affecting the Property, Owner or any Occupant which relate to or arise out of acts or failures to act on the part of the Board, and shall make all repairs and restorations to the Property required following the completion thereof.

6.6 Flammable Material. Owners and Occupants shall not permit or keep on or in their Unit, except in minor quantities approved in writing by the Board after written notification from the applicable Owner, any flammable, combustible or explosive material, chemical or substance in a manner, which may, by virtue of the type of material or quantity kept, increase the insurance rate or make insurance on the Building or Condominium unobtainable or unenforceable. All such substances shall be kept in containers or other receptacles as directed by the applicable Fire Department, insurance agency, or other governmental authority. Further, no toxic materials of any kind in quantities exceeding that allowable by law shall be stored or kept in or on any Unit, or any portion thereof. All such material shall be kept on the Property in strict accordance with all applicable laws, statutes, rules, ordinances and regulations.

6.7 Storage. No exterior storage of any items of any kind shall be permitted, except with prior written approval and authorization of the Board. This provision shall apply, without limitation, to supplies, equipment, trailers, travel trailers, boats, mobile homes and unmounted pickup camper units. Also, without limitation, no automobiles, trucks or other vehicles, regardless of ownership, age, condition or appearance, shall remain on the Property in any manner which could be construed as being stored, neglected, abandoned or otherwise not in frequent use, except pursuant to written approval and authorization of the Declarant and the Board. The forgoing requirement shall not apply to the Declarant and Declarant shall be entitled to store items on the Property until completion of construction of the Project.

6.8 Business Use Restrictions. The Property or any portion thereof shall not be utilized for any purpose other than healthcare, professional offices (inclusive of medical, dental, chiropractic, podiatric, optometric, and related ancillary uses), and restricted retail as determined by the City of Phoenix Zoning Ordinance Section 622 Commercial C-1 District-Neighborhood Retail in effect as of the date of the recording of this Declaration. THE SPECIFIC USES LISTED IN "EXHIBIT "E" WILL **NOT** BE PERMITTED. No other uses shall be maintained at the Property except for those maintained by the Company or its principals, successors and assigns. The Sierra Foothills Condominium Association retains the right to alter, add or remove the specific uses on Exhibit G.

6.9 Repairs. No major repairs of any detached machinery, equipment or fixtures, including, without limitation, motor vehicles, shall be made upon or in any Unit or Common Element within view of other portions of the Property without prior written approval and authorization of the Board.

6.10 Signs. All signage *must* comply with the guidelines set forth in the Sierra Foothills Professional Plaza comprehensive sign package detailed in Exhibit "F". *No deviations from the sign guidelines will be permitted.* No exterior signs, interior signs which can be viewed or seen from the outside, advertisements, name plates, identification directory of any kind, or other lettering may be placed, allowed or maintained on the outside of any Unit or Common Elements, or hung from windows without prior approval and authorization of the Declarant or Board and subject to reasonable specifications and Rules and Regulations promulgated by the Board, and in accordance with the sign criteria established between Declarant and the Project architects in conformity with the applicable codes of the City.

6.11 Parking. All vehicles belonging to an Owner, Occupant, or an employee, customer, visitor or invitee of any Owner or Occupant shall be parked only in a designated reserved Parking Space, or in an uncovered Parking Space, as described in Article 4. Overnight parking shall not be permitted.

6.12 Oil and Mineral Activity. Subject to any existing reservations of record, if any, no oil explorations, drilling development or refining operations and no quarrying or mining operations of any kind, including oil wells, surface tanks, tunnels, or mineral excavations or shafts shall be permitted upon or under any Unit or other portion of the Property; and no derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted on the Property, or any part thereof.

6.13 Garbage. No garbage or trash shall be placed on the exterior of any Unit, except in containers meeting the specifications of the City and the Board, and the placements, maintenance and appearance of all such containers shall be subject to Rules and Regulations of the Board. No rubbish, trash or garbage shall be allowed to accumulate inside any Unit.

6.14 Burning and Incinerators. No open fires or burning shall be permitted on the Property or any part thereof, at any time and no incinerators or like equipment shall be placed, allowed or maintained upon the Property unless approved in writing by the Board.

6.15 Plantings, Fences, Screens, Etc. No shades, awnings, aluminum screens or other types of shade screening that can be viewed from the outside of any Unit or the Common Elements shall be placed on windows on or about any Unit or the Common Elements unless approved in writing by the Board. Further, no fences, hedges, walls, trees, or landscaping shall be placed or maintained upon the Property, including outside an individual Unit, except as are initially installed by the Declarant or which may be approved from time to time by the Board. Without the prior written approval of the Board, an Owner or Occupant shall not change the color or reflective properties of any window tint installed by the Developer on exterior windows.

6.16 Structural Changes. Nothing shall be done upon, in or to any Building, or Unit or

in, on, or to any other structure on the Property which would structurally change any such Building or Unit, fence or other structure unless prior approval therefor has been given by the Board.

6.17 Machinery and Equipment. Each Owner shall be responsible for installing and maintaining heating and air conditioning equipment to service its individual Unit. No machinery or equipment of any type, including, without limitation, heating and air conditioning equipment, shall be placed, allowed or maintained on the outside of any Unit, except with prior written approval and authorization of the Board. All heating and air conditioning equipment and meters must be installed where indicated by the Declarant or the Board.

6.18 Exterior Changes, Modifications and Additions. Except with the prior approval of the Declarant and the Board, no change, modification or addition of any kind whatsoever, including, but not limited to, painting, decorating, planting, installation of awnings and sunshades, shall be made or carried out on the exterior of any Unit or on the Common Elements.

6.19 Leasing. Any Lease or rental agreement for any Unit or any part thereof shall be in writing, shall in all respects be subject to and in compliance with the provisions of this Declaration, the Articles and Bylaws, and shall expressly provide that a violation of any such provisions shall be a default under such Lease. A copy of any such Lease or rental agreement shall be delivered to the Board prior to the commencement of the term thereof. Each Lease and/or rental agreement must contain a clause that each Tenant, as an occupant of the Property, shall be subject to and bound by this Declaration and the Condominium Documents. For the purposes of this Declaration, leasing means any agreement for the leasing or rental of a Unit, or a part thereof.

6.20 Declarant's Exemption. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the Declarant, its agents, assigns, and contractors to maintain such facilities within the Project, including the Common Elements, as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction of any building or improvement or to the sale or leasing of the Property, including, without limitation, a business office, storage area, construction yards, construction trailer, signs, billboards, model units and sales office.

6.21 Change in Intended Use. No portion of the Condominium may be developed or redeveloped otherwise than in accordance with its original intended use, without the prior written approval and authorization of the Board and Declarant.

6.22 Common Walls. Any wall which separates one Unit from another shall be a six-inch stud wall, and shall not be used by an Owner for the purpose of attaching anything to such wall which produces noise or sound in any way whatsoever, nor shall an Owner be permitted to penetrate any such wall in excess of one and one-half (1-1/2) inches from the exterior of such wall.

6.23 Board Approval. Any consent or approval given by the Board with respect to the use restrictions set forth under this Article 6, may be amended or repealed at any time by resolution of the Board.

6.24 Rules and Regulations. Reasonable Rules and Regulations concerning the use of the Property and Condominium and all portions thereof and imposing reasonable restrictions upon the Owners and Occupants, and the use of the Property, Condominium or any part thereof, may be made and amended from time to time by the Board.

6.25 Architectural Control. Except for construction work and/or alterations undertaken by Declarant with respect to any Unit or the Common Elements, no building, fence, wall, antenna, tower, awning, sign or other structure of any kind or character shall be constructed, erected, placed or maintained within or on the Property, nor shall any exterior addition, change, or alteration be made thereto or therein, including, without limitation, to any building exterior or parking area, whether or not part of any Unit, which is visible from any part of the Property and no additions to, changes in, or alterations of landscaping, grading or drainage shall be made until plans and specifications showing the nature, kind, color, shape, height, materials, location and other physical attributes of the same shall have been submitted to and approved in writing by a two-thirds (2/3) vote of the Board or Architectural Control Committee established by the Board. In the event the Board or Architectural Control Committee fails to approve or disapprove such proposal within thirty (30) days after proper plans and specifications have been received by it, such approval will not be required, and this Section will be deemed to have been fully complied with. All such plans and specifications shall be delivered for submittal to the Board at the Association's principal place of business. The restrictions contained in this Section shall not apply to the Declarant in any way. All plans for improvements to a Unit shall be submitted to the Board or Architectural Control Committee for its review and approval, prior to commencing any construction. All construction shall be performed outside regular business hours to avoid interfering with other Unit Owners, unless approved in advance by the Architectural Control Committee.

6.26 Additional Provisions.

(a) Wherever any "Owner" is limited or restricted by these occupancy and use restrictions contained in this Article 6, the same restrictions and/or limitations shall be applicable to all Occupants.

(b) Anything to the contrary notwithstanding contained in this Article 6 or in the Condominium Documents, the Declarant shall have the right to maintain sales, leasing and any other offices, models and signs on the Property, and shall have the right of ingress and egress therefrom, and the Declarant shall have the right to do such other acts and maintain such other facilities as Declarant, in Declarant's discretion, deems necessary or incidental to the construction, development leasing and/or sale of the Property, or any portion thereof, and/or the construction and development of the Common Elements now or hereafter existing. Wherever Declarant is referred to in this Section, it shall include any act of Declarant, its employees, agents and subcontractors or any other parties designated by Declarant in connection with any of the foregoing rights or acts.

(c) The Association may adopt reasonable Rules and Regulations of general applicability to restrict and regulate the use and occupancy of the Property by a two-thirds (2/3) vote of the Board from time to time, so long as such Rules and Regulations are not inconsistent

with the other provisions of this Declaration.

(d) The Board or its authorized agents may enter any Unit in which a violation of these restrictions exists upon giving reasonable notice to the Owner and may correct such violation at the expense of the Owner of such Unit. Such expense shall be secured by a lien against the offending Owner's Unit in the same manner and with the same interest rate as the lien provided for in Article 8 hereof.

ARTICLE 7 ASSOCIATION

7.1 Purposes, Rights, Powers and Duties of Association.

(a) The Association shall be a non-profit Arizona corporation. The Association has been, or will be formed, to constitute the Property's "Unit Owner's Association," as that term is defined in A.R.S. §33-1202(4). The Association shall serve as the governing body for all of the Owners for the protection, improvement, alteration, expansion, augmentation, disposal, divestment, redescription, maintenance, repair, replacement, administration and operation of the Property and Condominium (excluding maintenance, repair, replacement of a Unit), the assessment of expenses, payment of losses, disposition of hazard insurance proceeds received by the Association, and other matters as provided in this Declaration, the Act and in the Condominium Documents. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the provisions of this Declaration, the Articles and the Bylaws. Unless this Declaration or the Condominium Documents specifically require a vote of Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The initial Board for the Association shall be composed of those Persons named in the Articles.

(b) The affairs of the Association shall be conducted by the Board and such officers and committees as its Directors may elect and appoint in accordance with the Articles and Bylaws.

(c) The Board, from time to time and subject to the provisions of this Declaration, may adopt, amend and repeal Rules and Regulations. The Rules and Regulations may, among other things, restrict and govern the use of any area by any Owner or Occupant, or by any invitees, licensees or Tenants of such Owner or Occupant; provided, however, that the Rules and Regulations shall not unreasonably discriminate among Owners and Occupants and shall not be inconsistent with the Act, this Declaration, the Articles or the Bylaws. A copy of the Rules and Regulations as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded.

(d) The Board may act as an Architectural Control Committee pursuant to Section 6.25 to regulate the external design, appearance, use and maintenance of the Condominium and Property and to perform such other functions and duties as are imposed upon it by separate, validly executed agreements.

7.2 Membership Identity. Membership in the Association shall be limited to and shall consist of all Owners, with each Owner being a Member as soon and so long as he shall be an Owner. Such membership shall automatically terminate when an Owner ceases for any reason to be an Owner, and the new Owner shall likewise automatically succeed to such membership in the Association. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of the Unit to which it is appurtenant (and then only to the purchaser involved in such sale) or by intestate succession, testamentary disposition, foreclosure of a Mortgage of record or other legal process transferring fee simple title to such Unit (and then only to the Person to whom such fee simple title is transferred). Any attempt to make a prohibited transfer of a membership will be null and void and will not be recognized by or reflected upon the books and records of the Association. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in such Owner's name upon the sale of such Owner's Unit to the purchaser of such Owner's Unit, the Association shall have the right to enter a transfer upon books the had been surrendered.

7.3 Voting Rights.

(a) The Association shall have two (2) classes of voting membership:

Class A: Class A Members shall be all Owners (with the exception of Declarant so long as Declarant is a Class B Member) and each Class A Member shall be entitled to that number of votes equal to the number of Units each Member owns.

Class B: The Class B Member shall be Declarant and shall be entitled to that number of votes equal to the product of (i) the number four (4) multiplied by (ii) the number of Units the Declarant owns. The Class B membership shall cease (and if then an Owner, the Class B Member shall become a Class A Member) upon the happening of the earlier of the following events:

(1) Ninety days after the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; or

(2) Four years after Declarant has ceased to offer units for sale in the ordinary course of business.

7.4 Corporate or Partnership Owner. In the event a Unit is owned by a corporation, partnership, limited liability company, or association, the corporation, partnership, limited liability company or association shall be a Member and shall designate in writing to the Association at the time of its acquisition of the Unit, the name and title of the Person who shall have the power to vote the membership of the corporation, partnership, limited liability company or association in the Association. The Person so designated shall be the only Person who shall be entitled to cast the vote(s) for the Unit(s) owned by such corporation, partnership, limited liability company or association. If the corporation, partnership, limited liability company, or association fails to designate the Person who shall have the right to vote the membership of the corporation, partnership, limited liability company or association, then until such designation is made, such corporation, partnership, limited liability company, or association shall lose its right to vote and it shall not be considered a Member for the purpose of determining the requirement

for a quorum or any other purpose requiring the approval of a Person entitled to cast the vote for the Unit owned by such entity.

7.5 Trust Ownership. In the event any Unit or any portion thereof is held in Trust, the membership shall be issued in the name of the Trust and the Trustee shall have the power to vote such membership, unless the Trustee notifies the Association in writing (Association may rely upon such written notice) that in accordance with the trust instrument another person has such power. In the event that there is more than one trustee of such trust, they shall designate in writing to the Association one of their number who shall have the power to vote the membership on behalf of the Trust.

7.5 Association's Right to Rely. Until the Association has received a designation, in writing, of the individual authorized to vote on behalf of the Unit's Owner, the Association shall have the right to rely on any previous designation in writing received by it; or in the absence of any such written designation, the Association's designation.

7.6 Duty of Good Faith. Each Member of the Association pledges to act in good faith and reasonably to support the Condominium and its goals and purposes and to maintain its Unit and Common Elements in first-class condition and repair.

7.7 Suspension of Voting Rights. In the event any Owner shall be in arrears in the payment of any assessment or other amounts due under the terms of this Declaration or the other Condominium Documents for a period of fifteen (15) days, such Owner's right to vote as a Member shall be automatically suspended and shall remain suspended until all payments, including accrued interest and attorney's fees, are brought current. In the event any Owner is in material breach of any other provisions of this Declaration or of the applicable Condominium Documents, such Owner's voting rights may be suspended by the Board for a period not to exceed sixty (60) days for any such infraction.

7.8 Transfer of Membership. The Association membership of each Owner shall be appurtenant to his Unit. The rights and obligations of an Owner and his membership in the Association shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership of such Unit, including, without limitation, any transfer by intestate succession, testamentary disposition, foreclosure of a mortgage of record, exercise of a power of sale under a deed of trust, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be null and void and shall not be reflected upon the books and records of the Association. Any transfer of ownership to such Unit shall operate to transfer such membership to the new Owner thereof.

7.9 Qualification of Directors. Each director after the initial Director(s) shall be an Owner or the spouse of an Owner (or if an Owner is a corporation, partnership, limited liability company, association or trust, a director may be an officer, partner, manager, member, or beneficiary of such Owner). If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director, and his place on the Board shall be deemed vacant.

7.10 Board's Determination Binding. Subject to the right of any Owner to institute an

action at law or in equity pursuant to the provisions of Article 18 hereof, in the event of any dispute or disagreement between the Owners relating to the Property or Condominium, or any question of interpretation or application of the provisions of this Declaration, the Articles or Bylaws, the determination thereof by a two-thirds (2/3) vote of the Board shall be final and binding on each and all of such Owners.

7.11 Action by Owners. To the extent permitted by the Act, all actions required to be taken by the Owners, acting as a Unit Owners' Association for the Condominium, shall be taken through its directors and officers, such actions to include without limitation, adoption or ratification of the Bylaws and Rules and Regulations for the Condominium hereby created.

7.12 Additional Provisions in Articles of Incorporation and Bylaws. The Articles and the Bylaws may contain any provision not inconsistent with the applicable Arizona law or with this Declaration relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents and members.

ARTICLE 8

ASSESSMENTS FOR COMMON ELEMENTS MAINTENANCE EXPENSES AND RESERVE

8.1 Duties of the Board; Purpose of Assessment. Pursuant to A.R.S. §33-1243(c), the Board is hereby expressly authorized to adopt and amend budgets for the administration and operation of the Common Elements without ratification by the Owners, subject to the provisions of this Article 8. The Board shall, within thirty (30) days after adoption of any proposed budget for the Condominium, provide a summary of the budget to all the Owners. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners and Occupants, for the improvement and maintenance of the Common Elements, and for all purposes set forth in this Declaration and the Condominium Documents, including, but not limited to, insurance premiums, expenses for maintenance, repairs and replacements of Common Elements, reserves for depreciation and contingencies.

8.2 Creation of the Lien; Personal Obligation for Assessments; Allocation of Common Expense Liability. Each Owner, by acceptance of a deed conveying a Unit or otherwise becoming the Owner thereof, is deemed to covenant and agree to pay to the Association: (i) annual assessments, (ii) special assessments, and (iii) supplemental assessments, as applicable pursuant to declaration of the Board. The assessment, together with interest, costs, reasonable attorneys' fees and all other amounts payable to the Association under this Declaration shall be a lien on the Unit against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees shall also be the personal obligation of each Person who was the Owner of such Unit at the time when the assessment was levied. The personal obligation for delinquent assessments shall not pass to an Owner's proportionate share of the Common Expense Liability payable by each Owner which shall be equal to the proportionate interest in the Common Elements appurtenant to each Owner as provided in Section 3.5.

8.3 Annual Assessments. The annual assessments shall be in an amount to be determined by the Association of the following aggregate costs referred to as Common Expenses:

(a) All charges, costs and expenses whatsoever incurred by the Association for and in connection with the administration of the Common Elements (and the Units where this Declaration so provides) including, but not limited to, operation, maintenance, repair, replacement and restoration, any additions and alterations thereto, all utility service, labor, services, materials, supplies, fixtures, furniture and equipment therefor, insurance, taxes, management fees, investment costs and expenses, leasing and related charges and all liability whatsoever for loss or damage arising out of or in connection with the Common Elements (and the Units where this Declaration so provides) or any nuisance thereon.

(b) Such sums as the Association shall determine to be fair and prudent for the establishment and maintenance of a reserve (if the Association elects to establish a reserve) for repair, maintenance, taxes, insurance, management and administrative costs and other charges as specified, subject to a credit to the Owners for any excess assessments paid by them.

(c) The cost to the Association of all expenses and related charges necessary to carry out any construction of additional improvements.

(d) Costs to the Association of indemnifying officers and directors of the Association as provided in the Articles and Bylaws.

8.4 Special Assessments. In addition to annual assessments, the Association may levy, in any fiscal year of the Association, such special assessment(s) applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have first been approved by Declarant and then by a Majority of Members who are voting in person or by proxy at a meeting duly called for such purpose.

8.5 Supplemental Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are, or will, become inadequate to meet all expenses of the Association for any reason, including nonpayment of assessments, it shall immediately determine the approximate amount of such inadequacies for such fiscal year and issue a supplemental budget and levy of a supplemental assessment against the Owners of each Unit for the amount required to pay all such expenses; provided, however, that any such supplemental assessment must first be approved by Declarant and then by a Majority of Members who are voting in person or by proxy at a meeting duly called for such purpose.

8.6 Notice of Quorum for any Action Authorized Under Sections 8.3, 8.4 or 8.5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 8.3, 8.4, or 8.5 shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of a Majority of Members or of proxies entitled to cast votes shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum for the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

8.7 Rate of Assessment. Annual, special and supplemental assessments shall be fixed at a uniform rate for each Owner based on the percentage of Common Expense Liability allocated to each Owner as set forth in Exhibit "D". Any Units controlled by Declarant for which certificates of occupancy from the City have not been issued, shall be assessed at 50% of the Assessment for a period not to exceed two years following the Association first levying an Assessment.

8.8 Date of Commencement of Annual Assessments; Due Dates. The annual assessment provided for herein shall commence as to all Owners on the first day of the month following the conveyance of the first Unit to a purchaser. The first annual assessment shall be adjusted according to the number of months remaining in the fiscal year of the Association. The Board shall fix the amount of the annual assessment against each Owner at least thirty (30) days in advance of each fiscal year. If the annual assessment is not fixed by the Board at least thirty (30) days in advance of the fiscal year, then the annual assessment for the prior fiscal year shall remain in effect until the thirtieth (30th) day after the Board fixes the annual assessment for the then current fiscal year. Written notice of the annual assessment shall be sent to every Owner subject thereto prior to commencement of the fiscal year; provided, however, that failure to give such notice shall not affect the validity or enforceability of the assessment as fixed by the Board. The Board may require that the annual, supplemental or special assessments be paid in installments, monthly or at other intervals as established by the Board. Unless otherwise specified by the Board, special and supplemental assessments shall be due thirty (30) days after they are levied by the Association and notice of the assessment is given to Owners. "Fiscal year" as used herein shall mean the fiscal year set by the Members.

8.10 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment, or any installment of an assessment, which is not paid within fifteen (15) days after the assessment first became due shall be deemed delinquent and shall bear interest from the date of delinquency at the rate of eighteen percent (18%) per annum until paid in full.

Any assessment, or any installment of an assessment, which is delinquent shall become a continuing lien on the Unit against which such assessment was made. The lien shall be perfected by the recordation of a "Notice of Claim of Lien" which shall set forth: (a) the name of the delinquent Owner, (b) the legal description or street address of the Unit against which the claim of lien is made, (c) the amount claimed as of the date of the recording of the notice including interest, collection costs, lien recording fees and reasonable attorney's fees, (d) the name of the Owner of the Unit as shown in the records of the Association, and (e) the name and address of the Association. In the event the Association records a Notice of Claim of Lien against a Unit, the Owner of such Unit shall be obligated to pay to the Association a lien fee in such amount as may be established from time to time by the Board. The Association's lien shall have priority over all liens or claims created subsequent to the recordation of the Notice of Claim of Lien except for tax liens for real property taxes on the Unit, assessments on any Unit in favor of any municipal or other governmental body and the liens which are specifically described in this Declaration.

Before recording a lien against any Unit, the Association shall make a written demand to the defaulting Owner for payment. Such demand shall state the date and amount of the

delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Association may proceed with recording a Notice of Claim of Lien against the Unit of the defaulting Owner.

The Association shall have the right, at its option, to enforce collection of any delinquent assessment in any manner allowed by law including, but not limited to: (a) bringing an action at law against the Owner personally obligated to pay the delinquent assessments and such action may be brought without waiving any lien securing any such delinquent assessments, (b) bringing an action to foreclose its lien against the Unit in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid in any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Units purchased at such sale.

8.11 Subordination of Assessment Lien to Other Encumbrance. The lien for the assessments provided in this Declaration is prior to all other liens and encumbrances on a Unit except those liens and encumbrances discussed in A.R.S. §33-1256(B) and (C) (including those recorded prior to the recordation of this Declaration, liens for real estate taxes and other governmental assessments or charges against the Unit and the lien of any First Mortgage). Any First Mortgagee or other party acquiring title or coming into possession of a Unit through foreclosure of a First Mortgage, purchase at a foreclosure sale or trustee sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure, shall acquire title free and clear of any claims for unpaid assessments and charges against the Unit which became payable prior to such sale or transfer. Any such delinquent assessment pursuant to this Section may be reallocated and assessed to all Units as a Common Expense, with any assessments and charges against the Unit which accrue prior to such sale or transfer remaining the personal obligation of the defaulting Owner of the Unit.

8.12 Exemption of Owner. No Owner of a Unit may exempt himself from liability for payment of assessments and other charges levied pursuant to this Declaration by waiver and nonuse of any the Common Elements and facilities or by the abandonment of his Unit.

8.13 Unallocated Tax Assessments. In the event that any taxes are assessed against the personal property of the Association, such taxes shall be included in the assessments made under the provisions of this Article, and, if necessary a supplemental or special assessment may be levied against the Units in an amount equal to such taxes, to be paid in two installments, thirty (30) days prior to the due date of each tax installment.

8.14 Certificate of Payment. The Association shall, upon demand of an Owner, furnish to such Owner a certificate in writing signed by an officer of the Association setting forth whether the assessments on a particular Unit have or have not been paid and the amount of any unpaid assessments. The Association may charge the Owner requesting the certificate a reasonable fee in an amount established by the Board for each such certificate. Such certificate shall be conclusive evidence of payment of any assessment described in the certificate as having been paid.

8.15 Maintenance of Reserve Fund. Out of the annual assessments, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements which the Association is obligated to maintain.

8.16 No Offsets. All assessments shall be payable in accordance with the provisions of this Declaration, and no offsets against any such assessment shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in this Declaration or the Condominium Documents.

8.17 Working Capital Fund. To insure that the Association shall have adequate funds to meet its expenses or to purchase necessary equipment or services, each purchaser of a Unit from the Declarant shall pay to the Association, immediately upon becoming the Owner of the Unit, a sum equal to a two (2) months' portion of the annual assessment on his Unit. Such amount shall not be considered as an advance payment on any assessment levied by the Association pursuant to this Declaration.

8.18. Fines. The Board may impose reasonable fines against an Owner for default in the payment of an assessment or other violation of the Project Documents by the Owner, tenants or guests.

ARTICLE 9
INSURANCE

9.1 Insurance Requirements Generally.

(a) Prior to the first conveyance of a Unit to an Owner other than the Company or the Association, and at all times thereafter, the Association shall obtain and maintain in full force and effect certain casualty, liability and other insurance as hereinafter provided. All such insurance shall be obtained from responsible companies duly authorized to transact insurance business in the State of Arizona with no less than a Class A financial category rating in Best's Key Rating Guide (or any comparable rating in any comparable publication). All such insurance shall name the Association or its authorized representative or trustee as the insured, in its individual capacity for the benefit of the Owners and also either as attorney-in-fact or trustee for all Owners. The Board shall review all such insurance at least annually and shall increase the amount thereof as it deems necessary or appropriate. All such insurance shall:

(i) Contain a special condominium endorsement providing for a waiver of subrogation by the insurer as to claims against the Association, its directors, officers, employees and agents and against each Owner and each Owner's employees, agents and invitees, and against each Mortgagee of all or any part of the Property, and any other person for whom the Association, any Owner or Mortgagee may be responsible and shall provide for recognition of any authorized representative or trustee of the Association, if applicable;

(ii) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by any Owner or Mortgagee of all or any part of the Condominium or any Unit and that the insurance policy shall not be brought into

contribution with insurance maintained by the Owner or Mortgagee of all or any part of the Condominium or any Unit;

(iii) Contain a standard without contribution mortgage clause endorsement in favor of the Mortgagee, its successors and assigns, of any Unit or all or any part of the Condominium or Property;

(iv) Contain an "agreed amount" and "inflation guard" endorsement, if available;

(v) Provide that the policy of insurance shall not be terminated, canceled and/or reduced in coverage without at least thirty (30) days prior written notice to the Association and to each Owner and to each Mortgagee covered by any standard mortgage clause endorsement; and

(vi) Contain a "severability of interest endorsement" which shall preclude the insurer from denying the claim of any Owner or the Association due to the negligent acts of the Association or any Owner(s).

(b) Under no circumstances shall any policies of insurance be obtained where: (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, any Owner or any Mortgagee; or (ii) under the terms of the insurance carrier's charter, bylaws or policy, loss payments are contingent upon action by the insurance carrier's board of directors, policy holders or members; or (iii) the policy includes any limiting clauses which could prevent any Owner or any Mortgagee from collecting insurance proceeds.

(c) Such public liability and property damage insurance may provide for coverage of any cross liability claims of Owners against the Association or other Owners and of the Association against Owners without right of subrogation. Any insurance policy may contain such deductible provisions as the Association deems consistent with good business practice.

(d) Certificates of insurance coverage or copies of insurance policies shall be issued to and at the expense of each Owner and each Mortgagee who makes or on whose behalf written request is made to the Association for any such certificate or copy.

(e) The cost and expense of all insurance obtained by the Association, except insurance covering additions, alterations or improvements made to a Unit by an Owner, or other insurance obtained at the request of and specifically benefiting any particular Owner, shall be a Common Expense.

9.2 Casualty Insurance. The Association shall obtain and maintain a policy or policies of casualty insurance covering the Common Elements, and all fixtures and building service equipment to the extent such is a part of the Common Elements insuring against loss or damage by fire (and floods, if flood insurance is available on terms and conditions approved by the Board) and such other hazards as are covered under the standard extended coverage policies, for not less than one hundred percent (100%) of the replacement cost of the Common Elements, as

determined on an annual basis by an appraisal made in accordance with the rules and regulations of the Board of Underwriters or like board or body recognized and accepted by the insurance company or companies issuing such insurance. Such policy or policies of casualty insurance shall, to the extent available, contain a standard all risk endorsement and shall insure against all other perils which are customarily covered with respect to condominium projects which are similar in construction, location and use. Each Owner shall be responsible for obtaining casualty insurance covering his Unit and all personal property contained therein or thereon.

9.3 Public Liability and Property Damage Insurance. The Association shall obtain and maintain comprehensive public liability and property damage insurance covering liability for bodily injury, including death, and liability for property damage occurring in, upon or about the Common Elements. Each Owner and the Association shall be insured with respect to such liability arising out of the ownership, maintenance, repair or operation of the Common Elements. The limits of liability for such coverage shall not be less than One Million Dollars (\$1,000,000.00) for each occurrence with respect to bodily injury, death or property damage.

9.4 Workmen's Compensation and Employer's Liability. The Association shall obtain and maintain such workmen's compensation and employer's liability insurance as may be necessary to comply with applicable law.

9.5 Insurance by Owners/Occupants. Each Owner or Occupant shall be free to obtain such additional or other insurance as he deems desirable, including insurance covering his Unit, furnishings and personal property, and covering personal liability of himself and his employees, agents and invitees and any other persons for whom such Owner or Occupant may be responsible. Any insurance policy obtained by an Owner or Occupant must not diminish or adversely affect or invalidate any insurance or insurance recovery under policies carried by the Association and must, to the extent possible, contain a waiver of the rights of subrogation by the insurer as to any claim against the Association, its officers, directors, agents and employees and against other Owners or Occupants and their employees, agents and invitees and against any Mortgagee of all or any part of the Property, the Condominium, any Unit or other Person for which the Association or any such Owner, Occupant or Mortgagee may be responsible.

9.6 Receipt and Application of Insurance Proceeds. Except in a case where a Mortgagee or any other Person shall have the legal right to receive insurance proceeds directly, in the event of any damage to or destruction of the Common Elements or any portion thereof by fire or other insured casualty, all insurance proceeds under policies carried by and maintained by the Association shall be paid to and received by an independent financial institution or title company selected by the Association authorized to act as escrow agent (the "Escrow Agent") for the benefit of the Association, the Company, all Owners and all Mortgagees of any Unit or all or any part of the Property or Condominium as their respective interests may appear. Subject to the rights of any Mortgagee, the Association shall have the right, acting alone, to adjust or settle any claim by it under any insurance maintained by it. Such funds shall be disbursed by the Escrow Agent in accordance with the following priorities, subject to such evidence of application as the Escrow Agent shall require, and shall be applied by the Association as follows: first, as expressly provided in Article 10 hereof; second, to the Owners or Persons whom the Association determines are legally or equitably entitled thereto; and third, the balance, if any, to the Owners in proportion to their respective interest in the Common Elements. Notwithstanding any

provisions contained herein to the contrary, the rights of and lien priority of any First Mortgagee shall not be affected by any loss, damage or destruction and shall continue in any insurance proceeds payable with respect to the Unit subject to the First Mortgage in accordance with the provisions of the First Mortgage.

9.7 Annuities. Pursuant to the powers granted in the Articles and Bylaws, the Association may, at the Board's discretion, invest its working capital and reserves with or without security, including, but not limited to, investing in annuities, for the purpose of providing additional funds to maintain and keep the Property, the Condominium and its Common Elements in good condition and repair, including, but not limited to, providing funds for the payment of assessments against the Property or Condominium, including any street improvements assessment or other similar type of assessment brought against the Property or Condominium by the City.

ARTICLE 10
DESTRUCTION, CONDEMNATION, OBSOLESCENCE,
AND RESTORATION OR SALE OF PROPERTY

10.1 Definition. As used herein, the terms shall have the following definitions.

(a) "Substantial Destruction" shall exist whenever the Board determines that, as a result of any casualty, damage to or destruction of the Property or Condominium or any part thereof, the excess of estimated costs of Restoration (as herein defined) over Available Funds (as herein defined) is fifty percent (50%) or more of the estimated Restored Value of the Property or Condominium (as herein defined). "Partial Destruction" shall mean any other casualty, damage to or destruction of the Property or Condominium or any part thereof.

(b) "Substantial Condemnation" shall exist whenever the Board determines that a complete taking of the Property or Condominium has occurred or that a taking of part of the Property, by condemnation or eminent domain or by grant or conveyance in lieu of condemnation or eminent domain has occurred, and that the excess of the estimated costs of Restoration over Available Funds is fifty percent (50%) or more of the estimated Restored Value of the Property or Condominium, or portion thereof. "Partial Condemnation" shall mean any other such taking by eminent domain or by grant or conveyance in lieu of eminent domain.

(c) "Substantial Obsolescence" shall exist whenever the Majority of Members determined by vote that the Property or Condominium or any part thereof has reached an undesirable state of obsolescence or disrepair. "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(d) "Restoration" in the case of any casualty, damage or destruction, shall mean restoration of the Property or Condominium, or any part thereof, to a condition the same or substantially the same as the condition in which the Property or Condominium existed prior to the casualty, damage or destruction; in the case of condemnation, shall mean restoration of the remaining portion of the Property or Condominium, or any part thereof, to an attractive, sound and desirable condition; and, in the case of obsolescence, shall mean restoration of the Property, or any part thereof, to an attractive, sound and desirable condition.

(e) "Restored Value" shall mean the value of the Property or Condominium, or any part thereof, after restoration as determined by the Board.

(f) "Available Funds" shall mean any proceeds of insurance or condemnation awards or payments in lieu of condemnation received by the Association or Owner and any uncommitted reserves of the Association other than amounts derived through assessment or special assessments. Available Funds shall not include that portion of insurance proceeds or condemnation awards or payments in lieu of condemnation legally required to be paid to a Mortgagee of all or any part of the Property or Condominium, or that portion of any condemnation award or payment in lieu of condemnation paid to the Owner of a Unit for the condemnation or taking of that Owner's individual air space.

10.2 Restoration of the Property or Condominium. Restoration of the Property or Condominium shall be undertaken by the Association as to the Common Elements without a vote of the Owners in the event of Partial Destruction, Partial Condemnation or Partial Obsolescence and shall not be undertaken in the event of Substantial Destruction, Substantial Condemnation or Substantial Obsolescence unless the Majority of Members consent thereto. Restoration of the Units shall be undertaken by the Owner as to his Unit in the event of a Partial or Substantial Destruction; Partial or Substantial Condemnation or Partial or Substantial Obsolescence. Such restoration shall be performed substantially in accordance with this Declaration and the original plans and specifications for the Property, Building, Common Elements, and the Units.

10.3 Sale of the Property or Condominium. In the event of Substantial Destruction, Substantial Condemnation, or Substantial Obsolescence and the Majority of Members consent to terminate this Declaration, the Association shall cause a termination agreement and notice of intent to sell the Property to be prepared and recorded and the real estate shall be sold. Such termination agreement shall contain the ratification of the Majority of Members and the ratification of any applicable Mortgagee, shall specify a date after which the agreement will be null and void unless it is recorded before that date, a statement that the real estate shall be sold and the minimum terms of the sale. In the event of such sale, condominium ownership under the Declaration shall terminate and as to the Common Elements the proceeds of sale and any insurance proceeds, distributed by the Association pro rata to each Owner according to their undivided interests in the Common Elements appurtenant to the Owner's Unit; and as to a Unit, each Owner shall be distributed the entire monies attributed to the Unit. Such payment shall be made to Owners or, as to Units which are subject to a Mortgage of record at the time of such payment jointly to such Owner and such Mortgagee as their interest may appear.

10.4 Special Assessments for Restoration. Whenever Restoration of the Common Elements is to be undertaken, the Association may levy and collect assessments from each Owner in proportion to their respective interests in the Common Elements, payable over such period as the Association may determine, to cover the costs and expenses of Restoration to the extent not covered by the Available Funds. Should any Owner not pay such special assessment when due, such special assessment, together with interest at the rate of fifteen percent (15%) per annum from the date such special assessment became due, costs and reasonable attorneys' fees, shall be secured by a lien on the Unit of each such Owner in the same manner as the lien provided for in Article 8 hereof.

10.5 Receipt and Application of Condemnation Funds. Except in a case where a Mortgagee or any other Person shall have the legal right to receive condemnation awards or payments in lieu of condemnation or eminent domain directly, all compensation, damages or other proceeds constituting awards for condemnation or eminent domain or payments in lieu of condemnation or eminent domain shall be paid, or if received by the Association shall be turned over promptly in the identical form received without commingling with any asset or property of the Association, to the Escrow Agent. The Association shall have the right, acting alone, to adjust or settle any condemnation award or payment in lieu of condemnation or eminent domain payable to it. Such funds shall be disbursed by the Escrow Agent in accordance with the following priorities, subject to such evidence of application as the Escrow Agent shall require. The amount thereof equitably allocable as compensation for the taking of or injury to the individual air space of a particular Unit or to improvements of an Owner therein shall be apportioned and paid to the Owner of such Unit or, as to Units which are subject to a Mortgage of record at the time of such payment, jointly to such Owner and such Mortgagee as their interests may appear. The balance of such funds shall be applied to costs and expenses of Restoration, if undertaken, and, to the extent not so applied, shall be allocated as follows: first, any portion of such funds allocable to the taking of or injury to the Common Elements shall be apportioned among all Owners of the Common Elements according to their respective undivided interests in the Common Elements; secondly, any portion of such funds received or awarded for severance damages shall be apportioned among Owners of Units whose individual air space was not taken or injured according to the foregoing apportionment; thirdly, any portion of such funds received or awarded for consequential damages or for other purposes shall be apportioned as the Association determines to be equitable under the circumstances. The lien priority of any First Mortgagee shall not be disturbed by any condemnation proceeding and shall continue in the proceeds of any condemnation award attributable to the mortgaged Unit in accordance with the provisions of this Section.

ARTICLE 11
RIGHTS OF OWNERS IN ANY DISTRIBUTIONS

In the event that any Owner or Mortgagee is entitled to receive any distribution of money, property or other things from the Association for any reason, including, without limitation, the sale or other disposition of all or any part of the Common Elements or the cessation or termination for any reason of the Condominium or the Association, such distribution shall be according to the undivided interests in the Common Elements of such Owner's or Mortgagee's Unit, except as may be specifically provided to the contrary in Articles 9 or 10 hereof.

ARTICLE 12
MAINTENANCE, REPAIRS AND DECORATION

12.1 Maintenance. Each Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements of his own Unit, except as hereinafter provided or as determined by the Declarant or the Board, and any portion of the air conditioning, electrical, plumbing and heating systems and lines which exclusively serve his Unit; and each Owner shall keep any Common Elements exterior to his Unit in a neat, clean and attractive

condition. If, due to the willful or negligent act of any Owner, agent, employee, guest or other Occupant or visitor of such Owner, or other person for whom such Owner may be responsible, damage shall be caused to the Common Elements or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Owner, if responsible for such damage, upon receipt of a statement from the Board shall pay for such damage and for such maintenance, repairs or replacements as may be determined by the Board. The amount payable for such maintenance, repairs or replacements, together with interest at the rate of eighteen percent (18%) per annum from the date such amount is due, costs and attorneys' fees, shall be secured by a lien against the Unit of such Owner as provided in Article 8 hereof. An authorized representative of the Board, or of the manager or managing agent of the Property, and all contractors and repairmen employed or engaged by the Board or such manager or managing agent, shall be entitled to access at anytime to each of the Units as may be required in connection with maintenance, repairs or replacements of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Units or the Common Elements.

The Association shall maintain, repair and replace all of the Common Elements and the exterior painted surfaces of the Buildings or Units which form an integral part of the exterior decor of the Condominium.

12.2 Decorating. Each Owner, at his own expense, shall furnish and be responsible for all of the decorating within the improvements to his own Unit from time to time, including painting, wall coverings, floor coverings, window coverings and shades, and other interior decorating. All window coverings visible from the exterior of the Buildings shall be of off-white color as described in Paragraph 6.27, and shall be otherwise compatible with the exterior decor of the Building. Each Owner shall be entitled to the exclusive use of his Unit, except as otherwise indicated herein with regard to Tenants under Leases, and each Owner shall have the right to decorate the interior of such Unit from time to time as he may see fit at his sole expense, except as otherwise indicated herein. Decorating and maintenance of the Common Elements, exterior painting of the Unit and to the extent made necessary by any damage caused by maintenance, repair or restoration work by the Association on the Common Elements shall be furnished by the Association and paid for as part of the Common Expenses.

ARTICLE 13 AMENDMENT

13.1 Except as otherwise provided in this Declaration and except as otherwise permitted by the Act, the provisions of this Declaration may only be changed, modified or amended by an instrument in writing setting forth such change, modification or amendment, signed by Declarant as long as Declarant holds any ownership interest in the Condominium created hereby, or thereafter signed (and duly acknowledged) by a Majority of Members; provided, however, that so long as Declarant holds any interest in the Condominium created hereby, Declarant must approve of any such change, modification or amendment. Anything to the contrary notwithstanding contained herein, any amendment which would delete or modify any right granted to the Declarant by this Declaration must be approved in writing by the Declarant as long as Declarant has an ownership interest in the Condominium created hereby. In addition, unless the Property is reverted to acreage and the Project Plat is abandoned, under no circumstances may this Declaration be amended to remove the rights of the City to maintain and

collect expenses from Owners pursuant to the provisions of Paragraph 19.10.

13.2 Notwithstanding anything contained herein to the contrary, if the Act, this Declaration, the Articles or the Bylaws require the consent or agreement of the Owners to which a specified percentage of the undivided interests in the Common Elements is appurtenant and/or any other persons having any interest in the Condominium, including, without limitation, the Association, for any such amendment or for any action specified in this Declaration, then any instrument so amending this Declaration or any provision hereof or providing for such action shall be signed by the Association and/or the Owners of not less than such specified percentage. Any such change, modification or amendment accomplished under any of the provisions of this Article 13 shall be effective upon recording of the instrument providing thereof signed and acknowledged as provided herein.

ARTICLE 14
RESERVATION OF DEVELOPMENT RIGHTS
AND PLAN OF DEVELOPMENT

Declarant hereby expressly reserves the following Development Rights, as provided in A.R.S. §33-1202(14) and the right to exercise such rights without the consent of any Mortgagee or any Owner:

14.1 To create easements, Units, or Common Elements within any portion of the Condominium created hereby, until more than eighty-five percent (85%) of the Units created have been conveyed to Owners other than Declarant.

14.2 To subdivide Units, convert Units into Common Elements or convert Common Elements into Units

14.3 To amend this Declaration during any period of Declarant control to comply with applicable law or to correct any error or inconsistency in this Declaration provided that such amendment does not adversely affect the rights of any Owner contrary to the provisions of this Declaration.

ARTICLE 15
GENERAL PROVISIONS

15.1 Notices. Notices provided for in the Act, this Declaration, the Articles or the Bylaws shall be in writing and shall be mailed by certified mail postage prepaid if to the Association or the Board addressed to the address to which payments of assessments are then sent and if to an Owner addressed to his Unit at the Condominium. The Association or the Board may designate a different address or addresses to which notices shall be sent from time to time by giving written notice of such change of address to all Owners. Any Owner may also designate a different address or addresses to which notices shall be sent by giving written notice of his change of address to the Association. Notices shall be deemed delivered upon receipt shown on the certified or registered receipt, after being deposited, properly addressed, in the United States mail, postage prepaid, or immediately upon delivery in person. Upon written request to the Board, which written request specifies an address to which notices may be sent, any Mortgagee

shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner subject to the Mortgage held by such Mortgagee.

15.2 Public Dedication. Nothing contained in this Declaration shall be deemed to constitute a dedication for public use or to create any rights in the general public. Nothing contained in this Declaration shall be construed as creating an obligation on the part of the County of Maricopa in the State of Arizona or any other governmental authority having jurisdiction over the Property to maintain, repair or replace any Unit or the appurtenances thereto.

15.3 Severability. If any provision of this Declaration, the Articles, the Bylaws or the Rules and Regulations, or any section, clause, sentence, phrase or word, or the application thereof in any circumstance, is held invalid by a Court of competent jurisdiction, the validity of the remainder of this Declaration, the Articles, the Bylaws or the Rules and Regulations, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstance shall not be affected thereby, shall remain in full force and effect as if such invalid part shall be promptly amended as herein provided or reformed by such court so as to implement the intent hereof to the maximum extent permitted by law.

15.4 Perpetuities and Restraints on Alienation. If any of the easements, privileges, covenants, interests or rights created by this Declaration would otherwise be unlawful, void or voidable for violation of the rule against perpetuities, then such shall continue in existence until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States, George W. Bush, or the Governor of Arizona, Janet Napolitano.

15.5 Rights and Obligations. Each grantee of Declarant, by the acceptance of a deed of conveyance, each purchaser under any agreement of sale, by execution of such agreement for sale, and each Mortgagee, by the acceptance of any instrument conveying any interest in the Property as security for the performance of an obligation, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed, shall be deemed and taken to be covenants running with the land and equitable servitudes and shall be binding upon and shall inure to the benefit of any grantee, purchaser or any person having at any time any interest or estate in the Property in a like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance, purchase contract or other instrument of transfer, and each grantee shall be entitled to bring, and shall be subject to, an action for the recovery of damages, and for injunctive relief, or both, resulting from any breach of any such provisions.

15.6 Waiver. Any right or remedy provided for in this Declaration shall not be deemed to have been waived by any act or omission, including, without limitation, any acceptance of payment or partial performance or forbearance, except by an instrument in writing specifying such right or remedy and executed by the person against whom enforcement of such waiver is sought.

15.7 Professional Management Agreement. The Association may employ a responsible individual, corporation or other entity as manager to manage, operate and maintain the Common Elements, with all of the administrative functions and such other powers and duties as the Association may delegate from time to time and for such fees as the Association may establish. The cost of such Manager shall be a Common Expense. The Association may also employ the Company to act as Manager for a fee consistent with the charges of a third party manager. The Manager employed by the Association may also be employed by any Owner to manage, operate, repair and maintain its respective Unit or Units, provided, however, that the costs, expenses and fees incurred in connection therewith shall be accounted for separately and shall not be the obligation of the Association.

15.8 Taxes. Each Owner shall pay when due all real estate taxes, charges and assessments levied against each Unit.

ARTICLE 16
TERMINATION

This Declaration shall remain in full force and effect for a period of ten (10) years following the date it is recorded. This Declaration shall subsequently automatically renew for seven 10-year periods. During any renewal period, this Declaration may be modified or terminated upon the approval of the Owners of 85% or more of the Common Elements. During the initial 10-year period, the Association may be terminated by an affirmative unanimous vote of the Owners. Any such agreement to terminate shall be evidenced by the execution or ratification of a termination agreement, in the same manner as a deed, by the Owners so agreeing. The termination agreement shall specify a date after which the Agreement shall be void, unless it is recorded before that date. At the time of such termination, title to all of the real estate and the Property shall vest in the Owners upon termination as Tenants-in-Common in proportion to their respective interests as set forth in Exhibit "D". The Association may not be dissolved, however, unless another entity has agreed to assume the operation and maintenance responsibilities of the Association.

ARTICLE 17
EXEMPTION OF DECLARANT FROM RESTRICTIONS;
RESERVATION OF SPECIAL DECLARANT RIGHTS

Notwithstanding anything contained in this Declaration to the contrary, none of the restrictions contained in this Declaration shall be construed or deemed to limit or prohibit any act of Declarant, its employees, agents and subcontractors, or parties designated by it in connection with any construction, completion, sale or lease of the Property or any portion thereof. In addition to the foregoing, Declarant expressly reserves the following Special Declarant Rights, as defined in A.R.S. §33-1202(21) and the right to transfer such rights as provided in A.R.S. §33-1244:

- 17.1 The right to construct any improvements as provided herein.
- 17.2 The right to exercise any Development Rights specifically set forth in Article 14 hereof.

17.3 The right to maintain sales offices, leasing offices, management offices, signs advertising the Condominium and models within the Condominium until the last Unit is sold to an Owner other than Declarant, or leased to an Occupant other than Declarant.

17.4 The right to use any easements through the Common Elements for the purpose of making improvements within the Condominium.

17.5 The right to appoint or remove any officer of the Association or any Board member during any period of Declarant's control.

ARTICLE 18 REMEDIES

18.1 In the event that any Owner, and/or any Mortgagee shall fail to comply with the provisions of the Act, this Declaration, the Articles, the Bylaws, or the Rules and Regulations, the Association shall have each and all of the rights and remedies provided for in this Declaration, the Articles, the Bylaws, or the Rules and Regulations, or which may be available at law or in equity and may prosecute any action or other proceeding against such Owner for enforcement of such provisions or foreclosure of its lien and the appointment of a receiver for the Unit, or damages, or injunctive relief, or specific performance, or judgment for payment of money and collection thereof, or to sell the same as hereinafter provided, or any combination of such remedies or any other and further relief which may be available at law or in equity, all without notice and without regard to the value of such Unit or the solvency of such Owner. The proceeds of any rental or sale shall first be applied to discharge court costs, other litigation costs, including, without limitation, reasonable attorneys' fees, and all other expenses of the proceeding and sale. The remainder of such proceeds shall be applied first to the payment of any unpaid assessment or other charges and the satisfaction of any other damages, and any balance shall be held by the Association for the payment of any future assessment or other charges. Upon the confirmation of the sale, the purchaser of such Unit shall be entitled to a deed to the Unit and to immediate possession of the Unit and may apply to the court for a writ of possession for the purpose of acquiring such possession. The purchaser at any such sale shall take the Unit sold subject to all of the covenants, conditions and restrictions contained in this Declaration. All expenses of the Association in connection with any such action or proceeding, including court costs and reasonable attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, shall be secured by a lien upon the Unit of such defaulting Owner as provided in Article 8 hereof and shall bear interest at the rate of eighteen percent (18%) per annum from the date such were incurred until paid in full. In addition to the remedies granted by the Association pursuant to this Article 18, in the event that any Owner or the Association shall fail to comply with the provisions of the Act, this Declaration, the Articles, the Bylaws, or the Rules and Regulations, any non-defaulting Owner shall have each and all of the rights and remedies provided for in the Act, this Declaration, the Articles, the Bylaws or the Rules and Regulations or which may be available at law or in equity and may prosecute any action or other proceeding against such defaulting Owner or the Association for the enforcement of such provisions, injunctive relief and/or specific performance.

18.2 Notwithstanding any provision of this Declaration to the contrary, any breach of any of the covenants, conditions, restrictions, reservations and servitudes provided for in this Declaration, or any right of re-entry by reason thereof, shall not defeat or adversely affect the lien and/or rights of any mortgagee except as herein expressly provided, each and all of such covenants, conditions, restrictions, reservations and servitudes shall be binding upon and effective against any Tenant under any Lease or against any Owner of any Unit whose title thereto is acquired by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise.

ARTICLE 19
MISCELLANEOUS

19.1 Binding Effect; Term. Unless sooner terminated as herein provided, this Declaration and the restrictions contained herein shall be binding upon each Owner and its heirs, executors, successors, assigns and grantees, and all other persons claiming an interest in the Property or Condominium.

19.2 Reference to Declaration. All instruments of conveyance of transfer of any interest of all or any part of the Property or Condominium may contain the restrictions herein set forth by reference to this Declaration. However, the restrictions herein shall be binding upon all persons and entities affected by the terms of this Declaration, regardless of whether any reference is made to this instrument in a deed or other instrument of conveyance.

19.3 Severability. A determination by a Court of competent jurisdiction that any provision of the Declaration is invalid or is unenforceable shall not effect the validity or enforceability of any of the other provisions hercof.

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

19.5 Conflicts. If any of the provisions in the Articles, Bylaws or Rules and Regulations conflict with the provisions of this Declaration, the provisions in this Declaration shall control.

19.6 Authorization. Acts of the Association requiring prior authorization by Members of the Association shall be considered and voted upon at the meetings of the Members lawfully held and duly noticed for such purpose.

19.7 Common Element Rentals. All rents from the leasing or renting of the Common Elements shall be the property of and paid directly to the Owners according to their percentage interests in the Common Elements and shall not be paid to, or be the property of, the Association.

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

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

19.10 City of Phoenix. Notwithstanding anything contained in this Declaration to the contrary; the City shall have the right, but not the obligation, to enter the Property to maintain the Common Elements, after reasonable notice, if the Association or the Owners fail to do so. If the City exercises its rights under this Paragraph 19.10, the City may recover all costs, both direct and indirect, from the Owners.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration as of the 22 day of SEPTEMBER, 2006.

MERCHANT LAND PARTNERS., LLC, an Arizona limited liability company

By: [Signature]
Its Member/Manager

SIERRA FOOTHILLS
CONDOMINIUM ASSOCIATION, an Arizona non-profit corporation

By: [Signature]
Its: President

STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me this 22nd day of SEPTEMBER, 2006, by Dirya R. Merchant the Member/Manager of MERCHANT LAND PARTNERS, LLC, an Arizona limited liability company, on behalf of said corporation.

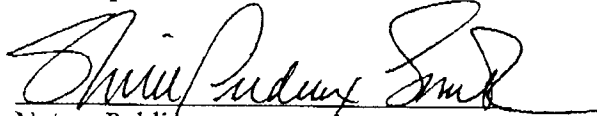
[Signature]
Notary Public

My commission expires:
Feb. 10, 2007

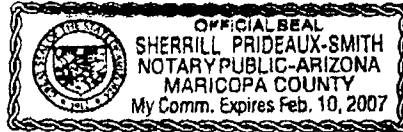


STATE OF ARIZONA)
) ss.
COUNTY OF MARICOPA)

This instrument was acknowledged before me this 27th day of SEPTEMBER, 2006, by Birgin K. Merchant, the PRESIDENT of SIERRA FOOTHILLS CONDOMINIUM ASSOCIATION, an Arizona non-profit corporation, on behalf of said corporation.


Notary Public

My commission expires:
Feb. 10, 2007



LENDER CONSENT

The undersigned Beneficiary ("Lender") of that certain Deed of Trust recorded on 9-15, 2005, as Document No. 20051358920, Official Records of the Maricopa County Recorder, Maricopa County, Arizona ("Deed of Trust"), hereby approves the foregoing Declaration Establishing the Sierra Foothills Condominium Association and Declaration of Covenants, Conditions and Restrictions (the "Declaration"). Lender hereby agrees that the Declaration shall not be modified, disturbed or extinguished by any judicial or statutory foreclosure of the Deed of Trust, or deed in lieu thereof, and that any purchaser or taker under the Deed of Trust, by foreclosure or otherwise, shall take title to the real property encumbered by the Deed of Trust subject to the Declaration.

Dated this 22 day of September, 2006.

By: Mark A. Jebelian
Its: VICE PRESIDENT

STATE OF ARIZONA)
)ss
County of Maricopa)

On this day personally appeared before me Mark Jebelian, the Vice president of Wells Fargo Bank and acknowledged such instrument to be the free and voluntary act and deed of the company, and on oath states that he/she was duly authorized to execute such instrument.

GIVEN UNDER MY HAND AND OFFICIAL SEAL this 22 day of Sept., 2006.

[Signature]
Notary Public

My commission expires:
7-23-07

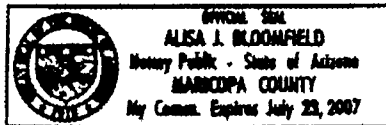


EXHIBIT "A"

Legal Description for Building A

Units A-1 through A-25, Building A, Sierra Foothills Professional Park, a condominium, according to the plat recorded in Recording No. 2006-1288484, in Book 870 of Maps, Page 11 records of Maricopa County, Arizona.

Together with an undivided interest in and to the common elements as set forth in said Declaration and as designated on said Plat.

EXHIBIT "B"

Legal Description for Building B

Units B-1 through B-22, Building B, Sierra Foothills Professional Park, a condominium, according to the plat recorded in Recording No. 2006-1288484, in Book 870 of Maps, Page 11 records of Maricopa County, Arizona.

Together with an undivided interest in and to the common elements as set forth in said Declaration and as designated on said Plat.

EXHIBIT "C"

Legal Description for Property

Sierra Foothills Professional Plaza, according to the amended plat recorded as Instrument No. 2006-1288484, and the plat recorded at Book 170 of Maps, Page 11, in the records of Maricopa County, Arizona.

EXHIBIT "D"

Units and Common Element Percentage

<u>Unit</u>	<u>Building</u>	<u>Net Square Feet</u>	<u>Common Element Percentage</u>
A-1	A	368	2.0914%
A-2	A	368	2.0914%
A-3	A	384	2.1823%
A-4	A	384	2.1823%
A-5	A	384	2.1823%
A-6	A	384	2.1823%
A-7	A	384	2.1823%
A-8	A	384	2.1823%
A-9	A	384	2.1823%
A-10	A	384	2.1823%
A-11	A	360	2.0459%
A-12	A	336	1.9095%
A-13	A	336	1.9095%
A-14	A	336	1.9095%
A-15	A	360	2.0459%
A-16	A	384	2.1823%
A-17	A	384	2.1823%
A-18	A	384	2.1823%
A-19	A	384	2.1823%
A-20	A	384	2.1823%
A-21	A	384	2.1823%
A-22	A	368	2.0914%
A-23	A	368	2.0914%
A-24	A	368	2.0914%
A-25	A	368	2.0914%
B-1	B	368	2.0914%
B-2	B	368	2.0914%
B-3	B	384	2.1823%
B-4	B	384	2.1823%
B-5	B	384	2.1823%
B-6	B	384	2.1823%
B-7	B	384	2.1823%
B-8	B	384	2.1823%
B-9	B	384	2.1823%

B-10	B	384	2.1823%
B-11	B	376	2.1368%
B-12	B	368	2.0914%
B-13	B	368	2.0914%
B-14	B	380	2.1596%
B-15	B	328	1.8641%
B-16	B	384	2.1823%
B-17	B	384	2.1823%
B-18	B	384	2.1823%
B-19	B	384	2.1823%
B-20	B	384	2.1823%
B-21	B	368	2.0914%
B-22	B	368	2.0914%
		17596	100%

EXHIBIT "E"

Sierra Foothills Professional Plaza- Use Restrictions

THE FOLLOWING USES WILL NOT BE PERMITTED:

(from City of Phoenix Zoning Ordinance Section 622. Commercial C-1 District-Neighborhood Retail)

- 8. Automobile Parts and Supplies, Retail
- 15. Bingo, subject to a use permit
- 60. Fish Markets, Retail Sales
- 68. Gas Stations, Corner Lot Only (also see Service Stations, Automobile) *2
- 144. Self-Service Laundry *21
- 145. Service Stations, Automobile (corner lots only in C-1) *2 *21

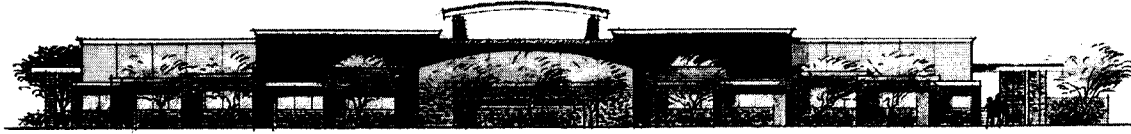
EXHIBIT "F"

Sierra Foothills Professional Plaza- Comprehensive Sign Package

**Sierra Foothills Professional Plaza
Sign Criteria is Available in the Offices
of the Company
Located at 14425 S. Canyon Drive, Phoenix, Arizona 85048**

EXHIBIT "H"

Sierra Foothills Professional Plaza- Comprehensive Sign Package



Sierra Foothills Professional Plaza Sign Criteria

SIGN CRITERIA

(July 2006)

This Sign Criteria shall, in no way, be construed to allow any relief from City Signage Ordinances with out proper variances for the City of Phoenix. No Tenant/Owner shall request a variance from the City's Signage Regulations without Sierra Foothills Condominium Association (SFCA) and/or Developer (Merchant Land Partners, LLC) approval.

The approved sign vendor One Stop Signs shall provide the detailed and scaled drawings to the Association for approval prior to fabrication of your signs at owners expense. Please contact Jason Keller at 480.961.SIGN (7446) for all sign information.

THE BASIC CRITERIA GOVERNING SIGNAGE IS AS FOLLOWS:

- *No flashing action or other mechanical animation will be allowed on signs.
- *Signs must be kept in clean and operating condition.
- *No Raceways

Secondary Signage:

- *No window signs or banners will be allowed without prior approval by the Association and/or Developer.
- *Standard suite numbers will be allowed 6" numerals Ivory White in color, centered directly over the main entry door.

Text:

The text of the sign should contain only the company name. Elaboration on the company's Products or services, slogans, logos, or other verbiage is allowed only by specific Association and/or Developer approval.

Type:

All signs shall be in the form of individual Reverse Pan Channel letters, illuminated or non-illuminated. Letter style is open with landlord approval. Except the courtyard elevations will receive one blade sign only (See specs provided below). Placement is approved by Association and/or Developer.

Fabrication:

The letter material will be constructed entirely of .090 aluminum with 3” deep returns. Illuminated signs will be mounted 1” from fascia and backed with clear lexan backs. *Color of signs to be Frazee Status Bronze SW7034.*

Illumination:

6500 white neon or equivalent LED.

Size and Location:

Single line of copy 18” max height
Double lines of copy 24” max height
Max Length 14’

Electrical Service:

House power will be provided to each sign and will run on a timer set to Associations Time line. This will be paid for by SFCA dues.

All electrical wiring is required to be “UL” approved, Inspected, and appropriately tagged prior to installation.

Electrical Maintenance is at the Tenant/Owners expense and will be repaired immediately. If after (15) days notification to repair sign no action has been taken by Tenant/Owner, and there have been no serious weather conditions that would prohibit work, Association and/or Developer may contract to repair and/or maintain sign at Tenant/Owners’s sole expense.

General:

These criteria should be given to your sign company to serve as a guide in the preparation of your signs design and cost estimates.

You may be held liable and bear all costs for removal and/or correction of signs, sign installation and damage to the building by sign installations that do not conform to local ordinances, regulations and the above specifications.

Approved Sign Contractor List:

ONE STOP SIGNS
500 N 56th St Chandler, AZ 85226

P.480.961.7446 F.480.785.0754

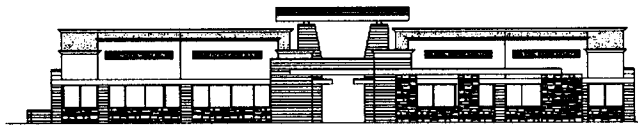
Contact: Jason Keller Jason@1ststopsigns.com

Store Window & Door Signage to be approved by Association and/or Developer:

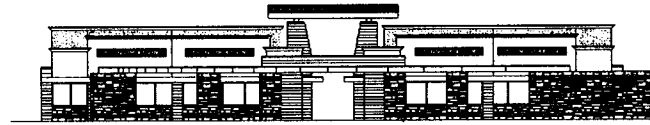
1. Materials Vinyl on first surface of glass. No other materials permitted.
2. Colors White Vinyl.
3. Letters open for approval.
4. Sizes will be held to 25% of window area.
5. Doors No other than logo and address.

No special lighting of any of these signs is permitted. Variations from this standard require Associations and/or Developer approvals.

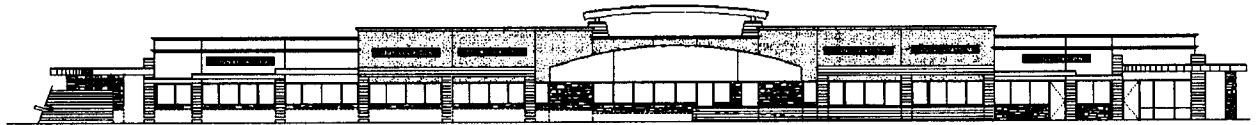
SIGN LOCATIONS



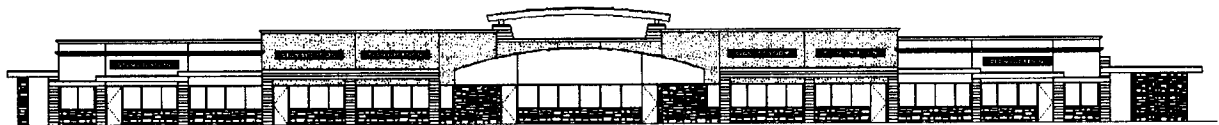
North Elevation



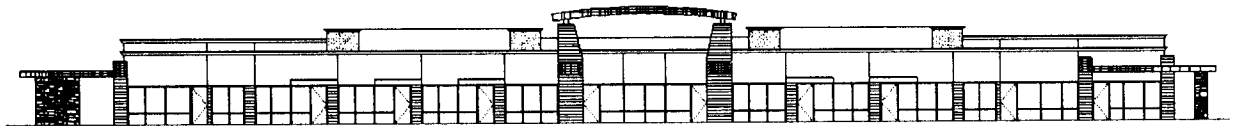
South Elevation



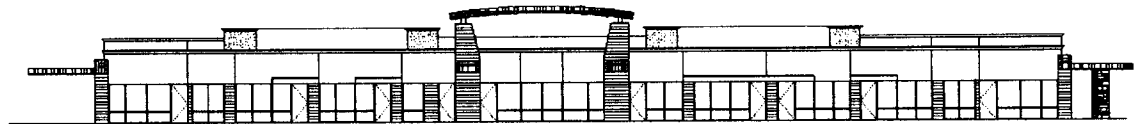
East Elevation



West Elevation



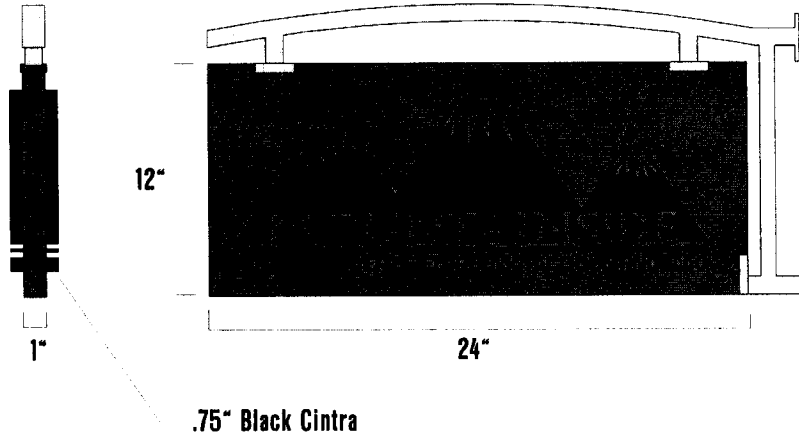
West Courtyard Elevation (Blade Sign Only)



East Courtyard Elevation (Blade Sign Only)

BLADE SIGN SPECS

1 STOP SIGNS
NATIONAL SIGNAGE PRODUCTS BY SIGN MATERIALS, INC. (M-514)
 500 N 56TH ST CHANDLER, AZ 85226
 P. 480.961.SIGN (7448)
 F.480.785.0754



**1" Aluminum Panel Painted with 1" Square Tube Frame
 Painted to Specs (Antique Bisque ICI 431, ICI 208 & ICI 716).
 All Text and Logos will be Routed from .75" Black Cintra
 and mounted to Panel.**

DATE -
SIGN TYPE -
PROJECT NAME -
CLIENT INFO -
REVISIONS -
ACCOUNT REP : JASON KELLER
ALL ELECTRICAL SIGNS ARE 120 Volts UNLESS OTHERWISE INDICATED
<small>THIS DRAWING IS AN APPROXIMATE REPRESENTATION OF THE SIGNAGE AND DOES NOT CONSTITUTE A CONTRACT. ALL WORK SHALL BE SUBJECT TO THE TERMS AND CONDITIONS OF THE CONTRACT. THE CONTRACTOR SHALL BE RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS AND APPROVALS FROM ALL APPLICABLE AGENCIES. © 2006 ALL RIGHTS RESERVED</small>
DRAWING 1