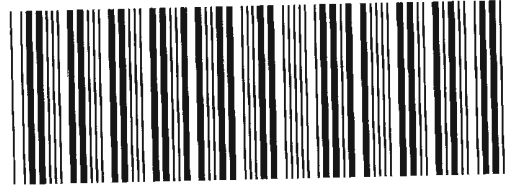


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**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COUNTRYSIDE**

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COUNTRYSIDE

This Declaration of Covenants, Conditions, and Restrictions for Countryside (the "Declaration") is made this 9th day of August, 2000, by Ryland Group, Inc., a Maryland corporation, Sivage-Thomas of Arizona, Inc., a New Mexico corporation, Countryside Land Development, L.L.C., an Arizona limited liability company, and Canterra Contracting, L.L.C., an Arizona limited liability company (collectively, the "Declarants").

INTRODUCTION

A. Declarants are the owners of fee title to the real property located in Maricopa County, Arizona, legally described on Exhibit A attached hereto (the "Property").

B. By executing and recording this Declaration with the County Recorder of Maricopa County, Arizona, the Declarants intend to impose upon the Property mutually beneficial covenants, conditions, restrictions and easements to establish a flexible and reasonable procedure for the overall development, administration, maintenance, use and preservation of the Property. Declarants intend for this Declaration to create equitable servitudes and covenants appurtenant to and running with the Property and which will be binding upon all future Owners of all or any portion of the Property and any other Person acquiring any right, title or interest in or to all of any portion of the Property.

C. Declarants deem it desirable to provide for the creation of a nonprofit corporation under the laws of the State of Arizona to administer and maintain, repair and replace the Areas of Association Responsibility and to provide for the levying and collecting of Assessments and other charges by the Association for the purpose, among other things, of paying all costs and expenses incurred or to be incurred by the Association in connection with: (i) the maintenance, repair and replacement and administration of the Areas of Association Responsibility, (ii) the enforcement of the covenants, conditions and restrictions contained in this Declaration, (iii) the performance of all other obligations of the Association under the Community Documents, or (iv) the exercise by the Association of any of the rights or powers granted to the Association by the Community Documents or applicable law.

ARTICLE 1

DEFINITIONS

Unless otherwise defined, the following words and phrases when used in this Declaration shall have the meanings set forth in this Article.

1.1 "Areas of Association Responsibility" means: (a) all Common Area; (b) all land, and the Improvements situated thereon, located within the boundaries of a Lot or a public right-of-way which the Association is obligated to maintain, repair and replace pursuant to the terms of this Declaration, a Supplemental Declaration or other Recorded document executed by the Declarants or the Association; and (c) all land, and the Improvements situated thereon, designated on a Plat signed or ratified by the Association as property to be maintained, repaired and replaced by the Association.

1.2 "Articles" means the Articles of Incorporation of the Association, as amended from time to time.

1.3 "Assessable Lot" means each Lot owned by a Person other than a Declarant or Declarant Developer.

1.4 "Assessment" means a Regular Assessment or Special Assessment.

1.5 "Assessment Lien" means the lien created and imposed by Article 7.

1.6 "Assessment Period" means the period set forth in Section 7.4.

1.7 "Association" means Countryside of Surprise Community Association, an Arizona nonprofit corporation, and its successors and assigns.

1.8 "Association Rules" means the rules adopted by the Board pursuant to Section 6.3.

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

1.10 "Builder" means any Person (other than a Declarant or a District Developer) who purchases four or more Lots for the purpose of later sale in the ordinary course of such Person's business or for the purpose of constructing Improvements thereon for later sale in the ordinary course of such Person's business.

1.11 "Bylaws" means the Bylaws of the Association, as amended from time to time.

1.12 "**Common Area**" means all real property, together with all Improvements situated thereon, which the Association at any time owns in fee or in which the Association has a leasehold interest for as long as the Association is the owner of the fee or leasehold interest, except that Common Area shall not include any Lot which the Association may acquire through foreclosure of the Assessment Lien or any deed in lieu of foreclosure.

1.13 "**Common Expense**" means the actual and estimated expenses incurred or anticipated to be incurred by or on behalf of the Association (including any allocations to reserves determined by the Board to be necessary and appropriate), and all other financial liabilities of the Association.

1.14 "**Community Documents**" means, collectively, this Declaration, the Articles, the Bylaws, the Association Rules and Design Guidelines, all as amended from time to time.

1.15 "**Declarants**" means, collectively, The Ryland Group, Inc., a Maryland corporation, Sivage-Thomas of Arizona, Inc., a New Mexico corporation, Countryside Land Development, L.L.C., an Arizona limited liability company, and Canterra Contracting, L.L.C., an Arizona limited liability company, and any Person to whom any of them may expressly assign any or all of their rights under this Declaration by a Recorded instrument. Each of the Declarants shall be referred to in this Declaration as a "Declarant". Whenever this Declaration requires the approval or consent of the Declarants for a particular action, all Declarants who own a Lot at the time such approval or consent is requested must approve or consent to the action. Whenever this Declaration gives the Declarants the right to take a particular action, such action must be taken by all Declarants who own a Lot at the time the action is to be taken.

1.16 "**Declarant Control Period**" means the period commencing upon the Recording of this Declaration and ending on the date that the Class B membership in the Association terminates pursuant to Section 6.7.

1.17 "**Declaration**" means this Declaration of Covenants, Conditions, and Restrictions for Countryside, as amended from time to time.

1.18 "**Design Guidelines**" means the procedures, standards and guidelines adopted by the Design Review Committee pursuant to Section 3.11, as amended or supplemented from time to time.

1.19 "**Design Review Committee**" means the committee created pursuant to Section 3.11

1.20 "**District**" means each of the following geographic areas of the Property:

Countryside Unit 1, according to the plat recorded in Book 537, page 49, official records of the County Recorder of Maricopa County, Arizona.

Countryside Unit 2, according to the plat recorded in Book 537, page 49, official records of the County Recorder of Maricopa County, Arizona.

Countryside Unit 3, according to the plat recorded in Book 537, page 49, official records of the County Recorder of Maricopa County, Arizona.

Countryside Unit 4, according to the plat recorded in Book 537, page 50, official records of the County Recorder of Maricopa County, Arizona.

A Supplemental Declaration may divide any of the above-described Districts into two or more Districts and designate the District Developer for each of the newly created Districts.

1.21 "District Developers" means, collectively, the Declarant and any other Person designated as a District Developer in a Supplemental Declaration. Each of the District Developers shall be referred to in this Declaration as a "District Developer". Whenever this Declaration requires the approval or consent of the District Developers for a particular action, all District Developers who own a Lot at the time such approval or consent is requested must approve or consent to the action. Whenever this Declaration gives the District Developers the right to take a particular action, such action must be taken by all District Developers who own a Lot at the time the action is to be taken.

1.22 "District Representative" means a natural person elected or appointed as a District Representative pursuant to Section 6.10.

1.23 "First Mortgage" means any mortgage or deed of trust on a Lot which has priority over all other mortgages and deeds of trust on the same Lot.

1.24 "First Mortgagee" means the holder or beneficiary of any First Mortgage.

1.25 "Improvement" means: (a) any Residence, building, fence or wall; (b) any swimming pool, tennis court, basketball goal, backboard or apparatus or playground equipment; (c) any road, driveway or parking area; (d) any trees, plants, shrubs, grass or other landscaping improvements of any type and kind; (e) any statuary, fountain, artistic work, craft work, figurine or ornamentation of any type or kind, and (f) any other structure of any type, kind or nature.

1.26 **"Lessee"** means the lessee or tenant under a lease, oral or written, of any Lot including an assignee of the lessee's or tenant's interest under a lease.

1.27 **"Lot"** means a parcel of land within the Project, whether improved or unimproved, intended for independent ownership and use and designated as a "lot" on a Plat and any Residence, building, structure or other Improvement situated thereon.

1.28 **"Maintenance"** means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement or reconstruction.

1.29 **"Maintenance Standard"** means the standard of Maintenance of Improvements situated on Lots established from time to time by the Board or, in the absence of any standard established by the Board, the standard of Maintenance of Improvements situated on Lots generally prevailing throughout the Project.

1.30 **"Member"** means any Person who is a member of the Association as provided in Section 6.6.

1.31 **"Owner"** means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Lot. Owner shall not include Persons having an interest in a Lot merely as security for the performance of an obligation or a Lessee. Owner shall include a purchaser under a Recorded contract for the conveyance of real property subject to the provisions of Arizona Revised Statutes, Section 33-741 *et seq.* 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 the executory contracts pending the closing of a sale or purchase transaction. In the case of Lots subject to a deed of trust pursuant to Arizona Revised Statutes, Section 33-801, *et seq.*, the Trustor shall be deemed to be the Owner. In the case of the Lots 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 trust property shall be deemed to be the Owner.

1.32 **"Person"** means a natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.33 **"Plat"** means each of the following subdivision plats and all amendments, replats, supplements and corrections thereto:

The plat of Countryside Unit 1 recorded in Book 537, page 49,
official records of the County Recorder of Maricopa County, Arizona.

The plat of Countryside Unit 2 recorded in Book 537, page 34, official records of the County Recorder of Maricopa County, Arizona.

The plat of Countryside Unit 3 recorded in Book 537, page 39, official records of the County Recorder of Maricopa County, Arizona.

The plat of Countryside Unit 4 recorded in Book 537, page 50, official records of the County Recorder of Maricopa County, Arizona.

1.34 **"Property" or "Project"** means the real property described on Exhibit A attached to this Declaration together with all Improvements located thereon.

1.35 **"Purchaser"** means any Person, other than a Declarant or a District Developer, who by means of a voluntary transfer becomes the Owner of a Lot, except for: (i) a Person who purchases a Lot and then leases it to a Declarant or a District Developer for use as a model in connection with the sale or lease of other Lots; or (ii) a Person who, in addition to purchasing one or more Lots, is assigned any or all of a Declarant's rights under this Declaration.

1.36 **"Recording"** means placing an instrument of public record in the office of the County Recorder of Maricopa County, Arizona, and **"Recorded"** means having been so placed of public record.

1.37 **"Regular Assessment"** means the Assessments levied and assessed against the Assessable Lots pursuant to Section 7.2.

1.38 **"Residence"** means any building, or portion of a building, designed and intended for independent ownership and for use and occupancy as a residence.

1.39 **"Resident"** means each person occupying or residing in any Residence.

1.40 **"Special Assessment"** means any assessment levied and assessed pursuant to Section 7.3.

1.41 **"Supplemental Declaration"** means a Declaration recorded pursuant to Section 2.2

1.42 **"Visible From Neighboring Property"** means, with respect to any given Improvement, that such Improvement is or would be visible to a natural person six feet tall, standing at ground level on any part of any Lot or Common Area or any public street within or adjacent to the Project.

ARTICLE 2**PROPERTY AND PERSONS BOUND BY DECLARATION****2.1 Purpose and Binding Effect.**

Declarants are the record owners of fee title to the Property. Declarants intend by this Declaration to impose upon the Property covenants, conditions, restrictions and easements to create a general plan of development for the Property and to provide a flexible and reasonable procedure for the administration, maintenance, preservation, use and enjoyment of the Property. The Declarants declare that all of the Property shall be held, sold, used and conveyed subject to the easements, restrictions, conditions and covenants set forth in this Declaration which are for the purpose of protecting the value, desirability and appearance of the Property. Declarants further declare that all of easements, restrictions, conditions and covenants in this Declaration shall run with the Property and shall be binding upon and inure to the benefit of the Declarants and all Owners, Lessees and Residents and all other Persons having or acquiring any right, title or interest in the Property or any part thereof, their heirs, successors, successors in title and assigns. Each Person who acquires any right, title or interest in the Property, or any part thereof, agrees to abide by all of the provisions of the Community Documents. This Declaration shall be binding upon and shall be for the benefit of and enforceable by the Association. Declarants make no warranties or representations, express or implied, as to the binding effect or enforceability of all or any portion of the Community Documents, or as to the compliance of any of the provisions of the Community Documents with public laws, ordinances and regulations applicable thereto.

2.2 Supplemental Declarations.

Declarants reserve the right, but not the obligation, to record one or more Supplemental Declarations against portions of the Property. A Supplemental Declaration may designate the area covered by the Supplemental Declaration as one or more Districts and designate the Person who will be the District Developer for each District. A Supplemental Declaration also may identify Common Areas and impose such additional covenants, conditions and restrictions as the Declarants determine to be appropriate for the property subject to the Supplemental Declaration. A Supplemental Declaration may only be amended by a written instrument executed by: (a) the Owners representing more than seventy-five percent (75%) of the votes in the Association held by the Owners of all of the Lots subject to the Supplemental Declaration; (b) the Association; (c) the Declarants; and (d) each District Developer designated in the Supplemental Declaration so long as the District Developer owns any Lot covered by the Supplemental Declaration. After none of the Declarants own any Lot, the Association shall have the right to record a Supplemental Declaration for any part of the Property for which a Supplemental Declaration has not previously been recorded.

2.3 Withdrawal of Property.

At any time on or before the date which is fifteen (15) years after the date this Declaration is Recorded, the Declarants shall have the right to withdraw property from the Project without the consent of any other Owner or Person; provided, however, that no such withdrawal shall be effective unless consented to in writing by all District Developers. The withdrawal of all or any portion of the Project shall be affected by the Recording a Declaration of Withdrawal setting forth the legal description of the property being withdrawn and signed by the Declarants. Upon the withdrawal of any property from the Project pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Declaration.

2.4 Disclaimer of Implied Covenants.

Nothing contained in this Declaration and nothing which may be represented to a purchaser by real estate brokers or salesmen shall be deemed to create any implied covenants, servitudes or restrictions with respect to the use of any property subject to this Declaration.

ARTICLE 3

ARCHITECTURAL CONTROL

3.1 Approval Required.

As used in this Article 3, "Construction" means any devegetation, excavation or grading work or the construction, erection or installation of any Improvement on a Lot, and "Modification" means an addition, alteration, repair, change or other work which in any way alters the exterior appearance of any Improvement located on a Lot. No Construction or Modification shall be made or done without the prior written approval of the Design Review Committee.

Any Owner desiring approval of the Design Review Committee for any Construction or Modification shall submit to the Design Review Committee a written request for approval specifying in detail the nature and extent of the Construction or Modification which the Owner desires to perform. The request for approval must be accompanied by plans or specifications showing the nature, kind, color, shape, height, materials and location of the Improvements and such other information as may be required by the Design Guidelines. Any Owner requesting the approval of the Design Review Committee shall also submit to the Design Review Committee any additional information, plans and specifications which the Design Review Committee may request.

In the event that the Design Review Committee fails to approve or disapprove an application for approval within forty-five (45) days after the complete application, together with any fee payable

pursuant to Section 3.6 and all supporting information, plans and specifications requested by the Design Review Committee have been submitted to the Design Review Committee, approval will not be required and this Section will be deemed to have been complied with by the Owner who requested approval of such plans. The approval by the Design Review Committee of any Construction or Modification shall not be deemed a waiver of the Design Review Committee's right to withhold approval of any similar Construction or Modification subsequently submitted for approval.

3.2 Review of Plans.

In reviewing plans and specifications for any Construction or Modification, the Design Review Committee may consider any and all factors which the Design Review Committee, in its sole and absolute discretion, determines to be relevant including, but not limited to: (a) the harmony of the proposed Improvements with existing Improvements in the Project or with Improvements previously approved by the Design Review Committee but not yet constructed; (b) the location of the proposed Improvements in relation to existing topography, finished grade elevations, roads, Common Area and other structures; (c) the exterior design, finish, materials and color of the proposed Improvements; and (d) compliance of the proposed Improvements with this Declaration and the Design Guidelines. The Design Review Committee may disapprove plans and specifications for any Construction or Modification even though the plans and specifications are in substantial compliance with this Declaration and the Design Guidelines if the Design Review Committee, in its sole and absolute discretion, determines that the proposed Construction or Modification, or some aspect or portion thereof, is undesirable or unattractive.

Decisions of the Design Review Committee may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and attractiveness of certain Improvements. Each Owner agrees that the decision of the Design Review Committee shall be final on all matters submitted to it pursuant to this Declaration.

The provisions of this Article do not apply to, and approval of the Design Review Committee shall not be required for, the Construction or Modification or any other work made by, or on behalf of, a Declarant or a District Developer. In addition, the provisions of this Article shall not apply to, and approval of the Design Review Committee shall not be required for, the construction, erection, installation, addition, alteration, repair, change or replacement of any Improvements made by, or on behalf of, a Builder so long as such work complies in all respects with the Design Guidelines. The approval required of the Design Review Committee pursuant to this Article 3 shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation.

The Design Review Committee may exempt certain Construction or Modifications from the application and approval requirements of this Article, provided such Construction or Modifications are undertaken in strict compliance with the requirements of such resolution. No approval shall be

required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. Any Owner may remodel, paint or redecorate the interior of a Residence without the approval of the Design Review Committee so long as such activity does not affect the exterior appearance of the Residence.

3.3 Variances.

The Design Review Committee may grant variances from compliance with any provision of the Design Guidelines in circumstances where the design meets the intent of the provision sought to be varied and where granting of the variance would enhance design innovation and excellence, or when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations so require, and the Design Review Committee determines, in its sole discretion, that the objective of the particular requirement can still be achieved. No variance shall be effective unless in writing and signed by an authorized representative of the Design Review Committee. No variance may be contrary to this Declaration, and no variance shall estop the Design Review Committee from denying a variance in other circumstances including, without limitation, circumstances identical or similar to circumstances in which the Design Review Committee previously granted a variance. For purposes of this Section, the inability to obtain the approval of any governmental agency, the issuance of any required permit, or financing for the proposed Construction or Modification shall not constitute a hardship.

3.4 Construction of Improvements.

Upon receipt of approval from the Design Review Committee for any Construction or Modification, the Owner who had requested such approval shall proceed with the Construction or Modification approved by the Design Review Committee as soon as practicable and shall diligently pursue such Construction or Modification so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Design Review Committee.

3.5 No Changes Without Approval.

Any Construction or Modification approved by the Design Review Committee must be done or performed in accordance with the plans and specifications approved by the Design Review Committee. No change, deletion or addition to the plans and specifications approved by the Design Review Committee may be made without the prior written approval of the Design Review Committee.

3.6 Review Fee.

The Design Review Committee shall have the right to charge a fee for reviewing requests for approval of any Construction or Modification, which fee shall be payable at the time the application for approval is submitted to the Design Review Committee. The fee charged by the

Design Review Committee may include the actual or estimated fees or costs incurred or anticipated to be incurred by the Design Review Committee in consulting with, or having the application reviewed by, architects, engineers or other professionals. The Association may retain architects, engineers or other persons as deemed necessary to review applications or otherwise assist the Design Review Committee.

3.7 New Construction.

All Improvements constructed on Lots shall be of new construction, and no buildings or other structures shall be removed from other locations on to any Lot.

3.8 No Warranty.

The approval by the Design Review Committee of any Construction or Modification shall not be deemed a warranty or representation by the Design Review Committee as to the quality of such Construction or Modification or that such Construction or Modification conforms to any applicable building codes or other federal, state or local law, statute, ordinance, rule or regulation.

3.9 Conditional Approval.

The Design Review Committee may condition its approval of plans and specifications upon the agreement by the Owner submitting such plans and specifications to furnish to the Association a bond or other security acceptable to the Design Review Committee in an amount determined by the Design Review Committee to be reasonably sufficient to: (a) assure the completion of the proposed Improvements or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvements, and (b) repair any damage which might be caused to any Area of Association Responsibility as a result of such work. Provided there is no damage caused to any Area of Association Responsibility by the Owner or its agents or contractors and all Improvements have been completed in accordance with the plans and specifications approved by the Design Review Committee, any such bond shall be released or security shall be fully refundable to the Owner.

3.10 Improvements to Areas of Association Responsibility.

If plans and specifications submitted to the Design Review Committee pertain to an Improvement which is within an Area of Association Responsibility so that the Association is responsible for the maintenance, repair and replacement of such Improvement, the Design Review Committee may condition its approval of the plans and specifications for the proposed Construction or Modification with respect to the Improvement on the agreement of the Owner to reimburse the Association for the future cost of the repair, maintenance or replacement of such Improvement. The Design Review Committee may require that any such agreement be Recorded.

3.11 Design Review Committee.

During the Declarant Control Period, the Design Review Committee shall consist of the District Representatives. On each matter to be decided by the Design Review Committee, each District Representative shall have the number of votes equal to the number of Lots within his District. Any action of the Design Review Committee approved by members of the Design Review Committee entitled to cast more than fifty percent (50%) of the votes entitled to be cast by all members of the Design Review Committee shall be considered as the act of the Design Review Committee. One or more members of the Design Review Committee, other than an Owner, may be compensated by the Association for their services on the Design Review Committee and for their technical or professional expertise.

After the expiration of the Declarant Control Period, the Design Review Committee shall consist of a minimum of three (3) members who shall be appointed, and who may be removed, by the Board. The number of members on the Design Review Committee may be changed from time to time by the Board. Each member of the Design Review Committee shall have one (1) vote on all matters that come before the Design Review Committee. The concurrence of a majority of the members of the Design Review Committee shall constitute the act of the Design Review Committee.

The Declarants and District Developers may at any time voluntarily surrender their right to appoint and remove the members of the Design Review Committee, and in that event the Declarants and District Developers may require, for so long as the Declarants and District Developers own any Lot, that specified actions of the Design Review Committee, as described in a Recorded instrument executed by the Declarants and District Developers, be approved by the Declarants and District Developers before they become effective.

The Design Review Committee may adopt, amend and repeal architectural guidelines, standards and procedures to be used in rendering its decisions. Such guidelines, standards and procedures may include, without limitation, provisions regarding: (a) the size and height of Residences; (b) architectural design, with particular regard to the harmony of the design with the surrounding structures and typography; (c) placement of Residences and other buildings; (d) landscaping design, content and conformance with the character of the Property and permitted and prohibited plants; (e) requirements concerning exterior color schemes, exterior finishes and materials; (f) signage; (g) perimeter and screen wall design and appearance; (h) time periods for commencement and completion of any approved construction or modification; and (i) rules and regulations governing construction activities.

The Design Review Committee may establish one or more subcommittees consisting of one or more members of the Design Review Committee and may delegate to such subcommittee or subcommittees the authority and power of the Design Review Committee to approve or disapprove any Construction or Modification within a specified portion of the Project.

ARTICLE 4**USE RESTRICTION****4.1 Residential Use.**

All Residences shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Residence, except that the Owner, Lessee or other Resident of a Residence may conduct a business activity within the Residence so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residence; (b) the business activity is a legal activity and conforms to all applicable zoning ordinances or requirements for the Project; (c) the business activity does not involve persons coming to the Lot to purchase goods or services or the door-to-door solicitation of Owners, Lessees or Residents in the Project; (d) the use of the Residence for trade or business in no way destroys or is incompatible with the residential character of the Residence or the surrounding neighborhood; (e) the trade or business is conducted only inside the Residence and does not involve the viewing, purchasing or taking delivery of goods or merchandise at, to, from or in any Residence; (f) the trade or business is conducted by a Resident or Residents of the Residence with no employee working in or from such Residence who is not a Resident thereof; (g) the volume of vehicular or pedestrian traffic or parking generated by such trade or business does not result in congestion or be in excess of what is customary in a residential neighborhood; (h) the trade or business does not utilize flammable liquids or hazardous materials in quantities not customary to a residential use; and (i) the use of the Residence for a trade or business does not violate any other provision of the Community Documents.

The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether such activity is engaged in full or part time, such activity is intended or does generate a profit, or a license is required for such activity. The leasing of a Residence by the Owner thereof shall not be considered a trade or business within the meaning of this Section.

4.2 Temporary Occupancy and Temporary Buildings.

No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings, trailers or other structures used during the construction of Improvements approved by the Design Review Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailers or other structures be

maintained or kept on any property for a period in excess of twelve months without the prior written approval of the Design Review Committee.

4.3 Nuisances; Construction Activities.

No rubbish or debris of any kind shall be placed or permitted to accumulate on any Lot, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the Residents of such other property. No condition shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other property in the vicinity thereof or to its Residents. Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved in writing by the Design Review Committee. In addition, any construction equipment and building materials stored or kept on any Lot during the construction of Improvements may be kept only in areas approved in writing by the Design Review Committee, which may also require screening of the storage areas. The provisions of this Section shall not apply to construction activities of a Declarant.

4.4 Diseases and Insects.

No Person shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor infectious plant diseases or noxious insects.

4.5 Antennas.

No antenna, satellite or microwave dish or other device for transmission or reception of television or radio signals shall be constructed, installed, erected, used or maintained on any Lot without the prior written approval of the Design Review Committee, unless applicable law prohibits the Design Review Committee from requiring such approval. Even if applicable law prohibits the Design Review Committee from requiring prior approval for the installation of certain antennas, any such antennas must still be installed in accordance with the Design Guidelines.

4.6 Mineral Exploration.

No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind.

4.7 Trash Containers and Collection.

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

4.8 Clothes Drying Facilities.

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

4.9 Utility Service.

All pipes, lines, wires, or other equipment for the delivery of water, natural gas, electric power, cable television, telephone or other utility services shall be erected, placed or maintained underground or concealed in, under or on buildings or other structures approved by the Design Review Committee. No provision of this Declaration shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Design Review Committee.

4.10 Overhead Encroachments.

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

4.11 Animals.

No animal, bird, fowl, poultry, reptile or livestock may be kept on any Lot, except that a reasonable number of dogs, cats or household birds may be kept on a Lot if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. The Board shall have the authority to determine what is a reasonable number of dogs, cats, parakeets or similar household birds for any particular Lot, and the Board's determination shall be final. All dogs, cats or other pets permitted under this Section shall be confined to an Owner's Lot, except that a dog may be permitted to leave an Owner's Lot if such dog is at all times kept on a leash not to exceed six feet (6') in length and is not permitted to enter upon any other Lot. Any person bringing a dog onto the Common Area shall immediately remove any feces deposited on the Common Area by the dog. The Board may restrict the portions of the Common Area on which dogs are permitted.

No dog, cat or household bird shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any animal, bird, reptile, fowl, poultry, or livestock shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner, Lessee or Resident, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular dog, cat or household bird is a nuisance or making an unreasonable amount of noise. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions set forth in this Declaration.

The Board may adopt rules and regulations further restricting and governing animals within the Property, which rules may include, without limitation, rules providing for the removal from the Property of an animal which has bitten or attacked a person or other animal, has a propensity to attack persons or other animals or otherwise constitutes a threat to the safety of persons or other animals in the Property or which because of incessant barking or other behavior constitutes an unreasonable annoyance or nuisance to Owners and Residents.

4.12 Machinery and Equipment.

No machinery or equipment of any kind shall be placed, operated or maintained upon any Lot, except such machinery or equipment as is usual and customary in connection with residential use of property or machinery or equipment necessary for the construction of a Residence, building, structure, or other Improvement on the Lot.

4.13 Signs.

Except for signs constructed or erected by a Declarant, a District Developer or the Association and except for signs expressly permitted by the Design Guidelines, no signs whatsoever may be erected, posted or displayed on any Lot in a location that is Visible From Neighboring Property without the prior written approval of the Design Review Committee.

4.14 Further Subdivision, Property Restrictions, Rezoning and Timeshares.

Without the prior written approval of the Design Review Committee and the Board, no Owner (other than the Declarant, a District Developer or a Builder) shall do any of the following: (a) further subdivide a Lot or Parcel or separate the Lot into smaller lots; (b) convey or transfer less than all of a Lot; or (c) replat the Lot or combine the Lot with other Lots. No further covenants, conditions, restrictions or easements shall be recorded by any Owner, Lessee, or other Person (other than the Declarant, a District Developer or a Builder) against any Lot without the provisions thereof having been first approved in writing by the Design Review Committee. No application for rezoning, variances or use permits pertaining to any Lot shall be filed with any governmental authority by any Person (other than a Declarant, a District Developer or a Builder) unless the application has been approved by the Design Review Committee and the proposed use otherwise

complies with this Declaration. No Lot shall be subjected to or used for any timesharing, cooperative, weekly, monthly or any other type of revolving or periodic occupancy by multiple owners, cooperators, licensees or timesharing participants.

4.15 Vehicles and Parking.

As used in this Section, the term "Motor Vehicle" means a car, van, sport utility vehicle, bus, truck, recreational vehicle, motor home, motorcycle, all terrain vehicle, utility vehicle, pickup truck or other motorized vehicle.

No mobile home, travel trailer, tent trailer, trailer, camper shell, boat trailer or other similar equipment or vehicle may be parked, kept or stored on any Lot without the prior written approval of the Design Review Committee.

Except as permitted by this Section, no Motor Vehicle may be parked, kept or stored on any Lot without the prior written approval of the Design Review Committee. Motor Vehicles owned or leased by an Owner, Lessee or Resident of a Lot must be parked in a garage or carport unless there is insufficient space within the garage or carport for the parking of all such Motor Vehicles, in which case such Motor Vehicles may be parked in the driveway situated on the Lot provided such Motor Vehicles do not exceed 7 feet in height and do not exceed 18 feet in length, are not used for commercial purposes and do not display any commercial name, phone number or message of any kind. No Motor Vehicle of any kind may be stored on a Lot except in a garage, and no Motor Vehicle of any kind may be stored on the Common Area. For purposes of this Section, a Motor Vehicle shall be deemed stored if it is covered by a car cover, tarp or other material. Motor Vehicles owned by guests of an Owner, Lessee or other Resident may be parked in the driveway on a Lot or on a public or private street or in designated parking spaces on the Common Area.

Recreational vehicles, motor homes and similar vehicles owned or leased by an Owner, Lessee or Resident which exceed 7 feet in height and/or exceed 18 feet in length may be parked in the driveway on a Lot for the purpose of loading or unloading, but in no event shall such recreational vehicle, motor home or similar vehicle be parked in the driveway for more than twenty-four (24) consecutive hours or for more than seventy-two (72) hours within any seven (7) day period.

The Board shall have the right and power to adopt rules and regulations governing and further restricting the parking of Motor Vehicles on Lots or on public or private streets and implementing the provisions of this Section. In the event of any conflict or inconsistency between the provisions of this Section and the rules and regulations adopted by the Board of Directors, the provisions of this Section shall control.

No Motor Vehicle shall be constructed, reconstructed or repaired on any Lot or any public or private street in such a manner as to be Visible From Neighboring Property, and no inoperable

vehicle may be stored or parked on any Lot or any public or private street in such a manner as to be Visible From Neighboring Property.

The Board shall have the right to have any Motor Vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Community Documents towed and removed from the Project. Any expense incurred by the Association in connection with the towing of any Motor Vehicle shall be paid to the Association upon demand by the owner of the Motor Vehicle. If the Motor Vehicle is owned by a Resident who is not an Owner and such Resident does not pay the expenses within fifteen (15) days after demand for payment is made by the Association, the Owner of the Lot on which the Resident resides shall pay such expenses to the Association upon demand. Any amounts payable to the Association by an Owner pursuant to this Section shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner provided for in this Declaration for the collection of Assessment.

4.16 Drainage.

No Residence, structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere with or change the direction or flow of water in accordance with the drainage plans for the Project, or any part thereof, or for any Lot as shown on the drainage plans on file with the City of Surprise, Arizona.

4.17 Garages and Carports.

No garage or carport shall be converted to living spaces or altered or used for purposes which would prevent the use of the garage or carport for the parking of the number of vehicles for which it was designed, except that the Declarant, a District Developer or a Builder may use a garage in one or more model homes for a sales office and/or a construction office. The interior of all garages and carports shall be maintained and kept in a neat, clean and sightly condition, free of debris or unsightly objects. Garage doors shall be kept closed except when the opening of the door is necessary to permit ingress or egress.

4.18 Rooftop HVAC Equipment Prohibited.

No heating, ventilating, air conditioning or evaporative cooling units or equipment related thereto may be mounted, installed or maintained on the roof of any Residence or other building so as to be Visible From Neighboring Property.

4.19 Basketball Goals and Backboards.

No permanent basketball goal or backboard shall be constructed, installed or maintained on any Lot. Portable basketball goals or backboards may be kept on a Lot provided they are kept and used in accordance with the Association Rules which may govern their location and hours of use.

4.20 Playground Equipment.

No jungle gyms, swing sets or similar playground equipment which would be Visible From Neighboring Property shall be erected or installed on any Lot without the prior written approval of the Design Review Committee.

4.21 Rental of Lots.

No Owner may lease less than his entire Lot and the Residence situated thereon. All leases must be in writing and must provide that the terms of the lease are subject in all respect to the provisions of the Community Documents and that any violation of this Declaration or the Association Rules by the Lessee or the other occupants shall be a default under the lease. There shall be no subleasing of Residences or assignments of leases.

At least ten (10) days before commencement of the lease term, the Owner shall provide the Association with the following information: (a) the commencement date and expiration date of the lease term; (b) the names of each of the Lessees and each other person who will reside in the Residence during the lease term; (c) the address and telephone number at which the Owner can be contacted by the Association during the lease term; and (d) the name, address and telephone number of a person other than the Owner whom the Association can contact in the event of an emergency involving the Lot. Any Owner who leases his Lot and the Residence situated thereon must provide the Lessee with copies of this Declaration, the Design Guidelines and the Association Rules.

Any lease of a Lot or Residence situated thereon must be for an initial term of at least one (1) month. The Owner shall be liable for any violation of this Declaration, the Design Guidelines or the Association Rules by the Lessees or other persons residing in the Residence and their guests or invitees and, in the event of any such violation, the Owner, upon demand of the Association, shall immediately take all necessary actions to correct any such violations.

4.22 Screening Materials.

All screening materials, whether fences, hedges or walls, shall be maintained and replaced in accordance with the original construction of such Improvements or as approved by the Design Review Committee pursuant to Article 3.

4.23 Lights.

Except as initially installed by a Declarant, a District Developer or a Builder or as approved by the Design Review Committee, no spotlights, floodlights or other high intensity lighting shall be placed or utilized upon any Lot or any structure erected thereon which in any manner will allow light to be directed or reflected on any other Lot or the Common Area.

4.24 Window Cover Materials.

Within ninety (90) days after becoming the Owner of a Lot, the Owner shall install permanent draperies or suitable window coverings on all windows facing a street. All such window coverings facing a street must be white, beige, earth tone or pastel colors unless otherwise approved in writing by the Design Review Committee.

ARTICLE 5**EASEMENTS AND DEVELOPMENT RIGHTS****5.1 Easements for Use of Common Area.**

Every Owner and Resident and their guests shall have a right and easement of enjoyment in and to the Common Area, which right shall be appurtenant to and shall pass with the title to every Lot, subject to:

(a) The right of the Association to dedicate, convey, transfer, lease or encumber the Common Area as provided in Section 6.11; provided, however, that if access to a Lot is over any part of the Common Area, any conveyance, lease or encumbrance of such Common Area shall be subject to an easement for ingress and egress in favor of the Owner and Residents of the Lot and their guests and invitees.

(b) The right of the Board to adopt rules, regulations or policies regulating the use of the Common Area including rules, regulations and policies limiting the number of guests who may use the Common Area and restricting or prohibiting access to such portions of the Common Area (such as landscaped areas) not intended for use by the Owners, Lessees or Residents.

(c) The right of the Association to suspend the right of an Owner and such Owner's family, tenants and guests to use the Common Area (other than the right of an Owner and such Owner's family, tenants and guests to use any streets which are part of the Common Area for ingress or egress to the Owner's Lot) if such Owner is more than fifteen (15) days delinquent in the payment of Assessments or other amounts due to the Association or if the Owner has violated any

non-monetary provisions of the Community Documents and has failed to cure such violation within fifteen (15) days after the Association notified the Owner of the violation.

(d) The rights and easements reserved by or granted to the Declarant, District Developers and Builders by this Declaration.

(e) The right of the Association to rent or lease any portion of the Common Area on a short-term basis to an Owner or Resident for the exclusive use of such Owner or Residents and their guests and invitees.

(f) The right of the Board to charge reasonable admission or other fees for the use of any recreational facility or amenity situated on the Common Area.

(g) The right of the Board to permit the use of any recreational facility or amenity situated on the Common Area by persons other than Owners or Residents and their guests upon payment of such fees as may be established by the Board.

(h) The rights and easements, if any, reserved or granted to the Declarant or any other Person in the deed conveying the Common Area to the Association.

If a Lot is leased or rented by the Owner thereof, the Lessee and the members of the Lessee's family residing with such Lessee shall have the right to use the Common Area during the term of the lease, and the Owner of such Lot shall have no right to use the Common Area until the termination or expiration of such lease.

The right of easement and enjoyment of the Common Area may not be transferred or assigned except upon the conveyance or transfer of the Lot to which such right is appurtenant.

5.2 Utility and Development Easements.

A non-exclusive, perpetual blanket easement is hereby granted over and through the Common Area and any public utility easements shown on the Plat for the purpose of: (a) installing, constructing, operating, maintaining, repairing or replacing equipment used to provide to any portion of the Property or adjacent land any utilities, including, without limitation, water, sewer, drainage, gas, electricity, telephone and television service, whether public or private; and (b) ingress and egress to install, construct, operate, maintain, repair and replace such equipment and (c) storm water management and storm water drainage, as necessary or desirable for the orderly development of the Property. Such easement is hereby granted to any Person providing such utilities or installing, constructing, maintaining, repairing or replacing equipment related thereto. Any pipes, conduits, lines, wires, transformers and any other apparatus necessary for the provision or metering of any utility may be installed or relocated only where permitted by a Declarant, where contemplated on any site plan approved by a Declarant or where approved by the Board. Equipment used to provide

or meter such utilities or services may be installed above ground during periods of construction if approved by a Declarant. The Person providing a service or installing a utility pursuant to this easement shall install, construct, maintain, repair or replace the equipment used to provide or meter the utility as promptly and expeditiously as possible, and shall restore the surface of the land and the surrounding vegetation and improvements to their original condition as soon as possible.

The Declarant hereby reserves the right to grant and reserve easements, rights-of-way and licenses over and through the Common Area for the purposes set forth in this Section or for any other purpose necessary or desirable for the orderly development of the Property. If the Person installing the utility or providing a service requests a specific easement by separate recordable documents, then the Declarants or the Association shall have the power to Record a document locating such easements.

5.3 Easements to Facilitate Development.

The Declarants hereby reserve to themselves and their respective successors and assigns a non-exclusive blanket easement over and through the Property for all purposes related to the development and completion of Improvements on the Property, including without limitation: (a) temporary construction easements; (b) easements for the temporary storage of supplies of building materials and equipment necessary to complete Improvements; and (c) easements for the construction, installation and Maintenance of Improvements on the Property or Improvements reasonably necessary to serve the Property.

The Declarants hereby reserve to themselves, their respective successors and assigns the right to: (a) use any Lots owned or leased by the Declarant, any other Lot with the written consent of the Owner thereof or any portion of the Common Area as models, management offices, sales offices, a-visitors' center, construction offices, customer service offices or sales office parking areas; and (b) install and maintain on the Common Area, any Lot owned or leased by a Declarant or any other Lot with the consent of the Owner thereof, such marketing, promotional or other signs or flags which a Declarant deems necessary for the development, sale or lease of the Property.

5.4 Dedications and Easements Required by Governmental Authority.

The Declarants hereby reserve to themselves and their respective successors and assigns, the right to make any dedications and to grant any easements, rights-of-way and licenses required by any government or governmental agency over and through all or any portion of the Common Area.

5.5 Further Assurances.

Any and all conveyances made to the Association or any Owner shall be conclusively deemed to incorporate these reservations of rights and easements, whether or not set forth in such grants. The easements granted and reservations made to the Declarants in this Declaration shall not terminate or merge and shall continue to run with the land, notwithstanding the common law doctrine of merger and the common ownership of all the Property by the Declarants. Upon written request of a Declarant, the Association and each Owner shall from time to time sign, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested.

5.6 Duration of Development Rights; Assignment.

The rights and easements reserved by or granted to the Declarants pursuant to this Section shall continue so long as any Declarant owns any Lot. A Declarant may make limited temporary assignments of its easement rights under this Declaration to any Person performing construction, installation or Maintenance on any portion of the Property.

5.7 Easement to Correct Drainage.

The Declarants reserve to themselves and their respective successors and assigns, and also grant to the Association, an easement and right on, over and under the ground within each Lot and the Common Area to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance, including any necessary right of access. Such right expressly includes the right to cut any trees, bushes or shrubbery, to regrade the land, or to take any other similar action reasonably necessary, following which the Declarant or Association, as applicable, shall restore the affected property to its original condition as near as practical.

5.8 Easement for Maintenance and Enforcement.

The Association and its directors, officers, agents, contractors and employees, the Design Review Committee and any other Persons authorized by the Board are hereby granted the right of access over and through the Lots (excluding the interior of any Residence) for: (a) the exercise and discharge of their respective powers and responsibilities under the Community Documents; (b) making inspections in order to verify that all Improvements on the Lot have been constructed in accordance with the plans and specifications for such Improvements approved by the Design Review Committee and that all Improvements are being properly maintained as required by the Community Documents; (c) correcting any condition originating in a Lot or in the Common Area threatening another Lot or the Common Area; (d) performing installations or Maintenance of utilities, landscaping or other Improvements located on the Lots for which the Association is responsible for Maintenance; or (e) correcting any condition which violates the Community Documents.

5.9 Easements for Encroachments.

If any Improvement on any Lot or portion of the Common Area now or hereafter encroaches on any other portion of the Property by reason of: (a) the original construction thereof; (b) deviations within normal construction tolerances in the Maintenance of any Improvement; or (c) the settling or shifting of any land or Improvement, an easement is hereby granted to the extent of any such encroachment for the period of time the encroachment exists. The Owner of the encroaching Improvement shall also have an easement for the limited purpose of Maintenance of the encroaching Improvement. This easement does not relieve any Owner or any other Person from liability for such Owner's or other Person's negligence or willful misconduct.

5.10 Development Rights of District Developers and Builders.

Each District Developer and Builder shall have the right to maintain model homes and sales offices on Lots owned or leased by the District Developer or Builder and to construct and maintain parking areas for the purpose of accommodating persons visiting such model homes and sales offices. Any home constructed as a model home shall cease to be used as a model home and any sales office shall cease to be used as a sales office at any time the District Developer or Builder is not actually engaged in the construction and sale of Residences in the Project. Notwithstanding any other provision of this Declaration to the contrary, a District Developer or Builder may store supplies of brick, block, lumber and other building materials on the Lots owned by the District Developer or Builder. In addition, normal construction activities of a District Developer or Builder in connection with the construction of Improvements shall not be considered a nuisance or otherwise prohibited by this Declaration. A District Developer or Builder constructing Improvements on Lots shall keep the Lots in a clean, safe and neat condition free of weeds, trash and debris. A District Developer or Builder may construct and install temporary subdivision identification, direction and marketing signs on the Common Area or Lots owned by such District Developer or Builder, but all such signs shall be maintained by the District Developer or Builder in good condition and must be removed promptly at such time as the District Developer or Builder is no longer offering Lots for sale to the public. In the event of any conflict or inconsistency between this Section and any other provision of the Community Documents, this Section shall control.

ARTICLE 6

THE ASSOCIATION; ORGANIZATION; MEMBERSHIP AND VOTING RIGHTS

6.1 Formation of Association.

The Association shall be a nonprofit Arizona corporation. The Association shall have all of the common law and statutory powers conferred upon nonprofit corporations under Arizona law and

all powers necessary or desirable to perform the Association's duties and obligations and to exercise the rights and powers of the Association set forth in the Community Documents.

6.2 Board of Directors and Officers.

The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. The Board shall consist of the District Representatives. On each matter to be decided by the Board, each District Representative shall have the number of votes equal to the number of Lots in his District. Unless the Community Documents specifically require the vote or consent of the Members, the Board may do or cause to be done any act on behalf of the Association.

6.3 The Association Rules.

The Board may adopt, amend and repeal rules and regulations pertaining to: (a) the management, operation and use of the Areas of Association Responsibility including, but not limited to, any recreational facilities situated upon the Areas of Association Responsibility; (b) minimum standards for the Maintenance of Lots; or (c) restrictions on the use or occupancy of Lots. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail. The Association Rules shall be enforceable in the same manner and to the same extent as the covenants, conditions and restrictions set forth in this Declaration.

6.4 Personal Liability.

No director or officer of the Association, no member of the Design Review Committee or of any committee of the Association, and no other person acting on behalf of the Board shall be personally liable to any Member, or to any other Person for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence in the discharge of such person's duties and responsibilities under the Community Documents provided such person acted in good faith.

6.5 Implied Rights.

The Association may exercise any right or privilege given to the Association expressly by the Community Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association by the Community Documents or reasonably necessary to effectuate any such right or privilege.

6.6 Identity of Members.

The members of the Association shall be the Owners of Lots. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Membership in the Association shall be appurtenant to each Lot and may not be separately assigned, transferred or conveyed.

6.7 Voting.

The Association shall have the following two classes of voting memberships:

Class A. Class A Members shall be all members except for the Declarant and the District Developers until the termination of the Class B membership. Each Class A Member shall be entitled to one (1) vote for each Lot owned by such Member.

Class B. Class B Members shall be the Declarants and the District Developers. Each Declarant and District Developer shall be entitled to three (3) votes for each Lot owned by the Declarant or the District Developer. The Class B memberships shall cease and be converted to Class A memberships on the earlier of the following:

(a) Ninety (90) days after the total votes entitled to be cast by Class A Members equal the total votes entitled to be cast by the Class B Members; or

(b) The first day of January, 2010; or

(c) At any time all Declarants and all District Developers have given written notice to the Association that they desire to convert their Class B memberships to Class A memberships.

6.8 Voting Procedures.

No change in the ownership of a Lot shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot is owned by more than one person and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast by a Class A Member for a particular Lot, none of the votes shall be counted and all of the votes shall be deemed void.

6.9 Transfer of Membership.

The rights and obligations of any Member other than a Declarant or a District Developer shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, 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 void. Any transfer of ownership to a Lot shall operate to transfer the Membership appurtenant to said Lot to the new Owner thereof. Each Purchaser of a Lot shall notify the Association of his purchase within ten (10) days after he becomes the Owner of a Lot.

6.10 District Representatives.

So long as a District Developer owns any Lot in its District, the District Developer shall have the right to appoint and remove the District Representative for the District. After the District Developer no longer owns any Lot in its District, the District Representative for the District shall be elected by the Owners of the Lots in the District at the annual meeting of the Members of the Association. Each District Representative shall serve a term of one (1) year or until a successor is elected, whichever is later, unless the District Representative shall resign or be removed pursuant to this Section.

Any District Representative elected by the Owners of the Lots in a District may be removed with or without cause by the vote of the Owners of Lots in the District holding more than fifty percent (50%) of the total votes entitled to be cast by Owners present in person or by proxy at a duly called meeting of the Owners of the Lots in the District. If a District Representative is removed pursuant to this Section, then the Members present in person or by proxy at the meeting at which the District Representative is removed shall elect a successor to serve the remainder of the term of the District Representative who was removed from office.

The presence in person or by proxy of Owners entitled to cast at least ten percent (10%) of the votes entitled to be cast by all Owners of Lots in the District shall constitute a quorum at a meeting at which the District Representative is to be elected or removed.

A District Representative may resign at any time by giving notice to the Board, its presiding officer or the Association. If the District Developer for the District still owns any Lot in the District, the District Developer shall appoint a person to fill the vacancy and serve the remainder of the term of the District Representative who resigned. If the District Developer for the District no longer owns any Lot in the District, the vacancy shall be filled by the remaining directors and the person appointed to fill the vacancy shall serve the remainder of the term of the District Representative who resigned. The person appointed must be an Owner of a Lot in the District represented by the District Representative who resigned.

6.11 Conveyance, Lease or Encumbrance of Common Area.

Except as provided in this Section or in Section 5.2, the Common Area shall not be mortgaged, transferred, dedicated or encumbered without the prior written consent or affirmative vote of the Class B members of the Association and the affirmative vote or written consent of the Owners representing at least two-thirds (2/3) of the votes entitled to be cast by Class A members of the Association.

The Association may dedicate parts of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as the Board may determine to be in the best interests of the Association. The Association may grant permits, licenses and easements on, over, under and through the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Property. The Association may lease all or any part of the Common Area for such purposes and on such terms and conditions as are approved by Members entitled to cast more than fifty percent (50%) of the votes represented in person or by proxy at an annual or special meeting of the Members at which the lease is submitted to the Members for approval.

The Association may convey portions of the Common Area for the purpose of making minor adjustments to the boundary lines between the Common Area and adjoining Lots or dedicated rights-of-way.

6.12 Suspension of Voting Rights.

If any Owner fails to pay any Assessments or other amounts due to the Association under the Community Documents within fifteen (15) days after such payment is due or if any Owner violates any non-monetary provision of the Community Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the violation, the Board, in accordance with the procedures set forth in the Bylaws, shall have the right to suspend such Owner's right to vote until such time as all payments, including interest and attorneys' fees, are brought current, and until any other infractions or violations of the Community Documents are corrected.

ARTICLE 7

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

7.1 Creation of Lien and Personal Obligation of Assessments.

Each Owner (other than the Declarant or a District Developer), by becoming the Owner of a Lot, is deemed to covenant and agree, to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. The Assessments, together with interest, late charges and all costs, including, but not limited to,

reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. No Regular Assessment or Special Assessment shall be levied against any Lot owned by a Declarant of a District Representative.

Each Assessment, together with interest and all costs (including, but not limited to, attorneys' fees) incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of the Person who was the Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

No Owner shall be exempt from liability for Assessments because of such Owner's non-use of the Common Area, abandonment of such Owner's Lot or other circumstance. The obligation to pay Assessments is a separate and independent obligation on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association, the Board or the Design Review Committee to take some action or perform some function required of it.

7.2 Regular Assessments.

At least thirty (30) days prior to the commencement of each Assessment Period, the Board shall prepare and adopt a budget of the estimated Common Expenses for the next Assessment Period, including any contribution to be made to a reserve fund. The budget shall also reflect the sources and estimated amounts of funds to cover such Common Expenses, which may include any surplus to be applied from prior years, any income expected from sources other than Assessments and the amount to be generated through Assessments against the Assessable Lots. Based on the budget adopted by the Board, the Board shall assess against each Assessable Lot a Regular Assessment. The Regular Assessment shall be levied in an equal amount for each Assessable Lot. The amount of increase, if any, in the Regular Assessment from one Assessment Period to the next Assessment Period shall be subject to such limitations as may be imposed by Arizona law.

The Board shall give notice of the Regular Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give such notice shall not affect the validity of the Regular Assessment established by the Board nor relieve any Owner from his obligation to pay the Regular Assessment. If the Board fails to adopt a budget for any Assessment Period, then until and unless such budget is adopted and a Regular Assessment is levied by the Board for such Assessment Period, the amount of the Regular Assessment for the immediately preceding Assessment Period shall remain in effect. Unless approval or ratification of the budget or the Regular Assessment for any Assessment Period is required by law, neither the budget nor the Regular Assessment shall be required to be ratified or approved by the Members.

If the Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will, become inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessment by Members, the Board may amend the budget and increase the Regular Assessment for that Assessment Period and the revised Regular Assessment shall commence on the date designated by the Board.

7.3 Special Assessments. The Association may levy against each Assessable Lot a Special Assessment for the purpose of obtaining funds to pay: (a) the cost of any construction, reconstruction, repair or replacement of an Improvement upon the Common Area (including fixtures and personal property related thereto), or (b) unbudgeted expenses or expenses in excess of the amount budgeted. Any Special Assessment must be approved by two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by proxy at a meeting duly called for such purpose. So long as any Declarant or District Developer owns any one or more Lots, any Special Assessment must be approved in writing by the Declarants and the District Developers. Any Special Assessment shall be levied in an equal amount for each Assessable Lot.

7.4 Assessment Period.

The period for which the Regular Assessment is to be levied shall be the calendar year, except that the first Assessment Period shall commence upon the conveyance of the first Lot to a Purchaser and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period.

7.5 Deficiency Obligation of Declarant and District Developers.

During the Declarant Control Period, the Declarants and District Developers shall pay and contribute to the Association such funds as may be necessary, when added to the Assessments levied by the Association, to pay all Common Expenses of the Association as they become due. The payment of any such amounts shall be allocated between the Declarants and the District Developers on a pro rata basis according to the number of Lots owned by each Declarant and District Developer as of the date the payment is requested by the Board. The Board may require the payment of such funds by the Declarants and the District Developers from time to time as the Board deems necessary by giving written notice thereof to the Declarants and the District Developers. Each such notice shall state the total amount of funds required and the calculation of the pro rata share of such funds to be paid by the Declarants and the District Developers. In no event shall a Declarant or District Developer be obligated to pay money to the Association in excess of the amount of Assessments that would have been payable by the Declarant or District Developer if the Lots owned by the Declarant or District Developer had been assessed as Assessable Lots.

7.6 Rules Regarding Billing and Collection Procedures.

Regular Assessments shall be collected on a monthly basis or such other basis as may be selected by the Board. Special Assessments shall be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of such Member's liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed until the Member has been given not less than thirty (30) days written notice prior to such foreclosure that the Assessment or charge is due and the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period, but successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

7.7 Effect of Nonpayment of Assessments; Remedies of the Association.

Any Assessment, or any installment of an Assessment, not paid within fifteen (15) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date at the rate of interest set from time to time by the Board. In addition, the Board may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within fifteen (15) days after such payment was due.

The Association shall have a lien on each Lot for: (a) all Assessments levied against the Lot; (b) all interest, lien fees, late charges and other fees and charges assessed against the Lot or payable by the Owner of the Lot; (c) all fines levied against the Owner of the Lot; (d) all attorney fees, court costs, title report fees, costs and fees charged by any collection agency either to the Association or to an Owner and any other fees or costs incurred by the Association in attempting to collect Assessments or other amounts due to the Association by the Owner of a Lot whether or not suit is filed by the Association; (e) any amounts payable to the Association pursuant to Section 8.3 or 8.4; and (f) any other amounts payable to the Association pursuant to the Community Documents.

The Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. The Association may, at its option, record a Notice of Lien setting forth the name of the delinquent Owner as shown in the records of the Association, the legal description or street address of the Lot against which the Notice of Lien is recorded and the amount claimed to be past due as of the date of the Recording of the Notice, including interest, lien recording fees and reasonable attorneys' fees. Before recording any Notice of Lien against a Lot, the Association shall make a written demand to the defaulting Owner for payment of the delinquent Assessments, together with interest, late charges and reasonable attorneys' fees, if any, and all other amounts secured by the Assessment Lien. Each default shall constitute a separate basis for a demand, but any number of

defaults may be included within the single demand. If the amounts specified in the demand are not paid within ten (10) days after delivery of the demand, the Association may proceed with recording a Notice of Lien against the Lot. If the Association records a Notice of Lien, the Association may charge the Owner of the Lot against which the Notice of Lien is Recorded a lien fee in an amount established from time to time by the Board.

The Assessment Lien shall have priority over all liens or claims except for: (a) tax liens for real property taxes; (b) assessments in favor of any municipal or other governmental body; and (c) the lien of any First Mortgage. Any First Mortgagee or any other Person acquiring title or coming into possession of a Lot through foreclosure of the 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 Lot which became payable prior to the acquisition of such Lot by the First Mortgagee or other Person. Any Assessments and charges against the Lot which accrue prior to such sale or transfer shall remain the obligation of the defaulting Owner of the Lot.

The Association shall not be obligated to release the Assessment Lien until all delinquent Assessments, interest, lien fees, fines, attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Lot have been paid in full.

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

7.8 Purposes for which Association's Funds May Be Used.

The Association may use all funds and property collected and received by it (including the Assessments, late fees, interest, loan proceeds, surplus funds and all funds and property received by it from any other source) for the purpose of: (a) discharging and performing the Association's duties and obligations under the Community Documents or applicable law; (b) exercising the rights and powers granted to the Association by the Community Documents or applicable law; (c) providing or promoting activities and services the Board deems appropriate, necessary or desirable to foster or promote the common good and general welfare of the Project and the Owners, Lessees and Residents; (d) contracting for services (including, without limitation, cable television) to be provided to Owners, Lessees and Residents; and (e) taking such other action as the Board deems necessary, appropriate or desirable for the management and administration of the Association or the benefit of the Association or the Project.

7.9 Surplus Funds.

The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Regular Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

7.10 Initial Capital Contribution.

Each Purchaser of a Lot from a Declarant shall pay to the Association immediately upon becoming the Owner of the Lot one-sixth (1/6th) of the then Regular Assessment for an Assessable Lot. Funds paid to the Association pursuant to this Section may be used by the Association for payment of operating expenses or any other purpose permitted under the Community Documents. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration. Payments made pursuant to this Section shall be deemed a contribution to the capital of the Association.

7.11 Transfer Fee.

Each Person who purchases a Lot from a Person other than a Declarant shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is established from time to time by the Board to compensate the Association for the administrative cost resulting from the transfer of a Lot. The transfer fee is not intended to compensate the Association for the costs incurred in the preparation of the statement which the Association is required to mail or deliver to a purchaser under Arizona Revised Statutes, Section 33-1806A and, therefore, the transfer fee shall be in addition to the fee which the Association is entitled to charge pursuant to Arizona Revised Statutes, Section 33-1806C.

ARTICLE 8**MAINTENANCE****8.1 Areas of Association Responsibility.**

The Association shall be responsible for the management and Maintenance of the Areas of Association Responsibility, and all Improvements located thereon, except for any part of the Areas of Association Responsibility which any governmental entity is maintaining or is obligated to maintain. The Board shall be the sole judge as to the appropriate Maintenance of all Areas of

Association Responsibility, but the Areas of Association Responsibility, and the Improvements located thereon, shall be maintained in good condition and repair at all times.

No Owner, Resident or other Person shall construct or install any Improvements on the Areas of Association Responsibility or alter, modify or remove any Improvements situated on the Areas of Association Responsibility without the approval of the Board. No Owner, Resident or other Person shall obstruct or interfere with the Association in the performance of the Association's management or Maintenance of the Areas of Association Responsibility, and the Improvements located thereon.

8.2 Lots.

Each Owner of a Lot shall be responsible for the Maintenance of his Lot, and all buildings, Residences, landscaping or other Improvements situated thereon, except for any portion of the Lot, or any Improvement situated thereon, which is an Area of Association Responsibility. All buildings, Residences, landscaping and other Improvements shall at all times be kept in good condition and repair. All grass, hedges, shrubs, vines and plants of any type on a Lot shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Design Review Committee. No yard equipment, wood piles or storage areas may be maintained so as to be Visible From Neighboring Property or streets. All Lots upon which no Residences, buildings or other structures, landscaping or Improvements have been constructed shall be maintained in a weed free and attractive manner.

Within ninety (90) days after the date on which a Residence is first occupied, grass, trees, plants and other landscaping improvements (together with a drip irrigation or sprinkler system sufficient to water adequately such grass, trees, plants and other landscaping improvements) shall be installed on that portion of the Lot which is between the street adjacent to the Lot and the exterior wall of the Residence or any wall separating the side or back yard of the Lot from the front yard of the Lot. All landscaping installed pursuant to this Section must be installed in accordance with plans approved in writing by the Design Review Committee. If any Owner fails to landscape his Lot in the manner and within the time provided for in this Section, the Association shall have the right, but not the obligation, to enter upon such Owner's Lot and install such landscaping improvements as the Association deems appropriate, and the cost of any such installation shall be paid to the Association by the Owner of the Lot, upon demand from the Association. Any amounts payable by an Owner to the Association pursuant to this Section shall be secured by the Assessment Lien, and the Association may enforce collection of such amount in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of Assessments.

8.3 Assessment of Certain Costs of Maintenance and Repair.

In the event that the need for Maintenance of an Area of Association Responsibility is caused through the willful or negligent act of any Owner, his family, tenants, guests or invitees, the cost of such Maintenance shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

8.4 Improper Maintenance and Use of Lots.

In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration; or in the event the Owner of any Lot is failing to perform any of its obligations under the Community Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fifteen (15) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

8.5 Boundary Walls.

Each wall or fence which is located between two Lots shall constitute a boundary wall and, to the extent not inconsistent with this Section, the general rules of law regarding boundary walls shall apply.

The Owners of contiguous Lots who share a boundary wall shall both equally have the right to use such wall provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

Except as otherwise provided in this Section, the Owners of contiguous Lots who share a boundary wall shall each pay one-half ($\frac{1}{2}$) of the cost of any maintenance, repair or replacement of the boundary wall. Either of such Owners may perform any necessary repair, maintenance or replacement of the boundary wall and in such event, such Owner shall be entitled to reimbursement from the other Owner for one-half ($\frac{1}{2}$) of such cost.

In the event that any boundary wall is damaged or destroyed through the negligence or willful act of an Owner, his agents, tenants, licensees, guests or family, it shall be the obligation of such Owner to rebuild and repair the boundary wall without cost to the other Owner or Owners who share the boundary wall.

The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title. In addition to meeting the other requirements of this Declaration and of any other building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild a boundary wall shall first obtain the written consent of the adjoining Owners.

In the event any boundary wall encroaches upon a Lot, a valid easement for such encroachment and for the maintenance of the boundary wall shall and does exist in favor of the Owners of the Lots which share such boundary wall.

8.6 Maintenance of Walls other than Boundary Walls.

Walls (other than boundary walls) located on a Lot shall be maintained, repaired and replaced by the Owner of the Lot. Any wall which is placed on the boundary line between a Lot and an Area of Association Responsibility shall be maintained, repaired and replaced by the Owner of the Lot, except that the Association shall be responsible for the repair and maintenance of the side of the wall which faces the Area of Association Responsibility. In the event any such wall encroaches upon the Common Area or a Lot, an easement for such encroachment shall exist in favor of the Association or the Owner of the Lot, as the case may be. Any wall which is placed on the boundary line between a Lot and public right-of-way shall be maintained, repaired and replaced by the Owner of the Lot, except that the Association shall be responsible for the repair and replacement of the surface of the wall which faces the public right-of-way.

ARTICLE 9

INSURANCE

9.1 Scope of Coverage.

Commencing not later than the time of the first conveyance of a Lot to a Purchaser, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

(a) General commercial liability insurance, in an amount determined by the Board, but not less than \$1,000,000. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Areas of Association Responsibility and all other portions of the Project which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverages with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

(b) Property insurance on all Areas of Association Responsibility insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Areas of Association Responsibility, as determined by the Board; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy.

(c) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

(d) Such other insurance as the Board shall determine from time to time to be appropriate to protect the Association or the Owners;

(e) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions: (i) that there shall be no subrogation with respect to the Association, its agents, servants, and employees, or with respect to Owners and members of their household; (ii) no act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy; (iii) that the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees or beneficiaries under deeds of trust; (iv) a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners; (v) statement of the name of the insured as the Association; and (vi) for policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy;

The premiums for any insurance obtained by the Association pursuant to this Section shall be included in the budget of the Association and shall be paid by the Association.

9.2 Certificates of Insurance.

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

9.3 Payment of Insurance Proceeds.

With respect to any loss to any Area of Association Responsibility covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 9.4, the proceeds shall be disbursed for the repair or restoration of the damage to the Area of Association Responsibility.

9.4 Repair and Replacement of Damaged or Destroyed Property.

Any portion of the Areas of Association Responsibility which is damaged or destroyed shall be repaired or replaced promptly by the Association unless repair or replacement would be illegal under any state or local health or safety statute or ordinance, or Owners representing at least eighty percent (80%) of the total authorized votes in the Association vote not to repair or replace the damaged or destroyed Improvements. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association.

If all of the Areas of Association Responsibility are not repaired or replaced, insurance proceeds attributable to the damaged Areas of Association Responsibility shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either: (a) be retained by the Association as an additional capital reserve; or (b) be used for payment of operating expenses of the Association if such action is approved by Members representing more than fifty percent (50%) of the votes in the Association.

ARTICLE 10

DISPUTE RESOLUTION

10.1 Agreement to Resolve Certain Disputes Without Litigation.

The Association, the Declarants, the District Developers, the Builders and all Owners and other Persons bound by this Declaration, and any Person not otherwise bound by this Declaration who agrees to submit to this Article (collectively, the "Bound Parties") agree that the dispute resolution procedures set forth in this Article shall apply to the following claims (a "Claim"); (a) any claim arising out of or related to the planning, design, engineering, grading, construction or development of the Common Area, the Lots or any other part of the Project; or (b) any claim against a Declarant or a District Developer or any employee, agent, director, member or officer of a Declarant or a District Developer arising out of or in any way related to the development of the

Project or the management or operation of the Association, including, without limitation, any claim for breach of fiduciary duty.

10.2 Notice of Claim.

Any Bound Party having a Claim (a "Claimant") against any other Bound Party (a "Respondent") shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (a) the nature of Claim, including, date, time, location, Persons involved, and Respondent's role in the Claim; (b) the factual and legal basis of the Claim; and (c) what Claimant wants Respondent to do or not do to resolve the Claim.

10.3 Mediation.

If the Parties do not resolve the Claim through negotiation within thirty (30) days after the date of the Notice or within such longer period as may be agreed upon by the Claimant and the Respondent ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent mediation service designated by the Declarant.

If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation Notice"). The Termination of Mediation Notice shall set forth when and where the parties met, that the parties are at an impasse, and the date that mediation was terminated.

10.4 Binding Arbitration.

In the event a Claim is not resolved by Mediation, the Claimant shall have fifteen (15) days after the Termination of Mediation Notice to submit the Claim to binding arbitration in accordance with this Section. If the Claimant fails to timely submit the Claim to arbitration, then the Claim shall be deemed waived and abandoned and the Respondent shall be relieved of any and all liability to Claimant arising out of the Claim. If the Claimant submits the Claim to binding arbitration in accordance with this Section, the arbitration shall be conducted in accordance with the following rules:

(a) **Initiation of Arbitration.** The arbitration shall be initiated by either party delivering to the other a Notice of Intention to Arbitrate as provided for in the American Arbitration Association ("AAA") Commercial Arbitration Rules, as amended from time to time (the "AAA Rules").

(b) **Governing Procedures.** The arbitration shall be conducted in accordance with the AAA Rules and Arizona Revised Statutes, Section 12-1501, et seq. In the event of a conflict between the AAA Rules and this Section, the provisions of this Section shall govern.

(c) **Appointment of Arbitrator.** The parties shall appoint a single Arbitrator by mutual agreement. If the parties have not agreed within ten (10) days of the date of the Notice of Intention to Arbitrate on the selection of an arbitrator willing to serve, the AAA shall appoint a qualified Arbitrator to serve. Any arbitrator chosen in accordance with this Subsection is referred to in this Section as the "Arbitrator".

(d) **Qualifications of Arbitrator.** The Arbitrator shall be neutral and impartial. The Arbitrator shall be fully active in such Arbitrator's occupation or profession, knowledgeable as to the subject matter involved in the dispute, and experienced in arbitration proceedings. The foregoing shall not preclude otherwise qualified retired lawyers or judges.

(e) **Disclosure.** Any candidate for the role of Arbitrator shall promptly disclose to the parties all actual or perceived conflicts of interest involving the dispute or the parties. No Arbitrator may serve if such person has a conflict of interest involving the subject matter of the dispute or the parties. If an Arbitrator resigns or becomes unwilling to continue to serve as an Arbitrator, a replacement shall be selected in accordance with the procedure set forth in Subsection (c) above.

(f) **Compensation.** The Arbitrator shall be fully compensated for all time spent in connection with the arbitration proceedings in accordance with the Arbitrator's usual hourly rate, unless otherwise agreed to by the parties, for all time spent by the Arbitrator in connection with the arbitration proceeding. Pending the final award, the Arbitrator's compensation and expenses shall be advanced equally by the parties.

(g) **Preliminary Hearing.** Within thirty (30) days after the Arbitrator has been appointed, a preliminary hearing among the Arbitrator and counsel for the Parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters which may be addressed include, in addition to those set forth in the AAA Rules, the following: (i) definition of issues; (ii) scope, timing and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the parties can be obviated or minimized; (vii) whether and to what extent

the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters which may promote the efficient, expeditious, and cost-effective conduct of the proceeding.

(h) **Management of the Arbitration.** The Arbitrator shall actively manage the proceedings as the Arbitrator deems best so as to make the proceedings expeditious, economical and less burdensome than litigation.

(i) **Confidentiality.** All papers, documents, briefs, written communication, testimony and transcripts as well as any and all arbitration decisions shall be confidential and not disclosed to anyone other than the Arbitrator, the parties or the parties' attorneys and expert witnesses (where applicable to their testimony), except that upon prior written consent of all parties, such information may be divulged to additional third parties. All third parties shall agree in writing to keep such information confidential.

(j) **Hearings.** Hearings may be held at any place within the State of Arizona designated by the Arbitrator and, in the case of particular witnesses not subject to subpoena at the usual hearing site, at a place where such witnesses can be compelled to attend.

(k) **Final Award.** The Arbitrator shall promptly (within sixty (60) days of the conclusion of the proceedings or such longer period as the parties mutually agree) determine the claims of the parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration, the conduct of the parties and their counsel in the course of the arbitration, and other relevant factors. The Arbitrator shall not award any punitive damages. The Arbitrator shall not award indirect, consequential or special damages regardless of whether the possibility of such damage or loss was disclosed to, or reasonably foreseen by the party against whom the claim is made; provided, however, that such damages may be deemed by the Arbitrator to be direct damages in an award reimbursing payments made by a party therefor to a third party. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party.

10.5 Right to Enter, Inspect, Repair and/or Replace.

Within a reasonable time after the receipt by a Declarant, District Developer or Builder of a Notice, the Declarant, District Developer or Builder shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, the Common Area, any Lot, including any Residence constructed thereon, and/or any Improvements for the purposes of inspecting and/or conducting testing to determine the validity of the Claim and, if deemed necessary by Declarant, District Developer or Builder to correct, repair and/or replace the alleged deficiency in the planning, design, engineering, grading, construction or development of the Common Area or any Lot, or any Improvement constructed on the Common Area or a Lot which

is the basis for the Claim (the "Alleged Defect"). In conducting such inspection, testing, repairs and/or replacement, Declarant, District Developer or Builder shall be entitled to take any actions as it shall deem reasonable and necessary under the circumstances.

Nothing set forth in this Section shall be construed to impose any obligation on a Declarant, District Developer or Builder to inspect, test, repair, or replace any item or Alleged Defect for which a Declarant, District Developer or Builder is not otherwise obligated under applicable law or under any limited warranty provided by a Declarant, District Developer or Builder in connection with the sale of the Lots and/or the Improvements constructed thereon. The right of a Declarant, District Developer or Builder to enter, inspect, test, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form, executed and Recorded by a Declarant, District Developer or Builder. In no event shall any statutes of limitations be tolled during the period in which a Declarant, District Developer or Builder conducts any inspection or testing of any Alleged Defects.

10.6 Use of Funds.

In the event a Claimant initiates any legal action, cause of action, proceeding, reference or arbitration against a Declarant, District Developer or Builder alleging damages for: (a) the costs of repairing or the replacement of any Alleged Defect (as defined in Section 10.5), (b) the diminution in value of any real or personal property resulting from such Alleged Defect, or (c) any consequential damages resulting from such Alleged Defect, any judgment or award in connection therewith shall first be used to correct and or repair such Alleged Defect or to reimburse the Claimant for any costs actually incurred by such Claimant in correcting and/or repairing the Alleged Defect.

In the event the Claimant is the Association, the Association must provide written notice to all Members prior to initiation of any legal action, cause of action, proceeding, reference or arbitration against a Declarant, District Developer or Builder which notice shall (at a minimum) include: (a) a description of the Claim, (b) a description of the attempts of the Declarant, District Developer or Builder to correct such Alleged Defect and the opportunities provided to the Declarant, District Developer or Builder to correct such Alleged Defect, (c) a certification from an engineer licensed in the State of Arizona that such Alleged Defect exists along with a description of the scope of work necessary to cure such Alleged Defect and a resume of such engineer, (d) the estimated cost to repair such Alleged Defect, (e) the name and professional background of the attorney retained by the Association to pursue the claim against a Declarant, District Developer or Builder and a description of the relationship between such attorney and member(s) of the Board (if any), (f) a description of the fee arrangement between such attorney and the Association, (g) the estimated attorneys' fees and expert fees and costs necessary to pursue the claim against any Declarant, District Developer or Builder and the source of the funds which will be used to pay such fees and expenses, (h) the estimated time necessary to conclude the action, and (i) an affirmative statement from the Board that the action is in the best interests of the Association and its Members. In the event the Association recovers any funds from a Declarant, District Developer or Builder or any other Person

to repair an Alleged Defect, any excess funds remaining after repair of such Alleged Defect shall be paid into the Association's reserve fund.

10.7 Approval of Litigation.

The Association shall not incur legal expenses, including without limitation, attorneys' fees, in connection with any legal action or mediation or arbitration proceeding involving a Claim without the written approval of Owners entitled to cast more than fifty percent (50%) of the total votes in the Association, excluding the voting power of any Owner who would be a defendant in such proceedings. The Association must pay for any such legal action or arbitration proceeding with monies that are specifically collected for such purposes and may not borrow money or use reserve funds or other monies collected for specific Association obligations other than legal fees. In the event that the Association commences any legal action or mediation or arbitration proceeding involving a Claim, all Owners must notify any prospective purchaser of their Lot of such legal action or arbitration proceeding and must provide such prospective purchasers with a copy of the notice received from the Association in accordance with Section 10.6.

ARTICLE 11

GENERAL PROVISIONS

11.1 Enforcement.

The Association may enforce the Community Documents in any manner provided for in the Community Documents or by law or in equity, including, but not limited to:

(a) imposing reasonable monetary fines after notice and an opportunity to be heard is given to the Owner or other violator. An Owner shall be responsible for payment of any fine levied or imposed against a Lessee or Resident of the Owner's Lot or by any guest or invitee of the Owner or any Lessee or Resident;

(b) suspending an Owner's right to vote;

(c) suspending any Person's right to use any recreational facilities situated on the Common Area; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from a Lot;

(d) suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than fifteen (15) days delinquent in paying any Assessment or other charge owed to the Association;

(e) exercising self-help or taking action to abate any violation of the Community Documents in a non-emergency situation;

(f) requiring an Owner, at the Owner's expense, to remove any structure or Improvement on such Owner's Lot in violation of this Declaration and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(g) without liability to any Person, prohibiting any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Declaration or the Design Guidelines from continuing or performing any further activities in the Project;

(h) towing vehicles which are parked in violation of this Declaration or the Association Rules; and

(i) filing a suit at law or in equity to enjoin a violation of the Community Documents, to compel compliance with the Community Documents, to recover fines or money damages or to obtain such other relief as to which the Association may be entitled.

The Association shall not be obligated to take any enforcement action if the Board determines, in its sole discretion, that because of the strength of the Association's position, possible defenses, the time and expense of litigation or other enforcement action, the likelihood of a result favorable to the Association, or other facts deemed relevant by the Board, enforcement action would not be appropriate or in the best interests of the Association.

All rights and remedies of the Association under the Community Documents or at law or in equity are cumulative, and the exercise of one right or remedy shall not waive the Association's right to exercise another right or remedy. The failure of the Association or an Owner to take enforcement action with respect to a violation of the Community Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Community Documents in the future. If any lawsuit is filed by the Association or any Owner to enforce the provisions of the Community Documents or in any other manner arising out of the Community Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorney fees incurred by the prevailing party in the action.

11.2 Duration; Termination.

This Declaration, as it may be amended pursuant to Section 11.3, shall run with the land and bind the Property and be in full force and effect in perpetuity unless terminated as provided in this Section. This Declaration may be terminated at any time if such termination is approved by the

Owners holding ninety percent (90%) or more of the votes in the Association. If the necessary approval is obtained, the Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Following the Recording of a Certificate of Termination, this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles. So long as a Declarant or District Developer owns any Lot, no termination of this Declaration shall be effective unless approved in writing by the Declarants and the District Developers.

11.3 Amendments.

This Declaration may be amended at any time by the affirmative vote or written consent of Owners entitled to cast at least seventy-five percent (75%) of the total votes in the Association.

The Declarants, so long as a Declarant owns one or more Lots, and thereafter, the Board, may amend this Declaration or the Plat, without obtaining the approval or consent of any Owner or First Mortgagee, in order to conform this Declaration or the Plat to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Department of Veterans Affairs or any federal, state or local governmental agency whose approval of the Project, the Plat or the Community Documents is required by law or requested by a Declarant or the Board.

So long as a Declarant or a District Developer owns one or more Lots, any amendment to this Declaration must be approved in writing by the Declarants and the District Developers. In addition, no amendment to Article 10 shall be effective unless approved in writing by the Declarants and the District Developers even if no Declarant or District Developer owns any Lot.

The Declarants, so long as a Declarant owns one or more Lots, and thereafter, the Board, may amend this Declaration without the consent of any other Owner for the purposes of correcting technical or clerical errors. During the Period of Declarant Control, any amendment to this Declaration must be approved by the Department of Veterans Affairs or the Federal Housing Administration.

Any amendment approved by the Owners entitled to cast at least seventy-five percent (75%) of the total votes in the Association or by the Board shall be signed by the President or Vice President of the Association and shall be Recorded, and any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Declarants shall be signed by the Declarants and Recorded. Unless a later effective date is provided for in the amendment, any amendment to this Declaration shall be effective upon the Recording of the amendment.

Any challenge to an amendment to this Declaration for the reason that the amendment was not adopted by the required number of Owners or was not adopted in accordance with the procedures set forth in this Section must be made within one (1) year after the Recording of the amendment.

11.4 Condemnation of Common Area.

If all or any part of the Common Area is taken or condemned, or conveyed by the Association in lieu of or under threat of such condemnation with the approval of Owners representing at least eighty percent (80%) of the votes in the Association, by or to any authority having the power of condemnation or eminent domain, the award or other compensation paid as a result of such taking or conveyance shall be paid to the Association. If the taking involves a portion of the Common Area upon which Improvements have been constructed, then the Association shall construct replacement Improvements on the remaining Common Area to the extent land is available for such construction, unless within sixty (60) days after such taking the Owners having at least eighty percent (80%) of the votes in the Association instruct the Board not to build replacement Improvements.

If such replacement Improvements are to be constructed, then the Association shall be entitled to use the award or other compensation made for such taking solely for the purpose of such construction. If the taking does not involve any Improvements on the Common Area or if the Owners representing more than eighty percent (80%) of the votes in the Association decide not to construct any replacement Improvements or if there are any net funds remaining after such construction is completed, then such awarded net funds shall be retained by the Association and used for such purposes as may be determined by the Board.

11.5 Interpretation.

Except for judicial construction, the Association shall have the exclusive right to construe and interpret the provisions of the Community Documents. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by this Declaration. In the event of any conflict between this Declaration and the Articles, Bylaws, Association Rules or Design Guidelines, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control. In the event of any conflict between the Bylaws and the Association Rules or the Design Guidelines, the Bylaws shall control.

11.6 Severability.

Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

11.7 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.

11.8 Notice of Violation.

The Association shall have the right to record a written notice of a violation by any Owner, Lessee or Resident of any restriction or other provision of the Community Documents. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (a) the name of the Owner, Lessee or Resident violating, or responsible for the violation of, the Community Documents; (b) the legal description of the Lot against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken by the Owner or occupant to cure the violation. Recordation of a notice of violation shall serve as notice to the Owner and Resident, and any subsequent purchaser of the Lot, that there is such a violation. Failure by the Association to Record a notice of violation shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular Lot or constitute a waiver of any right of the Association to enforce the Community Documents.

11.9 Laws, Ordinances and Regulations.

The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other persons to obtain the approval of the Board or the Design Review Committee with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other Person from the obligation to also comply with all applicable laws, ordinances and regulations.

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

11.10 References to this Declaration in Deeds.

Deeds to and instruments affecting any Lot or any other part of the Project may contain the covenants, conditions and restrictions herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the provisions of this Declaration shall be binding upon the grantee-Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assignees.

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s**11.11 Gender and Number.**

Wherever 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 genders; words in the singular shall include the plural; and words in the plural shall include the singular.

11.12 Captions and Titles; Counterparts.

All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent of context thereof. Unless otherwise specified, all references in this Declaration to Articles or Sections are to Articles and Section of this Declaration. This Declaration may be executed in counterparts.

11.13 FHA/VA Approval.

During the Declarant Control Period, the following actions shall require the prior written approval of the Federal Housing Administration or the Department of Veterans Affairs: annexation of additional properties, mergers or consolidations, mortgaging of Common Areas, dedication of Common Areas, dissolution of the Association or amendment of this Declaration.

11.14 No Absolute Liability.

No provision of the Community Documents shall be interpreted or construed as imposing on Owners absolute liability for damage to the Common Area or the Lots. Owners shall only be responsible for damage to the Common Area or Lots caused by the Owners' negligence or intentional acts.

11.15 References to VA and FHA.

In various places throughout the Community Documents, references are made to the Department of Veterans Affairs ("VA") and the Federal Housing Administration ("FHA") and, in particular, to various consents or approvals required of either or both of such agencies. Such references are included so as to cause the Community Documents to meet certain requirements of such agencies should a Declarant request approval of the Project by either or both of those agencies. However, the Declarants shall have no obligation to request approval of the Project by either or both of such agencies. Unless and until the VA or the FHA have approved the Project as acceptable for insured or guaranteed loans and at any time during which such approval, once given, has been revoked, withdrawn, cancelled or suspended and there are no outstanding mortgages or deeds of trust recorded against a Lot to secure payment of any insured or guaranteed loan by either of such agencies, all references in the Community Documents to required approvals or consents of such

agencies shall be deemed null and void and of no further force and effect. In the event of any conflict between this Section and any other provision of the Community Documents, this Section shall control.

RYLAND GROUP, INC., a Maryland corporation

By: 

Its: Vice President

SIVAGE-THOMAS OF ARIZONA, INC., a New Mexico corporation

By: _____

Its: _____

COUNTRYSIDE LAND DEVELOPMENT, L.L.C., an Arizona limited liability company

By: _____

Mark Hardy

Its: Member

CANTERRA CONTRACTING, L.L.C., an Arizona limited liability company



By: _____

Thomas P. Rietz

Its: Member

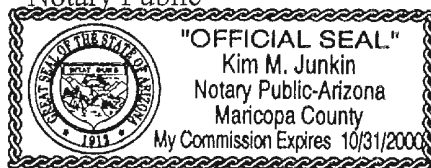
State of Arizona)
) ss.
County of Maricopa)

Acknowledged before me this 10th day of August, 2000, by James P. Soyce, the Vice President of Ryland Group, Inc., a Maryland corporation, on behalf of the corporation.

[Signature]

Notary Public

My Commission Expires:
October 31, 2000



State of Arizona)
) ss.
County of Maricopa)

Acknowledged before me this _____ day of _____, 2000, by _____, the _____ of Sivage-Thomas of Arizona, Inc., a New Mexico corporation, on behalf of the corporation.

Notary Public

My Commission Expires:

State of Arizona)
) ss.
County of Maricopa)

Acknowledged before me this _____ day of _____, 2000, by Mark Hardy, a member of Countryside Land Development, L.L.C., an Arizona limited liability company, on behalf of the company.

Notary Public

My Commission Expires:

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State of Arizona)
) ss.
County of Maricopa)

Acknowledged before me this 10 day of August, 2000, by Thomas P. Rietz, a member of Canterra Contracting, L.L.C., an Arizona limited liability company, on behalf of the company



Wendi V Yaeger

Notary Public

My Commission Expires 02/02/02

agencies shall be deemed null and void and of no further force and effect. In the event of any conflict between this Section and any other provision of the Community Documents, this Section shall control.

RYLAND GROUP, INC., a Maryland corporation

By: 

Its: _____

SIVAGE-THOMAS OF ARIZONA, INC., a New Mexico corporation

By: 

Its: Pres.

COUNTRYSIDE LAND DEVELOPMENT, L.L.C., an Arizona limited liability company

By: _____

Mark Hardy

Its: Member

CANTERRA CONTRACTING, L.L.C., an Arizona limited liability company

By: _____

Thomas P. Rietz

Its: Member

Notary Public
State of Arizona
My Comm. Expires Mar. 18, 2003

State of Arizona)
) ss.
County of Maricopa)

Acknowledged before me this _____ day of _____, 2000, by _____, the _____ of Ryland Group, Inc., a Maryland corporation, on behalf of the corporation.

Notary Public

My Commission Expires:

State of Arizona)
) ss.
County of Maricopa)

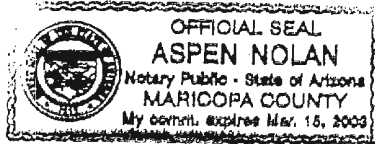
Acknowledged before me this 14th day of August, 2000, by Michael Nivola the President of Sivage-Thomas of Arizona, Inc., a New Mexico corporation, on behalf of the corporation.

Aspen Nolan

Notary Public

My Commission Expires:

3/15/2003



State of Arizona)
) ss.
County of Maricopa)

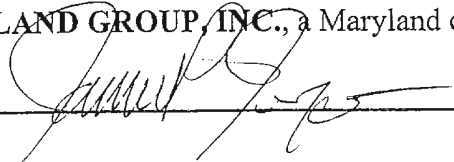
Acknowledged before me this _____ day of _____, 2000, by Mark Hardy, a member of Countryside Land Development, L.L.C., an Arizona limited liability company, on behalf of the company.

Notary Public

My Commission Expires:

agencies shall be deemed null and void and of no further force and effect. In the event of any conflict between this Section and any other provision of the Community Documents, this Section shall control.

RYLAND GROUP, INC., a Maryland corporation

By:  _____

Its: _____

SIVAGE-THOMAS OF ARIZONA, INC., a New Mexico corporation

By: _____

Its: _____

COUNTRYSIDE LAND DEVELOPMENT, L.L.C., an Arizona limited liability company

By:  _____

Mark Hardy

Its: Member

CANTERRA CONTRACTING, L.L.C., an Arizona limited liability company

By: _____

Thomas P. Rietz

Its: Member

State of Arizona)
) ss.
County of Maricopa)

Acknowledged before me this _____ day of _____, 2000, by _____, the _____ of Ryland Group, Inc., a Maryland corporation, on behalf of the corporation.

Notary Public

My Commission Expires:

State of Arizona)
) ss.
County of Maricopa)

Acknowledged before me this _____ day of _____, 2000, by _____, the _____ of Sivage-Thomas of Arizona, Inc., a New Mexico corporation, on behalf of the corporation.

Notary Public

My Commission Expires:

State of Arizona)
) ss.
County of Maricopa)



Acknowledged before me this 15th day of August, 2000, by Mark Hardy, a member of Countryside Land Development, L.L.C., an Arizona limited liability company, on behalf of the company.

Joyce D. Larned
Notary Public

My Commission Expires:

March 7, 2001

EXHIBIT A**LEGAL DESCRIPTION OF PROPERTY**

Lots 1 through 126, inclusive, and Tracts A through F, inclusive, COUNTRYSIDE UNIT 1, according to the plat recorded in Book 537, page 49, official records of the County Recorder of Maricopa County, Arizona.

Lots 127 through 460, inclusive, and Tracts H through S, inclusive, COUNTRYSIDE UNIT 2, according to the plat recorded in Book 537, page 34, official records of the County Recorder of Maricopa County, Arizona.

Lots 461 through 631, inclusive, and Tracts T, U, V1, V2, W1, W2, X, Y, Z and AA, inclusive, COUNTRYSIDE UNIT 3, according to the plat recorded in Book 537, page 39, official records of the County Recorder of Maricopa County, Arizona.

Lots 632 through 768, inclusive, and Tracts BB through II, inclusive, COUNTRYSIDE UNIT 4, according to the plat recorded in Book 537, page 50, official records of the County Recorder of Maricopa County, Arizona.

**The Countryside of
Surprise
Homeowners
Association**

**Design Guidelines
And
Association Rules**

The Countryside of Surprise Homeowners Association

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Overview

Community Organization

Every resident of Countryside of Surprise is a member of The Countryside of Surprise Homeowners Association (the "Association"), the entity responsible for the management of all common areas as well as administration of the affairs of the community. The Association is created by the recording of the Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitude's, Liens, Reservations and Easements (the CC&R's). The CC&R's set forth Procedures, rules and regulations, which govern the community. The Association Rules and Design Guidelines are an Extension of the CC&R's and are to be used in harmony.

The Board of Directors (the "Board") is charged with responsibility for overseeing the business of the association and has a wide range of powers. The Design Review Committee (the "Committee") is the Board and established to review all improvements within Countryside of Surprise Center including new construction and modifications to existing properties. The Committee has adopted Design Guidelines and standards to evaluate proposed construction activities.

Design Review Process

Any change, addition, or modification to a site or a building exterior of a residential property requires the prior written approval of the committee. Residents with proposed changes should contact the management, with whom the Association has contacted for full Association management. To obtain the necessary architectural guidelines and submittal documentation.

Simply stated, no improvements, alterations, repairs, additions, or other work, including changes in exterior color, is to occur on any lot or exterior of any home from its improved state existing on the date such property was first conveyed by Builder to a purchaser without prior approval of the Committee. The responsibility of the Committee is to ensure the harmonious, high quality image of Countryside of Surprise is implemented and maintained. Any owner requesting approval of the Committee shall follow the application procedures listed below. Submittals will be returned to you within forty-five (45) days of receipt of approval from the Committee of any construction, installation, addition, alterations, repairs, change or other work approved by the Committee as soon as practicable and shall diligently pursue such work so that it is completed within sixty (60) days of issuance of such approval or such time additional period of time as may be approved by the Committee at the time of issuance.

Application Procedure

The following information should be included:

- Application Form completed and signed (copy enclosed), additional copies can be obtained from Associations Management Office.
- Plot Plan—A site plan indicating dimensions relating to the existing dwelling and property lines (setbacks, etc.) and the improvement to be installed.
- Elevation Plans---Plans showing finished appearance of the improvements in relation to the existing dwelling and property lines.
- Specifications---Description detailing materials to be used with color samples attached; drawing or brochure of structure indicating dimensions and color.

Submit the application and plans to :

**Countryside of Surprise Homeowners Association
C/O City Property Management Company
4645 East Cotton Gin Loop
Phoenix, AZ 85040**

**Office: (602) 437-4777 Manager -- Patty Garman
Fax: (602) 437-4770 E-mail: pgarman@cityproperty.com**

It is the homeowner's responsibility to ensure that any proposed construction is coordinated with, and where applicable, approved by all counties, local, state and federal government agencies. The Committee, the Management Company and the Association assume no responsibility for obtaining these reviews and approvals.

Design Guidelines

General Principles

The purpose of the Committee is to insure consistence application of the Design Guidelines. The Committee monitors any portion of any lot or parcels which is visible from other lots or parcels, the street, or the Association common areas. The Design Guidelines promote those qualities in Countryside of Surprise that enhance the attractiveness and functional utility of the community. Those qualities include a harmonious relationship among structures, vegetation, topography and overall design of the community.

Design Compatibility

The proposed construction must be compatible with the design characteristics of the property itself, adjoining properties and the neighboring setting. Compatibility is defined as harmony in style, scale, material, color and construction details.

Workmanship

The quality of workmanship evidenced in construction must be equal to, or better than, that of the surrounding properties. In addition to being visually objectionable, poor construction practices can cause functional problems and create safety hazards. The Association and the Committee assume no responsibility for the safety or livability of the new construction by virtue of design and workmanship.

Building Architecture

In general, any exterior addition or alteration to an existing residence shall be compatible with the design character of the original structure.

Building Repairs

No building or structure shall be permitted to fall into a state of disrepair. The owner of every home or structure is responsible at all times for keeping the buildings in good condition and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, the owner is responsible for immediate repair or reconstruction. Roofs must also be kept in good repair at all times.

Awnings

All awnings must be approved by the Committee. Awnings over all windows shall be canvas or similar material, of solid color on both sides, which match the color of the body of the exterior of the home or roof color and should only be installed on the sides and/or rear of the home. All awning submittals must include a drawing with the location of the proposed awning installation. A sample of the material to be used, along with the color and design of the proposed awnings is required. Owner is responsible maintaining and repairs of awnings. The Association retains all right determine when an awning must be repaired and /or replaced due to weather fading, tearing, ripping, etc.

Basketball Goals

1. No permanent goals are permitted.
2. Court may not be painted or outlined on any driveway, sidewalk or street area.
3. Lighting for night use of equipment is prohibited.
4. Portable basketball units and games played must be on the owner's property no on the street or sidewalk.
5. Games shall be played as not to interfere with the neighboring properties.
6. Portable basketball units must be stored out of sight when not in use.
7. Hours of use are from 7:00am to 9:00pm.

Clotheslines

Clotheslines or other outside facilities for drying cloths are not permitted unless they are placed exclusively within the fenced yard and not visible to above the top of the block wall or otherwise concealed.

Driveway Extensions

Driveway extensions will be reviewed on a case to case basis with strong consideration of any impact on the architectural features of the neighborhood. The maximum driveway width (existing and addition) shall not exceed (30) thirty feet of contiguous area. All driveways must be kept clean and clear of debris, oil, rust, and other stains. There must be 2-3 feet of landscape between the end of driveway and the lot line.

Flagpoles

1. Permanent flagpoles need approval from the Design Review Committee.
2. Flagpoles shall be limited to a height of twenty (20) feet in residential areas.
3. Only the United States and State of Arizona flags may be displayed and such flags shall be of reasonable size. All other flags must be approved by the Architectural Review Committee.
4. U.S. Flag codes must be met with at all times.

Fences and Walls

Plans to raise the height of a party wall must be submitted for approval with written permission from the adjacent neighbor(s). Plans for new fences or walls must be submitted to the Committee prior to construction. Copies of City Approvals must be submitted with the requests. Walls must be stuccoed and painted to match the existing dwelling or wall in texture and color.

Gates

Double gates may be installed to allow wider access to rear yards. All gates (double or single) should be the same material, design and color as the originally installed single gate. Shrubs, trees and plant material should be installed and maintained between the house and double gates when ever possible. Fence must be stained a natural color or may be painted to match the wall or house.

Gutters and Downspouts

No architectural submittal is necessary for gutters and downspouts. Gutters and downspouts will be considered approved if the finish matches the color of the house. The Association strongly recommended use of high quality materials that offer long life, as the gutter must be maintained in good condition.

HVAC

Except as initially installed by the Declarant, no heating, air conditioning or evaporative cooling unit shall be placed, installed, constructed or maintained upon any lot without the prior approval of the Committee. All units shall be ground mounted, located within the perimeter of the rear yard and screened or concealed from view of non-residential neighboring property.

Outdoor Fireplaces

Installation of outdoor fireplaces requires advance approval by the Committee. Outdoor fireplaces may not exceed fence height.

Outdoor Lighting

Any outdoor lighting installed on a lot or dwelling, subsequent to initial lighting installed by the builder, must receive advance approval by the Committee. Permanent lighting sources shall not be directed towards streets, common areas or neighboring property.

Patio Covers

Roofing material color should match that which was installed by the builder on the original roof of the home. Color of supports and material should match the color of the body or trim of the home.

Ramada's and Gazebos

Ramadas and gazebos may be erected in rear yards only subject to prior review and approval by Committee, subject to the following guidelines:

1. Maximum square footage (under roof area) is 120 square foot.
2. Maximum roof height is 10 feet at the highest point.
3. The structure must be set back a minimum of 7 feet from any perimeter wall.
4. The structure must be painted a natural cedar or match the house color and be maintained in good condition.
5. Any roof tile must also match the tile on the house.
6. Lighting of the structure must be approved by the Committee prior to installation.

Play Structures

Play structures may be erected in the rear yards only subject to prior review and approval by the Committee, subject the following guidelines:

1. May be erected in the rear yards only and structures must be set back a minimum of 7 feet from any perimeter wall.
2. Maximum height allowed to top support bar or highest point of structure, is 10 feet.
3. Maximum height of any deck or platform is to be 4 feet above ground.

4. The distance from the ground elevation to the top of the perimeter fence must be measured and submitted with plans.
5. The Committee will take appearance, height, and proximity to neighboring properties into consideration.
6. Any shade canopy must be solid tan or “earth tone” color.
7. Submit a brochure or picture if possible.

Pools and Spas

Pools and spas do not require approval of the Committee. Perimeter walls on lots bordering common areas and shared Homeowner Association walls may not be torn down to allow access to rear yards. Access must be gained by removing a portion of the front wall on the side of the home. Repairs to the wall must be made in a timely fashion and include repairing the wall to match the texture and color of the remaining wall. All pool and spa equipment must be screened from view of neighboring property. Lots with view fencing must submit plan for approval by the Committee. Any pool equipment visible above the fence line (such as slides, etc.) must be approved in advance by the Committee.

Pool Fencing

No architectural request is needed if pool fence will be below regular fence line. The specifications for rear yard wrought iron pool fencing installation on a lot with view fencing shall be neutral earth tone color to match or blend with the existing home color or match the existing wrought iron fencing color.

Satellite Dishes

While the Association does not prohibit the use of satellite dishes, the Association does regulate the size and location of the “dish” on the following basis:

1. Any “dish” larger than one meter (39 inches) that is visible from the street, neighboring property or the common areas is prohibited.
2. All dishes are to be located in the rear yard whenever possible.
3. All other antennae such as those used to receive signals from multi-channel multi-point distribution services and television broadcast stations will be reviewed on a case by case basis.
4. All dishes and antennae are to be submitted to Committee with a diagram showing the location and size of device.

Screen Doors

All screen and/or security doors may not need be submitted for approval and should be painted to match the exterior body color or trim of the home, or the color of the exterior door, other color screen doors may be submitted for approval (consideration). Silver-colored aluminum screen doors are prohibited.

Signs

No signs shall be displayed on any lot except the following:

1. Signs used by the Declarant to advertise the lots and residence thereon for sale.
2. One temporary “For Sale” or “For Rent” sign with maximum face area of 5 square feet, which have been approved in advance in writing by the Committee.

3. Security system signs may be placed in front “garden” areas.
4. Such signs as may be required by law.
5. Signs approved by the Committee.

Solar Panels

Except as may be initially installed by the Declarant, no solar energy collecting unit or panels shall be placed, installed, constructed or maintained upon any lot without prior written approval of the Committee.

Storage Sheds

Storage sheds require prior written approval of the Committee and are subject to the following guidelines:

1. Storage sheds are subject to any fence setbacks of 5 feet.
2. Sheds may not be visible above the top of the block wall, unless approved by the committee.
3. Quality materials and construction shall be required.
4. Shed must be in harmony with the exterior of the residence including siding, color, and roofing materials.

Window Coverings Criteria

Permanent draperies or suitable window treatments shall be installed on all front-facing windows within (90) ninety-days of occupancy. No reflective materials, including but not limited to, aluminum foil, reflective screens or glass, mirrors or similar type material shall be installed or placed upon the outside or inside of any windows. Installation of reflective film needs architectural submittal. Exterior window coverings or treatments used to decorate or shelf openings must be compatible, with respect to materials and color, with the style and color of the home.

Bronze, gray, charcoal, brown, or beige sun screen material may be installed. The frame for window screens must match the screen material or existing window frames.

Landscape Guidelines

Maintenance

All landscaping shall be maintained in a neat and attractive condition. Minimum maintenance requirements include watering, mowing, edging, pruning, removal and replacement of dead or dying plants, removal of weeds and noxious grasses, and removal of trash.

Hardscape

Any Hardscape items proposed for front yard installation must be approved by the Committee. Hardscape items that will be visible from neighboring property in the rear yard will also require approval. Materials included in Hardscape are Concrete, brick, tile, wood, and etc. Examples of Hardscape items are planters, walkways, retaining walls, decorative walls and fountains.

Rock and Ground Cover

If decomposed granite or other landscape rock is used, It must be of an “earth tone” color and not white, green, blue or other bright colors. Artificially colored rock(s) or granite is prohibited. All rock areas should be treated with a pre-emergent weed control at regular intervals to retard weed growth.

River rock shall be three (3) to six (6) inches in diameter. Not more than 10% of the front yard landscape may be river rock.

Fine Grading and Mounding

Fine grading is a critical aspect of landscaping. Each lot has been graded in such that all storm water will drain away from the house. It is important that this drainage pattern is maintained when preparing the landscape design, especially if mounding or beaming is proposed. In all cases, the installation must comply with the city grading and drainage plan. Every effort should be made to make mounding appear natural.

Water Features, Statuary, Etc.

Items such as fountains, statuary, etc. are permissible within the rear yard and do not require submittal to the Committee, except on lots with viewing fences. Such items must be approved by the Committee for installation in the front yard. It is recommend that water features be chlorinated. The Committee reserves the right to limit the size and quantity of statuary in the front yard, as well as the rear yards with viewing fences. Statuary must be of earth tones, no painted finishes, and must be approved by the Committee. All functional and/or decorative items must be approved before being placed in the front or rear yards with viewing fencing.

Lighting

Lighting, other than that put in by the builder, must be approved by the committee. The following outlines the minimum standards for lighting:

1. Lighting shall be shielded such that the light shines primarily on the lot on which it is installed. Lights that create a glare visible from other lots are prohibited.
2. Light fixtures shall not exceed an illumination intensity of more than one(1) foot-candle.
3. Power as measured from the closest lot line.
4. Coach lights, on front porch, do not require architectural approval.

Plant Requirements

Within six (6) months of the date of closing, the owner of the lot shall complete Installation and irrigation improvements in compliance with The Countryside of Surprise Homeowners Association CC&R's and the following guidelines as adopted and amended from time to time, in that portion of the lot which is between the street(s) adjacent to the lot and the exterior wall of the residential unit or any wall separating the side or back yard of the lot from the front yard of the lot. Back yards, which are visible from common areas, shall also adhere to this installation time frame.

Minimum Plant Requirements

<u>Plant Type</u>	<u>Size</u>	<u>Quantity</u>
Trees	15gal	2
Shrubs or cactus	5gal	1 (Cactus 3ft. tall may be considered trees)
Shrubs	1gal	5
Ground cover	1gal	0

1. Select plants for alternating seasons of display and color.
2. Homeowners to select low shrubs/groundcover along driveway and street frontages to maintain visibility. Plants exceeding 2'0" in mature height shall be located at least 8' 0" feet back from public sidewalks or curbs.
3. Surface select boulders may be grouped in clusters, with varied sizes, buried 1/3 below grade and incorporated with grades to mimic a natural outcropping. Boulders may not exceed 3' in height and shall have a natural oval character that is compatible with specific decomposed granite. Colored and lava rocks are prohibited.
4. Homeowners may use low voltage lighting to highlight entry walks, or accentuate trees. Light source shall be adjusted to minimize glare on adjacent properties, common areas or streets.
5. Ornamentation such as skulls, wagon wheels, sculptures, etc. need architectural approval.
6. Special design features such as low walls, trellis, water features or other structures must be approved in advance by the Committee.

Irrigation

With an average rainfall or less than nine inches, most plant material requires a supplemental irrigation system to sustain plant life yet preserve our precious water supply. Each homeowner shall provide a complete irrigation system compatible with the front yard design. Time clocks should be cycled for efficient deep watering. Turf areas shall have spray irrigation with 100% head to head coverage, designed to minimize overspray onto any paved or granite areas. All supplemental plants should be watered by any underground drip system to provide deep watering.

Association Rules

The following Association rules summarize some of the common provisions found in the CC&R's as well as rules Established by the board. Cooperation on the part of all residents in following these rules will make living at Countryside of Surprise an enjoyable experience for everyone.

Common Area Use Guidelines

1. No playground or basketball court area is available for private use. These areas are first come first serve.
2. A fee of \$50.00 will be charged for reservation of the common area along with a \$100.00 deposit which is refundable.
3. A insurance certificate which has the association as the additionally insured must be presented.
4. An application must be filled out prior to use, at least one week in advance.
5. A limit of no more than four hours will be allowed for reserved areas.
6. Any equipment, such as generators and/or inflatables, must be a minimum of 100 feet from any view fencing or wall.
7. No event shall be allowed past 9:00 p.m.
8. All trash inclusive of that in trash containers must be removed by the event owner. All areas shall be clean of debris after event. The deposit will only be returned upon verification of these items.

General Property Restrictions

Owners may rent only the entire lot or dwelling unit. Rental must be made only to a single family. No gainful occupation, trade or other non-residential use may be conducted on the property for the purpose of receiving products or services related to such usage. Owners must receive Board permission to apply for any re-zoning, variances or use permit.

Trash/Recycling Containers and Collection

No garbage or trash shall be kept on any lot except in covered containers as provided by the city of Surprise. These containers must be stored out of sight except on days of collection or 3:00pm the day before to 8:00am the day after collection. However, this does not detract for the City ordinance.

Pets

Residents are allowed to keep a reasonable number of generally recognized house or yard pets. Animals cannot be kept or raised for commercial purposes, and they are not allowed to make an unreasonable amount of noise or become a nuisance to neighbors. Dog runs must have prior approval of the Committee. Dog must be kept on leashes at all times while on Association property. All owners must clean up after their pets.

Holiday Lighting

Temporary holiday decorations are permitted from Thanksgiving through January 15. Any other temporary holiday decorations are permitted so long as they are removed 10 days after holiday.

Seasonal and Decorative Flags

Seasonal and decorative flags that are house mounted below the roofline do not require approval. Seasonal flags must be removed within ten days after the date of the holiday. Flags must be maintained in good condition at all times. Torn, ripped, faded, etc. constitute grounds for fines and removal. Flags may not be offensive to neighbors or Association. The Board shall make this determination.

Machinery and Equipment

No machinery, fixtures, or equipment of any type, including, but not limited to heating, cooling, air-conditioning, refrigeration equipment and clotheslines, may be placed on any lot or parcel without screening or concealment from view of non-residential neighboring property or public property. Maintained oil pans (carpets and boards are not permitted) or any other object used to collect oil spills from driveways must be removed when not in use so as not to be visible.

Vehicles

The term "Motor Vehicle" means a car, van, truck, recreational vehicle, motor home, motorcycle, all terrain vehicle, utility vehicle, pickup truck or other motor vehicle.

No mobile home, travel trailer, tent trailer, trailer, camper shell, boat trailer, boat or other similar equipment may be parked, kept or stored on any Residential Lot or the Master Common Area or Neighborhood Common Area without the prior written approval of the Architectural Committee.

Motor Vehicles owned or leased by an Owner, Lessee or Resident of a Lot must be parked in the garage of the Residential Unit unless there is insufficient space within the garage for the parking of all such Motor Vehicles, in which case such Motor Vehicles may be parked in the driveway situated on the Lot provided such Motor Vehicles do not exceed 7 feet in height and do not exceed 18 feet in length and do not extend onto any adjacent sidewalk or street. Recreational vehicles, motor homes and similar vehicles owned or leased by an Owner, Lessee or Resident which exceed 7 feet in height and/or exceed 18 feet in length maybe parked in the driveway on a Lot for the purpose of loading or unloading, but in no event shall such recreational vehicle, motor home or similar

vehicle be parked in the driveway for more than twenty-four (24) consecutive hours or more than seventy-two (72) hours within any seven (7) day period.

Motor Vehicles owned by guests of an Owner, Lessee or other Resident may be parked in the driveway on a Lot or on a public or private street for a period not to exceed 72 hours within any seven (7) day period.

The Board shall have the right and power to adopt rules and regulations governing the parking of Motor Vehicles on Lots, Parcels, Master Common Areas or Neighborhood Common Areas and implementing the provisions of this Section 4.15 (of the CC&R's) and the rules and regulations adopted by the Board, the provisions of this Section 4.15 (of the CC&R's) shall control.

No Motor Vehicle shall be constructed, reconstructed or repaired on any Lot, Parcel, Master Common Area or Neighborhood Common Area in such a manner as to be Visible From Neighboring Property, and no inoperable vehicle may be stored or parked on any Lot, Parcel, Master Common Area or Neighborhood Common Area in such a manner as to be Visible Form Neighboring Property.

Parking

Vehicles of all owners, lessees, and residents, and of their employees, guests and invitees, are kept in garages, carports, residential driveways of the owner, designated parking areas, designated spaces in commercial areas, and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles at a lot.

Countryside of Surprise Homeowners Association
4645 East Cotton Gin Loop
Phoenix, AZ 85040
Telephone: (602) 437-4777 Fax: (602) 437-4770
www.countrysideofsurprisehoa.com

INTENT

The intent of this proposal, submitted by the Architectural Review Committee to the Countryside of Surprise Homeowners' Association Board of Directors, is to further define the types of signs that are constructed or erected by a homeowner to advertise their lot and residence. The proposal is to interfere with the Covenants, Conditions and Restrictions for Countryside, but to amend the Design Review Guidelines approved by the Board of Directors. The proposal shall also not interfere with the rights and laws of Real Estate Agencies.

CURRENT READING – Design Review Guidelines (ppg. 8-9)

Signs

No sign shall be displayed on any lot except the following:

1. Signs used by the Declarant to advertise the lots and residence thereon for sale.
2. One temporary 'For Sale' or 'For Rent' sign with maximum face area of 5 square feet, which have been approved in advance in writing by the Committee.
3. Security system signs may be placed in front 'garden' areas.
4. Such signs as may be required by law.
5. Signs approved by the Committee.

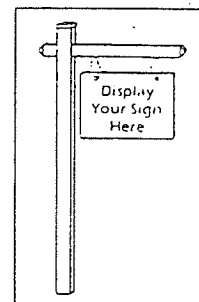
PROPOSED NEW WORDING 4/23/04

Signs

No signs shall be displayed on any lots unless they meet any of the following applicable requirements or are approved in advance by the Design Review Committee:

1. One temporary 'For Sale' or 'For Rent' sign with dimensions of 18" high by 24" wide. The sign must be of professional quality and may not be hand printed. The sign must be placed in the front yard hanging from an extended arm on a post measuring 4" x 4" in thickness. The color of the post must match the primary color of the sign. See sample picture.
2. Security system signs may be placed in front 'garden' areas.
3. Signs as may be required by law.

The property and landscaping of any lot displaying a 'For Sale' or 'For Rent' sign must be well maintained and in good appearance.



Sample Picture