E. ANN RODRIGUEZ, RECORDER
RECORDED BY: CML
DEPUTY RECORDER
1951 ES4

TTISE
DAVID A MCEVOY
4560 E CAMP LOWELL DR
TUCSON AZ 85712

EASTSIDE

DOCKET: 12578
PAGE: 1354
NO. OF PAGES: 6
SEQUENCE: 20051190494
06/21/2005
ARSTRT 13:35

MAIL

AMOUNT PAID $ 17.00

When recorded return to
David A McEvoy Esq
4560 East Camp Lowell Drive
Tucson, Arizona 85712

ACCOMMODATION RECORDING
NO TITLE LIABILITY 21766

THIRD SUPPLEMENTAL DECLARATION TO AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO SAHUARITA VILLAGE

(Further Amending Instrument Recorded in Docket 11444, Page 1890 Instrument No 2002400576)

This Third Supplemental Declaration to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Supplemental Declaration"), is effective as of June 13th, 2005, made by RSVP Management Company, L L C an Arizona limited liability company ("Declarant"), in recognition of the following facts and intentions

A On December 13 2000, Declarant executed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village, as amended ("Declaration"), which was recorded on December 13, 2000, in Docket 11444, Page 1890, Instrument No 2002400576 of the Official Records in the office of the Pima County Recorder

B The Declaration as the same may have been amended, presently affects that certain real property located in Pima County, Arizona, as described in the Declaration

C Effective February 11, 2003, a Supplemental Declaration to Amended and Restated Declaration of Covenants Conditions and Restrictions for Rancho Sahuarita Village was recorded on February 26, 2003, in Docket 11995 at Page 1346 of the Official Records in the office of the Pima County Recorders that subjected additional property described therein to the Declaration

D Effective March 8, 2003, a Second Supplemental Declaration To Amended And Restated Declaration Of Covenants, Conditions And Restrictions For Rancho Sahuarita Village was recorded on March 31, 2004, in Docket 12270 at Page 5 of the Official Records in the office of the Pima County Recorders that subjected additional property described therein to the Declaration

E Pursuant to Section 9 1 of the Declaration, Declarant (in its capacity as Declarant) desires to subject to the provisions of the Declaration a portion of the real property described in Exhibit "B"

(as amended) attached to the Declaration, legally described in Exhibit "A" attached hereto and incorporated herein by this reference ("Subjected Property").

NOW, THEREFORE, pursuant to Section 9.1 of the Declaration, Declarant hereby subjects to the provisions of the Declaration the Subjected Property. To the extent of any inconsistency between the terms and provisions of this Supplemental Declaration, and the terms and provisions of the Declaration, the terms and provisions of this Supplemental Declaration shall govern and control.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Supplemental Declaration effective as of the date first above written.

DECLARANT:
RSVP Management Company, L.L.C., an Arizona limited liability company
By: Rancho Sinaloa, Inc., an Arizona corporation, its Member

By Mark K Schulz
Mark K. Schulz, President

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 13th day of June, 2005, by Mark K. Schulz as President of Rancho Sinaloa, Inc., an Arizona corporation, the Member of RSVP Management Company, L.L.C., an Arizona limited liability company.

My Commission Expires:
Sept. 23, 2007

Kathleen P Voldeng
Notary Public

OFFICIAL SEAL
KATHLEEN P VOLDENG
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
My Comm. Expires Sept. 23, 2007

The undersigned, being the fee title owner of all of the Subjected Property, hereby consents to this Supplemental Declaration.

Rancho Sahuarita VII, LLC, an Arizona limited liability company

By Mark K Schulz

Its President of The Jonathan Group, LTD, Manager

20051631423 07/13/2005

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 13th day of June, 2005. by Mark K Schulz, as President of The Sonoran Group Manager of Rancho Sahuarita VII, LLC, an Arizona limited liability company.

My Commission Expires:
Sept. 23, 2007

Kathleen P Voldeng
Notary Public

OFFICIAL SEAL
KATHLEEN P VOLDENG
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
My Commission Expires

EXHIBIT "A"

Legal Description

(to be attached)

Exhibit A

Parcel 1

All of the Northeast Quarter of Section 35, Township 16, Range 13, of the Gila and Salt River Meridian, Pima County, Arizona,

EXCEPTING THEREFROM any portion thereof lying within the plat of Rancho Sahuarita, as recorded in Book 52 of Maps and Plats, page 77, Pima County Records, Pima County, Arizona;

FURTHER EXCEPTING THEREFROM the following described parcel.

BEGINNING at a found GLO brass cap marking the Northeast corner of said Section 35, Township 16 South, Range 13 East, Gila and Salt River Meridian,

Thence South 00 degrees 11 minutes 23 seconds West, along the East line of said Section, a distance of 430 00 feet;

Thence North 89 degrees 48 minutes 29 seconds West, a distance of 2,676 18 feet to a point on the North-South center Section line, that bears South 00 degrees 10 minutes 08 seconds East, a distance of 430.00 feet from the North Quarter corner of said Section 35,

Thence along the North-South center line, North 00 degrees 10 minutes 08 seconds West, a distance of 430.00 feet to a 1" aluminum cap marking the North Quarter corner of said Section 35;

Thence South 89 degrees 47 minutes 24 seconds East, a distance of 1,352.13 feet to a GLO brass cap marking the East 1/16 corner of said Section 35;

Thence South 89 degrees 49 minutes 36 seconds East, a distance of 1,326 74 feet to the TRUE POINT OF BEGINNING.

(JV Arb 11)

Parcel 2

All of the Northwest Quarter of Section 36, Township 16, Range 13, of the Gila and Salt River Meridian, Pima County, Arizona,

EXCEPTING THEREFROM any portion thereof lying within the plat of Rancho Sahuarita, as recorded in Book 52 of Maps and Plats, page 77, Pima County Records, Pima County, Arizona;

FURTHER EXCEPTING therefrom the following described parcel.

BEGINNING at a found GLO brass cap marking the Northwest corner of said Section 36, Township 16 South, Range 13 East, Gila and Salt River Meridian;

Thence North 89 degrees 18 minutes 03 seconds East, a distance of 1311 41 feet to a GLO brass cap marking the West 1/16 corner of said Section 36,

Thence North 89 degrees 08 minutes 36 seconds East, a distance of 1308.06 feet to a 2 5" aluminum cap marking the North Quarter corner of said Section 36;

Thence South 00 degrees 05 minutes 59 seconds West, along the North-South center Section line, a distance of 430.00 feet;

Thence South 89 degrees 13 minutes 22 seconds West, a distance of 2621.64 feet to a point on the West line of said Section, that bears South 00 degrees 11 minutes 23 seconds West, a distance of 430.00 feet from the Northwest corner of said Section 36;

Thence along the West line of said Section, North 00 degrees 11 minutes 23 seconds East, a distance of 430.00 feet to the TRUE POINT OF BEGINNING.

ALSO FURTHER EXCEPTING the following described parcel:

BEGINNING at a found GLO brass cap marking the Northwest corner of said Section 36, Township 16 South, Range 13 East, Gila and Salt River Meridian;

Thence South 00 degrees 11 minutes 23 seconds West, along the West line of said Section, a distance of 2,669.27 feet to a found 1.5" lead cap marking the West Quarter corner of said Section;

Thence North 89 degrees 08 minutes 53 seconds East, along the East-West center Section line, a distance of 1,271.78 feet to the TRUE POINT OF BEGINNING;

Thence North 01 degrees 13 minutes 20 seconds West, a distance of 466.70 feet;

Thence North 89 degrees 08 minutes 53 seconds East, a distance of 466.70 feet;

Thence South 01 degrees 13 minutes 20 seconds East, a distance of 466.70 feet;

Thence South 89 degrees 08 minutes 53 seconds West, a distance of 466.70 feet TO THE TRUE POINT OF BEGINNING.

(JV Arb 17)

EASTSIDE

F ANN RODRIGUEZ, RECORDER
RECORDED BY: CML
DEPUTY RECORDER
1951 ES4

TTISE
DAVID A MCEVOY
4560 E CAMP LOWELL DR
TUCSON AZ 85712

DOCKET: 12578
PAGE: 1360
NO. OF PAGES: 7
SEQUENCE: 20051190495
06/21/2005
ARSTRT 13:35

MAIL

AMOUNT PAID $ 24.00

When recorded, return to
David A McEvoy, Esq
4560 East Camp Lowell Drive
Tucson, Arizona 85712

ACCOMMODATION RECORDING
NO TITLE LIABILITY 2167

CERTIFICATE OF FIFTH AMENDMENT TO AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO SAHUARITA VILLAGE

(Further Amending Instrument Recorded in Docket 11444, Page 1890, Instrument No 20002400576)

This Certificate of Fifth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Fifth Amendment"), is made by RSVP Management Company, L L C , an Arizona limited liability company ("Declarant"), in recognition of the following facts and intentions

A On December 13, 2000, Declarant executed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Original Declaration"), which was recorded on December 13, 2000, in Docket 11444, Page 1890, Instrument No 20002400576 of the Official Records in the office of the Pima County Recorder The Original Declaration was amended by instruments recorded on March 14, 2001, in Docket 11505, Page 249, Instrument No 20010500092 of the Official Records in the office of the Pima County Recorder, on April 4, 2001, in Docket 11520, Page 177, Instrument No 20010650072 of the Official Records in the office of the Pima County Recorder, on March 26, 2004, in Docket 12267, Page 891, Instrument No 20040590280 of the Official Records in the office of the Pima County Recorder and on September 1, 2004, in Docket 12378, Page 30, Instrument No 20041700012 of the Official Records in the office of the Pima County Recorder

B The Declaration presently affects that certain real property located in Pima County, Arizona, as described in the Declaration

C Pursuant to Section 19 1 of the Declaration, Declarant (in its capacity as Declarant) desires to modify and amend the Declaration to reflect certain changes, as are more particularly set forth below

NOW, THEREFORE, pursuant to Section 19 1 of the Declaration, the Declaration is hereby further amended as follows

1 Exhibit "B" to the Declaration is hereby amended and expanded to include (a) that certain real property legally described in Exhibit "A" attached hereto and incorporated herein by this reference, and (b) any real property currently or in the future located within the jurisdictional boundaries of the Town of Sahuarita that currently is owned or in the future may be acquired by Declarant or any affiliate of Declarant An affiliate of Declarant shall mean any entity that is owned or controlled by any owner of Declarant or any person who is an owner, member, manager, director or officer of any owner of Declarant To the extent that any real property owned or to be owned by Interchange Opportunity Fund, LLLP, an Arizona limited liability limited partnership ("IOF"), is annexed into and made subject to the Declaration, it is acknowledged and agreed that such annexation shall serve to make such real property owned or to be owned by IOF more valuable for sale by IOF to developer(s) of such real property, which developers in turn shall develop and sell such real property, and that IOF is not a developer and is not engaged in the business of developing real property

2 To the extent of any inconsistency between the terms and provisions of this Fifth Amendment, and the terms and provisions of the Declaration, the terms and provisions of this Fifth Amendment shall govern and control Words used herein with initial capital letters shall be defined as set forth in the Declaration, unless specifically defined herein

3 Except as specifically amended by this Fifth Amendment, the Declaration shall remain in full force and effect and unmodified

IN WITNESS WHEREOF, the undersigned has executed this Fifth Amendment effective as of the date first above written

DECLARANT:
RSVP Management Company, L L C , an Arizona limited liability company
By Rancho Sinaloa, Inc., an Arizona corporation, its Member

By _____
Mark K Schulz, President

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 13th day of May, 2005, by Mark K Schulz as President of Rancho Sinaloa, Inc , an Arizona corporation, the Member of RSVP Management Company, L L C , an Arizona limited liability company

My Commission Expires
Sept. 23, 2007

Kathleen P Voldeng
Notary Public

OFFICIAL SEAL
KATHLEEN P VOLDENG
NOTARY PUBLIC ARIZONA
PIMA COUNTY
My Comm. Expires Sept 23 2007

EXHIBIT "A"

Legal Description

(to be attached)

EXHIBIT "A"

Land Subject to Annexation

Blocks 1 through 62 and Common Areas "A", "B" and "C" of Rancho Sahuarita, recorded in Book 52 of Maps and Plats at Page 77, Pima County Recorder's Office, Pima County, Arizona

Except the following described property:

Blocks 26, 27, 60, 61 and 62 recorded in Book 52 of Maps and Plats at Page 77, Pima County Recorder's Office, Pima County, Arizona

Together with the following described property:

Exhibit A

Parcel 1

All of the Northeast Quarter of Section 35, Township 16, Range 13, of the Gila and Salt River Meridian, Pima County, Arizona;

EXCEPTING THEREFROM any portion thereof lying within the plat of Rancho Sahuarita, as recorded in Book 52 of Maps and Plats, page 77, Pima County Records, Pima County, Arizona;

FURTHER EXCEPTING THEREFROM the following described parcel:

BEGINNING at a found GLO brass cap marking the Northeast corner of said Section 35, Township 16 South, Range 13 East, Gila and Salt River Meridian;

Thence South 00 degrees 11 minutes 23 seconds West, along the East line of said Section, a distance of 430.00 feet;

Thence North 89 degrees 48 minutes 29 seconds West, a distance of 2,676.18 feet to a point on the North-South center Section line, that bears South 00 degrees 10 minutes 08 seconds East, a distance of 430.00 feet from the North Quarter corner of said Section 35;

Thence along the North-South center line, North 00 degrees 10 minutes 08 seconds West, a distance of 430.00 feet to a 1" aluminum cap marking the North Quarter corner of said Section 35;

Thence South 89 degrees 47 minutes 24 seconds East, a distance of 1,352.13 feet to a GLO brass cap marking the East 1/16 corner of said Section 35;

Thence South 89 degrees 49 minutes 36 seconds East, a distance of 1,326.74 feet to the TRUE POINT OF BEGINNING.

(JV Arb 11)

Parcel 2

All of the Northwest Quarter of Section 36, Township 16, Range 13, of the Gila and Salt River Meridian, Pima County, Arizona;

EXCEPTING THEREFROM any portion thereof lying within the plat of Rancho Sahuarita, as recorded in Book 52 of Maps and Plats, page 77, Pima County Records, Pima County, Arizona;

FURTHER EXCEPTING therefrom the following described parcel:

BEGINNING at a found GLO brass cap marking the Northwest corner of said Section 36, Township 16 South, Range 13 East, Gila and Salt River Meridian;

Thence North 89 degrees 18 minutes 03 seconds East, a distance of 1311.41 feet to a GLO brass cap marking the West 1/16 corner of said Section 36;

Thence North 89 degrees 08 minutes 36 seconds East, a distance of 1308.06 feet to a 2.5" aluminum cap marking the North Quarter corner of said Section 36;

Thence South 00 degrees 05 minutes 59 seconds West, along the North-South center Section line, a distance of 430.00 feet,

Thence South 89 degrees 13 minutes 22 seconds West, a distance of 2621 64 feet to a point on the West line of said Section, that bears South 00 degrees 11 minutes 23 seconds West, a distance of 430 00 feet from the Northwest corner of said Section 36;

Thence along the West line of said Section, North 00 degrees 11 minutes 23 seconds East, a distance of 430.00 feet to the TRUE POINT OF BEGINNING

ALSO FURTHER EXCEPTING the following described parcel:

BEGINNING at a found GLO brass cap marking the Northwest corner of said Section 36, Township 16 South, Range 13 East, Gila and Salt River Meridian,

Thence South 00 degrees 11 minutes 23 seconds West, along the West line of said Section, a distance of 2,669 27 feet to a found 1 5" lead cap marking the West Quarter corner of said Section;

Thence North 89 degrees 08 minutes 53 seconds East, along the East-West center Section line, a distance of 1,271 78 feet to the TRUE POINT OF BEGINNING,

Thence North 01 degrees 13 minutes 20 seconds West, a distance of 466.70 feet,

Thence North 89 degrees 08 minutes 53 seconds East, a distance of 466 70 feet,

Thence South 01 degrees 13 minutes 20 seconds East, a distance of 466 70 feet,

Thence South 89 degrees 08 minutes 53 seconds West, a distance of 466 70 feet TO THE TRUE POINT OF BEGINNING

(JV Arb 17)

F ANN RODRIGUEZ, RECORDER
RECORDED BY PSG
DEPUTY RECORDER
9394 ES1

W
DAVID A MCEVOY
4560 E CAMP LOWELL DR
TUCSON AZ 85712

DOCKET: 12378
PAGE 30
NO OF PAGES. 3
SEQUENCE: 20041700012
09/01/2004
ARSTRT 09:56

MAIL

AMOUNT PAID $ 19 00

F ANN RODRIGUEZ, RECORDER
RECORDED BY PSG
DEPUTY RECORDER
9394 ES1

W
DAVID A MCEVOY
4560 E CAMP LOWELL DR
TUCSON AZ 85712

DOCKET: 12349
PAGE: 271
NO OF PAGES: 3
SEQUENCE 20041410097
07/22/2004
ARSTRT 10:06

MAIL

AMOUNT PAID $ 19 00

When recorded, return to
David A McEvoy, Esq
4560 East Camp Lowell Drive
Tucson, Arizona 85712

CERTIFICATE OF FOURTH AMENDMENT TO AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO SAHUARITA VILLAGE

(Further Amending Instrument Recorded in Docket 11444, Page 1890, Instrument No 20002400576)

This Certificate of Fourth Amendment to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Fourth Amendment"), is made by RSVP Management Company, L L C , an Arizona limited liability company ("Declarant"), in recognition of the following facts and intentions

A On December 13, 2000, Declarant executed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Original Declaration"), which was recorded on December 13, 2000, in Docket 11444, Page 1890, Instrument No 20002400576 of the Official Records in the office of the Pima County Recorder The Original Declaration was amended by instruments recorded on March 14, 2001, in Docket 11505, Page 249, Instrument No 20010500092 of the Official Records in the office of the Pima County Recorder, on April 4, 2001, in Docket 11520, Page 177, Instrument No 20010650072 of the Official Records in the office of the Pima County Recorder and on March 26, 2004, in Docket 12267, Page 891, Instrument No 20040590280 of the Official Records in the office of the Pima County Recorder

B The Declaration presently affects that certain real property located in Pima County, Arizona, as described in the Declaration

C Pursuant to Section 19 1 of the Declaration, Declarant (in its capacity as Declarant) desires to modify and amend the Declaration to reflect certain changes, as are more particularly set forth below

NOW, THEREFORE, pursuant to Section 19 1 of the Declaration, the Declaration is hereby further amended as follows

THIS INSTRUMENT IS BEING RE-RECORDED TO CORRECT A SCRIVENER'S ERROR IN SECTION 1 HEREOF

1 The phrase "and others who do not own a unit within the Properties" in Section 11 1(f) of the Declaration is hereby deleted, Section 12 3 of the Declaration is hereby deleted and the phrases "and owners of other residential and, nonresidential properties" and ", regardless of whether such Persons are subject to this Declaration" in Section 15 2(a of the Declaration are hereby deleted

2 To the extent of any inconsistency between the terms and provisions of this Fourth Amendment, and the terms and provisions of the Declaration, the terms and provisions of this Fourth Amendment shall govern and control Words used herein with initial capital letters shall be defined as set forth in the Declaration, unless specifically defined herein

3 Except as specifically amended by this Fourth Amendment, the Declaration shall remain in full force and effect and unmodified

IN WITNESS WHEREOF, the undersigned has executed this Fourth Amendment effective as of the date first above written

DECLARANT·
RSVP Management Company, L L C , an Arizona limited liability company
By Rancho Sinaloa, Inc , an Arizona corporation, its Member

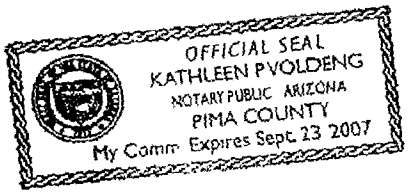
By _____
Mark K Schulz, President

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 22 day of July, 2004, by Mark K Schulz as President of Rancho Sinaloa, Inc , an Arizona corporation, the Member of RSVP Management Company, L L C , an Arizona limited liability company

My Commission Expires
Sept. 23, 2007

Kathleen P Voldeng
Notary Public



F. ANN RODRIGUEZ, RECORDER
RECORDED BY: JLW
DEPUTY RECORDER
1541 ES1

W
DAVID A MCEVOY
4560 E CAMP LOWELL DR
TUCSON AZ 85712

DOCKET: 12267
PAGE: 891
NO OF PAGES: 2
SEQUENCE: 20040590280
03/26/2004
ARSTRT 13:53

MAIL

AMOUNT PAID $ 16.00

When recorded, return to
David A McEvoy, Esq
4560 East Camp Lowell Drive
Tucson, Arizona 85712

CERTIFICATE OF
THIRD AMENDMENT TO AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCHO SAHUARITA VILLAGE

(Further Amending Instrument Recorded in Docket 11444, Page 1890, Instrument No 20002400576)

This Certificate of Third Amendment to Amended and Restated Declaration of Covenants Conditions and Restrictions for Rancho Sahuarita Village ("Third Amendment"), is made by RSVP Management Company, L L C , an Arizona limited liability company ("Declarant"), in recognition of the following facts and intentions

A On December 13, 2000, Declarant executed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Original Declaration"), which was recorded on December 13, 2000, in Docket 11444, Page 1890, Instrument No 20002400576 of the Official Records in the office of the Pima County Recorder The Original Declaration was amended by instruments recorded on March 14, 2001, in Docket 11505, Page 249, Instrument No. 20010500092 of the Official Records in the office of the Pima County Recorder and on April 4, 2001, in Docket 11520, Page 177, Instrument No 20010650072 of the Official Records in the office of the Pima County Recorder

B The Declaration presently affects that certain real property located in Pima County, Arizona, as described in the Declaration

C Pursuant to Section 19 1 of the Declaration, Declarant (in its capacity as Declarant) desires to modify and amend the Declaration to reflect certain changes, as are more particularly set forth below

NOW, THEREFORE, pursuant to Section 19 1 of the Declaration, the Declaration is hereby further amended as follows

1 Section 11 1(g) of the Declaration is hereby deleted

2. To the extent of any inconsistency between the terms and provisions of this Third Amendment, and the terms and provisions of the Declaration, the terms and provisions of this Third Amendment shall govern and control. Words used herein with initial capital letters shall be defined as set forth in the Declaration, unless specifically defined herein.

3. Except as specifically amended by this Third Amendment, the Declaration shall remain in full force and effect and unmodified.

IN WITNESS WHEREOF, the undersigned has executed this Third Amendment effective as of the date first above written.

DECLARANT:
RSVP Management Company, L.L.C., an Arizona limited liability company
By: Rancho Sinaloa, Inc., an Arizona corporation, its Member

By _____
Mark K. Schulz, President

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 26 day of March, 2004, by Mark K. Schulz as President of Rancho Sinaloa, Inc., an Arizona corporation, the Member of RSVP Management Company, L.L.C., an Arizona limited liability company.

My Commission Expires:
Sept 23, 2007

Kathleen P Voldeng
Notary Public

OFFICIAL SEAL
KATHLEEN P.VOLDENG
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
My Comm. Expires Sept. 23, 2007

EASTSIDE

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: LAM
DEPUTY RECORDER
6545 PE4

TLATI
KOHN LAW FIRM
1200 N EL DORADO PL STE H-810
TUCSON AZ 85715

DOCKET: 12270
PAGE: 5
NO. OF PAGES: 3
SEQUENCE: 20040620004
03/31/2004
ARSTRT 09:08

MAIL

AMOUNT PAID $ 13.00

When recorded, return to

Sidney Y Kohn, Esq
The Kohn Law Firm
1200 N El Dorado Place
Suite H-810
Tucson, AZ 85715

SECOND SUPPLEMENTAL DECLARATION TO AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO SAHUARITA VILLAGE

This Second Supplemental Declaration to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Supplemental Declaration") is effective as of March 8, 2004, made by RSVP Management Company, LLC, an Arizona limited liability company, Successor to Rancho Sahuarita 1, LLC, an Arizona limited liability company ("Declarant"), in recognition of the following facts and intentions:

A. On December 13, 2000, Declarant executed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Declaration"), which was recorded on December 13, 2000, in Docket 11444, Page 1890, Instrument No 2002400576 of the Official Records in the office of the Pima County Recorder

B The Declaration, as the same may have been amended, presently affects that certain real property located in Pima County, Arizona, as described in the Declaration

C Effective February 11, 2003, a Supplemental Declaration to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita was recorded on

February 26, 2003, in Docket 11995 at Page 1346 of the Official Records in the office of the Pima County Recorder that subjected additional property described therein to the Declaration.

D. Pursuant to Section 9.1 of the Declaration, Declarant (in its capacity as Declarant) desires to subject to the provisions of the Declaration a portion of the real property described in Exhibit "B" attached to the Declarant, as are more particularly set forth below.

NOW, THEREFORE, pursuant to Section 9.1 of the Declaration, Declarant hereby subjects to the provisions of the Declaration a portion of the real property described in Exhibit "B" attached to the Declaration, which additional real property so subjected to the provisions of the Declaration is legally described as Blocks 24, 25, 28, 29, 31, 32, 33, 34 and 35 and those portions of Common Area "C" immediately adjacent to the above referenced Blocks of the Final Block Plat for Rancho Sahuarita, a subdivision of Pima County, Arizona, according to the map of record in the Office of the County Recorder in Book 52 of Maps and Plats at page 77 thereof ("Subjected Property"). To the extent of any inconsistency between the terms and provisions of this Supplemental Declaration, and the terms and provisions of the Declaration, the terms and provisions of this Supplemental Declaration shall govern and control.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Supplemental Declaration effective as of the date first above written.

DECLARANT:

RSVP MANAGEMENT COMPANY, LLC,
an Arizona limited liability company

BY: RANCHO SINALOA, INC., an
Arizona corporation, Member of RSVP Management Company, LLC

By: _____
Mark Schulz, President

STATE OF ARIZONA)
) ss.:
COUNTY OF PIMA)

On this 8th day of March, 2004 SUBSCRIBED AND SWORN to before me, the undersigned officer, personally appeared Mark Schulz, who acknowledges himself to be the President of Rancho Sinaloa, Inc., an Arizona corporation, the managing member of RSVP Management Company, LLC, an Arizona limited liability company, and that such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company.

Cathy Hansen
Notary Public

OFFICIAL SEAL
CATHY HANSEN
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm Exp. Jan. 2, 2006

F. ANN RODRIGUEZ, RECORDER
RECORDED BY CML
DEPUTY RECORDER
1951 PE5

TFNTI
DAVID A MCEVOY
4560 E CAMP LOWELL DR
TUCSON AZ 85712

DOCKET: 12208
PAGE: 6359
NO. OF PAGES: 2
SEQUENCE: 20032511096
12/31/2003
AS 17:30

MAIL

AMOUNT PAID $ 10 00

When recorded, return to
David A McEvoy, Esq
4560 East Camp Lowell Drive
Tucson, Arizona 85712

ASSIGNMENT OF DECLARANT'S RIGHTS
(Affecting Instrument Recorded in Docket 11444 commencing at page 1890)

In consideration of payment of $10 00 and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Rancho Sahuarita I, L L C , an Arizona limited liability company ("Assignor") hereby assigns, transfers and sets over to RSVP Management Company, L L C , an Arizona limited liability company ("Assignee"), all of Assignor's right, title and interest, if any, as Declarant under and pursuant to that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions from Rancho Sahuarita Village ("CC&Rs"), dated December 13, 2000, and recorded in the Recorder's Office, Pima County, Arizona, on December 13, 2000, in Docket 11444 commencing at page 1890, as may have been amended Assignee owns title to a portion of the property described on Exhibits "A" or "B" attached to the CC&Rs In further consideration of this instrument, Assignee agrees to indemnify, defend and hold harmless Assignor from and against any and all claims, damages, expenses, lawsuits, losses and liabilities arising from or in connection with this instrument

IN WITNESS WHEREOF, Assignor and Assignee have executed this document effective as of December 31, 2003

ASSIGNOR:
Rancho Sahuarita I, L.L.C., an Arizona limited liability company

By _____
Its President - Shaffer & Associates, Inc

ASSIGNEE
RSVP Management Company, L L.C., an Arizona limited liability company
By Rancho Sinaloa, Inc , an Arizona corporation, its Member

By _____
Mark K Schulz, President

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 31st day of December, 2003, by Robert Sharpe as President of Sharpe Resources, Member of Rancho Sahuarita I, L L C , an Arizona limited liability company

My Commission Expires
9-18-06

Rhea T. Loren
Notary Public

OFFICIAL SEAL
RHEA T LOREN
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Expires Sept 18

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

The foregoing instrument was acknowledged before me this 31st day of December, 2003, by Mark K. Schulz as President of Rancho Sinaloa, Inc , an Arizona corporation, the Member of RSVP Management Company, L L C , an Arizona limited liability company

My Commission Expires
9-18-06

Rhea T. Loren
Notary Public

OFFICIAL SEAL
RHEA T LOREN
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm Expires Sept. 18, 2006

F ANN RODRIGUEZ, RECORDER
RECORDED BY: MMD
DEPUTY RECORDER
2403 PE2

TFNTI
LEWIS MANAGEMENT RESOURCES
180 W MAGEE RD STE 134
TUCSON AZ 85704

DOCKET. 11995
PAGE. 1346
NO. OF PAGES: 3
SEQUENCE: 20030380742
02/26/2003
ARSTRT 09:39

MAIL

AMOUNT PAID $ 10.00

When recorded, return to
Lewis Management Resources, Inc
180 West Magee Road, Suite 134
Tucson, Arizona 85704

MAR 1 3 2003

SUPPLEMENTAL DECLARATION TO AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO SAHUARITA VILLAGE

(Further Amending Instrument Recorded in Docket 11444, Page 1890, Instrument No 2002400576)

This Supplemental Declaration to Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Supplemental Declaration"), is effective as of February 11, 2003, made by Rancho Sahuarita I, LLC, an Arizona limited liability company ("Declarant"), in recognition of the following facts and intentions

A On December 13, 2000, Declarant executed that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village ("Declaration"), which was recorded on December 13, 2000, in Docket 11444, Page 1890, Instrument No 2002400576 of the Official Records in the office of the Pima County Recorder

B The Declaration, as the same may have been amended, presently affects that certain real property located in Pima County, Arizona, as described in the Declaration

C Pursuant to Section 9 1 of the Declaration, Declarant (in its capacity as Declarant) desires to subject to the provisions of the Declaration a portion of the real property described in Exhibit "B" attached to the Declaration, as are more particularly set forth below

NOW, THEREFORE, pursuant to Section 9 1 of the Declaration, Declarant hereby subjects to the provisions of the Declaration a portion of the real property described in Exhibit "B" attached to the Declaration which additional real property so subjected to the provisions of the Declaration is legally described as Blocks 1 thru 5, of the Final Block Plat for Rancho Sahuarita, a subdivision of Pima County, Arizona, according to the map of record in the Office of the County Recorder in Book 52 of Maps and Plats at page 77 thereof ("Subjected Property") To the extent of any inconsistency

between the terms and provisions of this Supplemental Declaration, and the terms and provisions of the Declaration, the terms and provisions of this Supplemental Declaration shall govern and control.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Supplemental Declaration effective as of the date first above written

DECLARANT:
Rancho Sahuarita I, LLC, an Arizona limited liability company

By Kenneth LTD, an Arizona corporation, its managing member

By _____
Mark Schulz, President

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

On this 25 day of February, 2003, before me, the undersigned officer, personally appeared Mark Schulz, who acknowledged himself to be the President of Kenneth LTD, an Arizona corporation, the managing member of Rancho Sahuarita I, LLC, an Arizona limited liability company, and that such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company

OFFICIAL SEAL
DAVID A MCEVOY
NOTARY PUBLIC ARIZONA
PIMA COUNTY
My Comm Expires March 10 2004

_____
Notary Public

My Commission Expires 3-10-2004

The undersigned, being the fee title owner of all or the Subjected Property, hereby consents to this Supplemental Declaration

Rancho Sahuarita III, LLC, an Arizona limited liability company

SKM Consulting Corp., an Arizona corporation, its member

By _____
Mark Schulz, President

MAR 1 3 2003

STATE OF ARIZONA)
) ss
COUNTY OF PIMA)

On this 25 day of February, 2003, before me, the undersigned officer, personally appeared Mark Schulz, who acknowledged himself to be the President of SKM Consulting Corp , an Arizona corporation, the member of Rancho Sahuarita III, LLC, an Arizona limited liability company, and that such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company

Notary Public

My Commission Expires 3-10-2004

OFFICIAL SEAL
DAVID A MCEVOY
NOTARY PUBLIC ARIZONA
PIMA COUNTY
My Comm Expires March 10, 2004

F ANN RODRIGUEZ, RECORDER
RECORDED BY VLJ
DEPUTY RECORDER
7995 ROOE

TENTI
SIDNEY Y KOHN
1200 N EL DORADO PL H810
TUCSON AZ 85715

DOCKET: 11684
PAGE: 2121
NO. OF PAGES 5
SEQUENCE: 20012290561
11/28/2001
AFF 14 48

MAIL

AMOUNT PAID $ 10 00

When recorded, return to

Sidney Y Kohn
The Kohn Law Firm
1200 North El Dorado Place
Suite H-810
Tucson, AZ 85715

AFFIDAVIT

THE UNDERSIGNED, being first duly sworn, upon his oath, as President of KENNETH, LTD., an Arizona corporation, Member of RANCHO SAHUARITA I, LLC, an Arizona limited liability company and as Secretary of RANCHO SAHUARITA VILLAGE PROGRAM ASSOCIATION, INC an Arizona non-profit corporation, deposes and says that:

1 Affiant is over eighteen (18) years of age and a citizen of the United States of America

2 The legal description in Exhibit "A" attached to that certain Drainage Easement recorded in Docket 11603 at Page 1195, in the Official Records of the Pima County Recorder's Office (the "Legal Description") did contain a Scrivener's Error.

3 The legal description attached to this Affidavit supersedes and replaces the incorrect Legal Description

FURTHER, AFFIANT SAYETH NOT

DATED THIS 26th DAY OF November, 2001

MARK K SCHULZ, as President of
KENNETH, LTD , an Arizona corporation,
Member of RANCHO SAHUARITA I, LLC,
an Arizona limited liability company

MARK K SCHULZ, as Secretary of
RANCHO SAHUARITA VILLAGE PROGRAM
ASSOCIATION, an Arizona non-profit
corporation

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 26th day of November, 2001, by MARK K. SCHULZ, as President of KENNETH, LTD., an Arizona corporation, Member of RANCHO SAHUARITA I, LLC, an Arizona limited liability company.

G L Sharp
NOTARY PUBLIC

My commission expires: July 9, 2005

OFFICIAL SEAL
G. L. SHARP
NOTARY PUBLIC - STATE OF ARIZONA
PIMA COUNTY
My Comm. Expires July 9, 2005

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 26th day of November, 2001, by MARK K. SCHULZ, as Secretary of RANCHO SAHUARITA VILLAGE PROGRAM ASSOCIATION, INC., an Arizona non-profit corporation.

G L Sharp
NOTARY PUBLIC

My commission expires: July 9, 2005

OFFICIAL SEAL
G. L. SHARP
NOTARY PUBLIC - STATE OF ARIZONA
PIMA COUNTY
My Comm. Expires July 9, 2005

Stantec Consulting Inc.
4911 East Broadway Blvd.
Tucson AZ 85711 3611
Tel: (520) 750-7474 Fax: (520) 750-7470
stantec.com

Stantec

Legal Description of Private Drainage Easement

DESCRIPTION of an easement to be used for private drainage purposes Said easement is on a parcel of land located in Section 36, of Township 16 South, Range 13 East, Gila & Salt River Meridian, Pima County, Arizona Said easement being more fully described as follows

COMMENCING at the Southwest corner of Block 6 Rancho Sahuarita, per Book 52 of Maps and Plats at Page 77, Pima County, Arizona, said point also being on the northerly right of way of Camino Ranchena,

Thence, said right of way along a non-tangent curve to the right for an arc length of 458.65 feet to a point: Said curve having a radius of 1840.00 feet, a central angle of 14°16'55", a tangent length of 230 52 feet, a long chord of which bears S 80°01'41" E for a distance of 457.47 feet a radial line in of S 02°49'52" W and a radial line out of N 17°06'47" E.

Thence continuing along said right of way S 72°53'13" E, a distance of 445 96 feet to the **POINT OF BEGINNING**

Thence continuing along said right of way, S 72°53'13" E, a distance of 1432.99 feet to a point,

Buildings

Thence, along said right of way, along a tangent curve to the left for an arc length of 225.89 feet to a point, said curve having a radius of 860.00 feet, a central angle of 15°02'58",

Environment

Industrial

Thence along said right of way, S 87°56'11" E a distance of 120.75 feet to a point,

Transportation

Thence, along a tangent curve to the left for an arc length of 40 23 feet to the westerly right of way of Rancho Sahuarita Blvd, Said curve having a radius of 25.00 feet, a central angle of 92°11'29",

Urban Land

Thence continuing along said right of way along a compound curve to the left for an arc length of 13.61 feet to a point; said curve having a radius of 1724.99 feet, a central angle of 0°27'08",

Thence continuing along said right of way, N 00°34'48" W, a distance of 100 00 feet to a point

Thence, S 89°25'12" W, a distance of 50 00 feet to a point.

Thence, S 00°34'48" E, a distance of 29 87 feet to a point,

Thence, along a tangent curve to the right for an arc length of 80.85 feet to a point; said curve having a radius of 50.00 feet, a central angle of 92°36'36".

Thence, N 87°56'11" W, a distance of 42 02 feet to a point.

Thence, along a tangent curve to the right for an arc length of 211 44 feet to a point; said curve having a radius of 805 00 feet, a central angle of 15°02'58".

Thence, N 72°53'13" W, a distance of 1432 99 feet to a point

Thence, S 17°06'47" W, a distance of 55 00 feet to the **POINT OF BEGINNING.**

Said easement containing an approximate area of 103,471 square feet or 2.38 acres of land, more or less

Prepared by Michael F York, RLS
Prepared on 29 May 2001
REVISED 26 November 2001
Prepared for and on behalf of Stantec Consulting Inc
Project Number: 85600280/02/15

sam T:\PROJ\14\85600280\Admin\Legal\Drainage Easement & REVISED 112601.doc

Stantec

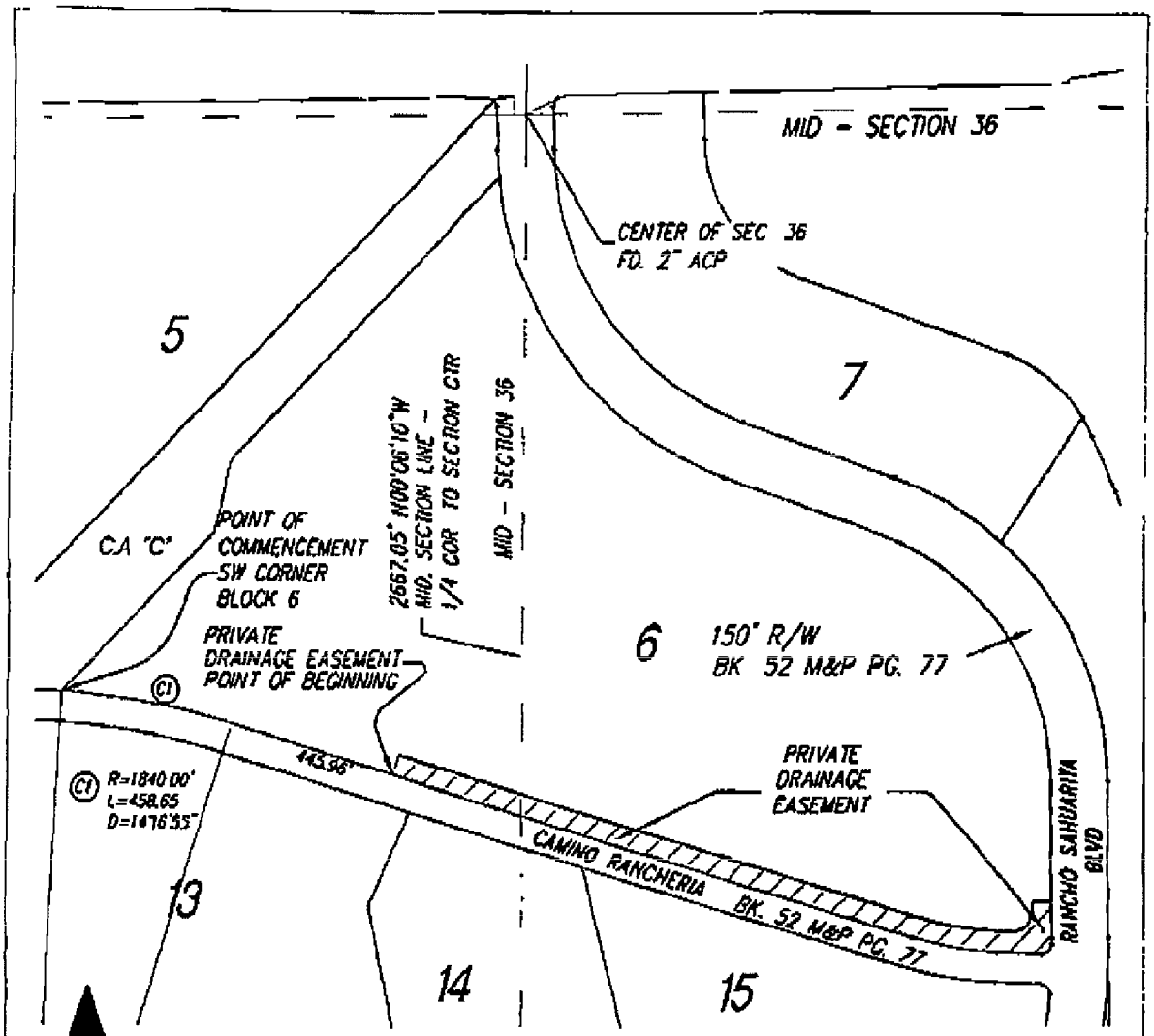


EXHIBIT TO SHOW PRIVATE DRAINAGE EASEMENT

A PRIVATE DRAINAGE EASEMENT LOCATED IN SECTION 36, TOWNSHIP 16 SOUTH, RANGE 13 EAST GILA AND SALT RIVER MERIDIAN, PIMA COUNTY, ARIZONA

400 0' 400' 800'

SCALE 1 INCH = 400 FEET

Drawn: Dan Pennamp	REV. 26 NOVEMBER, 2001 REV. 25 MAY 2001	4911 E BROADWAY TUCSON, AZ. 85711-3611 PH [520] 750-7474 FAX [520] 750-7470
DATE: APRIL 6, 2001	Stantec	- ENGINEERING PLANNING . LANDSCAPE ARCHITECTURE . WATER RESOURCES . SURVEYING . TRANSPORTATION OFFICES IN ARIZONA CALIFORNIA & NEVADA
JOB No: 85611423/15		
SHT 1 of 1		

F ANN RODRIGUEZ, RECORDER
RECORDED BY MMW
DEPUTY RECORDER
0503 RDOC

TFNTI
SHARPE & ASSOCIATES
6339 E SPEEDWAY STE 102
TUCSON AZ 85711

DOCKET 11520
PAGE: 177
NO OF PAGES 9
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04/04/2001
ARSTRT 10 18

MAIL

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When Recorded Mail To
Sharpe & Associates
Ginger Sharp
6339 E Speedway Suite 102
Tucson, Arizona 85711

Fidelity National Title Agency, Inc

Document Title: Second Amendment to the Amended and Restated Declaration of Covenants Conditions and Restrictions for Rancho Sahuarita Village

3-1-05 5201

SECOND AMENDMENT TO THE AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR RANCHO SAHUARITA VILLAGE

This SECOND AMENDMENT is made this 2nd day of April, 2001, by Rancho Sahuarita I, LLC, an Arizona limited liability company (the "Declarant")

RECITALS

The following recitals are true and correct and form an integral part of this Agreement

A On November 10, 1999, Declarant recorded that certain Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village in Docket Number 11171, Page 357, *et seq.*, in the Official Records of the Pima County, Arizona Recorder's Office (the "Original Declaration"), and

B On December 13, 2000, Declarant amended and restated the Original Declaration by recording that certain Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Rancho Sahuarita Village in Docket Number 11444, Page 1890, *et seq* , in the Official Records of the Pima County, Arizona Recorder's Office (the "Declaration"), and

C On March 14, 2001, Declarant recorded that certain First Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village in Docket Number 11505, Page 249, *et seq* , in the Official Records of the Pima County, Arizona Recorder's Office (the "First Amendment"); and

D Pursuant to Section 19 1 of the Declaration, Declarant unilaterally may amend the Declaration so long as Declarant owns property described in Exhibits "A" or "B" for development as part of the Properties, provided the amendment has no materially adverse effect on the rights of more than 2% of the Members; and

E Declarant owns property described in Exhibits 'A" or "B" for development as part of the Properties and this amendment has no materially adverse effect on the rights of the Members;

NOW, THEREFORE, pursuant to the powers retained by Declarant under the Declaration, Declarant hereby amends the Declaration as follows.

Section 4.3(b) of Article IV, ARCHITECTURE AND LANDSCAPING, is hereby amended by adding the following to the end of the first paragraph of such Section.

> For all purposes under this Article, an application shall be considered complete and all required information shall be deemed to have been received by the Reviewer only at such time when Reviewer notifies the applicant to such effect in writing. Such notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U. S. Postal Service. Delivery of written response in person, via facsimile, or other electronic means of such written notice shall, however be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

Section 7.9 of Article VII, ASSOCIATION POWERS AND RESPONSIBILITIES, is hereby amended by striking it completely and replacing it with the following:

> The Association shall be authorized but not obligated to enter into and terminate, in the Board's discretion, contracts or agreements with other entities, including Declarant, to provide services to and facilities for the Members of the Association and their guests, lessees and invitees and to charge use and consumption fees for such services and facilities or include the costs in the Association's budget as a Common Expense and assess it as part of the Base Assessment if provided to all Units. By way of example, some services and facilities which might be offered include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, trash collection and recycling, and similar services and facilities.
>
> The Association may also enter into and terminate contracts or agreements with other entities, including Declarant, to provide services for all of the Units for which the charge or fee for such service is billed directly to the Owner of the Unit by the service provider. Such services shall initially be limited to trash collection and recycling. Other such services may be contracted for by the Association, in the Board's discretion, provided it is approved by a vote of Voting Members representing at least a majority of the total Class "A" votes in the Association and approved by the Class "B" Member, if any.

IN WITNESS WHEREOF, Rancho Sahuarita I, LLC, as Declarant, hereby executes this Second Amendment by and through its authorized representatives on the date and year first above written.

DECLARANT: Rancho Sahuarita I, LLC, an Arizona limited liability company

By: Kenneth LTD, an Arizona corporation, its managing member

By: [signature]
Mark Schulz, President

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 2nd day of April, 2001, before me, the undersigned officer, personally appeared Mark Schulz, who acknowledged himself to be the President of Kenneth LTD, an Arizona corporation, the managing member of Rancho Sahuarita I, LLC, an Arizona limited liability company, and that such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company.

Cynthia Gauntt
Notary Public

My Commission Expires: Nov. 29, 2004

Notary Seal

OFFICIAL SEAL
CYNTHIA GAUNTT
NOTARY PUBLIC - STATE OF ARIZONA
PIMA COUNTY
My Comm. Expires Nov. 29, 2004

EXHIBIT A

PARCEL 1:

Blocks 6, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 54, 55, 56, 57, 58, 59, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats, page 77.

EXCEPTING all dedicated and existing well sites.

PARCEL 2:

All that portion of Common Area "B" lying adjacent to and abutting Blocks 13, 54, 17 and 22 of The Final Block Plat of RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 3:

All that portion of Common Area "C" lying adjacent to and abutting Blocks 6, 13, 54, 17, 22, and 23 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77;

PARCEL 4:

Block 11 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 5:

Block 7, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County recorder in Book 52 of Maps and Plats, page 77;

EXCEPTING the following described parcel:

Description of Wastewater Treatment Site in Block 7:
A part of Block 7, RANCHO SAHUARITA, Book 52 of Maps and Plats at page 77, Pima County Recorder's Office, Pima County, Arizona, described as follows:

Beginning at the most Easterly corner of Block 7;

Thence South 33°31'23" West along the Southeasterly boundary of Block 7 a distance of 134.04 feet;

Thence North 35°00'00" West, 38.04 feet;

Thence North 85°25'55" West, 583.62 feet;

Thence North 04°34'05" East, 286.71 feet;

Thence North 21°11'06" East 70.58 feet to the Northeasterly boundary of Block 7;

Thence South 70°00'00" East along said Northeasterly boundary a distance of 455.80 feet to a point of curvature of a tangent curve concave to the Southwest;

Thence Southeasterly along said Northeasterly boundary, along the arc of said curve, to the right, having a radius of 400.00 feet, with a chord of South 51°11'41" East 257.88 feet, and a central angle of 37°36'38" for an arc distance of 262.57 feet to the POINT OF BEGINNING.

EXHIBIT "B"

Land Subject To Annexation

Blocks 1 through 62 and common areas A and B of Rancho Sahuarita, Book 52 of Maps and Plats at Page 77, Pima County Recorder's Office, Pima County, Arizona

Except the following described property:

Blocks 26, 27, 60, 61 and 62

And Further Excepting therefrom:

Parcels 1, 2, 3, 4 and 5 of the Legal Description attached hereto as Schedule 1.

Schedule 1

PARCEL 1:

Blocks 6, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 54, 55, 56, 57, 58, 59, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats, page 77.

EXCEPTING all dedicated and existing well sites.

PARCEL 2:

All that portion of Common Area "B" lying adjacent to and abutting Blocks 13, 54, 17 and 22 of The Final Block Plat of RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 3:

All that portion of Common Area "C" lying adjacent to and abutting Blocks 6, 13, 54, 17, 22, and 23 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77;

PARCEL 4:

Block 11 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 5:

Block 7, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County recorder in Book 52 of Maps and Plats, page 77;

EXCEPTING the following described parcel:

Description of Wastewater Treatment Site in Block 7:
A part of Block 7, RANCHO SAHUARITA, Book 52 of Maps and Plats at page 77, Pima County Recorder's Office, Pima County, Arizona, described as follows:

Beginning at the most Easterly corner of Block 7;

Thence South 33°31'23" West along the Southeasterly boundary of Block 7 a distance of 134.04 feet;

Thence North 36°00'00" West, 38.04 feet;

Thence North 85°25'55" West, 583.62 feet;

Thence North 04°34'05" East, 286.71 feet;

Thence North 21°11'05" East 70.58 feet to the Northeasterly boundary of Block 7;

Thence South 70°00'00" East along said Northeasterly boundary a distance of 455.80 feet to a point of curvature of a tangent curve concave to the Southwest;

Thence Southeasterly along said Northeasterly boundary, along the arc of said curve, to the right, having a radius of 400.00 feet, with a chord of South 51°11'41" East 257.88 feet, and a central angle of 37°36'38" for an arc distance of 262.57 feet to the POINT OF BEGINNING.

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: CKL
DEPUTY RECORDER
1951 R045

TENTI
SIDNEY Y KOHN
KOHN LAW FIRM
1200 N EL DORADO PL STE H 810
TUCSON AZ 85715

DOCKET: 11514
PAGE: 2941
NO. OF PAGES: 6
SEQUENCE: 20010591030
03/27/2001
AFF 16:25

MAIL

AMOUNT PAID $ 11.00

When recorded return to:

Sidney Y. Kohn
The Kohn Law Firm
1200 N. El Dorado Place
Suite H-810
Tucson, AZ 85715

CORRECTION AFFIDAVIT

Dated: March 26, 2001

The undersigned, Judith L. Scheidel, Asst. Vice President of Fidelity National Title Agency, Inc., on behalf of the company and not individually hereby states the following:

On December 13, 2000, Fidelity National Title Agency recorded an Amendment to Declaration of Covenants, Conditions, and Restrictions for Rancho Sahuarita Village in Docket 11444, Page 1890.

Said instrument contained an error in Exhibit "C" Initial Use Restrictions. By inadvertence, only pages 1 of 5 and 2 of 5 to Exhibit "C" were attached.

The purpose of this affidavit is to give notice of the corrections as stated herein and attach pages 1 through 5 of Exhibit "C".

Further Affiant sayeth not.

Judith L. Scheidel
Affiant

State of Arizona)
)
County of Pima)

Subscribed and sworn to before me, the undersigned Notary Public, on this the 27th day of March, 2001 by Judith L. Scheidel, Affiant.

OFFICIAL SEAL
P. MICHELLE JOLLY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Commission Expires June 1, 2002

P. Michelle Jolly
Notary Public

20010591030

6

Pg: 1 of 6

EXHIBIT "C"

Initial Use Restrictions

The following restrictions shall apply to all of the Properties until such time as they are amended, modified, repealed or limited by rules of the Association adopted pursuant to Article III of the Declaration.

1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by the Declarant to assist in the sale of property described on Exhibits "A" or "B," offices for any property manager retained by the Association, or business offices for the Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Parking of any vehicles on private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles or inoperable vehicles in places other than enclosed garages; provided, however, any vehicles used by Declarant, Builders and their contractors during the construction of improvements within the Properties, moving vans, delivery and other service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area;

(b) Raising, breeding or keeping of animals, livestock, or poultry of any kind, except that a total of two dogs or cats, and a reasonable number of birds, fish, or other usual and common household pets may be permitted in a Unit; provided that such pets are not kept, bred, or maintained for any commercial purpose, do not endanger the health or unreasonably disturb the Owner or occupants of any other Units, and do not create a nuisance. Those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. All pets shall be kept on a leash or otherwise confined so as to be under the complete physical control of a responsible person whenever outside the Unit. The keeping of pets and their ingress, egress, and travel upon the Common Areas shall be subject to such rules and regulations as the Board may promulgate. Failure to comply with this restrictions or such rules and regulations shall be grounds for the Board to bar the pet from use or travel upon the Common Areas. The Board may subject pet ingress, egress, use, or travel upon the Common Areas to a user fee, which may be a general fee for all similarly situated persons or a specific fee imposed for failure of an Owner or occupant to abide by the rules, regulations, and restrictions applicable to pets. Pets shall be registered, licensed and inoculated as required by law;

(c) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity which violates local, state or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units, including the keeping of any thing or condition upon a Unit which shall induce, breed, or harbor infectious plant diseases or noxious insects;

(g) Outside burning of trash, leaves, debris or other materials, except during the normal course of constructing a dwelling on a Unit;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Dumping of grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Properties, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant and Builders may dump and bury rocks and trees removed from a building site on such building site;

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers;

(l) Obstruction or rechanneling of drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that the Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;

(m) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and filed in the Public Records, except that the Declarant and a Builder with the prior written approval of Declarant shall be permitted to subdivide or replat Units which they own;

(n) Swimming, boating, use of personal floatation devices, or other active use, including fishing, of lakes, ponds, streams or other bodies of water within the Properties, except that Declarant, its successors and assigns, shall be permitted and shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas and to draw water from lakes, ponds and streams within the Properties for purposes of irrigation and such other purposes as Declarant shall deem desirable. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to the Properties;

(o) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program with respect to Units which it owns;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

respect to Units which it owns;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(q) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Unit for emergency purposes and operation of lawn mowers and similar tools or equipment, and the Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

(r) Any business, trade, garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Properties; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; and (iv) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this provision, shall be construed to have their 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: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Notwithstanding the above, nothing in this subsection shall preclude an Owner or occupant residing in a Unit from conducting a day-care operation in such Unit, subject to the following limitations:

(i) Definition. "Day-care Operation," for the purposes of this Declaration, is defined as providing supervision and care for two or more persons who are unrelated to the care giver and who do not permanently reside in the Unit in exchange for any consideration or benefit, including, but not limited to a fee, service, gratuity, or emolument.

(ii) Limitation on Number. No Day-care Operation shall provide care or supervision for more than eight persons at a time, excluding those permanently residing in the Unit, regardless of the number of care givers in a Unit.

(iii) Limitation on Employees. No person who does not permanently reside in a Unit shall be employed to assist in any Day-care Operation within such Unit.

(iv) Limitation on Hours of Operation. Day-care Operations within Units shall be conducted Monday through Friday between the hours of 6:30 a.m. and 6:30 p.m. only.

(v) Day-care Operation Rules. The Board is specifically authorized to adopt rules regulating Day-care Operations within the Properties, including rules limiting parking of vehicles, traffic flow, and use of recreational facilities in connection with Day-care Operations, in order to minimize the impact of such Day-care Operations upon any portion of the Properties.

The leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by the Declarant or a Builder approved by the Declarant with respect to its development and sale of the Properties or its use of any Units which it owns, leases, or is the beneficial holder of a Unit held by a trust within the Properties, including the operation of a timeshare or similar program;

(s) Capturing, trapping or killing of wildlife within the Properties, except in circumstances posing an imminent threat to the safety of persons using the Properties;

(t) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Properties or which use excessive amounts of water or which result in unreasonable levels of sound or light pollution;

(u) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without prior approval pursuant to Article IV;

(v) Operation of motorized vehicles on pathways or trails maintained by the Association, except that golf carts may be operated on cart paths intended for such purposes; and

(w) Any construction, erection, or placement of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IV of the Declaration. This shall include, without limitation, utility lines, water lines, sewage structures, signs, basketball hoops, swing sets and similar sports and play equipment; clotheslines; garbage cans; woodpiles; above-ground swimming pools; docks, piers and similar structures; antennas, dishes, or other apparatus for the transmission, reception, or communication of television, radio, satellite, or signals of any kind; and hedges, walls, dog runs, animal pens, or fences of any kind. The storage or placement of building materials of any kind or character upon any Unit or on the Properties is prohibited; provided, storage of such material is permitted during any period that approved improvements, in accordance with Article IV, are being constructed on a Unit, and only if such material is placed within the property lines of the Unit upon which the improvements are being erected. Notwithstanding the foregoing, a Builder or contractor may have temporary improvements such as a sales office and/or construction trailer on a given Unit during the construction of and/or sales periods but only with the prior written approval of Declarant and so long as such temporary improvements comply with the provisions of the Design Guidelines. In addition, Owners may install one small and inconspicuous satellite dish antenna, having a diameter of 18" or less, which is installed adjacent to a residence and is integrated with the residential structure and landscaping as may be further specified by the Reviewer under Article IV and in the Design Guidelines;

(x) Allowing a tree, shrub, or planting of any kind to overhang or encroach upon any public right-of-way, bicycle path, or any other pedestrian way from ground level to a height of eight feet without the prior written approval of the Reviewer;

(y) Placing or permitting to remain on any window of a dwelling unit an external window covering or reflective covering without the prior written consent of the Reviewer;

(z) Placing, operating, or maintaining machinery or equipment of any kind upon any Unit except: (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or improvements thereon, (ii) that which Declarant or the Association may require for the development, operation, and maintenance of the Properties, or (iii) otherwise previously approved by the Reviewer.

2 2 4 5 1 1 5

3. Prohibited Conditions. The following shall be prohibited within the Properties:

(a) Plants, animals, devices or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Properties;

(b) Structures, equipment or other items on the exterior portions of a Unit which have become rusty, dilapidated or otherwise fallen into disrepair; and

(c) Sprinkler or irrigation systems or wells of any type which draw upon water from lakes, creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Properties, except that Declarant and the Association shall have the right to draw water from such sources.

4. Leasing of Units. "Leasing," for purposes of this Paragraph, is defined as regular, exclusive occupancy of a Unit by any person other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term, which requirements may vary from Neighborhood to Neighborhood. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board by the Unit Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the Use Restrictions.

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: VLW
DEPUTY RECORDER
7995 RO0E

TFNTI
FIDELITY NATIONAL TITLE
7750 E BROADWAY STE #A200
TUCSON AZ 85710

DOCKET: 11505
PAGE: 249
NO. OF PAGES: 8
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ARSTRT 10:13

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AMOUNT PAID $ 15.00

6339 E. Speedway blvd. Suite 102
Tucson, AZ 85710

DOCUMENT TITLE: First Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sauarita Village.

FIRST AMENDMENT TO THE
AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCHO SAHUARITA VILLAGE

This FIRST AMENDMENT is made this 23 day of February, 2001, by Rancho Sahuarita I, LLC, an Arizona limited liability company (the "Declarant")

RECITALS

The following recitals are true and correct and form an integral part of this Agreement

A On November 10, 1999, Declarant recorded that certain Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village in Docket Number 11171, Page 357, *et seq*, in the Official Records of the Pima County, Arizona Recorder's Office (the "Original Declaration"), and

B On December 13, 2000, Declarant amended and restated the Original Declaration by recording that certain Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Rancho Sahuarita Village in Docket Number 11444, Page 1890, *et seq*, in the Official Records of the Pima County, Arizona Recorder's Office (the "Declaration"), and

C Pursuant to Section 19.1 of the Declaration, Declarant unilaterally may amend the Declaration so long as Declarant owns property described in Exhibits "A" or "B" for development as part of the Properties, provided the amendment has no materially adverse effect on the rights of more than 2% of the Members, and

D Declarant owns property described in Exhibits "A" or "B" for development as part of the Properties and this amendment has no materially adverse effect on the rights of the Members;

NOW, THEREFORE, pursuant to the powers retained by Declarant under the Declaration, Declarant hereby amends the Declaration as follows

1

Section 2.5 of Article II, CONCEPTS AND DEFINITIONS, is hereby amended by adding the following sentence to the end of the definition of the term "Builder "

> The term "Builder" shall include any affiliate of a Builder designated as such by the Builder in a written notice to Declarant and designated by Declarant as a "Builder "

Section 5 1 of Article V, MAINTENANCE AND REPAIR, is hereby amended by striking it completely and replacing it with the following

Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association in accordance with Section 7.2 or otherwise assumed by or assigned to the Association or a Neighborhood pursuant to any Supplemental Declaration, written agreement, or other declaration of covenants applicable to such Unit.

Section 7.2(a) of Article VII, ASSOCIATION POWERS AND RESPONSIBILITIES, is hereby amended by renumbering subsections (iv) and (v) as (v) and (vi), respectively, and inserting the following as new subsection (iv):

(iv) the exterior surface of any wall constructed on a Unit by a Builder as part of the original improvements to such Unit in accordance with the requirements of any wall agreement executed by Declarant and recorded in the Public Records ("Wall"). The exterior surface of a Wall shall be that portion which faces, is exposed to, or is visible from the any Common Area, public or private right-of-way, or pedestrian or bicycle pathway or trail within or abutting the Properties. The Association's maintenance obligation shall be limited to the cosmetic and aesthetic appearance of such exterior Wall surfaces. No Person shall alter the appearance of the exterior surface of any Wall without the prior written approval of the Association, which approval may be withheld in the Board's sole discretion. The Owner of the Unit on which a Wall is located shall be responsible for (A) the cosmetic and aesthetic appearance of the interior surface of the Wall, and (B) the structural maintenance and repair to that portion of the Wall lying within the Unit's boundaries, all of which shall be performed in accordance with the Community-Wide Standard; provided, prior to undertaking any structural maintenance or repair which affects the exterior surface of a Wall, the Owner shall obtain the prior written approval of the Association;

Section 8.6 of Article VIII, ASSOCIATION FINANCES, is hereby amended by striking completely the third complete sentence of such Section and replacing it in its entirety with the following:

Notwithstanding the preceding, in the event the Park and Special Recreational Facilities Agreement is amended and replaced by that specific "Second Amended and Restated Park and Special Recreational Facilities Agreement" attached to this Declaration as Exhibit "F-1" on or before January 31, 2001, if a Builder is party and signatory to such

"Second Amended and Restated Park and Special Recreational Facilities Agreement" ("Special Builder") and Declarant posts the required "Bonds," as such terms are defined in Section 3.8 of such "Second Amended and Restated Park and Special Recreational Facilities Agreement," on or before March 1, 2001, then, so long as the Unit is held by a Special Builder or a designated affiliate of a Special Builder, as determined in accordance with Section 2.5, for resale, such Special Builder or designated affiliate of a Special Builder shall pay zero percent (0%) of the Base Assessment and any Neighborhood Assessment levied on such Special Builder's Unit.

Section 15.1 of the Article XV, AMENITIES, is hereby amended by inserting the following after the last paragraph of such Section:

Declarant, the Association, or the owner of any Private Amenity, does not guarantee or represent that any view over and across the Private Amenity from Units adjacent to the Private Amenity will be preserved without impairment. Owners of the Private Amenities, if any, shall have no obligation to prune or thin trees or other landscaping, and shall have the right, in their sole and absolute discretion, to add trees and other landscaping to the Private Amenities from time to time. In addition, the owner of any Private Amenity which includes a golf course may, in its sole and absolute discretion, change the location, configuration, size, and elevation of the trees, bunkers, fairways and greens from time to time. Any such additions or changes may diminish or obstruct any view from the Units and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

In consideration of the fact that the Private Amenities, if any, will benefit from maintenance of the roads, rights-of-way, and Common Areas within the Properties, the Association may enter into a contractual arrangement or covenant to share costs with any Private Amenity obligating the Private Amenity to contribute funds for, among other things, shared property or services and/or a higher level of Common Area maintenance.

In recognition of the fact that the provisions of this Section are for the benefit of the Private Amenities, if any, no amendment to this Section, and no amendment in derogation of any other provisions of this Declaration benefiting any Private Amenity, may be made without the written approval of the Private Amenity. The foregoing shall not apply, however, to amendments made by Declarant.

It is Declarant's intention that the Association and the Private Amenities, if any, shall cooperate to the maximum extent possible in the operation of the Properties and any Private Amenity. Each shall reasonably assist the other in upholding the Community-Wide Standard as it pertains to maintenance. The Association shall have no power to promulgate Use Restrictions affecting activities on or use of a Private Amenity.

IN WITNESS WHEREOF, Rancho Sahuarita I, LLC, as Declarant, hereby executes this First Amendment by and through its authorized representatives on the date and year first above written.

DECLARANT: Rancho Sahuarita I, LLC, an Arizona limited liability company

By: Kenneth LTD, an Arizona corporation, its managing member

By: _____
Mark Schulz, President

STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 23 day of February, 2001, before me, the undersigned officer, personally appeared Mark Schulz, who acknowledged himself to be the President of Kenneth LTD, an Arizona corporation, the managing member of Rancho Sahuarita I, LLC, an Arizona limited liability company, and that such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the limited liability company.

_____
Notary Public

My Commission Expires: 9-18-01

Notary Seal

RHEA T. LOREN
Notary Public - Arizona
Pima County
My Commission Expires
Sept. 18, 2002

506101/Rancho Sahuarita Residential/CADocs/Amt. A&R CCR/022301

EXHIBIT A

PARCEL 1:

Blocks 6, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 54, 55, 56, 57, 58, 59, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats, page 77.

EXCEPTING all dedicated and existing well sites.

PARCEL 2:

All that portion of Common Area "B" lying adjacent to and abutting Blocks 13, 54, 17 and 22 of The Final Block Plat of RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 3:

All that portion of Common Area "C" lying adjacent to and abutting Blocks 6, 13, 54, 17, 22, and 23 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77:

PARCEL 4:

Block 11 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 5:

Block 7, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County recorder in Book 52 of Maps and Plats, page 77:

EXCEPTING the following described parcel:

Description of Wastewater Treatment Site in Block 7:
A part of Block 7, RANCHO SAHUARITA, Book 52 of Maps and Plats at page 77, Pima County Recorder's Office, Pima County, Arizona, described as follows:

Beginning at the most Easterly corner of Block 7;

Thence South 33°31'23" West along the Southeasterly boundary of Block 7 a distance of 134.04 feet;

Thence North 35°00'00" West, 38.04 feet;

Thence North 85°25'55" West, 583.62 feet;

Thence North 04°34'05" East, 286.71 feet;

Thence North 21°11'06" East 70.58 feet to the Northeasterly boundary of Block 7;

Thence South 70°00'00" East along said Northeasterly boundary a distance of 455.80 feet to a point of curvature of a tangent curve concave to the Southwest;

Thence Southeasterly along said Northeasterly boundary, along the arc of said curve, to the right, having a radius of 400.00 feet, with a chord of South 51°11'41" East 257.88 feet, and a central angle of 37°36'38" for an arc distance of 262.57 feet to the POINT OF BEGINNING.

EXHIBIT "B"

Land Subject To Annexation

Blocks 1 through 62 and common areas A and B of Rancho Sahuarita, Book 52 of Maps and Plats at Page 77, Pima County Recorder's Office, Pima County, Arizona

Except the following described property:

Blocks 26, 27, 60, 61 and 62

And Further Excepting therefrom:

Parcels 1, 2, 3, 4 and 5 of the Legal Description attached hereto as Schedule 1.

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: DSC
DEPUTY RECORDER
1212 ROGD

TFNTI
SIDNEY Y KOHN
THE KOHN LAW FIRM
1200 N EL DORADO PL #H810
TUCSON AZ 85715

DOCKET: 11468
PAGE: 2804
NO. OF PAGES: 2
SEQUENCE: 20010130764
01/19/2001
AFF 17:30

MAIL

AMOUNT PAID $ 10.00

When recorded return to:

Sidney Y. Kohn
The Kohn Law Firm
1200 N. El Dorado Place
Suite H-810
Tucson, AZ 85715

CORRECTION AFFIDAVIT

Dated: January 19, 2001

The undersigned, Judith L. Scheidel, Asst. Vice President of Fidelity National Title Agency, Inc., on behalf of the company and not individually hereby states the following:

On January 17, 2001, Fidelity National Title Agency recorded a Payment Bond recorded in Docket 11466, Page 109, in connection with its Escrow Number 60004310-js.

By inadvertence said instrument contained an error on Page 2 of the Payment Bond reflects an incorrect surety company of "St. Paul Mercury Insurance Company " referenced in the modification section of the bond.

2. The correct surety company is "Gulf Insurance Company"

The purpose of this affidavit is to give notice of the corrections as stated herein.

Further Affiant sayeth not.

Judith L. Scheidel
Affiant

OFFICIAL SEAL
P. MICHELLE JOLLY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm. Expires June 1, 2002

State of Arizona)
)
County of Pima)

Subscribed and sworn to before me, the undersigned Notary Public, on this the 19th day of January, 2001 by Judith L. Scheidel, Affiant.

P. Michelle Jolly
Notary Public

My Commission expires:

11468 2804

.2 Have either received a rejection in whole or in part from the Contractor, or not received within 30 days of furnishing the above notice any communication from the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and

.3 Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the Contractor.

5 If a notice required by paragraph 4 is given by Owner to the Contractor or to the Surety, that is sufficient compliance.

6 When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions:

6.1 Send an answer to the Claimant, with a copy to the Owner, within 15 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

6.2 Pay or arrange for payment of any undisputed amounts.

7 The Surety's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

8 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any Construction Performance Bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

9 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.

10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

11 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or part of the work is located or after the expiration of one year from the date (1) on which the Claimant gave the notice required by Subparagraph 4.1 or Clause 4.2.3, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

12 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by Surety, the Owner or the Contractor, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.

13 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

14 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor shall promptly furnish a copy of this Bond or shall permit a copy to be made.

15 DEFINITIONS

15.1 Claimant: An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Contract. The intent of this Bond shall be to include without limitation in terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

15.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

15.3 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS: In the event of an Owner Default, if the Decision Making Obligees or the Common Facilities Bond Surety (as those terms are defined below) under that certain Common Facilities Bond naming Rancho Sahuarita I, L.L.C. as the Principal there and Gulf Insurance Company as the surety thereunder (the "Common Facilities Bond") remedy the Owner Default, this Payment Bond shall remain in effect with the Contractor and the Surety thereafter jointly and severally bound with their heirs, executors, administrators, successors and assigns to the Decision Making Obligees and the Common Facilities Bond Surety. As used herein, the term "Decision Making Obligees" shall have the same meaning as set forth in the Common Facilities Bond and the term "Common Facilities Bond Surety" shall refer to the surety named under the Common Facilities Bond.

1 1 4 6 8 2 8 6 5

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL		SURETY	
Company:	(Corporate Seal)	Company:	(Corporate S
Signature:		Signature:	
Name and Title:		Name and Title:	
Address:		Address:	

TOTAL P.03

F. ANN RODRIGUEZ, RECORDER
RECORDED BY: DSC
DEPUTY RECORDER
1212 ROOD

TENTI
SIDNEY Y KOHN
THE KOHN LAW FIRM
1200 N EL DORADO PL #H810
TUCSON AZ 85715

DOCKET: 11468
PAGE: 2798
NO. OF PAGES: 6
SEQUENCE: 20010130763
01/19/2001
AFF 17:30

MAIL

AMOUNT PAID $ 11 00

When recorded return to,

Sidney Y Kohn
The Kohn Law Firm
1200 N El Dorado Place
Suite H-810
Tucson, AZ 85715

CORRECTION AFFIDAVIT

Dated January 19, 2001

The undersigned, Judith L. Scheidel, Asst. Vice President of Fidelity National Title Agency, Inc., on behalf of the company and not individually hereby states the following.

On January 17, 2001, Fidelity National Title Agency recorded a Second Amended and Restated Park and Special Recreational Facilities Agreement recorded in Docket 11466, Page 1 through Page 108, in connection with its Escrow Number 60004310-js.

By inadvertence said instrument contained errors on Exhibit B-1 which references two Common Facilities Bonds, one for the Phase 2 Facilities and one for the Special Recreational Facilities. Exhibit B to both of the Common Facilities Bonds are incorrect. The correct exhibits are as follows:

1. Exhibit "B" **PHASE 2**, attached hereto, will replace Exhibit "B" Special Recreational Facilities attached to the first recorded Common Facilities Bond.

2. Exhibit "B" **Special Recreational Facilities**, attached hereto, will replace Exhibit "B" Special Recreational Facilities attached to the second recorded Common Facilities Bond.

There also is an error on Exhibit "B-2" of the Second Amended and Restated Park and Special Recreational Facilities Agreement.

1. Page 2 of the Payment Bond reflects an incorrect surety company of **"St. Paul Mercury Insurance Company "** referenced in the modification section of the bond.

2. The correct surety company is **"Gulf Insurance Company"**

The purpose of this affidavit is to give notice of the corrections as stated herein

11468 2798

6

Further Affiant sayeth not

Judith L. Scheidel
Affiant

State of Arizona)
)
County of Pima)

Subscribed and sworn to before me, the undersigned Notary Public, on this the 19th day of January, 2001 by Judith L Scheidel, Affiant

P Michelle Jolly
Notary Public

My Commission expires:

OFFICIAL SEAL
P MICHELLE JOLLY
NOTARY PUBLIC-ARIZONA
PIMA COUNTY
My Comm Expires June 1, 2002

11468 2799

EXHIBIT "B"

SPECIAL RECREATIONAL FACILITIES

Building:

A building of approximately 1700 square feet, which includes showers, locker space and bathrooms

Lap Pool

A regulation competitive pool consisting of eight (8) heated lanes and diving platforms for competitive use.

Free Form Activity Pool

A minimum three thousand (3,000) square feet of surface area, containing a water slide and play feature. The water slide, play feature and/or playground equipment will have an allowance of One Hundred Thousand ($100,000) Dollars.

Kool Deck

A ten (10) foot perimeter area around the pools.

Ramada/Shade Areas

Two (2) ramadas will have a total allowance of Twenty Thousand ($20,000) Dollars.

Basketball Court

Fifty (50) feet by ninety four (94) feet of regulation size concrete surface, with goals at each end for regulation play, that will not be lit.

Tennis Court

One (1) regulation tennis court with a rubberized surface that will not be lit.

Volley Ball Court

A sand surface regulation size volley ball court with boundary ropes, that will not be lit.

Barbecue and Picnic Areas

The barbecue and picnic areas inclusive of furniture will have an allowance of Twenty Five Thousand ($25,000) Dollars

Hardscape, Landscape and Stereo

Hardscape will have an allowance of Twenty Thousand ($20,000) Dollars, Landscape will have an allowance of One Hundred Thousand ($100,000) Dollars, and stereo will have an allowance of Ten Thousand ($10,000) Dollars.

Sod

The sodded area will be approximately fifty thousand (50,000) square feet.

EXHIBIT "B"
PHASE 2

Phase 2 shall consist of a minimum 12,000 square foot frame stucco building, of similar construction quality, and similar furnishings and equipment to the Rancho Resort Clubhouse, containing the following:

Fitness and workout area
Living room
Library/card room
Kitchen without cooking appliances
Teen room
Reception/lounge
Multi-purpose room

.2 Have either received a rejection in whole or in part from the Contractor, or not received within 30 days of furnishing the above notice any communication from the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and

.3 Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the Contractor.

5 If a notice required by paragraph 4 is given by Owner to the Contractor or to the Surety, that is sufficient compliance.

6 When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions:

6.1 Send an answer to the Claimant, with a copy to the Owner, within 45 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

6.2 Pay or arrange for payment of any undisputed amounts.

7 The Surety's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety.

8 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any Construction Performance Bond. By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

9 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.

10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations.

11 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or part of the work is located or after the expiration of one year from the date (1) on which the Claimant gave the notice required by Subparagraph 4.1 or Clause 4.2.3, or (2) on which the last labor or service was performed by anyone or the last materials or equipment were furnished by anyone under the Construction Contract, whichever of (1) or (2) first occurs. If the provisions of this Paragraph are void or prohibited by law, the minimum period of limitation available to sureties as a defense in the jurisdiction of the suit shall be applicable.

12 Notice to the Surety, the Owner or the Contractor shall be mailed or delivered to the address shown on the signature page. Actual receipt of notice by Surety, the Owner or the Contractor, however accomplished, shall be sufficient compliance as of the date received at the address shown on the signature page.

13 When this Bond has been furnished to comply with a statutory or other legal requirement in the location where the construction was to be performed, any provision in this Bond conflicting with said statutory or legal requirement shall be deemed deleted herefrom and provisions conforming to such statutory or other legal requirement shall be deemed incorporated herein. The intent is that this Bond shall be construed as a statutory bond and not as a common law bond.

14 Upon request by any person or entity appearing to be a potential beneficiary of this Bond, the Contractor shall promptly furnish a copy of this Bond or shall permit a copy to be made.

15 DEFINITIONS

15.1 Claimant: An individual or entity having a direct contract with the Contractor or with a subcontractor of the Contractor to furnish labor, materials or equipment for use in the performance of the Contract. The intent of this Bond shall be to include without limitation in terms "labor, materials or equipment" that part of water, gas, power, light, heat, oil, gasoline, telephone service or rental equipment used in the Construction Contract, architectural and engineering services required for performance of the work of the Contractor and the Contractor's subcontractors, and all other items for which a mechanic's lien may be asserted in the jurisdiction where the labor, materials or equipment were furnished.

15.2 Construction Contract: The agreement between the Owner and the Contractor identified on the signature page, including all Contract Documents and changes thereto.

15.3 Owner Default: Failure of the Owner, which has neither been remedied nor waived, to pay the Contractor as required by the Construction Contract or to perform and complete or comply with the other terms thereof.

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS: In the event of an Owner Default, if the Decision Making Obligees or the Common Facilities Bond Surety (as those terms are defined below) under that certain Common Facilities Bond naming Rancho Sahuarita I, L.L.C. as the Principal thereur and Gulf Insurance Company as the surety thereunder (the "Common Facilities Bond") remedy the Owner Default, this Payment Bond shall remain in effect with the Contractor and the Surety thereafter jointly and severally bound with their heirs, executors, administrators, successors and assigns to the Decision Making Obligees and the Common Facilities Bond Surety. As used herein, the term "Decision Making Obligees" shall have the same meaning as set forth in the Common Facilities Bond and the term "Common Facilities Bond Surety" shall refer to the surety named under the Common Facilities Bond. 1 1 4 6 8 2 8 0 3

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page.)

CONTRACTOR AS PRINCIPAL		SURETY	
Company:	(Corporate Seal)	Company:	(Corporate Seal)
Signature:		Signature:	
Name and Title:		Name and Title:	
Address:		Address:	

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RECORDED BY KSO
DEPUTY RECORDER
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1200 N ELDORADO #H 810
TUCSON AZ 85712

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SEQUENCE 20002400576
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AMOUNT PAID $ 155 00

STATE OF ARIZONA

COUNTY OF PIMA

Reference Docket Number 11171, Page 357

AMENDMENT TO THE
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RANCHO SAHUARITA VILLAGE

This Amendment is made this 13th day of December, 2000, by Rancho Sahuarita I, LLC, an Arizona limited liability company (the "Declarant")

WITNESSETH

WHEREAS, on November 10, 1999, Declarant recorded that certain Declaration of Covenants, Conditions, and Restrictions for Rancho Sahuarita Village in Docket Number 11171, Page 357, *et seq*, in the Official Records of the Pima County, Arizona Recorder's Office (the "Declaration"), and

WHEREAS, pursuant to Section 19 1 of the Declaration, Declarant unilaterally may amend the Declaration for any purpose until termination of the Class "B" Membership, and

WHEREAS, the Class "B" Membership has not terminated, and

WHEREAS, Declarant desires to amend the Declaration in various aspects,

NOW, THEREFORE, the Declaration is hereby replaced and superseded in its entirety and the following Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village is substituted in its place

AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RANCHO SAHUARITA VILLAGE

HYATT & STUBBLEFIELD, P C.

Attorneys and Counselors

1200 Peachtree Center South Tower
225 Peachtree Street, N.E.
Atlanta, Georgia 30303

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AMENDED AND RESTATED

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

RANCHO SAHUARITA VILLAGE

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS ("Declaration") is made this ____ day of _____, 2000, by Rancho Sahuarita I, LLC, an Arizona limited liability company (the "Declarant"). This Declaration replaces and supercedes in its entirety the document recorded in Docket Number 11171, Page 357, *et seq.*, in the Official Records of the Pima County, Arizona Recorder's Office.

PART ONE: INTRODUCTION TO THE COMMUNITY

Article I
CREATION OF THE COMMUNITY

1.1. Purpose and Intent. The Declarant, as the owner of the real property described on Exhibit "A" (or if not the owner, with the owner's written consent), intends by the recording of this Declaration to create a general plan of development for the master planned community known as Rancho Sahuarita Village. This Declaration provides a flexible and reasonable procedure for the future expansion of Rancho Sahuarita Village to include additional real property as Declarant deems appropriate and provides for the overall development, administration, maintenance and preservation of the real property now and hereafter comprising Rancho Sahuarita Village. An integral part of the development plan is the creation of Rancho Sahuarita Village Program Association, Inc., an association comprised of all owners of real property in this community, to own, operate and/or maintain various common areas and community improvements and to administer and enforce this Declaration and the other Governing Documents referred to in this Declaration.

1.2. Binding Effect. All property described on Exhibit "A," and any additional property which is made a part of the Properties in the future by filing of one or more Supplemental Declarations in the Public Records, shall be owned, conveyed and used subject to all of the provisions of this Declaration, which shall run with the title to such property. This Declaration shall be binding upon all Persons having any right, title, or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns.

This Declaration shall be enforceable by the Declarant, the Association, any Owner, and their respective legal representatives, heirs, successors, and assigns, for a term of 20 years from the date this Declaration is recorded in the Public Records. After such time, this Declaration shall be extended automatically for successive periods of ten years each, unless an instrument signed by 75% of the then Owners has been recorded in the Public Records within the year preceding any extension, agreeing to amend, in whole or in part, or terminate this Declaration, in which case this Declaration shall be amended or terminated as specified in such instrument. Notwithstanding this, if any provision of this Declaration would be unlawful, void, or voidable by reason of applicability of the rule against perpetuities, such provision shall expire 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

1.3. Governing Documents. The Governing Documents create a general plan of development for Rancho Sahuarita Village which may be supplemented by additional covenants, restrictions and easements applicable to particular Neighborhoods within the Properties. In the event of a conflict between or among the Governing Documents and any such additional covenants or restrictions, and/or the provisions of any other articles of incorporation, by-laws, rules or policies governing any Neighborhood, the Governing Documents shall control. Nothing in this Section shall preclude any Supplemental Declaration or other recorded covenants applicable to any portion of the Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration. The Association may, but shall not be required to, enforce any such covenants, restrictions or other instruments applicable to any Neighborhood.

All provisions of the Governing Documents shall apply to all Owners and to all occupants of their Units, as well as their respective tenants, guests and invitees. Any lease on a Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of the Governing Documents.

If any provision of this Declaration is determined by judgment or court order to be invalid, or invalid as applied in a particular instance, such determination shall not affect the validity of other provisions or applications.

Article II
CONCEPTS AND DEFINITIONS

The terms used in the Governing Documents shall generally be given their natural, commonly accepted definitions unless otherwise specified. Capitalized terms shall be defined as set forth below.

2.1. "Area of Common Responsibility": The Common Area, together with such other areas, if any, for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, Covenant to Share Costs, or other applicable covenants, contracts, or agreements with any Neighborhood, other community association, the State of Arizona, Pima County, Arizona, or the Town of Sahuarita.

2.2. "Association": Rancho Sahuarita Village Program Association, Inc., an Arizona nonprofit corporation, its successors or assigns.

2.3. "Base Assessment": Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units.

2.4. "Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the By-Laws and generally serving the same role as the board of directors under Arizona corporate law.

2.5. "Builder": Any Person who directly or through a trust purchases one or more Units for the purpose of constructing improvements for later sale to consumers, or who purchases one or more parcels of land within the Properties for further subdivision, development, and/or resale in the ordinary course of such Person's business.

2.6. "Class "B" Control Period": The period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board.

2.7. "Common Area": All real and personal property, including easements, which the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners. The term shall include the Exclusive Common Area, as defined below.

2.8. "Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Governing Documents. Notwithstanding any other provision set forth in this Declaration, Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development or other original construction costs unless approved by Voting Members representing a majority of the total Class "A" vote of the Association. Any funds expended by the Association pursuant to Section 15.3 of this Declaration and to the Park and Special Recreational Facilities Agreement shall not be construed to be Common Expenses of the Association unless such funds are expended for the maintenance of the Area of Common Responsibility.

2.9. "Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard shall be established initially by the Declarant and may be more specifically defined in the Design Guidelines, the Use Restrictions, and in Board resolutions.

2.10. "Covenant to Share Costs": Any declaration of easements and covenants to share costs executed by Declarant and recorded in the Public Records which creates certain easements for the benefit of the Association and the present and future owners of the real property subject to such Covenant to Share Costs and which obligates the Association and such owners to share the costs of maintaining certain property described in such Covenant to Share Costs.

2.11. "Declarant": Rancho Sahuarita I, LLC, an Arizona limited liability company, or any successor or assign who takes title to any portion of the property described on Exhibits "A" or "B" for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

2.12. "Design Guidelines": The architectural, design and construction guidelines and review procedures adopted pursuant to Article IV, as they may be amended.

2.13. "Exclusive Common Area": A portion of the Common Area primarily benefiting one or more, but less than all, Neighborhoods, as more particularly described in Article XII.

2.14. "Governing Documents": A collective term referring to this Declaration and any applicable Supplemental Declaration, the By-Laws, the Articles, the Design Guidelines, and the Use Restrictions, as they may be amended.

2.15. "Master Plan": The land use plan or site development plan for the development of Rancho Sahuarita Village exclusive of Rancho Resort and approved by the Town of Sahuarita, as it may be amended, which includes all of the property described on Exhibit "A" and all or a portion of the property described on Exhibit "B." However, inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall subsequent amendments to the Master Plan or the omission of property described on Exhibit "B" from the Master Plan bar annexation of such property to this Declaration as provided in Article IX.

2.16. "Member": A Person subject to membership in the Association pursuant to Section 6.2.

2.17. "Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit. A "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

2.18. "Neighborhood": A group of Units designated as a separate Neighborhood for purposes of sharing Exclusive Common Areas and/or receiving other benefits or services from the Association which are not provided to all Units within the Properties, and/or for the purpose of electing Voting Members as provided in Section 6.4. A Neighborhood may be comprised of more than one housing type and may include noncontiguous parcels of property. If the Association provides benefits or services to less than all Units within a particular Neighborhood, then the benefited Units shall constitute a sub-Neighborhood for purposes of determining and levying Neighborhood Assessments for such benefits or services.

Where the context permits or requires, the term Neighborhood shall also refer to the Neighborhood Committee (established in accordance with the By-Laws) or Neighborhood Association, if any, having concurrent jurisdiction over the property within the Neighborhood. Neighborhood boundaries may be established and modified as provided in Section 6.4.

2.19. "Neighborhood Assessments": Assessments levied against the Units in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses, as described in Section 8.2.

2.20. "Neighborhood Association": A condominium association or other owners association, if any, having concurrent jurisdiction with the Association over any Neighborhood. Nothing in this Declaration shall require the creation of a Neighborhood Association for any Neighborhood.

2.21. "Neighborhood Expenses": The actual and estimated expenses which the Association incurs or expects to incur for the benefit of Owners of Units within a particular Neighborhood or Neighborhoods, which may include a reasonable reserve for capital repairs and replacements and a reasonable administrative charge, as may specifically be authorized pursuant to this Declaration or in the Supplemental Declaration(s) applicable to such Neighborhood(s).

2.22. "Owner": The record holder of legal title to the fee simple interest in any Unit or, in the case of a recorded "contract" (as that term is defined in A.R.S. Section 33-741(2)), the holder, of record, of the purchaser's or vendee's interest under said contract, but excluding others who hold such title merely as security. An Owner shall include any Person who holds record title to a Unit in joint ownership or as an undivided fee interest.

2.23. "Park and Special Recreational Facilities Agreement": That agreement to which the Association is a party, a copy of which is set forth as Exhibit "F" to the Declaration, as it may be amended.

2.24. "Person": A natural person, a corporation, a partnership, a trustee, or any other legal entity.

2.25. "Private Amenities": Certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within the Properties, which are privately owned and operated by Persons other than the Association for recreational and related purposes, on a club membership basis or otherwise, and shall include, without limitation, the golf course, if any, which is so located within the Master Plan and all related and supporting facilities and improvements.

2.26. "Properties" or "Rancho Sahuarita Village": The real property described on Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article IX.

2.27. "Public Records": The Office of the County Recorder of Pima County, Arizona.

2.28. "Special Assessment": Assessments levied in accordance with Section 8.4.

2.29. "Specific Assessment": Assessments levied in accordance with Section 8.5.

2.30. "Supplemental Declaration": An instrument filed in the Public Records pursuant to Article IX which subjects additional property to this Declaration, designates Neighborhoods, and/or imposes, expressly or by reference, additional restrictions and obligations on the real property described in such instrument. The term shall also refer to an instrument filed by the Declarant pursuant to Section 6.4(c) which designates Voting Groups.

2.31. "Unit": A portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a building within a condominium or other structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit.

In the case of a parcel of vacant land or land on which improvements are under construction, the parcel shall be deemed to be a single Unit until such time as a subdivision plat or condominium plat is filed of record on all or a portion of the parcel. Thereafter, the portion encompassed by such plat shall contain the number of Units determined as set forth in the preceding paragraph and any portion not encompassed by such plat shall continue to be treated in accordance with this paragraph.

2.32. "Use Restrictions": The initial use restrictions set forth on Exhibit "C," as they may be supplemented, modified and repealed pursuant to Article III.

2.33. "Voting Group": One or more Voting Members who vote on a common slate for election of directors to the Board, as more particularly described in Section 6.4(c) or, if the context so indicates, the group of Members whose Units are represented thereby.

2.34. "Voting Member": The representative selected by the Class "A" Members within each Neighborhood pursuant to Section 6.4(b) to cast the Class "A" votes attributable to their Units on all matters requiring a vote of the membership (except as otherwise specifically provided in this Declaration and in the By-Laws). The term "Voting Member" shall also refer to alternate Voting Members acting in the absence of the Voting Member and any Owners authorized personally to cast the votes for their respective Units pursuant to Section 6.4(b).

PART TWO: CREATION AND MAINTENANCE OF COMMUNITY STANDARDS

Article III
USE AND CONDUCT

3.1. Framework for Regulation. The Governing Documents establish, as part of the general plan of development for the Properties, a framework of affirmative and negative covenants, easements and restrictions which govern all of the Properties. However, within that framework, the

Board and the Members must have the ability to respond to unforeseen problems and changes in circumstances, conditions, needs, desires, trends and technology which inevitably will affect Rancho Sahuarita Village, its Owners and residents. Toward that end, this Article establishes procedures for modifying and expanding the initial Use Restrictions set forth on Exhibit "C" which apply to all of the Properties.

3.2. Rule Making Authority.

(a) Subject to the terms of this Article and the Board's duty to exercise business judgment and reasonableness on behalf of the Association and its Members, the Board may modify, cancel, limit, create exceptions to, or expand the Use Restrictions as they apply to all the Properties. The Board shall send notice by mail to all Owners concerning any such proposed action at least five business days prior to the Board meeting at which such action is to be considered. Voting Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective, after compliance with subsection (c) below, unless disapproved at a meeting by Voting Members representing more than 50% of the total Class "A" votes in the Association and by the Class "B" Member, if any. The Board shall have no obligation to call a meeting of the Voting Members to consider disapproval except upon receipt of a petition of the Voting Members as required for special meetings in the By-Laws. Upon such petition of the Voting Members prior to the effective date of any Board action under this Section, the proposed action shall not become effective until after such meeting is held, and then subject to the outcome of such meeting.

(b) Alternatively, the Voting Members, at an Association meeting duly called for such purpose, may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions as they apply to all the Properties by a vote of Voting Members representing more than 50% of the total Class "A" votes in the Association and the approval of the Class "B" Member, if any.

(c) The Owners of Units within a Neighborhood may request that the Board adopt specific Neighborhood rules or restrictions which are more restrictive than the Use Restrictions. Upon the affirmative vote, written consent, or a combination thereof, of Owners representing a majority of the Class "A" votes in the Neighborhood, the written consent of a majority of Builders, if any, who own a Unit within such Neighborhood for sale to consumers, and the written consent of the Class "B" Member, if any, the Voting Member representing the Neighborhood shall present a written request for such stricter rules or restrictions to the Board at its next scheduled meeting. The Board may, in its sole and absolute discretion, determine whether or not to adopt such rules or restrictions affecting the Neighborhood. Any cost associated with the implementation and/or enforcement of such rules or restrictions shall be a Neighborhood Assessment levied in accordance with Section 8.2.

(d) At least 30 days prior to the effective date of any action taken under subsections (a) or (b) of this Section, the Board shall send a copy of the new rule or explanation of any changes to the Use Restrictions to each Owner specifying the effective date. The Association shall provide, without cost, a copy of the Use Restrictions then in effect to any requesting Member or Mortgagee.

(e) Nothing in this Article shall authorize the Board or the Voting Members to modify, repeal or expand the Design Guidelines. In the event of a conflict between the Design Guidelines and the Use Restrictions, the Design Guidelines shall control.

3.3. Owners' Acknowledgment and Notice to Purchasers. All Owners are given notice that use of their Units and the Common Area is limited by the Use Restrictions as they may be amended, expanded and otherwise modified. Each Owner, by acceptance of a deed, acknowledges and agrees that

the use and enjoyment and marketability of his or her Unit can be affected by this provision and that the Use Restrictions may change from time to time. All purchasers of Units are on notice that changes may have been adopted by the Association. Copies of the current Use Restrictions may be obtained from the Association.

3.4. Protection of Owners and Others. No rule shall be adopted in violation of the following provisions, except as may be specifically set forth in this Declaration (either initially or by amendment) or in the initial Use Restrictions:

(a) Similar Treatment. Similarly situated Owners shall be treated similarly; provided, Use Restrictions may vary by Neighborhood.

(b) Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in dwellings located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions if such a display is visible from outside the structure.

No rules shall regulate the content of political signs; however, rules may regulate the time, place and manner of posting such signs (including design criteria).

(c) Household Composition. No rule shall interfere with the freedom of Owners to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(d) Activities Within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(e) Allocation of Burdens and Benefits. No rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from changing the Common Area available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area or violate the Governing Documents. This provision does not affect the right to increase the amount of assessments as provided in Article VIII.

(f) Alienation. No rule shall prohibit leasing or transfer of any Unit, or require consent of the Association or Board for leasing or transfer of any Unit; provided, the Association or the Board may require a minimum lease term of up to 12 months. The Association may require that Owners use lease forms approved by the Association, but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the costs to the Association of administering that lease or transfer.

(g) Abridging Existing Rights. If any rule would otherwise require Owners to dispose of personal property which they maintained in or on the Unit prior to the effective date of such rule, or to vacate a Unit in which they resided prior to the effective date of such rule, and such property was

maintained or such occupancy was in compliance with this Declaration and all rules previously in force, such rule shall not apply to any such Owners without their written consent.

(h) Reasonable Rights to Develop. No rule or action by the Association or Board shall unreasonably impede the Declarant's right to develop the Properties.

(i) Interference with Private Amenities. No rule or action by the Association shall interfere with the use or operation of any Private Amenity.

The limitations in subsections (a) through (g) of this Section 3.4 shall only limit rulemaking authority exercised under Section 3.2; they shall not apply to amendments to this Declaration adopted in accordance with Article XIX.

Article IV
ARCHITECTURE AND LANDSCAPING

4.1. General. No structure or thing shall be placed, erected, installed or posted on the Properties and no improvements or other work (including staking, clearing, excavation, grading and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place within the Properties, except in compliance with this Article and the Design Guidelines.

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 his or her Unit without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structure shall be subject to approval.

All dwellings constructed on any portion of the Properties shall be designed by and built in accordance with the plans and specifications of a licensed architect or licensed building designer unless otherwise approved by the Declarant or its designee in its sole discretion.

This Article shall not apply to the activities of the Declarant nor to activities of the Association during the Class "B" Control Period.

4.2. Architectural Review.

(a) By Declarant. Each Owner, by accepting a deed or other instrument conveying any interest in any portion of the Properties, acknowledges that, as the developer of the Properties and as an Owner of portions of the Properties as well as other real estate within the vicinity of the Properties, Declarant has a substantial interest in ensuring that the improvements within the Properties enhance the Declarant's reputation as a community developer and do not impair the Declarant's ability to market, sell, or lease its property. Therefore, each Owner agrees that no activity within the scope of this Article ("Work") shall be commenced on such Owner's Unit unless and until the Declarant or its designee has given its prior written approval for such Work, which approval may be granted or withheld in the sole discretion of Declarant or its designee.

In reviewing and acting upon any request for approval, Declarant or its designee shall be acting solely in the interest of the Declarant and shall owe no duty to any other Person. The rights reserved to Declarant under this Article shall continue so long as Declarant owns any portion of the

Properties or any real property adjacent to the Properties, unless earlier terminated in a written instrument executed by Declarant and recorded in the Public Records.

The Declarant may, in its sole discretion, designate one or more Persons from time to time to act on its behalf in reviewing applications. The Declarant may from time to time, but shall not be obligated to, delegate all or a portion of its reserved rights under this Article to an architectural review committee appointed by the Association's Board of Directors (the "ARC"). Such committee may be comprised of architects, engineers or other persons who may or may not be Members of the Association. Any such delegation shall be in writing, specifying the scope of responsibilities delegated, and shall be subject to (i) the right of Declarant to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (ii) the right of Declarant to veto any decision which Declarant determines, in its sole discretion, to be inappropriate or inadvisable for any reason. So long as the Declarant has any rights under this Article, the jurisdiction of the foregoing entities shall be limited to such matters as are specifically delegated to it by the Declarant.

(b) Architectural Review Committee. Upon delegation by Declarant or upon expiration or termination of the Declarant's rights under this Article, the Association, acting through the ARC, shall assume jurisdiction over architectural matters hereunder. The ARC, when appointed, shall consist of at least three, but not more than seven, persons who shall serve and may be removed and replaced in the Board's discretion. The members of the ARC need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board.

Unless and until such time as Declarant delegates all or a portion of its reserved rights to the ARC or the Declarant's rights under this Article terminate, the Association shall have no jurisdiction over architectural matters.

(c) Review Procedures. For purposes of this Article, the entity having jurisdiction in a particular case shall be referred to as the "Reviewer." The Reviewer may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The Declarant and the Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget as a Common Expense.

4.3. Guidelines and Procedures.

(a) Design Guidelines. The Declarant may prepare the initial Design Guidelines, which may contain general provisions applicable to all of the Properties as well as specific provisions which vary from Neighborhood to Neighborhood. The Design Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the Reviewer in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the Reviewer, and compliance with the Design Guidelines does not guarantee approval of any application.

The Declarant shall have sole and full authority to amend the Design Guidelines as long as it owns any portion of the Properties or has a right to expand the Properties pursuant to Section 9.1, notwithstanding a delegation of reviewing authority to the ARC, unless the Declarant also delegates the power to amend to the ARC. Upon termination or delegation of the Declarant's right to amend, the ARC shall have the authority to amend the Design Guidelines with the consent of the Board. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has

commenced. There shall be no limitation on the scope of amendments to the Design Guidelines, and such amendments may remove requirements previously imposed or otherwise make the Design Guidelines less restrictive.

The Reviewer shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Properties.

(b) Procedures. Prior to commencing any Work within the scope of this Article, an Owner shall submit to the appropriate Reviewer an application for approval of the proposed Work in such form as the Design Guidelines or the Reviewer may specify. Such application shall include plans and specifications ("Plans") showing site layout, structural design, exterior elevations, exterior materials and colors, landscaping, drainage, exterior lighting, irrigation, and other features of proposed construction, as applicable. The Design Guidelines and the Reviewer may require the submission of such additional information as may be reasonably necessary to consider any application.

In reviewing each submission, the Reviewer may consider any factor it deems relevant. Decisions 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/or attractiveness of particular improvements.

The Reviewer shall, within 30 days after receipt of a completed application and all required information, respond in writing to the applicant at the address specified in the application. The response may (i) approve the application, with or without conditions; (ii) approve a portion of the application and disapprove other portions; or (iii) disapprove the application. The Reviewer may, but shall not be obligated to, specify the reasons for any objections and/or offer suggestions for curing any objections.

In the event that the Reviewer fails to respond in a timely manner, approval shall be deemed to have been given, subject to the Declarant's right to veto the action or inaction of the ARC pursuant to the next paragraph of this Section 4.3(b). However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted pursuant to Section 4.5. Notice shall be deemed to have been given at the time the envelope containing the response is deposited with the U. S. Postal Service. Personal delivery of such written notice shall, however, be sufficient and shall be deemed to have been given at the time of delivery to the applicant.

Until expiration of the Declarant's rights under this Article, the ARC shall notify the Declarant in writing within three business days after the ARC has approved any application relating to proposed Work within the scope of matters delegated to the ARC by the Declarant. The notice shall be accompanied by a copy of the application and any additional information which the Declarant may require. The Declarant shall have 10 days after receipt of such notice to veto any such action or inaction, in its sole discretion, by written notice to the ARC and the applicant.

If construction does not commence on a project for which Plans have been approved within one year after the date of approval, such approval shall be deemed withdrawn and it shall be necessary for the Owner to reapply for approval before commencing the proposed Work. Once construction is commenced, it shall be diligently pursued to completion. All Work shall be completed within one year of commencement unless otherwise specified in the notice of approval or unless the Reviewer grants an extension in writing, which it shall not be obligated to do. If approved Work is not completed within the required time, it shall be considered nonconforming and shall be subject to enforcement action by the Association, the Declarant or any aggrieved Owner.

The Reviewer may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

(c) Builders. Any Builder may submit Plans for pre-approval at any time and, thereafter, shall not be required to resubmit pre-approved Plans for use on any Unit except in the event that substantive variations from such Plans are proposed. However, prior to any Work commencing on a particular Unit, the Builder shall submit the required application, application fee, and any and all other information required by the Reviewer and receive the Reviewer's approval as set forth in this Article. Notwithstanding Declarant's ability to amend the Design Guidelines as discussed above, Declarant may, but shall not be obligated to, enter into agreements or contracts with one or more Builders through which such right to amend is limited or restricted as it applies to property owned or developed by such Builder. Any such agreement may establish particular standards or requirements applicable to particular property. Such standards or requirements may modify, add, or delete from the Design Guidelines and the Community-Wide Standard, provided such standards and requirements are consistent with the general plan of development for the Properties. Any such contract or agreement shall bind the Association and Declarant with respect to the ability to amend and enforce the Design Guidelines with respect to such property.

4.4. No Waiver of Future Approvals. Each Owner acknowledges that the persons reviewing applications under this Article will change from time to time and that opinions on aesthetic matters, as well as interpretation and application of the Design Guidelines, may vary accordingly. In addition, each Owner acknowledges that it may not always be possible to identify objectionable features of proposed Work until the Work is completed, in which case it may be unreasonable to require changes to the improvements involved, but the reviewer may refuse to approve similar proposals in the future. Approval of applications or Plans for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar applications, Plans, or other matters subsequently or additionally submitted for approval.

4.5. Variances. The Reviewer may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the Reviewer from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

4.6. Limitation of Liability. The standards and procedures established by this Article are intended as a mechanism for maintaining and enhancing the overall aesthetics of the Properties but shall not create any duty to any Person. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only, and the Reviewer shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements, nor for ensuring that all dwellings are of comparable quality, value or size or of similar design.

Neither the Declarant, the Association, the Board, any committee, nor member of any of the foregoing shall be held liable for soil conditions, drainage or other general site work, or for any defects in plans revised or approved hereunder, or for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit. In all matters, the ARC and all persons comprising the ARC shall be defended and indemnified by the Association as provided in Section 7.6.

4.7. Certificate of Compliance. Any Owner may request that the Reviewer issue a certificate of architectural compliance certifying that there are no known violations on such Owner's Unit of this Article or the Design Guidelines. The Association shall either grant or deny such request within 30 days after receipt of a written request and may charge a reasonable administrative fee for issuing such certificates. Issuance of such a certificate shall estop the Association from taking enforcement action with respect to any condition as to which the Association had notice as of the date of such certificate.

Article V
MAINTENANCE AND REPAIR

5.1. Maintenance of Units. Each Owner shall maintain his or her Unit and all landscaping and improvements comprising the Unit in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or a Neighborhood pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Unit.

5.2. Maintenance of Neighborhood Property. Any Neighborhood Association shall maintain its common property and any other property for which it has maintenance responsibility in a manner consistent with the Governing Documents, the Community-Wide Standard and all applicable covenants.

Upon resolution of the Board, the Owners within each Neighborhood shall be responsible for paying, through Neighborhood Assessments, the costs of operating, maintaining and insuring certain portions of the Area of Common Responsibility within or adjacent to such Neighborhood. This may include, without limitation, the costs of maintaining any signage, entry features, right-of-way and greenspace between the Neighborhood and adjacent public roads, private streets within the Neighborhood, and lakes or ponds within the Neighborhood, regardless of ownership and regardless of the fact that such maintenance may be performed by the Association; provided, however, all Neighborhoods which are similarly situated shall be treated the same.

The Association may assume maintenance responsibility for property within any Neighborhood, in addition to that designated by any Supplemental Declaration, either by agreement with the Neighborhood or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this paragraph shall be assessed as a Neighborhood Assessment only against the Units within the Neighborhood to which the services are provided. The provision of services in accordance with this Section shall not constitute discrimination within a class.

5.3. Responsibility for Repair and Replacement. Unless otherwise specifically provided in the Governing Documents or in other instruments creating and assigning maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary to maintain the property to a level consistent with the Community-Wide Standard.

By virtue of taking title to a Unit, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full replacement cost of all insurable improvements on his or her Unit, less a reasonable deductible, unless either the Neighborhood Association (if any) for the Neighborhood in which the Unit is located or the Association carries such insurance (which they may, but are not obligated to do hereunder). If the Association assumes

responsibility for obtaining any insurance coverage on behalf of Owners, the premiums for such insurance shall be levied as a Specific Assessment against the benefited Unit and the Owner.

Each Owner further covenants and agrees that in the event of damage to or destruction of structures on or comprising his Unit, the Owner shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IV. Alternatively, the Owner shall clear the Unit and maintain it in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs which are not covered by insurance proceeds.

The requirements of this Section shall apply to any Neighborhood Association responsible for common property within the Neighborhood in the same manner as if the Neighborhood Association were an Owner and the common property were a Unit. Additional recorded covenants applicable to any Neighborhood may establish more stringent requirements for insurance and more stringent standards for rebuilding or reconstructing structures on the Units within such Neighborhood and for clearing and maintaining the Units in the event the structures are not rebuilt or reconstructed.

PART THREE: COMMUNITY GOVERNANCE AND ADMINISTRATION

Article VI
MEMBERSHIP AND VOTING RIGHTS

6.1. Function of Association. The Association shall be the entity responsible for management, maintenance, operation and control of the Area of Common Responsibility. The Association also shall be the primary entity responsible for enforcement of the Governing Documents. The Association shall perform its functions in accordance with the Governing Documents and the laws of the State of Arizona.

6.2. Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 6.3(c) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

6.3. Voting. The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any. Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 6.2, except that there shall be only one vote per Unit and no vote shall be exercised for any property which is exempt from assessment under Section 8.9. All Class "A" votes shall be cast as provided in Section 6.3(c) below.

(b) Class "B". The sole Class "B" Member shall be the Declarant. The Class "B" Member may appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Section 3.5 of the By-Laws. Additional rights of the Class "B" Member, including the right to approve, or withhold approval of, actions proposed under this Declaration, the By-Laws and

the Articles, are specified in the relevant sections of this Declaration, the By-Laws and the Articles. After termination of the Class "B" Control Period, the Class "B" Member shall have a right to disapprove actions of the Board and committees as provided in Section 3.19 of the By-Laws.

The Class "B" membership shall terminate upon the earlier of:

(i) two years after expiration of the Class "B" Control Period pursuant to Section 3.3 of the By-Laws; or

(ii) when, in its discretion, the Declarant so determines and declares in a recorded instrument.

Upon termination of the Class "B" membership, the Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

(c) Exercise of Voting Rights. Except as otherwise specified in this Declaration or the By-Laws, the vote for each Unit owned by a Class "A" Member shall be exercised by the Voting Member representing the Neighborhood, as provided in Section 6.4(b). The Voting Member may cast all such votes as it, in its discretion, deems appropriate.

In any situation where a Member is entitled personally to exercise the vote for his or her Unit, and there is more than one Owner of such Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

6.4. Neighborhoods, Voting Members and Voting Groups.

(a) Neighborhoods. Any Neighborhood, acting either through a Neighborhood Committee elected as provided in Section 5.3 of the By-Laws or through a Neighborhood Association, if any, may request that the Association provide a higher level of service than that which the Association generally provides to all Neighborhoods, or may request that the Association provide special services for the benefit of Units in such Neighborhood. Upon the affirmative vote, written consent, or a combination thereof, of Owners of a majority of the Units within the Neighborhood and the written consent of a majority of Builders within a Neighborhood, if any, who own a Unit within such Neighborhood for sale to consumers, the Association shall provide the requested services. The cost of such services, which may include a reasonable administrative charge in such amount as the Board deems appropriate (provided, any such administrative charge shall apply at a uniform rate per Unit to all Neighborhoods receiving the same service), shall be assessed against the benefited Units within such Neighborhood as a Neighborhood Assessment.

Exhibit "A" to this Declaration, and each Supplemental Declaration submitting additional property to this Declaration shall initially assign the property submitted thereby to a specific Neighborhood (by name or other identifying designation), which Neighborhood may be then existing or newly created. So long as it has the right to subject additional property to this Declaration pursuant to Section 9.1, the Declarant may unilaterally amend this Declaration or any Supplemental Declaration to redesignate Neighborhood boundaries; provided, two or more existing Neighborhoods shall not be combined without the consent of Owners of a majority of the Units in the affected Neighborhoods.

(b) Voting Members. Each Neighborhood shall elect a Voting Member who shall be responsible for casting all votes attributable to Units owned by Class "A" Members in the Neighborhood

on all Association matters requiring a membership vote, except as otherwise specified in this Declaration or the By-Laws. In addition, each Neighborhood shall elect an alternate Voting Member who shall be responsible for casting such votes in the absence of the Voting Member. The Voting Member and alternate Voting Member from each Neighborhood shall be elected on an annual basis, either by written ballot cast by mail or at a meeting of the Class "A" Members within such Neighborhood, as the Board determines; provided, upon written petition signed by Class "A" Members holding at least 10% of the votes attributable to Units within any Neighborhood, the election for such Neighborhood shall be held at a meeting. The presence, in person or by proxy, of Class "A" Members representing at least 30% of the total Class "A" votes attributable to Units in the Neighborhood shall constitute a quorum at any Neighborhood meeting.

The Board shall call for the first election of a Voting Member from a Neighborhood not later than one year after the conveyance of a Unit in the Neighborhood to a Person other than a Builder. Subsequent elections shall be held each year on a date established by the Board. Each Class "A" Member who owns a Unit within the Neighborhood shall be entitled to cast one equal vote per Unit owned. The candidate who receives the greatest number of votes shall be elected as Voting Member, and the candidate receiving the next greatest number of votes shall be elected as the alternate Voting Member. The Voting Member and the alternate Voting Member shall serve a term of one year and until their successors are elected.

Any Voting Member may be removed, with or without cause, upon the vote or written petition of Owners of a majority of the total number of Units owned by Class "A" Members in the Neighborhood which the Voting Member represents.

Until such time as the Board first calls for election of a Voting Member for any Neighborhood, the Owners within such Neighborhood shall be entitled personally to cast the votes attributable to their respective Units on any issue requiring a membership vote under the Governing Documents.

(c) Voting Groups. The Declarant may designate Voting Groups consisting of one or more Neighborhoods for the purpose of electing directors to the Board. Voting Groups may be designated to ensure groups with dissimilar interests are represented on the Board and to avoid allowing Voting Members representing similar Neighborhoods to elect the entire Board, due to the number of Units in such Neighborhoods, excluding representation of others. Following termination of the Class "B" Control Period, the number of Voting Groups within the Properties shall not exceed the total number of directors to be elected by the Class "A" Members pursuant to the By-Laws. The Voting Members representing the Neighborhoods within each Voting Group shall vote on a separate slate of candidates for election to the Board, with each Voting Group being entitled to elect the number of directors specified in Section 3.5 of the By-Laws.

The Declarant shall establish Voting Groups, if at all, not later than the date of expiration of the Class "B" Control Period by filing with the Association and in the Public Records, a Supplemental Declaration identifying each Voting Group by legal description or other means such that the Units within each Voting Group can easily be determined. Such designation may be amended from time to time by the Declarant, acting alone, at any time prior to the expiration of the Class "B" Control Period.

After expiration of the Declarant's right to expand the community pursuant to Section 9.1, the Board shall have the right to file or amend such Supplemental Declaration upon the vote of a majority of the total number of directors and approval of Voting Members representing a majority of the total number of Neighborhoods and a majority of the total Class "A" votes in the Association. Neither recordation nor amendment of such Supplemental Declaration by Declarant shall constitute an amendment to this

Declaration, and no consent or approval of any Person shall be required except as stated in this paragraph. Until such time as Voting Groups are established, all of the Properties shall constitute a single Voting Group. After a Supplemental Declaration establishing Voting Groups has been filed, any and all portions of the Properties which are not assigned to a specific Voting Group shall constitute a single Voting Group.

Article VII
ASSOCIATION POWERS AND RESPONSIBILITIES

7.1. Acceptance and Control of Association Property.

(a) The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property, subject to the provisions of Sections 16.9 and 18.4.

(b) The Declarant and its designees may convey to the Association personal property and fee title, leasehold or other property interests in any real property, improved or unimproved, described on Exhibits "A" or "B." The Association shall accept and maintain such property at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Upon written request of Declarant, the Association shall reconvey to Declarant any unimproved portions of the Properties originally conveyed by Declarant to the Association for no consideration, to the extent conveyed by Declarant in error or needed by Declarant to make reasonable adjustments in property lines.

7.2. Maintenance of Area of Common Responsibility.

(a) The Association shall maintain, in accordance with the Community-Wide Standard, the Area of Common Responsibility, which shall include, but need not be limited to:

(i) all portions of and structures situated upon the Common Area;

(ii) landscaping within public rights-of-way within or abutting the Properties;

(iii) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, the Covenant to Share Costs, or any contract or agreement for maintenance thereof entered into by the Association;

(iv) all ponds, streams, washes, arroyos, and/or wetlands located within the Properties which serve as part of the stormwater drainage system for the Properties, including improvements and equipment installed therein or used in connection therewith; and

(v) any property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association and its Members, such property and facilities to be identified by written notice from the Declarant to the Association and to remain a part of the Area of Common Responsibility and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

(b) The Association shall maintain the facilities and equipment within the Area of Common Responsibility in continuous operation, except for any periods necessary, as determined in the sole discretion of the Board, to perform required maintenance or repairs, unless Members representing 75% of the Class "A" votes in the Association and the Class "B" Member, if any, agree in writing to discontinue such operation.

Except as provided above, the Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of the Declarant as long as the Declarant owns any property described on Exhibits "A" or "B" of this Declaration.

(c) The costs associated with maintenance, repair and replacement of the Area of Common Responsibility shall be a Common Expense; provided, the Association may seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, the Covenant to Share Costs, other recorded covenants, or agreements with the owner(s) thereof. Maintenance, repair and replacement of Exclusive Common Areas shall be a Neighborhood Expense assessed to such Neighborhood(s) to which the Exclusive Common Areas are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

7.3. Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and within the Area of Common Responsibility (including any public parks or lakes) to the extent that the Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes;

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least $1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's best business judgment but not less than an amount equal to one-sixth of the annual Base Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(vi) Such additional insurance as the Board, in its best business judgment, determines advisable.

In addition, the Association shall, if so specified in a Supplemental Declaration applicable to any Neighborhood, obtain and maintain property insurance on the insurable improvements within such Neighborhood which insurance shall comply with the requirements of Section 7.3(a)(i). Any such policies shall provide for a certificate of insurance to be furnished upon request to the Owner of each Unit insured.

Premiums for all insurance on the Area of Common Responsibility shall be Common Expenses, except that (i) premiums for property insurance on Units within a Neighborhood shall be a Neighborhood Expense; and (ii) premiums for insurance on Exclusive Common Areas may be included in the Neighborhood Expenses of the Neighborhood(s) to which such Exclusive Common Areas are assigned unless the Board reasonably determines that other treatment of the premiums is more appropriate.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Pima County, Arizona area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member insured.

The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 7.3(a). In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Section 3.24 of the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Units as a Specific Assessment.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in the State of Arizona which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

(ii) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members. Policies

secured on behalf of a Neighborhood shall be for the benefit of the Owners within the Neighborhood and their Mortgagees, as their interests may appear,

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually,

(iv) contain an inflation guard endorsement,

(v) include an agreed amount endorsement, if the policy contains a co-insurance clause,

(vi) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area or membership in the Association,

(vii) provide a waiver of subrogation under the policy against any Owner or household member of an Owner,

(viii) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure, and

(ix) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners, unless such Owner is acting within the scope of its authority on behalf of the Association

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide

(i) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests,

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash,

(iii) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause,

(iv) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal,

(v) a cross liability provision, and

(vi) a provision vesting in the Board exclusive authority to adjust losses, provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss

(c) Restoring Damaged Improvements In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the

cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Damaged improvements on the Common Area shall be repaired or reconstructed unless the Voting Members representing at least 75% of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements, and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by the Association for the benefit of its Members or the Owners of Units within the insured Neighborhood, as appropriate, and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Voting Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 7.3(a).

7.4. Compliance and Enforcement. Every Owner and occupant of a Unit shall comply with the Governing Documents. The Board may impose sanctions for violation of the Governing Documents after notice and a hearing in accordance with the procedures set forth in Section 3.24 of the By-Laws. Such sanctions may include, without limitation:

(a) imposing reasonable monetary fines which shall constitute a lien upon the violator's Unit. (In the event that any occupant, guest or invitee of a Unit violates the Governing Documents and a fine is imposed, the fine shall first be assessed against the violator; provided, however, if the fine is not paid by the violator within the time period set by the Board, the Owner shall pay the fine upon notice from the Board.);

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

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

(d) suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than 30 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 Governing Documents in a non-emergency situation;

(f) requiring an Owner, at its own expense, to remove any structure or improvement on such Owner's Unit in violation of Article IV and to restore the Unit 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, precluding any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of Article IV and the Design Guidelines from continuing or performing any further activities in the Properties;

(h) levying Specific Assessments to cover costs incurred by the Association to bring a Unit into compliance with the Governing Documents.

In addition, the Board may take the following enforcement procedures to ensure compliance with the Governing Documents without the necessity of compliance with the procedures set forth in Section 3.24 of the By-Laws:

(a) exercising self-help in any emergency situation (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations);

(b) bringing suit at law or in equity to enjoin any violation or to recover monetary damages or both.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may record a notice of violation in the Public Records or perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner as a Special Assessment. If a Neighborhood Association fails to perform its maintenance responsibilities, the Association may perform such maintenance and assess the costs as a Specific Assessment against all Units within such Neighborhood. Except in an emergency situation, the Association shall provide the Owner or Neighborhood Association reasonable notice and an opportunity to cure the problem prior to taking such enforcement action.

All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys fees and court costs, reasonably incurred in such action.

The Association shall not be obligated to take any action if the Board reasonably determines that the Association's position is not strong enough to justify taking such action. Such a decision shall not be construed a waiver of the right of the Association to enforce such provision at a later time under other circumstances or estop the Association from enforcing any other covenant, restriction or rule.

The Association, by contract or other agreement, may enforce applicable city and county ordinances, if applicable, and permit Pima County or the Town of Sahuarita to enforce ordinances within the Properties for the benefit of the Association and its Members.

7.5. Implied Rights; Board Authority. The Association may exercise any right or privilege given to it expressly by the Governing Documents, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in the Governing Documents, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

7.6. Indemnification of Officers, Directors and Others. The Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions for which liability is limited under the Articles of Incorporation and State of Arizona law. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

7.7. Enhancement of Safety. **The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to enhance the safety of the Properties. Neither the Association nor the Declarant shall in any way be considered insurers or guarantors of security within the Properties, nor shall either be held liable for any loss or damage hy reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures, including any mechanism or system for limiting access to the Properties, cannot be compromised or circumvented, nor that any such systems or security measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Unit that the Association, its Board and committees, and the Declarant are not insurers and that each Person using the Properties assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.**

7.8. Powers of the Association Relating to Neighborhoods. The Association shall have the power to veto any action taken or contemplated to be taken by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Association or its Members or inconsistent with the Community-Wide Standard. The Association also shall have the power to require specific action to be taken by any Neighborhood Association in connection with its obligations and responsibilities, such as requiring specific maintenance or repairs or aesthetic changes to be effectuated and requiring that a proposed budget include certain items and that expenditures be made therefor.

A Neighborhood Association shall take appropriate action required by the Association in a written notice within the reasonable time frame set by the Association in the notice. If the Neighborhood Association fails to comply, the Association shall have the right to effect such action on behalf of the Neighborhood Association and levy Specific Assessments to cover the costs, as well as an administrative charge and sanctions.

7.9. Provision of Services. The Association shall be authorized but not obligated to enter into and terminate, in the Board's discretion, contracts or agreements with other entities, including Declarant, to provide services to and facilities for the Members of the Association and their guests, lessees and invitees and to charge use and consumption fees for such services and facilities. By way of example, some services and facilities which might be offered include landscape maintenance, pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities.

Article VIII
ASSOCIATION FINANCES

8 1 Budgeting and Allocating Common Expenses At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget of the estimated Common Expenses for the coming year, including any contributions to be made to a reserve fund pursuant to Section 8 3 The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Units, and the amount to be generated through the levy of Base Assessments and Special Assessments against the Units, as authorized in Section 8 6

The Association is hereby authorized to levy Base Assessments equally against all Units subject to assessment under Section 8 6 to fund the Common Expenses In determining the Base Assessment rate per Unit, the Board may consider any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to assessment during the fiscal year

The Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 8 7(b), which may be either a contribution, an advance against future assessments due from the Declarant, or a loan, in the Declarant's discretion Any such subsidy shall be disclosed as a line item in the income portion of the budget The payment of such subsidy in any year shall not obligate the Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and the Declarant

The Board shall send a copy of the final budget, together with notice of the amount of the Base Assessment to be levied pursuant to such budget, to each Owner at least 30 days prior to the effective date of such budget Except as required for the exercise of approval rights under Section 8 9, the budget shall not be subject to Owner approval and there shall be no obligation to call a meeting for the purpose of considering the budget

If any proposed budget is disapproved under Section 8 11 or if the Board fails for any reason to determine the budget for any year, then the budget most recently in effect shall continue in effect until a new budget is determined

The Board may revise the budget and adjust the Base Assessment from time to time during the year, subject to the notice requirements and the right of the Members to disapprove the revised budget as set forth above

8 2 Budgeting and Allocating Neighborhood Expenses At least 60 days before the beginning of each fiscal year, the Board shall prepare a separate budget covering the estimated Neighborhood Expenses for each Neighborhood on whose behalf Neighborhood Expenses are expected to be incurred during the coming year Each such budget shall include any costs for additional services or a higher level of services which the Owners in such Neighborhood have approved pursuant to Section 6 4(a) and any contribution to be made to a reserve fund pursuant to Section 8 3 The budget shall also reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments, and the sums generated through Neighborhood and Special Assessments against the Units in such Neighborhood

The Association is hereby authorized to levy Neighborhood Assessments equally against all Units in the Neighborhood which are subject to assessment under Section 8 6 to fund Neighborhood Expenses, provided, if so specified in the applicable Supplemental Declaration or if so directed by petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of structures, insurance on structures, or replacement reserves which

pertain to particular structures shall be levied on each of the benefited Units in proportion to the benefit received.

The Board shall cause a copy of the Neighborhood budget and notice of the amount of the Neighborhood Assessment for the coming year to be delivered to each Owner in the Neighborhood at least 30 days prior to the beginning of the fiscal year. Such budget and assessment shall become effective unless disapproved at a meeting of the Neighborhood by Owners of a majority of the Units in the Neighborhood to which the Neighborhood Assessment applies. However, there shall be no obligation to call a meeting for the purpose of considering the budget except on petition of Owners of at least 10% of the Units in such Neighborhood. This right to disapprove shall only apply to those line items in the Neighborhood budget which are attributable to services requested by the Neighborhood and shall not apply to any item which the Governing Documents require to be assessed as a Neighborhood Assessment.

If the proposed budget for any Neighborhood is disapproved or if the Board fails for any reason to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately preceding year shall continue for the current year.

The Board may revise the budget for any Neighborhood and the amount of any Neighborhood Assessment from time to time during the year, subject to the notice requirements and the right of the Owners of Units in the affected Neighborhood to disapprove the revised budget as set forth above.

8.3. Budgeting for Reserves. The Board shall prepare and review at least annually a reserve budget for the Area of Common Responsibility and for each Neighborhood for which the Association maintains capital items as a Neighborhood Expense. The budgets shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall include in the Common Expense budget adopted pursuant to Section 8.1 or the Neighborhood Expense budgets adopted pursuant to Section 8.2, as appropriate, a capital contribution to fund reserves in an amount sufficient to meet the projected need with respect both to amount and timing by annual contributions over the budget period.

8.4. Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership, if such Special Assessment is for Common Expenses, or against the Units within any Neighborhood if such Special Assessment is for Neighborhood Expenses. Except as otherwise specifically provided in this Declaration, any Special Assessment shall require the affirmative vote or written consent of Voting Members (if a Common Expense) or Owners (if a Neighborhood Expense) representing more than 50% of the total votes allocated to Units which will be subject to such Special Assessment, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

8.5. Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit as follows:

(a) to cover the costs, including overhead and administrative costs, of providing services to Units upon request of an Owner pursuant to any menu of special services which may be offered by the Association (which might include the items identified in Section 7.9). Specific Assessments for special services may be levied in advance of the provision of the requested service; and

(b) to cover costs incurred in bringing the Unit into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with Section 3.24 of the By-Laws, before levying any Specific Assessment under this subsection (b).

The Association may also levy a Specific Assessment against the Units within any Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Governing Documents, provided the Board gives prior written notice to the Owners of Units in, or the Voting Member representing, the Neighborhood and an opportunity for such Owners or Voting Member to be heard before levying any such assessment.

8.6. Authority to Assess Owners; Time of Payment. The Declarant hereby establishes and the Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later; provided, however, so long as the Unit is held by a Builder for resale, the Builder shall (i) prior the issuance of a certificate of occupancy, pay zero percent (0%) of the Base Assessment or Neighborhood Assessment levied on the Unit, and (ii) after the issuance of a certificate of occupancy, pay 50 percent (50%) of the Base Assessment or Neighborhood Assessment levied on the Unit or 10 dollars ($10.00) per month escalating by 10 percent (10%) per annum from the date the Declaration is recorded, whichever is less. Notwithstanding the preceding, in the event the Park and Special Recreational Facilities Agreement is amended and replaced by that specific "Second Amended and Restated Park and Special Recreational Facilities Agreement" attached to this Declaration as Exhibit "F-1" on or before January 31, 2001, if a Builder is party and signatory to such "Second Amended and Restated Park and Special Recreational Facilities Agreement" ("Special Builder") and Declarant posts the required "Bond," as such term is defined in Section 3.8 of such "Second Amended and Restated Park and Special Recreational Facilities Agreement," on or before March 1, 2001, then, so long as the Unit is held by a Special Builder for resale, such Special Builder shall pay zero percent (0%) of the Base Assessment and any Neighborhood Assessment levied on such Special Builder's Unit. The first annual Base Assessment and Neighborhood Assessment, if any, levied on each Unit shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title or escrow to a Unit and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require the outstanding balance on all assessments to be paid in full immediately.

8.7. Personal Obligation.

(a) Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay all assessments authorized in the Governing Documents. All assessments, together with interest (computed from its due date at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of State of Arizona law), late charges as determined by Board resolution, costs, and reasonable attorneys' fees, shall be the personal obligation of each Owner and a lien upon each Unit until paid in full. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable with the grantor for any assessments and

other charges due at the time of conveyance of title to the Unit. Notwithstanding transfer of title to a Unit, the grantor's personal obligation created under this Declaration for assessments prior to the transfer of the Unit shall continue until paid in full.

Failure of the Board to fix assessment amounts or rates or to deliver or mail each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Neighborhood Assessments on the same basis as during the last year for which an assessment was made, if any, until a new assessment is levied, at which time the Association may retroactively assess any shortfalls in collections.

No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant 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 or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

The Association shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

(b) Declarant's Option to Fund Budget Deficits. During the Class "B" Control Period, Declarant may satisfy its obligation for assessments on Units which it owns either by paying such assessments in the same manner as any other Owner or by paying the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual operating expenses incurred by the Association during the fiscal year plus any reserve contributions for such year. Unless the Declarant otherwise notifies the Board in writing at least 60 days before the beginning of each fiscal year, the Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of the Declarant's election, the Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" Control Period, the Declarant shall pay assessments on its unsold Units in the same manner as any other Owner.

8.8. Lien for Assessments. The Association shall have a lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of State of Arizona law), and costs of collection (including attorneys fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior, and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and judicial or nonjudicial foreclosure.

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to the Mortgagee's foreclosure. The subsequent Owner to the foreclosed Unit shall not be personally liable for assessments on such Unit due prior to such acquisition of title. At the discretion of the Association, such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8.6, including such acquirer, its successors and assigns.

8.9. Exempt Property. The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments:

(a) All Common Area and such portions of the property owned by the Declarant as are included in the Area of Common Responsibility pursuant to Section 7.2;

(b) Any property dedicated to and accepted by any governmental authority or public utility; and

(c) Property owned by any Neighborhood Association for the common use and enjoyment of its members, or owned by all members of a Neighborhood Association as tenants-in-common.

In addition, the Declarant and/or the Association shall have the right, but not the obligation, to grant exemptions to certain Persons qualifying for tax exempt status under Section 501(c) of the Internal Revenue Code so long as such Persons own property subject to this Declaration for purposes listed in Section 501(c).

8.10. Capitalization of Association. Upon acquisition of record title to a Unit by the first Owner thereof other than the Declarant, a trust established to satisfy any applicable laws or requirements regarding the providing of assurances relative to the construction of improvements within the Properties, a landbanker who upon its acquisition of title to Units enters into an option agreement with a Builder pursuant to which the Builder has the right to acquire such Units from such landbanker, or a Builder, a contribution shall be made by such first purchaser to the working capital of the Association in an amount equal to one-sixth of the annual Base Assessment per Unit for that year. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment. This amount shall be deposited into the purchase and sales escrow and disbursed to the Association for use in covering operating expenses and other expenses incurred by the Association pursuant to this Declaration and the By-Laws.

8.11. Limitation on Increase of Assessments. Notwithstanding any provision to the contrary, and except for assessments to reimburse the Association pursuant to Section 8.5, the Board may not impose a Base Assessment that is more than 20% greater than the Base Assessment for the immediately preceding fiscal year, without the approval of a majority of the Class "A" Members. Approval may be indicated by vote or written consent.

PART FOUR: COMMUNITY DEVELOPMENT

Article IX
EXPANSION OF THE COMMUNITY

9.1. Expansion by the Declarant. Declarant may from time to time subject to the provisions of this Declaration all or any portion of the property described in Exhibit "B" by filing a Supplemental Declaration in the Public Records describing the additional property to be subjected. A Supplemental Declaration filed pursuant to this Section shall not require the consent of any Person except the owner of such property, if other than Declarant.

The Declarant's right to expand the community shall expire when all property described on Exhibit "B" has been subjected to this Declaration or 40 years after the recording of this Declaration in the Public Records, whichever is earlier. Until then, the Declarant may transfer or assign this right to any Person who is the developer of at least a portion of the real property described in Exhibits "A" or "B." Any such transfer shall be memorialized in a written, recorded instrument executed by Declarant.

Nothing in this Declaration shall be construed to require the Declarant or any successor to subject additional property to this Declaration or to develop any of the property described in Exhibit "B" in any manner whatsoever.

9.2. Expansion by the Association. The Association may also subject additional property to the provisions of this Declaration by filing a Supplemental Declaration in the Public Records describing the additional property. Any such Supplemental Declaration shall require the affirmative vote of Voting Members representing more than 50% of the Class "A" votes of the Association represented at a meeting duly called for such purpose and the consent of the owner of the property. In addition, so long as Declarant owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, the consent of the Declarant shall be necessary. The Supplemental Declaration shall be signed by the President and Secretary of the Association, by the owner of the property and by Declarant, if Declarant's consent is necessary.

9.3. Additional Covenants and Easements. The Declarant may subject any portion of the Properties to additional covenants and easements, including covenants obligating the Association to maintain, to provide services, and to insure such property and authorizing the Association to recover its costs through Neighborhood Assessments or the Covenant to Share Costs. Such additional covenants and easements may be set forth either in a Supplemental Declaration subjecting such property to this Declaration or in a separate Supplemental Declaration or Covenant to Share Costs referencing property previously subjected to this Declaration. If the property not submitted to this Declaration is owned by someone other than Declarant, then the consent of all such owner(s) shall be necessary and shall be evidenced by their execution of such Supplemental Declaration. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

9.4. Conversion of Nonresidential Property. In the event that any property now or hereafter subjected to the Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Commercial Properties, executed by Declarant and recorded in the Public Records, as it may be amended ("Nonresidential Declaration"), is withdrawn from the coverage of the Nonresidential Declaration pursuant to Section 10.3 thereof, the owner of such property shall be entitled to unilaterally amend Exhibit "A" of this Declaration to subject such property to the provisions of this Declaration, provided, however, that Declarant's prior written consent shall be required so long as Declarant owns any property described on Exhibits "A" or "B" to this Declaration. Such annexation shall be accomplished by filing a Supplemental Declaration in the Public Records describing the property to be annexed and specifically subjecting it to the terms of this Declaration. Such Supplemental Declaration shall not require the consent of the Association, but shall require the signature of an officer of the Association acknowledging such annexation. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein. Upon any such annexation, each Unit within the property

so annexed shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration

9 5 Effect of Filing Supplemental Declaration Any Supplemental Declaration filed pursuant to this Article shall be effective upon recording in the Public Records unless otherwise specified in such Supplemental Declaration On the effective date of the Supplemental Declaration, any additional property subjected to this Declaration shall be assigned voting rights in the Association and assessment liability in accordance with the provisions of this Declaration

Article X
ADDITIONAL RIGHTS RESERVED TO DECLARANT

10 1 Withdrawal of Property The Declarant reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to Section 9 1, for the purpose of removing any portion of the Properties from the coverage of this Declaration, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if not the Declarant If the property is Common Area, the Association shall consent to such withdrawal

10 2 Marketing and Sales Activities The Declarant and Builders authorized by Declarant may maintain and carry on upon portions of the Common Area such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model units, and sales offices The Declarant and authorized Builders shall have easements for access to and use of such facilities

10 3 Right to Develop The Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon all of the Common Area for the purpose of making, constructing and installing such improvements to the Common Area as it deems appropriate in its sole discretion Each Person acquiring an interest in the Properties acknowledges that Rancho Sahuarita Village is a master planned community, the development of which is likely to extend over many years, and may require changes to the zoning, density, and Master Plan, which shall be allowed provided that such changes are not unequivocally contrary to the overall, uniform scheme of development for the Properties

10 4 Right to Approve Additional Covenants No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by the Declarant and recorded in the Public Records

10 5 Right to Approve Changes in Community Standards No amendment to or modification of any Use Restrictions or Design Guidelines made after termination of the Class "B" Control Period shall be effective without prior notice to and the written approval of Declarant

10 6 Right to Transfer or Assign Declarant Rights Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the By-Laws may be transferred in whole or in part to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the By-Laws No such transfer or assignment shall

be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Public Records.

10.7. Exclusive Rights to Use Name of Development. No Person shall use the name "Rancho Sahuarita Village" or any derivative of such name in any printed or promotional material without the Declarant's prior written consent. However, Owners may use the name "Rancho Sahuarita Village" in printed or promotional matter where such term is used solely to specify that particular property is located within Rancho Sahuarita Village, and the Association shall be entitled to use the word "Rancho Sahuarita Village" in its name.

The rights contained in this Article shall terminate upon the earlier of (a) 40 years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

PART FIVE: PROPERTY RIGHTS WITHIN THE COMMUNITY

Article XI
EASEMENTS

11.1. Easements in Common Area. The Declarant grants to each Owner an appurtenant right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

(a) The Governing Documents and any other applicable covenants;

(b) Any restrictions or limitations contained in any deed conveying such property to the Association;

(c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area, including rules limiting the number of guests who may use the Common Area;

(d) The right of the Board to suspend the right of an Owner to use recreational facilities within the Common Area (i) for any period during which any charge against such Owner's Unit remains delinquent, and (ii) for a period not to exceed 30 days for a single violation or for a longer period in the case of any continuing violation of the Governing Documents after notice and a hearing pursuant to Section 3.24 of the By-Laws;

(e) The right of the Association, acting through the Board, to dedicate or transfer all or any part of the Common Area, subject to such approval requirements as may be set forth in this Declaration;

(f) The right of the Board to impose reasonable membership requirements and charge reasonable admission or other use fees for the use of any recreational facility currently situated upon the Common Area or which may be constructed in the future, including, without limitation, a membership club, open to Owners and others who do not own a Unit within the Properties;

(g) The right of the Board to permit use of any recreational facilities currently situated on the Common Area or which may be constructed in the future, including, without limitation, a membership club, by persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board;

(h) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements set forth in Sections 16.9 and 18.4; and

(i) The rights of certain Owners to the exclusive use of those portions of the Common Area designated "Exclusive Common Areas," as described in Article XII.

Any Owner may extend his or her right of use and enjoyment to the members of his or her family, lessees, and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases his or her Unit shall be deemed to have assigned all such property rights to the lessee of such Unit.

11.2. Easements of Encroachment. The Declarant grants reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units or any Unit and any Private Amenity due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.3. Easements for Utilities, Etc.

(a) The Declarant reserves for itself, so long as the Declarant owns any property described on Exhibits "A" or "B" of this Declaration, and grants to the Association and all utility providers, perpetual non-exclusive easements throughout all of the Properties (but not through a structure) to the extent reasonably necessary for the purpose of:

(i) installing utilities and infrastructure to serve the Properties on property which Declarant owns or within public rights-of-way or easements reserved for such purpose on recorded plats;

(ii) inspecting, maintaining, repairing and replacing utilities and infrastructure to serve the Properties; cable and other systems for sending and receiving data and/or other electronic signals; security and similar systems; walkways, pathways and trails; drainage systems; street lights and signage; and

(iii) access to read utility meters.

(b) Declarant also reserves for itself the non-exclusive right and power to grant and record in the Public Records such specific easements as may be necessary, in the sole discretion of Declarant, in connection with the orderly development of any property described on Exhibits "A" and "B." The Owner of any property to be burdened by any easement granted pursuant to this subsection (b) shall be given written notice in advance of the grant. The location of the easement shall be subject to the written approval of the Owner of the burdened property, which approval shall not unreasonably be withheld, delayed or conditioned.

(c) All work associated with the exercise of the easements described in subsections (a) and (b) of this Section shall be performed in such a manner as to minimize interference with the use and enjoyment of the property burdened by the easement. Upon completion of the work, the Person exercising the easement shall restore the property, to the extent reasonably possible, to its condition prior to the commencement of the work. The exercise of these easements shall not extend to permitting entry

into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.4. Easements to Serve Additional Property. The Declarant hereby reserves for itself and its duly authorized agents, successors, assigns, and Mortgagees an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for construction of roads and for connecting and installing utilities on such property.

Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of vehicular traffic connected with development of such property. Declarant further agrees that if the easement is exercised for permanent access to such property and such property or any portion thereof benefiting from such easement is not made subject to this Declaration, the Declarant, its successors or assigns shall enter into a reasonable agreement with the Association to share the cost of any maintenance which the Association provides to or along any roadway providing access to such Property.

11.5. Easements for Maintenance, Emergency and Enforcement. The Declarant grants to the Association easements over the Properties as necessary to enable the Association to fulfill its maintenance responsibilities under Section 7.2. The Association shall also have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance, to enforce the Governing Documents, and to inspect for the purpose of ensuring compliance with the Governing Documents. Such right may be exercised by any member of the Board and its duly authorized agents and assignees, and all emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner.

11.6. Easements for Lake and Pond Maintenance and Flood Water. The Declarant reserves for itself, the Association, and their successors, assigns, and designees, the nonexclusive right and easement, but not the obligation, to enter upon bodies of water and wetlands located within the Area of Common Responsibility to operate and maintain structures and equipment used for retaining water in a manner consistent with the Community-Wide Standard. The Declarant, the Association, and their successors, assigns and designees shall have an access, maintenance, and landscaping easement over and across any of the Properties abutting or containing bodies of water, or wetlands to the extent reasonably necessary to exercise their rights under this Section. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural occurrences.

11.7. Easements for Golf Courses.

(a) If and to the extent one or more golf courses are developed within the Master Plan, every Unit and the Common Area and the common property of any Neighborhood Association are burdened with an easement permitting golf balls unintentionally to come upon such areas, and for golfers at reasonable times and in a reasonable manner to come upon the Common Area, common property of a Neighborhood, or the exterior portions of a Unit to retrieve errant golf balls; provided, however, if any Unit is fenced or walled, the golfer shall seek the Owner's permission before entry. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement: the Declarant; the Association or its Members (in their capacity as such); the owner of the golf course, its successors, successors-in-title or assigns; any builder

or contractor (in their capacities as such); any officer, director or partner of any of the foregoing, or any officer or director of any partner.

(b) The owner of any golf course within or adjacent to any portion of the Properties, its agents, successors and assigns, shall at all times have a right and non-exclusive easement of access and use over those portions of the Common Areas reasonably necessary to the operation, maintenance, repair and replacement of its golf course.

(c) Any portion of the Properties immediately adjacent to any golf course is hereby burdened with a non-exclusive easement in favor of the adjacent golf course for overspray of water from the irrigation system serving such golf course. Under no circumstances shall the Association or the owner of such golf course be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

(d) The owner of any golf course within or adjacent to any portion of the Properties, its successors and assigns, shall have a perpetual, exclusive easement of access over the Properties for the purpose of retrieving golf balls from bodies of water within the Common Areas lying reasonably within range of golf balls hit from its golf course.

Article XII
EXCLUSIVE COMMON AREAS

12.1. Purpose. Certain portions of the Common Area may be designated as Exclusive Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Exclusive Common Areas may include entry features, recreational facilities, landscaped medians and cul-de-sacs, lakes and other portions of the Common Area within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of an Exclusive Common Area shall be a Neighborhood Expense allocated among the Owners in the Neighborhood(s) to which the Exclusive Common Areas are assigned.

12.2. Designation. Initially, any Exclusive Common Area shall be designated as such in the deed conveying such area to the Association or on the subdivision plat relating to such Common Area; provided, however, any such assignment shall not preclude the Declarant from later assigning use of the same Exclusive Common Area to additional Units and/or Neighborhoods, so long as the Declarant has a right to subject additional property to this Declaration pursuant to Section 9.1.

Thereafter, a portion of the Common Area may be assigned as Exclusive Common Area and Exclusive Common Area may be reassigned upon approval of the Board and the vote of Voting Members representing a majority of the total Class "A" votes in the Association, including a majority of the Class "A" votes within the Neighborhood(s) affected by the proposed assignment or reassignment. As long as the Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1, any such assignment or reassignment shall also require the Declarant's written consent.

12.3. Use by Others. The Association may, upon approval of a majority of the members of the Neighborhood Committee or board of directors of the Neighborhood Association for the Neighborhood(s) to which any Exclusive Common Area is assigned, permit Owners of Units in other Neighborhoods to use all or a portion of such Exclusive Common Area upon payment of reasonable user

fees, which fees shall be used to offset the Neighborhood Expenses attributable to such Exclusive Common Area.

Article XIII
PARTY WALLS AND OTHER SHARED STRUCTURES

13.1. General Rules of Law to Apply. Each wall, fence, driveway or similar structure built as a part of the original construction on the Units which serves and/or separates any two adjoining Units shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

13.2. Maintenance; Damage and Destruction. The cost of reasonable repair and maintenance of a party structure shall be shared equally by the Owners who make use of the party structure.

If a party structure is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the structure may restore it. If other Owners thereafter use the structure, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions.

13.3. Right to Contribution Runs With Land. 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.

13.4. Disputes. Any dispute arising concerning a party structure shall be handled in accordance with the provisions of Article XIV.

PART SIX: RELATIONSHIPS WITHIN AND OUTSIDE THE COMMUNITY

Article XIV
DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

14.1. Consensus for Association Litigation. The Association shall not commence a judicial or administrative proceeding without the approval at least 75% of the Voting Members. A Voting Member representing Units owned by Persons other than himself shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of Owners holding 75% of the total votes attributable to Units in the Neighborhood represented by the Voting Member. This Section shall not apply, however, to (a) actions brought by the Association to enforce the Governing Documents (including, without limitation, the foreclosure of liens); (b) the collection of assessments; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

14.2. Alternative Method for Resolving Disputes. The Declarant, the Association, its officers, directors, and committee members, all Persons subject to this Declaration, any Builder, and any

Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes described in Section 14.3 ("Claims") shall be resolved using the procedures set forth in Section 14.4 in lieu of filing suit in any court.

14.3. Claims. Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Properties shall be subject to the provisions of Section 14.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 14.4:

(a) any suit by the Association against any Bound Party to enforce the provisions of Article VIII;

(b) any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article III and Article IV;

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

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

(e) any suit as to which the applicable statute of limitations would expire within 180 days of the Notice pursuant to Section 14.4(a), unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 14.4.

14.4. Mandatory Procedures.

(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

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

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

(iii) Claimant's proposed remedy; and

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

(b) Negotiation and Mediation.

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

(ii) If the Parties do not resolve the Claim within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days to submit the Claim to mediation under the auspices of an independent mediation agency with whom the Association has contracted to provide such services to Rancho Sahuarita Village, or, if the Association has not entered into such an agreement, an independent agency providing dispute resolution services in the Tucson area as agreed upon by the Parties.

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

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

(v) Within five days of the Termination of Mediation, the Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent, and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(c) Final and Binding Arbitration.

(i) If the Parties do not agree in writing to a settlement of the Claim within 15 days of the Termination of Mediation, the Claimant shall have 15 additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration contained in Exhibit "D" or such rules as may be required by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons other than Claimant.

(ii) This subsection (c) is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of Arizona. The arbitration award (the "Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Arizona.

14.5. Allocation of Costs of Resolving Claims.

(a) Subject to Section 14.5(b), each Party shall bear its own costs, including attorneys fees, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

(b) Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent's Settlement Offer shall award to such Respondent its Post Mediation Costs.

14.6. Enforcement of Resolution. After resolution of any Claim, if any Party fails to abide by the terms of any agreement or Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section 14.4. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys' fees and court costs.

Article XV
AMENITIES

15.1. Private Amenities. Access to and use of any Private Amenity is strictly subject to the rules and procedures of the owner of such Private Amenity, and no Person gains any right to enter or to use any Private Amenity by virtue of membership in the Association or ownership or occupancy of a Unit.

All Persons are hereby advised that no representations or warranties have been or are made by the Declarant, the Association, any Builder, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership or operation of the Private Amenities. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity.

The ownership or operation of any Private Amenity may change at any time by virtue of, but without limitation, (a) the sale to or assumption of operations by an independent Person, (b) establishment of, or conversion of the membership structure to, an "equity" club or similar arrangement whereby the members of a Private Amenity or an entity owned or controlled by its members become the owner(s) and/or operator(s) of the Private Amenity, or (c) the conveyance of a Private Amenity to one or more affiliates, shareholders, employees, or independent contractors of the Declarant. No consent of the Association, any Neighborhood Association, any Voting Member, or any Owner shall be required to effectuate any change in ownership or operation of any Private Amenity, subject to the terms of any written agreements entered into by such owners.

Rights to use the Private Amenities will be granted only to such persons, and on such terms and conditions, as may be determined by their respective owners. Such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether.

15.2. Park Area.

(a) Ownership and Use. A portion of the Common Area will include two neighborhood park areas. Such areas shall be available for use by Owners and Occupants, and owners of other residential and, nonresidential properties, and their guests, invitees and licensees, within the Master Plan for Rancho Sahuarita Village, regardless of whether such Persons are subject to this Declaration.

All Persons, including all Owners, are hereby advised that no representations or warranties have been or are made by the Declarant or any other Person with regard to the continuing ownership or use of such park areas. No purported representation or warranty, written or oral, in such regard, shall ever be effective without an amendment hereto executed by Declarant.

All Owners' and Occupants' right to use and interest in the park areas shall be subject to the right of the Association to improve, sell, mortgage, pledge, or hypothecate these areas, or any part thereof, to another association, a master association, any governmental entity, or other Person or entity.

(b) Maintenance. If and so long as the park areas are owned by the Association, it shall be responsible for maintaining them and responsible for maintaining, repairing, replacing and insuring all improvements located thereon, and any real and personal property associated therewith. The expense of such maintenance shall be a Common Expense unless the Board establishes any special use fees for such areas pursuant to Section 11.1, or portions of the expenses are allocated as a Neighborhood Expense. The Association shall have the authority to enter into agreements or a Covenant to Share Costs with any other community association or homeowners association, or commercial entity or association, which allocates use rights and obligates the beneficiaries to contribute to the maintenance costs.

(c) Assumption of the Risk. Each Owner, by acceptance of a deed to a Unit, acknowledges on behalf of himself and all Occupants of such Unit, and all Persons making use of the park areas acknowledge, that there are inherent dangers associated with the use of such areas. Natural and man-made hazards may exist. The Association may, but shall not be obligated to, maintain or support certain activities, personnel, and programs to enhance the safety; however, each Owner and each Person making use of such areas assumes all risks. Neither the Association, its officers, directors, employees or agents, the Declarant, its partners or affiliates, nor any committee created to promote or address safety shall be insurers of any Person's safety while using such park areas, nor shall any of them be liable for any injury, loss, or damage arising out of use of such areas by any Person, by reason of failure to warn, failure to keep the areas in a safe condition, failure to take adequate safety precautions or address known problems, ineffectiveness of safety measures undertaken, or any other reason.

15.3 Rancho Sahuarita Village Parks. Declarant has dedicated to the Town of Sahuarita, Arizona, 15 acres of land for the construction of a public park consisting of an approximately 10 acre lake and an approximately five acre perimeter park ("Lake Park"). The Association has no obligation to maintain or administer the Lake Park. The Association, in its sole and absolute discretion, may enter into an agreement with the Town of Sahuarita, Arizona, to maintain and/or improve the Lake Park. Such maintenance and/or improvement may include, without limitation, enhancing landscaping, installing additional irrigation, and constructing recreational facilities. The Association's maintenance and/or improvement of the Lake Park shall not be a Common Expense of the Association unless the Association has entered into an agreement with the Town of Sahuarita, Arizona, to maintain and/or improve the Lake Park. The Association shall only use the funds, if any, transferred from the "Park Distribution Account," as such term is defined in the Park and Special Recreational Facilities Agreement, into the "HOA Park Account," as such term is also defined in the Park and Special Recreational Facilities Agreement. No other funds of the Association shall be used to maintain any portion of the Lake Park unless the area to be maintained is also a part of the Area of Common Responsibility.

In addition, the Association shall use the funds, if any, transferred from the "Park Distribution Account" to the "HOA Park Account" for maintenance and/or improvement of the "Rancho Sahuarita Village Parks" as such term is defined in the Park and Special Recreational Facilities Agreement. No other funds of the Association shall be used to maintain the Rancho Sahuarita Village Parks unless the area to be maintained is also a part of the Area of Common Responsibility.

Article XVI
MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers and guarantors of first Mortgages on Units in the Properties. The provisions of this Article apply to both this Declaration and to the By-Laws, notwithstanding any other provisions contained therein.

16.1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the street address of the Unit to which its Mortgage relates, thereby becoming an "Eligible Holder"), will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Governing Documents relating to such Unit or the Owner or Occupant which is not cured within 60 days;

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or

(d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

16.2. Special FHLMC Provision. So long as required by the Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the foregoing. Unless at least 67% of the first Mortgagees or Voting Members representing at least 67% of the total Association vote consent, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer all or any portion of the real property comprising the Common Area which the Association owns, directly or indirectly (the granting of easements for utilities or other similar purposes consistent with the intended use of the Common Area shall not be deemed a transfer within the meaning of this subsection);

(b) Change the method of determining the obligations, assessments, dues, or other charges which may be levied against an Owner of a Unit (a decision, including contracts, by the Board or provisions of any declaration subsequently recorded on any portion of the Properties regarding assessments for Neighborhoods or other similar areas shall not be subject to this provision where such decision or subsequent declaration is otherwise authorized by this Declaration);

(c) By act or omission change, waive, or abandon any scheme of regulations or enforcement pertaining to architectural design, exterior appearance or maintenance of Units and the Common Area (the issuance and amendment of architectural standards, procedures, rules and regulations, or use restrictions shall not constitute a change, waiver, or abandonment within the meaning of this provision);

(d) Fail to maintain insurance, as required by this Declaration; or

(e) Use hazard insurance proceeds for any Common Area losses for other than the repair, replacement, or reconstruction of such property.

First Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Area and may pay overdue premiums on casualty insurance policies or secure new casualty insurance coverage upon the lapse of an Association policy, and first Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

16.3. Other Provisions for First Lien Holders. To the extent not inconsistent with State of Arizona law:

(a) Any restoration or repair of the Properties after a partial condemnation or damage due to an insurable hazard shall be performed substantially in accordance with this Declaration and the original plans and specifications unless the approval is obtained of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

(b) Any election to terminate the Association after substantial destruction or a substantial taking in condemnation shall require the approval of the Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to Mortgages held by such Eligible Holders are allocated.

16.4. Amendments to Documents. The following provisions do not apply to amendments to the constituent documents or termination of the Association as a result of destruction, damage, or condemnation pursuant to Section 16.3(a) and (b), or to the addition of land in accordance with Article IX.

(a) The consent of Voting Members representing at least 67% of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of the Eligible Holders of first Mortgages on Units to which at least 67% of the votes of Units subject to a Mortgage appertain, shall be required to terminate the Association.

(b) The consent of Voting Members representing at least 67% of the Class "A" votes and of the Declarant, so long as it owns any land subject to this Declaration, and the approval of Eligible Holders of first Mortgages on Units to which more than 50% of the votes of Units subject to a Mortgage appertain, shall be required materially to amend any provisions of the Declaration, By-Laws, or Articles of Incorporation, or to add any material provisions thereto which establish, provide for, govern, or regulate any of the following:

(i) voting;

(ii) assessments, assessment liens, or subordination of such liens;

(iii) reserves for maintenance, repair, and replacement of the Common Area;

(iv) insurance or fidelity bonds;

(v) rights to use the Common Area;

(vi) responsibility for maintenance and repair of the Properties;

(vii) expansion or contraction of the Properties or the addition, annexation, or withdrawal of Properties to or from the Association;

(viii) boundaries of any Unit;

(ix) leasing of Units;

(x) imposition of any right of first refusal or similar restriction of the right of any Owner to sell, transfer, or otherwise convey his or her Unit;

(xi) establishment of self-management by the Association where professional management has been required by an Eligible Holder; or

(xii) any provisions included in the Declaration, By-Laws, or Articles of Incorporation which are for the express benefit of holders, guarantors, or insurers of first Mortgages on Units.

16.5. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

16.6. Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Unit.

16.7. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within 30 days of the date of the Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

16.8. Construction of Article XVI. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, By-Laws, or State of Arizona law for any of the acts set out in this Article.

16.9. HUD/VA Approval. As long as there is a Class "B" membership, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the Mortgage on any Unit: merger, consolidation or dissolution of the Association; annexation of additional property other than that described on Exhibit "B"; dedication, conveyance or mortgaging of Common Area; or material amendment of this Declaration. The granting of easements for utilities or other similar purposes

consistent with the intended use of the Common Area shall not be deemed a conveyance within the meaning of this Section.

PART SEVEN: CHANGES IN THE COMMUNITY

Article XVII
CHANGES IN OWNERSHIP OF UNITS

17.1. Notice to Association. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. Each Owner shall pay to the Association a transfer fee to defray the administrative cost to the Association of such transfer in an amount to be established by Board resolution. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until the date upon which such written notice is received by the Board or the Board otherwise receives actual written notice, notwithstanding the transfer of title; provided, notice to the Association under this Section is not intended to and does not relieve the transferor of the personal obligation established by Section 8.7(a).

17.2. Community Enhancement Fee.

(a) Authority. As an additional funding source, the Board shall collect a Community Enhancement Fee upon each transfer of title to a Unit. The fee shall be charged to the seller of the Unit, shall be payable to the Association at the closing of the transfer, and shall be secured by the Association's lien for assessments under Section 8.8. Each Owner shall notify the Association's Secretary, or designee, at least seven days prior to the scheduled closing and provide the name of the buyer, the date of title transfer, and other information the Board may reasonably require.

(b) Fee Amount. The fee shall be based on the "gross selling price" of the Unit. The gross selling price is the total cost to the purchaser of the Unit, excluding transfer taxes and title fees imposed by the Town of Sahuarita, Pima County and/or the State of Arizona. The initial fee shall equal one-half of one percent (0.50%) of the Unit's gross selling price. The fee shall equal three-quarters of one percent (0.75%) of the Unit's gross selling price beginning January 1, 2006, and 1.00 percent (1.00%) of the Unit's gross selling price beginning January 1, 2011.

(c) Purpose. Community Enhancement Fees shall be used for purposes which the Board deems beneficial to the general good and welfare of Rancho Sahuarita Village. By way of example and not limitation, Community Enhancement Fees might be used to assist the Association or one or more tax-exempt entities in funding:

(i) preservation and maintenance of natural areas or similar conservation areas, and sponsorship of educational programs and activities which contribute to the overall understanding, appreciation, and preservation of the natural environment within and surrounding Rancho Sahuarita Village;

(ii) programs, services, activities, and infrastructure or improvements which serve to promote a sense of community within Rancho Sahuarita Village, such as recreational leagues, cultural programs, educational programs, festivals and holiday celebrations and activities, and a community computer network;

(iii) Association reserve accounts; and

(iv) operating and maintenance costs.

(d) Exempt Transfers. Notwithstanding the above, no Community Enhancement Fee shall be levied upon transfer of title to a Unit:

(i) by or to Declarant;

(ii) by or to a Builder who held title solely for purposes of development and resale;

(iii) by a co-owner to any Person who was a co-owner immediately prior to such transfer;

(iv) to or from a trust established to satisfy any applicable laws or requirements regarding the providing of assurances relative to the construction of improvements within the Properties if the transfer is to the beneficiary of such trust or from the beneficiary of such trust to such trust;

(v) to the Owner's estate, surviving spouse, or heirs at law upon the death of the Owner;

(vi) to an entity wholly owned by the grantor or to a family trust created by the grantor for the benefit of grantor, his or her spouse, and/or heirs at law; provided, upon any subsequent transfer of an ownership interest in such entity, the Community Enhancement Fee shall become due;

(vii) to an institutional lender pursuant to a Mortgage or upon foreclosure of a Mortgage; or

(viii) to or from a landbanker who upon its acquisition of title to Units enters into an option agreement with a Builder pursuant to which the Builder has the right to acquire such Units from such landbanker and the subsequent transfer from such landbanker to such Builder.

Article XVIII
CHANGES IN COMMON AREA

18.1. Condemnation. If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Voting Members representing at least 67% of the total Class "A" votes in the Association and of the Declarant, as long as the Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Association to be disbursed as follows:

If the taking or conveyance involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements on the remaining land included in the Common Area to the extent available, unless within 60 days after such taking the Declarant, so long as the Declarant owns any property subject to the Declaration or which may be made subject to the Declaration in accordance with Section 9.1, and Voting Members representing at least 75%

of the total Class "A" vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Section 7.3(c) regarding funds for restoring improvements shall apply.

If the taking or conveyance does not involve any improvements on the Common Area, or if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board shall determine.

18.2. Partition. Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action partition of any portion of the Common Area without the written consent of all Owners and Mortgagees. This Section shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

18.3. Transfer or Dedication of Common Area. The Association may dedicate portions of the Common Area to Pima County, Arizona, the Town of Sahuarita, or to any other local, state, or federal governmental or quasi-governmental entity, subject to such approval as may be required by Sections 16.9 and 18.4.

18.4. Actions Requiring Owner Approval. If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs is insuring or guaranteeing the Mortgage on any Unit, then the following actions shall require the prior approval of Voting Members representing not less than two-thirds (2/3) of the total Class "A" votes in the Association and the consent of the Class "B" Member, if such exists: merger, consolidation or dissolution of the Association; annexation of additional property other than that described on Exhibit "B"; and dedication, conveyance or mortgaging of Common Area. Notwithstanding anything to the contrary in Section 18.1 or this Section, the Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

Article XIX
AMENDMENT OF DECLARATION

19.1. By Declarant. In addition to specific amendment rights granted elsewhere in this Declaration and subject to the provisions of Article XVI, until termination of the Class "B" membership, Declarant may unilaterally amend this Declaration for any purpose. Thereafter, the Declarant may unilaterally amend this Declaration if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units; (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units; or (iv) to satisfy the requirements of any local, state or federal governmental agency. However, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent in writing. In addition, so long as the Declarant owns property described on Exhibits "A" or "B" for development as part of the Properties, it may unilaterally amend this Declaration for any other purpose, provided the amendment has no materially adverse effect upon the rights of more than 2% of the Members.

19.2. By Members. Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 75% of the total Class "A" votes in the Association, including 75% of the Class "A" votes held by Members other than the Declarant, and the consent of the Declarant, so long the Declarant owns any property subject to this Declaration or which may become subject to this Declaration in accordance with Section 9.1. In addition, the approval requirements set forth in Article XVI shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

19.3. Validity and Effective Date. No amendment may remove, revoke, or modify any right or privilege of the Declarant, Builder, or the Class "B" Member without the written consent of the Declarant, Builder, or the Class "B" Member, respectively (or the assignee of such right or privilege).

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

Any amendment shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

19.4. Exhibits. Exhibits "A," "B," and "D" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by this Article. Exhibits "C," "E" and "F" are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

DECLARANT: Rancho Sahuarita I, LLC, an Arizona limited liability company

By: Kenneth LTD, an Arizona corporation

By: _____
Mark Schulz, President

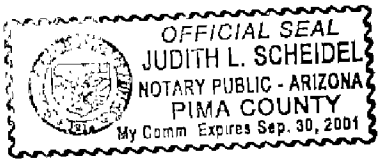
STATE OF ARIZONA)
) ss.
COUNTY OF PIMA)

On this 13th day of December 2000, before me, the undersigned officer, personally appeared Mark Schulz, who acknowledged himself (herself) to be the President, and that such capacity, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation.

_____
Notary Public

My Commission Expires: _____

Notary Seal



506101/Rancho Sahuarita Residential/CADocs/FINAL CCR-072600

EXHIBIT A

PARCEL 1:

Blocks 6, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 54, 55, 56, 57, 58, 59, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats, page 77.

EXCEPTING all dedicated and existing well sites.

PARCEL 2:

All that portion of Common Area "B" lying adjacent to and abutting Blocks 13, 54, 17 and 22 of The Final Block Plat of RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 3:

All that portion of Common Area "C" lying adjacent to and abutting Blocks 6, 13, 54, 17, 22, and 23 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77;

PARCEL 4:

Block 11 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 5:

Block 7, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County recorder in Book 52 of Maps and Plats, page 77;

EXCEPTING the following described parcel:

Description of Wastewater Treatment Site in Block 7:
A part of Block 7, RANCHO SAHUARITA, Book 52 of Maps and Plats at page 77, Pima County Recorder's Office, Pima County, Arizona, described as follows:

Beginning at the most Easterly corner of Block 7;

Thence South 33°31'23" West along the Southeasterly boundary of Block 7 a distance of 134.04 feet;

Thence North 35°00'00" West, 38.04 feet;

Thence North 85°25'55" West, 583.62 feet;

Thence North 04°34'05" East, 286.71 feet;

Thence North 21°11'06" East 70.58 feet to the Northeasterly boundary of Block 7;

Thence South 70°00'00" East along said Northeasterly boundary a distance of 455.80 feet to a point of curvature of a tangent curve concave to the Southwest;

Thence Southeasterly along said Northeasterly boundary, along the arc of said curve, to the right, having a radius of 400.00 feet, with a chord of South 51°11'41" East 257.88 feet, and a central angle of 37°36'38" for an arc distance of 262.57 feet to the POINT OF BEGINNING.

EXHIBIT "B"

Land Subject To Annexation

Blocks 1 through 62 and common areas A and B of Rancho Sahuarita, Book 52 of Maps and Plats at Page 77, Pima County Recorder's Office, Pima County, Arizona

Except the following described property:

Blocks 26, 27, 60, 61 and 62

And Further Excepting therefrom:

Parcels 1, 2, 3, 4 and 5 of the Legal Description attached hereto as Schedule 1.

Schedule 1

PARCEL 1:

Blocks 6, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 54, 55, 56, 57, 58, 59, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats, page 77.

EXCEPTING all dedicated and existing well sites.

PARCEL 2:

All that portion of Common Area "B" lying adjacent to and abutting Blocks 13, 54, 17 and 22 of The Final Block Plat of RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 3:

All that portion of Common Area "C" lying adjacent to and abutting Blocks 6, 13, 54, 17, 22, and 23 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77;

PARCEL 4:

Block 11 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 5:

Block 7, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County recorder in Book 52 of Maps and Plats, page 77;

EXCEPTING the following described parcel:

Description of Wastewater Treatment Site in Block 7:
A part of Block 7, RANCHO SAHUARITA, Book 52 of Maps and Plats at page 77, Pima County Recorder's Office, Pima County, Arizona, described as follows:

Beginning at the most Easterly corner of Block 7;

Thence South 33°31'23" West along the Southeasterly boundary of Block 7 a distance of 134.04 feet;

Thence North 35°00'00" West, 38.04 feet;

Thence North 85°25'55" West, 583.62 feet;

Thence North 04°34'05" East, 286.71 feet;

Thence North 21°11'06" East 70 58 feet to the Northeasterly boundary of Block 7,

Thence South 70°00'00" East along said Northeasterly boundary a distance of 455 80 feet to a point of curvature of a tangent curve concave to the Southwest,

Thence Southeasterly along said Northeasterly boundary, along the arc of said curve, to the right, having a radius of 400.00 feet, with a chord of South 51°11'41" East 257.88 feet, and a central angle of 37°36'38" for an arc distance of 262.57 feet to the POINT OF BEGINNING

EXHIBIT "C"

Initial Use Restrictions

The following restrictions shall apply to all of the Properties until such time as they are amended, modified, repealed or limited by rules of the Association adopted pursuant to Article III of the Declaration.

1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by the Declarant to assist in the sale of property described on Exhibits "A" or "B," offices for any property manager retained by the Association, or business offices for the Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Parking of any vehicles on private streets or thoroughfares, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles or inoperable vehicles in places other than enclosed garages; provided, however, any vehicles used by Declarant, Builders and their contractors during the construction of improvements within the Properties, moving vans, delivery and other service and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Area;

(b) Raising, breeding or keeping of animals, livestock, or poultry of any kind, except that a total of two dogs or cats, and a reasonable number of birds, fish, or other usual and common household pets may be permitted in a Unit; provided that such pets are not kept, bred, or maintained for any commercial purpose, do not endanger the health or unreasonably disturb the Owner or occupants of any other Units, and do not create a nuisance. Those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. All pets shall be kept on a leash or otherwise confined so as to be under the complete physical control of a responsible person whenever outside the Unit. The keeping of pets and their ingress, egress, and travel upon the Common Areas shall be subject to such rules and regulations as the Board may promulgate. Failure to comply with this restrictions or such rules and regulations shall be grounds for the Board to bar the pet from use or travel upon the Common Areas. The Board may subject pet ingress, egress, use, or travel upon the Common Areas to a user fee, which may be a general fee for all similarly situated persons or a specific fee imposed for failure of an Owner or occupant to abide by the rules, regulations, and restrictions applicable to pets. Pets shall be registered, licensed and inoculated as required by law;

(c) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

(d) Any activity which violates local, state or federal laws or regulations; however, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy or untidy condition to exist outside of enclosed structures on the Unit;

(f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Area or to the occupants of other Units, including the keeping of any thing or condition upon a Unit which shall induce, breed, or harbor infectious plant diseases or noxious insects,

(g) Outside burning of trash, leaves, debris or other materials, except during the normal course of constructing a dwelling on a Unit,

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes,

(i) Use and discharge of firecrackers and other fireworks,

(j) Dumping of grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Properties, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant and Builders may dump and bury rocks and trees removed from a building site on such building site,

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers,

(l) Obstruction or rechanneling of drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that the Declarant and the Association shall have such right, provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent,

(m) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and filed in the Public Records, except that the Declarant and a Builder with the prior written approval of Declarant shall be permitted to subdivide or replat Units which they own,

(n) Swimming, boating, use of personal floatation devices, or other active use, including fishing, of lakes, ponds, streams or other bodies of water within the Properties, except that Declarant, its successors and assigns, shall be permitted and shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas and to draw water from lakes, ponds and streams within the Properties for purposes of irrigation and such other purposes as Declarant shall deem desirable The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of rivers, lakes, ponds, streams or other bodies of water within or adjacent to the Properties,

(o) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program with respect to Units which it owns,

(p) Discharge of firearms, provided, the Board shall have no obligation to take action to prevent or stop such discharge,

EXHIBIT "D"

Rules of Arbitration

1. Claimant shall submit a Claim to arbitration under these Rules by giving written notice to all other Parties stating plainly and concisely the nature of the Claim, the remedy sought and Claimant's submission of the Claim to arbitration ("Arbitration Notice").

2. The Parties shall select arbitrators ("Party Appointed Arbitrators") as follows: all the Claimants shall agree upon one Party Appointed Arbitrator, and all the Respondents shall agree upon one Party Appointed Arbitrator. The Party Appointed Arbitrators shall, by agreement, select one neutral arbitrator ("Neutral") so that the total arbitration panel ("Panel") has three arbitrators.

3. If the Panel is not selected under Rule 2 within 45 days from the date of the Arbitration Notice, any party may notify the nearest chapter of the Community Associations Institute, for any dispute arising under the Governing Documents, or the American Arbitration Association, or such other independent body providing arbitration services, for any dispute relating to the design or construction of improvements on the Properties, which shall appoint one Neutral ("Appointed Neutral"), notifying the Appointed Neutral and all Parties in writing of such appointment. The Appointed Neutral shall thereafter be the sole arbitrator and any Party Appointed Arbitrators or their designees shall have no further duties involving the arbitration proceedings.

4. No person may serve as a Neutral in any arbitration in which that person has any financial or personal interest in the result of the arbitration. Any person designated as a Neutral or Appointed Neutral shall immediately disclose in writing to all Parties any circumstance likely to affect impartiality, including any bias or financial or personal interest in the outcome of the arbitration ("Bias Disclosure"). If any Party objects to the service of any Neutral or Appointed Neutral after receipt of that Neutral's Bias Disclosure, such Neutral or Appointed Neutral shall be replaced in the same manner in which that Neutral or Appointed Neutral was selected.

5. The Appointed Neutral or Neutral, as the case may be ("Arbitrator") shall fix the date, time and place for the hearing. The place of the hearing shall be within the Properties unless otherwise agreed by the Parties. In fixing the date of the hearing, or in continuing a hearing, the Arbitrator shall take into consideration the amount of time reasonably required to determine Claimant's damages accurately.

6. Any Party may be represented by an attorney or other authorized representative throughout the arbitration proceedings. In the event the Respondent fails to participate in the arbitration proceeding, the Arbitrator may not enter an Award by default, but shall hear Claimant's case and decide accordingly.

7. All persons who, in the judgment of the Arbitrator, have a direct interest in the arbitration are entitled to attend hearings. The Arbitrator shall determine any relevant legal issues, including whether all indispensable parties are Bound Parties or whether the claim is barred by the statute of limitations.

8. There shall be no stenographic record of the proceedings.

9. The hearing shall be conducted in whatever manner will, in the Arbitrator's judgment, most fairly and expeditiously permit the full presentation of the evidence and arguments of the Parties.

The Arbitrator may issue such orders as it deems necessary to safeguard rights of the Parties in the dispute without prejudice to the rights of the Parties or the final determination of the dispute.

10. If the Arbitrator decides that it has insufficient expertise to determine a relevant issue raised during arbitration, the Arbitrator may retain the services of an independent expert who will assist the Arbitrator in making the necessary determination. The scope of such professional's assistance shall be determined by the Arbitrator in the Arbitrator's discretion. Such independent professional must not have any bias or financial or personal interest in the outcome of the arbitration, and shall immediately notify the Parties of any such bias or interest by delivering a Bias Disclosure to the Parties. If any Party objects to the service of any professional after receipt of a Bias Disclosure, such professional shall be replaced by another independent licensed professional selected by the Arbitrator.

11. No formal discovery shall be conducted in the absence of express written agreement among all the Parties. The only evidence to be presented at the hearing shall be that which is disclosed to all Parties at least 30 days prior to the hearing; provided, however, no Party shall deliberately withhold or refuse to disclose any evidence which is relevant and material to the Claim, and is not otherwise privileged. The Parties may offer such evidence as is relevant and material to the Claim, and shall produce such additional evidence as the Arbitrator may deem necessary to an understanding and determination of the Claim. The Arbitrator shall be the sole judge of the relevance and materiality of any evidence offered, and conformity to the legal rules of evidence shall not be necessary. The Arbitrator shall be authorized, but not required, to administer oaths to witnesses.

12. The Arbitrator shall declare the hearings closed when satisfied the record is complete.

13. There will be no posthearing briefs.

14. The Award shall be rendered immediately following the close of the hearing, if possible, and no later than 14 days from the close of the hearing, unless otherwise agreed by the Parties. The Award shall be in writing, shall be signed by the Arbitrator and acknowledged before a notary public. If the Arbitrator believes an opinion is necessary, it shall be in summary form.

15. If there is more than one arbitrator, all decisions of the Panel and the Award shall be by majority vote.

16. Each Party agrees to accept as legal delivery of the Award the deposit of a true copy in the mail addressed to that Party or its attorney at the address communicated to the Arbitrator at the hearing.

BY-LAWS

OF

RANCHO SAHUARITA VILLAGE PROGRAM ASSOCIATION, INC.

Article I
Name, Principal Office, and Definitions

1.1. Name. The name of the corporation is Rancho Sahuarita Village Program Association, Inc. (the "Association").

1.2. Principal Office. The principal office of the Association shall be located in Pima County, Arizona. The Association may have such other offices, either within or outside the State of Arizona, as the Board of Directors may determine or as the affairs of the Association may require.

1.3. Definitions. The words used in these By-Laws shall be given their normal, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in that certain Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village filed in the Public Records, as it may be amended (the "Declaration"), unless the context indicates otherwise.

Article II
Association: Membership, Meetings, Quorum, Voting, Proxies

2.1. Membership. The Association shall have two classes of membership, Class "A" and Class "B," as more fully set forth in the Declaration, the terms of which pertaining to membership are incorporated by this reference.

2.2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as the Board may designate, either within the Properties or as convenient as possible and practical.

2.3. Annual Meetings. The first meeting of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Meetings shall be of the Voting Members. Subsequent regular annual meetings shall be set by the Board so as to occur during the third quarter of the Association's fiscal year on a date and at a time set by the Board.

2.4. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Voting Members representing at least 10% of the total Class "A" votes of the Association.

2.5. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member entitled to vote at such meeting, not less than 10 nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his address as it appears on the records of the Association, with postage prepaid.

2.6. Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver by such Voting Member of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

The Voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Voting Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8. Voting. The voting rights of the Members shall be as set forth in the Declaration and in these By-Laws, and such voting rights provisions are specifically incorporated by this reference.

2.9. Proxies. Voting Members may not vote by proxy but only in person or through their designated alternates; provided, however, any Voting Member who is only entitled to cast the vote(s) for his own Unit(s) pursuant to Section 6.4(b) of the Declaration may cast such vote in person or by proxy until such time as the Board first calls for election of a Voting Member to represent the Neighborhood of which the Unit is a part. On any matter as to which a Member is entitled personally to cast the vote for his Unit, such vote may be cast in person or by proxy, subject to the limitations of State of Arizona law relating to use of general proxies and subject to any specific provision to the contrary in the Declaration or these By-Laws. Every proxy shall be in writing specifying the Unit for which it is given, signed by the Member or his duly authorized attorney-in-fact, dated, and filed with the Secretary of the Association prior to the meeting for which it is to be effective. Unless otherwise specifically provided in the proxy, a proxy shall be presumed to cover all votes which the Member giving such proxy is entitled to cast, and in the event of any conflict between two or more proxies purporting to cover the same voting rights, the later dated proxy shall prevail, or if dated as of the same date, both shall be deemed invalid. Every proxy shall be revocable and shall automatically cease upon conveyance of any Unit for which it was given, upon receipt by the Secretary of written notice of revocation of the proxy or of the death or judicially declared incompetence of a Member who is a natural person, or 11 months from the date of the proxy, unless a shorter period is specified in the proxy.

2.10. Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than 50% of the total eligible number.

2.11. Quorum. Except as otherwise provided in these By-Laws or in the Declaration, the presence of Voting Members representing a majority of the total Class "A" votes in the Association shall constitute a quorum at all meetings of the Association. Until such time as Voting Members are established, the presence in person or by proxy of 20% of the Class "A" Members shall constitute a quorum at all meetings of the Association.

2.12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted and all other transactions occurring at such meetings.

2.13. Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Voting Members may be taken without a meeting, without prior notice and without a vote if written consent specifically authorizing the proposed action is signed by Voting Members holding at least the minimum number of votes necessary to authorize such action at a meeting if all Voting Members entitled to vote thereon were present. Such consents shall be signed within 60 days after receipt of the earliest dated consent, dated and delivered to the Association at its principal place of business in the State of Arizona. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a vote of the Voting Members at a meeting. Within 10 days after receiving authorization for any action by written consent, the Secretary shall give written notice to all Voting Members entitled to vote who did not give their written consent, fairly summarizing the material features of the authorized action.

Article III
Board of Directors: Number, Powers, Meetings

A. Composition and Selection.

3.1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one equal vote. Except with respect to directors appointed by the Class "B" Member, the directors shall be Members or residents; provided, however, no Owner and resident representing the same Unit may serve on the Board at the same time. A "resident" shall be any natural person 18 years of age or older whose principal residence is a Unit within the Properties. In the case of a Member which is not a natural person, any officer, director, partner or trust officer of such Member shall be eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member; provided, no Member may have more than one such representative on the Board at a time, except in the case of directors appointed by the Class "B" Member.

3.2. Number of Directors. The Board shall consist of three to seven directors, as provided in Sections 3.3 and 3.5 below. The initial Board shall consist of three directors as identified in the Articles of Incorporation.

3.3. Directors During Class "B" Control Period. Subject to the provisions of Section 3.5, the directors shall be selected by the Class "B" Member acting in its sole discretion and shall serve at the pleasure of the Class "B" Member until the first to occur of the following:

(a) when 75% of the total number of Units proposed by the Master Plan for the property described on Exhibits "A" and "B" of the Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than Builders;

(b) December 31, 2024; or

(c) when, in its discretion, the Class "B" Member so determines.

3.4. Nomination and Election Procedures.

(a) Nominations and Declarations of Candidacy. Prior to each election of directors, the Board shall prescribe the opening date and the closing date of a reasonable filing period in which each and every eligible person who has a bona-fide interest in serving as a director may file as a candidate for any position to be filled by Class "A" votes. The Board shall also establish such other rules and regulations as it deems appropriate to conduct the nomination of directors in a fair, efficient and cost-effective manner.

Except with respect to directors selected by the Class "B" Member, nominations for election to the Board may also be made by a Nominating Committee. The Nominating Committee, if any, shall consist of a Chairman, who shall be a member of the Board, and three or more Members or representatives of Members, with at least one representative from each Voting Group. The members of the Nominating Committee shall be appointed by the Board not less than 30 days prior to each annual meeting to serve a term of one year and until their successors are appointed, and such appointment shall be announced in the notice of each election.

The Nominating Committee may make as many nominations for election to the Board as it shall in its discretion determine. The Nominating Committee shall nominate separate slates for the directors, if any, to be elected at large by all Class "A" votes, and for the director(s) to be elected by the votes within each Voting Group. In making its nominations, the Nominating Committing shall use reasonable efforts to nominate candidates representing the diversity which exists within the pool of potential candidates.

Each candidate shall be given a reasonable, uniform opportunity to communicate his or her qualifications to the Members and to solicit votes.

(b) Election Procedures. Each Voting Member may cast all votes assigned to the Units which it represents for each position to be filled from the slate of candidates on which such Voting Member is entitled to vote. There shall be no cumulative voting. That number of candidates equal to the number of positions to be filled receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms.

3.5. Election and Term of Office. Notwithstanding any other provision of these By-Laws:

(a) Within 30 days after the time that Class "A" Members other than Builders own 25% of the Units proposed by the Master Plan for the property described on Exhibits "A" and "B" of the Declaration, or whenever the Class "B" Member earlier determines, the President shall call for an election by which the Voting Members shall be entitled to elect one of the three directors, who shall be an at-large director. The remaining two directors shall be appointees of the Class "B" Member. The director elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (b), whichever is shorter. If such director's term expires prior to the happening of the event described in subsection (b), a successor shall be elected for a like term.

(b) Within 30 days after the time that Class "A" Members other than Builders own 50% of the Units proposed by the Master Plan for the property described on Exhibits "A" and "B" of the Declaration, or whenever the Class "B" Member earlier determines, the Board shall be increased to five directors. The President shall call for an election by which the Voting Members shall be entitled to elect two of the five

directors, who shall serve as at-large directors. The remaining three directors shall be appointees of the Class "B" Member. The directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall be elected for a term of two years or until the happening of the event described in subsection (c) below, whichever is shorter. If such directors' terms expire prior to the happening of the event described in subsection (c) below, successors shall be elected for a like term.

(c) Within 90 days after termination of the Class "B" Control Period, the President shall call for an election by which the Voting Members shall be entitled to elect three of the five directors, who shall serve as at-large directors. The remaining two directors shall be appointees of the Class "B" Member. The directors elected by the Voting Members shall not be subject to removal by the Class "B" Member and shall serve until the first annual meeting following the termination of the Class "B" Control Period. If such annual meeting is scheduled to occur within 90 days after termination of the Class "B" Control Period, this subsection shall not apply and directors shall be elected in accordance with subsection (d) below.

(d) Not later than the first annual meeting after the termination of the Class "B" Control Period, the Board shall be increased to seven directors, and an election shall be held. Six directors shall be elected by the Voting Members, with an equal number of directors elected by the Voting Members representing each Voting Group and any remaining directorships filled at large by the vote of all Voting Members. Three directors shall serve a term of two years, and three directors shall serve a term of one year, as such directors determine among themselves.

Until termination of the Class "B" membership, the Class "B" Member shall be entitled to appoint one director. Upon termination of the Class "B" membership, the director elected by the Class "B" Member shall resign, and the remaining directors shall be entitled to appoint a director to serve until the next annual meeting, at which time the Voting Members shall be entitled to elect a director to fill such position. Such director shall be elected for a term of two years.

Upon the expiration of the term of office of each director elected by the Voting Members, the Voting Members entitled to elect such director shall be entitled to elect a successor to serve a term of two years. The directors elected by the Voting Members shall hold office until their respective successors have been elected.

3.6. Removal of Directors and Vacancies. Any director elected by the Voting Members may be removed, with or without cause, by the vote of Voting Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall be elected by the Voting Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Voting Members who has three consecutive unexcused absences from Board meetings, or who is more than 30 days delinquent (or is the representative of a Member who is so delinquent) in the payment of any assessment or other charge due the Association, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and the Board may appoint a successor to fill the vacancy for the remainder of the term.

In the event of the death, disability, or resignation of a director, the Board may declare a vacancy and appoint a successor to fill the vacancy until the next annual meeting, at which time the Voting Members entitled to fill such directorship may elect a successor for the remainder of the term.

Any director which the Board appoints shall be selected from among Members within the Voting Group represented by the director who vacated the position.

This Section shall not apply to directors appointed by the Class "B" Member nor to any director serving as a representative of the Declarant. The Class "B" Member or the Declarant shall be entitled to appoint a successor to fill any vacancy on the Board resulting from the death, disability or resignation of a director appointed by or elected as a representative of the Class "B" Member or the Declarant.

B. Meetings.

3.7. Organizational Meetings. The first meeting of the Board following each annual meeting of the membership shall be held within 10 days thereafter at such time and place the Board shall fix.

3.8. Regular Meetings. Regular meetings of the Board may be held at such time and place a majority of the directors shall determine, but at least four such meetings shall be held during each fiscal year with at least one per quarter.

3.9. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President or Vice President or by any two directors.

3.10. Notice; Waiver of Notice.

(a) Notice of meetings of the Board of Directors shall specify the time and place of the meeting and, in the case of a special meeting, the nature of any special business to be considered. The notice shall be given to each director by: (i) personal delivery; (ii) first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) telephone facsimile with confirmation of transmission. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four business days before the time set for the meeting. Notices given by personal delivery, telephone, or facsimile shall be delivered, telephoned or transmitted by telephone at least 72 hours before the time set for the meeting.

(b) The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.11. Telephonic Participation in Meetings. Members of the Board or any committee designated by the Board may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

3.12. Quorum of Board of Directors. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board, unless otherwise

specifically provided in these By-Laws or the Declaration. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date of the original meeting. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.13. Compensation. Directors shall not receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total Class "A" votes in the Association at a regular or special meeting of the Association. Any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Nothing herein shall prohibit the Association from compensating a director, or any entity with which a director is affiliated, for services or supplies furnished to the Association in a capacity other than as a director pursuant to a contract or agreement with the Association, provided that such director's interest was made known to the Board prior to entering into such contract and such contract was approved by a majority of the Board of Directors, excluding the interested director.

3.14. Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.15. Open Meetings. Subject to the provisions of Section 3.16, all meetings of the Board shall be open to all Voting Members and, if required by law, all Owners; but attendees other than directors may not participate in any discussion or deliberation unless permission to speak is requested on their behalf by a director. In such case, the President may limit the time any such individual may speak. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, and may exclude persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.16. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.17. Powers. The Board of Directors shall have all of the powers and duties necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declaration, these By-Laws, the Articles, and as provided by law, including the power to serve as a bailee for the "Developer's Park Account," as such term is defined in the Special Recreational Facilities Purchase Agreement, established for the purpose of reimbursing Declarant for constructing, administering, operating and maintaining parks on behalf of the Association and the Town of Sahuarita, Arizona ("Region 2 Parks"). The Board may do or cause to be done all acts and things which the Declaration, Articles, these By-Laws, or State of Arizona law do not direct to be done and exercised exclusively by the Voting Members or the membership generally.

3.18. Duties. The duties of the Board shall include, without limitation:

(a) preparing and adopting, in accordance with the Declaration, an annual budget establishing each Owner's share of the Common Expenses and any Neighborhood Expenses;

(b) levying and collecting such assessments from the Owners;

(c) providing for the operation, care, upkeep, and maintenance of the Area of Common Responsibility;

(d) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(e) depositing all funds received on behalf of the Association in a bank depository which it shall approve, and using such funds to operate the Association; provided, any reserve funds may be deposited, in the directors' best business judgment, in depositories other than banks;

(f) making and amending use restrictions and rules in accordance with the Declaration;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Area in accordance with the Declaration and these By-Laws;

(i) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; provided, the Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board in the exercise of its business judgment determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action;

(j) obtaining and carrying property and liability insurance and fidelity bonds, as provided in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(k) paying the cost of all services rendered to the Association;

(l) keeping books with detailed accounts of the receipts and expenditures of the Association;

(m) making available to any prospective purchaser of a Unit, any Owner, and the holders, insurers, and guarantors of any Mortgage on any Unit, current copies of the Declaration, the Articles of Incorporation, the By-Laws, rules and all other books, records, and financial statements of the Association as provided in Section 6.4;

(n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Properties;

(o) indemnifying a director, officer or committee member, or former director, officer or committee member of the Association to the extent such indemnity is required by State of Arizona law, the

Articles of Incorporation or the Declaration; and

(p) assisting in the resolution of disputes between owners and others without litigation, as set forth in the Declaration.

3.19. Right of Class "B" Member to Disapprove Actions. So long as the Class "B" membership exists, the Class "B" Member shall have a right to disapprove any action, policy or program of the Association, the Board and any committee which, in the sole judgment of the Class "B" Member, would tend to impair rights of the Declarant or Builders under the Declaration or these By-Laws, or interfere with development or construction of any portion of the Properties, or diminish the level of services being provided by the Association.

(a) The Class "B" Member shall be given written notice of all meetings and proposed actions approved at meetings (or by written consent in lieu of a meeting) of the Association, the Board or any committee. Such notice shall be given by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, which notice complies as to the Board meetings with Sections 3.8, 3.9, 3.10, and 3.11 and which notice shall, except in the case of the regular meetings held pursuant to the By-Laws, set forth with reasonable particularity the agenda to be followed at such meeting; and

(b) The Class "B" Member shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program which would be subject to the right of disapproval set forth herein.

No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

The Class "B" Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class "B" Member, acting through any officer or director, agent or authorized representative, may exercise its right to disapprove at any time within 10 days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, at any time within 10 days following receipt of written notice of the proposed action. This right to disapprove may be used to block proposed actions but shall not include a right to require any action or counteraction on behalf of any committee, or the Board or the Association. The Class "B" Member shall not use its right to disapprove to reduce the level of services which the Association is obligated to provide or to prevent capital repairs or any expenditure required to comply with applicable laws and regulations.

3.20. Management. The Board may employ for the Association a professional management agent or agents at such compensation as the Board may establish, to perform such duties and services as the Board shall authorize. The Board may delegate such powers as are necessary to perform the manager's assigned duties, but shall not delegate policymaking authority or those duties set forth in subparagraphs (a), (f), (g) and (i) of Section 3.18. The Declarant or an affiliate of the Declarant may be employed as managing agent or manager.

The Board of Directors may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

3.21. Accounts and Reports. The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) commencing at the end of the quarter in which the first Unit is sold and closed, financial reports shall be prepared for the Association at least quarterly containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution); and

(g) an annual report consisting of at least the following shall be made available to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such annual report shall be prepared on an audited, reviewed, or compiled basis, as the Board determines, by an independent public accountant; provided, upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Association shall provide an audited financial statement.

3.22. Borrowing. The Association shall have the power to borrow money for any legal purpose; provided, the Board shall obtain Voting Member approval in the same manner provided in Section 8.4 of the Declaration for Special Assessments if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12-month period, exceeds or would exceed 25% of the budgeted gross expenses of the Association for that fiscal year. During the Class "B" Control Period, no Mortgage lien shall be placed on any portion of the Common Area without the affirmative vote or written consent, or any combination

thereof, of Voting Members representing at least 67% of the total Class "A" votes in the Association and the approval of the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the mortgage on any Unit.

3.23. Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or Neighborhood and other owners or residents associations, within and outside the Properties; provided, any common management agreement shall require the consent of a majority of the total number of directors of the Association.

3.24. Enforcement Procedures. Prior to exercising certain enforcement rights set forth in Section 7.4 of the Declaration and taking other actions specified in the Governing Documents, the Association shall comply with the following notice and hearing procedures:

(a) Notice. Prior to imposition of certain sanctions specified in the Governing Documents which require notice, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than 10 days within which the alleged violator may present a written request for a hearing to the Board or the Covenants Committee, if one has been appointed pursuant to Article V; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within 10 days of the notice.

If a timely challenge is not made, the sanction stated in the notice shall be imposed; provided the Board or Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 10-day period, the hearing shall be held before the Covenants Committee, or if none has been appointed, then before the Board in executive session. The alleged violator shall be afforded a reasonable opportunity to be heard.

Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(c) Appeal. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board of Directors. To exercise this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within 10 days after the hearing date.

Notwithstanding anything to the contrary in this Section, the Board may elect to enforce the Governing Documents by certain sanctions set forth in Section 7.4 of the Declaration, including by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation shall pay all costs, including reasonable attorney's fees actually incurred.

Article IV
Officers

4.1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. The President and Secretary shall be elected from among the members of the Board; other officers may, but need not be members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have such authority and perform such duties as the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2. Election and Term of Office. The Board shall elect the officers of the Association at the first meeting of the Board following each annual meeting of the Voting Members, to serve until their successors are elected.

4.3. Removal and Vacancies. The Board may remove any officer whenever in its judgment the best interests of the Association will be served, and may fill any vacancy in any office arising because of death, resignation, removal, or otherwise, for the unexpired portion of the term.

4.4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6. Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.13.

Article V
Committees

5.1. General. The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2. Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Members. Acting in accordance with the provisions of the Governing Documents,

the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.24 of these By-Laws.

5.3. Neighborhood Committees. In addition to any other committees appointed as provided above, each Neighborhood which has no formal organizational structure or association may elect a Neighborhood Committee to determine the nature and extent of services, if any, to be provided to the Neighborhood by the Association in addition to those provided to all Members of the Association in accordance with the Declaration. A Neighborhood Committee may advise the Board on any other issue, but shall not have the authority to bind the Board. Such Neighborhood Committees, if elected, shall consist of three to five Members, as determined by the vote of at least 51% of the Owners of Units within the Neighborhood.

Neighborhood Committee members shall be elected for a term of one year or until their successors are elected. Any director elected to the Board of Directors from a Neighborhood shall be an ex officio member of the Neighborhood Committee. The Voting Member representing such Neighborhood shall be the chairperson of the Neighborhood Committee, shall preside at its meetings, and shall be responsible for transmitting any and all communications to the Board.

In the conduct of its duties and responsibilities, each Neighborhood Committee shall abide by the notice and quorum requirements applicable to the Board under Sections 3.8, 3.9, 3.10, and 3.11. Meetings of a Neighborhood Committee shall be open to all Owners of Units in the Neighborhood and their representatives. Members of a Neighborhood Committee may act by unanimous written consent in lieu of a meeting.

Article VI
Miscellaneous

6.1. Fiscal Year. The fiscal year of the Association shall be June 1st to May 31st unless the Board establishes a different fiscal year by resolution.

6.2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with State of Arizona law, the Articles of Incorporation, the Declaration, or these By-Laws.

6.3. Conflicts. If there are conflicts between the provisions of State of Arizona law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of State of Arizona law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a Unit, any Member, or the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in a Unit: the Declaration, By-Laws, and Articles of Incorporation, including any amendments, the rules of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees. The Board shall provide for such inspection to take place at the office of the Association or at such other place within the Properties as the Board shall designate.

(b) Rules for Inspection The Board shall establish rules with respect to

(i) notice to be given to the custodian of the records,

(ii) hours and days of the week when such an inspection may be made, and

(iii) payment of the cost of reproducing documents requested

(c) Inspection by Directors Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association

6 5 Notices Except as otherwise provided in the Declaration or these By-Laws, all notices, demands, bills, statements, or other communications under the Declaration or these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid

(a) if to a Member or Voting Member, at the address which the Member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Unit of such Member or Voting Member, or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent or at such other address as shall be designated by notice in writing to the Members pursuant to this Section

6 6 Amendment

(a) By Class "B" Member During the Class "B" Membership and subject to the approval requirements set forth in Article XVI of the Declaration, if applicable, the Class "B" Member may unilaterally amend these By-Laws Additionally, the Class "B" Member may unilaterally amend these By-Laws at any time and from time to time if such amendment is necessary (i) to bring any provision into compliance with any applicable governmental statute, rule or regulation, or judicial determination, (ii) to enable any reputable title insurance company to issue title insurance coverage on the Units, or (iii) to enable any institutional or governmental lender, purchaser, insurer or guarantor of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make, purchase, insure or guarantee mortgage loans on the Units, provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing

(b) By Members Generally Except as provided above, these By-Laws may be amended only by the affirmative vote or written consent, or any combination thereof, of Voting Members representing 51% of the total Class "A" votes in the Association, and the consent of the Class "B" Member, if such exists In addition, the approval requirements set forth in Article XVI of the Declaration shall be met, if applicable Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause

(c) Validity and Effective Date of Amendments Amendments to these By-Laws shall become effective upon recordation in the Public Records, unless a later effective date is specified therein Any procedural challenge to an amendment must be made within six months of its recordation or such amendment

shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of these By-Laws.

No amendment may remove, revoke, or modify any right or privilege of the Declarant or the Class "B" Member without the written consent of the Declarant, the Class "B" Member, or the assignee of such right or privilege.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Rancho Sahuarita Village Program Association, Inc., an Arizona nonprofit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the ____ day of _____, 19__.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____, 19__.

_____ [SEAL]
Secretary

EXHIBIT "E"

BY-LAWS

OF

RANCHO SAHUARITA VILLAGE PROGRAM ASSOCIATION, INC.

TABLE OF CONTENTS

PAGE

EXHIBIT F

When recorded, return to:

Sidney Y. Kohn
The Kohn Law Firm
1200 North El Dorado Place
Suite H-810
Tucson, AZ 85750

AMENDED AND RESTATED
PARK AND SPECIAL RECREATIONAL FACILITIES AGREEMENT
(AMENDED HOA AGREEMENT)

THIS AMENDED AND RESTATED PARK AND SPECIAL RECREATIONAL FACILITIES AGREEMENT (the "Amended HOA Agreement") is made and entered into this 6th day of ~~May~~ October 2000 by and between Rancho Sahuarita I, L.L.C., an Arizona limited liability company (**"Developer"**), and the Rancho Sahuarita Village Community Association, Inc., an Arizona non-profit corporation (**the "HOA"**).

RECITALS

The following recitals are true and correct and form an integral part of this Amended HOA Agreement:

A. Developer and the HOA did, on the 9th day of November, 1999, enter into an Agreement (the "**HOA Agreement**") that was attached as Exhibit "**F**" to that certain Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village recorded at Docket 11171, Page 357, Official Records of Pima County, Arizona.

B. On the 16th day of December, 1999, Developer and the HOA did enter into a Park and Special Recreational Facilities Agreement, which superseded and replaced the HOA Agreement (the "**Agreement**"). The Agreement was approved by White Hawke Development, an Arizona corporation ("White Hawke") and by KE&G Homes, Inc., an Arizona corporation ("KE&G").

C. Developer and the HOA desire to enter into this Amended HOA Agreement in order to amend and restate the Agreement in its entirety as set forth below.

D. Although not parties to this Amended HOA Agreement, since they will be bound by it as Builders within Rancho Sahuarita Village, White Hawke and KE&G, by their execution hereof below, hereby approve this Amended HOA Agreement.

E. This Amended HOA Agreement does not create any obligation on the buyer of a home from a Builder (the "**Home Buyer**"), and, therefore, this Amended HOA Agreement shall not be binding on any Home Buyer or constitute an exception to title to any home purchased by a Home Buyer.

COVENANTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and the HOA agree as follows:

1. Amended HOA Agreement. This Amended HOA Agreement shall supersede and replace the Agreement in its entirety.

2. Establishment of the Park Distribution Account, HOA Park Account and Developer's Park Account.

2.1. Each Builder within Rancho Sahuarita Village shall deposit, at the time of the closing of each and every sale of a home by such Builder to a third party, One Thousand Five Hundred Dollars ($1,500.00) into the Park Distribution Account established with Fidelity National Title Agency, Inc. ("Escrow Agent").

2.2. The HOA agrees to be bailee of this account, and as bailee cause Escrow Agent to receive and transfer monies from said account as set forth below.

2.3. Developer may cause the Builders to pay an amount greater than One Thousand Five Hundred Dollars ($1,500.00), but such increase will not apply to any Builder who has entered into an agreement on or before the date of this Amended HOA Agreement to purchase property within Rancho Sahuarita Village from Developer. It is understood by the HOA that the monies deposited into the Park Distribution Account are not monies of the HOA.

2.4. From the monies deposited into the Park Distribution Account, a minimum of ten percent (10%) of all such amounts as they are deposited shall be delivered to a special HOA account to be known as the "**HOA Park Account**" until such time as a total of One Hundred Fifty Thousand Dollars ($150,000.00) has been deposited into said account. The HOA Park Account shall be the sole property of the HOA. After the HOA Park Account has received One Hundred Fifty Thousand Dollars ($150,000.00), all monies collected pursuant to **Section 2.1** above will be paid to Developer's Park Account, described below.

2.4.1. The HOA shall use the funds in the HOA Park Account solely for the maintenance, repair and/or replacement (but not the initial construction or acquisition) of Rancho Sahuarita Village Parks as that term is defined below. **"Rancho Sahuarita Village Parks"** shall mean trails, monumentation, signage, walls, landscaping of medians and roads, public areas and their contents the HOA agrees to maintain, and parks and the improvements located thereon and/or common areas available for use by all Members including two (2) neighborhood parks

identified as Common Area B on the Final Block Plat for Rancho Sahuarita Blocks 1 - 62 and Common Areas A, B and C (the "Block Plat") and a lake park consisting of a lake of approximately ten (10) acres and a perimeter park of approximately five (5) acres located within Blocks 60, 61 and 62 of the Block Plat which were transferred to the Town of Sahuarita at the time of recordation of the Block Plat, within Rancho Sahuarita Village, but only to the extent such are available for use by all Members (collectively, the "Rancho Sahuarita Village Parks"). Notwithstanding the foregoing to the contrary, no facility, landscaping, or improvement of any type or kind shall qualify as a Rancho Sahuarita Village Park if it is not located within Rancho Sahuarita Village except for the landscaping, wall and signage improvements along La Villita Road and Sahuarita Boulevard leading to and from Rancho Sahuarita Village.

2.4.2. Developer, at its sole and absolute discretion, may instruct the HOA to cause Escrow Agent to distribute from the Park Distribution Account a greater amount of money to the HOA Park Account than the minimum ten percent (10%).

2.5. All monies deposited into the Park Distribution Account that are not paid to the HOA Park Account shall be delivered to an account to be known as the **"Developer's Park Account"** to be established with Fidelity National Title Agency, Inc.

2.6. Developer's Park Account shall be used initially to reimburse Developer for costs incurred by Developer to construct the Rancho Sahuarita Village Parks. Until such time as Developer has delivered to the HOA and all Builders receipts for expenditures of Two Million, Seven Hundred Thousand Dollars ($2,700,000) for the construction of the Rancho Sahuarita Village Parks, the Developer shall only be entitled to receive from the Developer Park Account monies that the Developer has paid to construct the Rancho Sahuarita Village Parks and which are evidenced by paid receipts. After Developer has expended Two Million, Seven Hundred Thousand Dollars ($2,700,000) for construction of the Rancho Sahuarita Village Parks, as evidenced by paid receipts delivered to the HOA and all Builders, Developer shall be entitled to receive any existing and future monies paid into the Developer's Park Account without providing receipts for additional expenditures, regardless of the amount of money thereafter paid or expended by the Developer for the Rancho Sahuarita Village Parks. The provisions of this Section 2.6 shall serve as an irrevocable escrow instruction to the Escrow Agent controlling the Park Distribution Account and the Developer Park Account.

3. Special Recreational Facilities Account. In addition to the payments required under **Section 2.1**, each Builder acquiring property within Rancho Sahuarita Village shall deposit, at the time of the closing of each and every sale of a home by such Builder within Rancho Sahuarita Village to a third party, One Thousand Dollars ($1,000.00) into a special recreational facilities account established with Escrow Agent (the **"Special Recreational Facilities Account" or the "SRF Account"**). The funds deposited into the SRF Account shall be used initially to reimburse Developer for costs of construction of the Special Recreational Facilities ("SRF") as defined below. Notwithstanding the terms of the immediately preceding sentence to the contrary, after Two Million Dollars ($2,000,000) has been expended by the Developer for construction of the SRF as evidenced by paid receipts delivered to the HOA and all Builders, certificates of occupancy and/or final governmental inspections as applicable have been issued for the SRF and the SRF is useable by the Members ("SRF Completion"), the Developer shall be entitled to receive all monies deposited into the SRF Account, regardless of the amount of money thereafter paid or expended

by the Developer for the SRF. The provisions of this Section 3 shall serve as irrevocable escrow instructions to the Escrow Agent controlling the SRF Account.

3.1. Developer may cause the Builders to pay a greater amount than the One Thousand Dollars ($1,000.00) described in **Section 3**, but such increase will not apply to any Builder who has entered into an agreement on or before the date of this Amended HOA Agreement to purchase property within Rancho Sahuarita Village from Developer.

3.2. If Developer has commenced the construction of the SRF on or before June 1, 2001, then all monies deposited into the SRF Account before and after said date shall be disbursed by Escrow Agent to Developer in accordance with this Section 3.

3.3. If Developer has not commenced construction of the SRF by June 1, 2001, the monies in the SRF Account shall be refunded to the Builders that contributed the same, together with any accrued interest and, thereafter, no further payments shall be required to be made by Builders pursuant to this **Section 3**. Commencement of construction of the SRF, where referenced herein, shall mean grading of the site within a portion of Block 57 of the Block Plat upon which all of the SRF will be constructed in accordance with final grading plans approved by the Town of Sahuarita and the approval by the Town of Sahuarita of complete and final plans and specifications for the construction of all of the SRF.

3.4. **SRF**, where set forth herein, shall mean recreational facilities not materially different from the improvements described on **Exhibit "A"** (the "Improvements"), the cost of completion of which, as certified by Developer to the Builders, shall be not less than Two Million Dollars ($2,000,000) (the **"Improvements Cost"**).

3.5. Improvements Cost, where referenced herein, shall mean the actual out-of-pocket hard costs and soft costs related to the construction of the Improvements. Improvements Cost shall not include the cost of the land under the Special Recreational Facilities.

3.5.1. Soft costs, where referenced herein, shall only include those fees paid to third party consultants, designers, engineers, and architects involved in the planning, designing and construction of the Special Recreational Facilities, and specifically shall not include any legal, accounting, printing, postage, overnight delivery, long distance telephone costs, costs of borrowed monies and fees incidental to borrowed monies incurred by Developer in connection with the SRF.

3.6. In consideration of all monies in the Special Recreational Facilities Account being released to Developer, Developer agrees that immediately after SRF Completion it will deed the SRF property, together with the Improvements thereon, to the HOA without any monetary encumbrances thereon, which SRF Completion shall be on or before June 1, 2002 (the "Completion Date"). All members of the HOA living in subdivisions that have been developed by Builders which have signed the Amended HOA Agreement prior to the sale of homes within such subdivision, shall enjoy complete benefits of the SRF without payment of any fee or assessment other than those assessments required to be paid pursuant to Article VIII of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village dated _____, 2000, recorded at Docket _____, Page _____, Official Records of Pima County, Arizona (the **"Amended and Restated CC&Rs"**), provided, however,

Members of the HOA may be required to pay additional amounts for special events or services that are performed or occur at the SRF.

3.7. Developer covenants that once it commences construction of the SRF, it shall cause SRF Completion to occur on or before the Completion Date.

4. Limitations on Application of this Agreement. Notwithstanding anything to the contrary set forth in this Amended HOA Agreement, the obligations to pay monies into the Special Recreational Facilities Account shall not apply to Builders of hotels, motels or similar establishments ("Hotels"), and apartments, nor shall any Hotel guests or apartment dwellers use the SRF. This does not prevent an inhabitant of a condominium, townhouse or time share unit from using the SRF, provided that, for each such unit, the One Thousand Dollars ($1,000) SRF minimum fee referenced in Section 3 has been paid.

5. Approvals and Notices. Any approval, disapproval, demand, document or other notice **("Notice")** which either party may desire to give to the other party must be in writing and may be given by personal delivery, by registered or certified mail, return receipt requested, telecopier transmission or by commercial courier to the party or its successors or assigns to whom the Notice is intended at the address of the party set forth below, or at any other address as the parties may later designate. If mailed, Notice shall be made certified or registered mail, deposited in any postal station enclosed in a postage-paid envelope addressed to such party at its address and shall be deemed delivered to the party on the second (2nd) business day after being deposited in the United States Mail if not received earlier. If commercially sent, the party giving Notice shall use a nationally known commercial courier service (such as Federal Express) and shall be deemed to have been made on the first (1st) business day after delivery to the courier. If Notice is by telecopier transmission, delivery shall be deemed to have been received upon acknowledgment by electronic communication. If personally delivered, the Notice shall be addressed to such party at its address and shall be deemed delivered to the party on the day of such personal delivery. Change of address by a party shall be given by Notice as provided in this Section. The parties' addresses for Notice are as follows:

(a) If to Developer:

Rancho Sahuarita I, L.L.C.
4780 North Rocky Crest Place
Tucson, AZ 85750

With copies to:

Sidney Y. Kohn
The Kohn Law Firm
1200 North El Dorado Place
Suite H-810
Tucson, AZ 85715

(b) If to HOA:

c/o Sharpe & Associates, Inc.
4780 North Rocky Crest Place
Tucson, AZ 85750

(c) If to Fidelity National Title Agency, Inc.:
One South Church
Suite 110
Tucson, AZ 85701

6. Section Headings. The section headings of this Amended HOA Agreement are inserted as a matter of convenience and reference only, and in no way define, limit or describe the scope or intent of this Amended HOA Agreement, or in any way affect the terms and provisions hereof.

7. Waiver. The waiver by any party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, condition or covenant herein contained. Any and all rights or remedies given in this Amended HOA Agreement to any party shall be cumulative and in addition to and without waiver of or in derogation of any right or remedy given under any law now or hereafter in effect.

8. Supplemental Instruments. The parties hereto agree to execute any and all documents in order to carry out the intent of this Amended HOA Agreement.

9. Attorneys' Fees. In the event either party hereto shall commence any civil action against the other to enforce or terminate this Amended HOA Agreement or to recover damages for the breach of any of the provisions, covenants or terms of this Amended HOA Agreement on the part of the other party to be kept and performed, the prevailing party in such civil action shall be entitled to recover from the other party, in addition to any other relief to which such prevailing party may be entitled, all costs, expenses and reasonable attorneys' fees incurred in connection therewith, provided the attorneys' fees due from the HOA shall only be made payable from the HOA Park Account.

10. Governing Law. The laws of the State of Arizona shall govern the validity, performance and enforcement of this Amended HOA Agreement.

11. Time of Essence. Time shall be considered to be of the essence as to all provisions of this Amended HOA Agreement.

12. Use of Pronouns. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural; and, pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter.

13. Binding Effect. The covenants and conditions herein contained shall apply to and bind the parties' respective heirs, personal representatives, successors and assigns.

14. Entire Amended HOA Agreement. This Amended HOA Agreement represents the entire agreement of the parties with respect to the subject matter hereof. All agreements entered into prior hereto are revoked and superseded by this Amended HOA Agreement. No representations, warranties, inducements, or oral agreements have been made by any of the parties except as expressly set forth herein, or in other contemporaneous written agreements. Subject to the provisions of **Section 15**, this Amended HOA Agreement may not be changed, modified or rescinded, except in writing, signed by Developer and HOA, and any attempt at oral modification of this Amended HOA Agreement shall be void and of no force and effect.

15. Builder Consent. Notwithstanding the provisions of **Section 14** above to the contrary, this Amended HOA Agreement may not be amended in a manner that will adversely affect Builders that have either closed on the acquisition of property within Rancho Sahuarita Village or are in escrow to acquire the same as of the date hereof, unless Developer and HOA obtain the approval of such modification from the Builders so affected.

16. Execution by Counterparts. This Amended HOA Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. In addition, this Amended HOA Agreement may contain more than one counterpart of the signature pages and this Amended HOA Agreement may be executed by the affixing of the signature pages and all of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all the signers had signed a single signature page.

17. Covenant Running With the Land. This Amended HOA Agreement shall be a covenant running with the Properties.

18. Defined Terms. All capitalized terms not specifically defined herein shall have the same definition as the defined terms set forth in the Amended and Restated CC&Rs.

19. Third Party Beneficiary. All Builders, which include those that are in escrow with Developer to purchase property within Rancho Sahuarita Village, are third party beneficiaries of this Agreement.

20. Exhibits and Recitals. All recitals set forth above and all exhibits attached hereto and referenced herein are incorporated herein by this reference.

21. Purchase Agreements with Builders. To the extent that the terms and conditions of this Amended HOA Agreement alter, vary or contradict the terms of the Purchase Agreement entered into by and between the Developer, as Seller, and any Builder, as respects such Builder's obligation to pay the amounts described in Sections 2.1 and 3 or any of the other documents entered into between the Developer, as Seller, and any Builder relating to such Builder's obligation to pay the amounts described in Sections 2.1 and 3, the terms of this Amended HOA Agreement shall apply.

22. Escrow Agent Acceptance. By its execution below, Escrow Agent accepts and agrees to follow the irrevocable escrow instructions contained herein.

IN WITNESS WHEREOF, the parties hereto have executed this Amended HOA Agreement the date and year first above written

DEVELOPER

RANCHO SAHUARITA I, L L C ,
an Arizona limited liability company

By _____
Mark K Schulz, as President
of Kenneth, LTD , an
Arizona corporation, Member

HOA

RANCHO SAHUARITA VILLAGE ~~COMMUNITY~~ ASSOCIATION, INC ,
an Arizona nonprofit corporation

By
Name: _____
Title

This Amended HOA Agreement is Hereby Approved By

WHITE HAWKE DEVELOPMENT, an
Arizona corporation

By _____
Name _____
Title _____
Date _____

KE&G HOMES, INC , an Arizona
corporation

By _____
Name _____
Title _____
Date _____

MONTEREY HOMES CONSTRUCTION,
INC , an Arizona corporation

By _____
Name _____
Title _____
Date _____

PULTE HOME CORPORATION, an
Arizona corporation

By Randy Burg
Name RANDY BURG
Title Attorney in fact
Date 6/22/00

THE GENESEE COMPANY, a Colorado
corporation

By _____
Name DAVID S GREENBERG
Title V-P
Date 10-6-00

IN WITNESS WHEREOF, the parties hereto have executed this Amended HOA Agreement the date and year first above written

DEVELOPER

RANCHO SAHUARITA I, L L C ,
an Arizona limited liability company

By _____
Mark K Schulz, as President
of Kenneth, LTD , an
Arizona corporation, Member

HOA

RANCHO SAHUARITA VILLAGE COMMUNITY ASSOCIATION, INC ,
an Arizona nonprofit corporation

By
Name _____
Title

This Amended HOA Agreement is Hereby Approved By

WHITE HAWKE DEVELOPMENT, an
Arizona corporation

By _____
Name _____
Title _____
Date _____

KE&G HOMES, INC , an Arizona
corporation

By _____
Name _____
Title _____
Date _____

MONTEREY HOMES CONSTRUCTION,
INC , an Arizona corporation

By _____
Name _____
Title _____
Date _____

PULTE HOME CORPORATION, an
Arizona corporation

By Randy Bury
Name RANDY BURY
Title Attorney In Fact
Date 4/24/00

THE GENESEE COMPANY, a Colorado
corporation

By _____
Name _____
Title _____
Date _____

IN WITNESS WHEREOF, the parties hereto have executed this Amended HOA Agreement the date and year first above written

DEVELOPER

RANCHO SAHUARITA I, L L C ,
an Arizona limited liability company

By _____
Mark K Schulz, as President
of Kenneth, LTD , an
Arizona corporation, Member

HOA

RANCHO SAHUARITA VILLAGE COMMUNITY ASSOCIATION, INC ,
an Arizona nonprofit corporation

By
Name _____
Title

This Amended HOA Agreement is Hereby Approved By

WHITE HAWKE ~~DEVELOPMENT~~ AT SAHUARITA, L L C, an
Arizona corporation

By _____
Name GLENN R GROSSMAN
Title MANAGER
Date 7/5/2000

KE&G HOMES, INC , an Arizona corporation

By _____
Name _____
Title _____
Date _____

MONTEREY HOMES CONSTRUCTION, INC , an Arizona corporation

By _____
Name _____
Title _____
Date _____

PULTE HOME CORPORATION, an Arizona corporation

By _____
Name RANDY BURG
Title Attorney in fact
Date 6/29/00

THE GENESEE COMPANY, a Colorado corporation

By _____
Name _____
Title _____
Date _____

IN WITNESS WHEREOF, the parties hereto have executed this Amended HOA Agreement the date and year first above written

DEVELOPER

RANCHO SAHUARITA I, L L C ,
an Arizona limited liability company

By _____
Mark K Schulz, as President
of Kenneth, LTD , an
Arizona corporation, Member

HOA

RANCHO SAHUARITA VILLAGE COMMUNITY ASSOCIATION, INC ,
an Arizona nonprofit corporation

By
Name _____
Title

This Amended HOA Agreement is Hereby Approved By

WHITE HAWKE DEVELOPMENT, an
Arizona corporation

By _____
Name _____
Title _____
Date _____

KE&G HOMES, INC , an Arizona corporation

By _____
Name Karl George
Title President
Date 6-25-00

MONTEREY HOMES CONSTRUCTION, INC , an Arizona corporation

By _____
Name _____
Title _____
Date _____

PULTE HOME CORPORATION, an
Arizona corporation

By _____
Name _____
Title _____
Date _____

THE GENESEE COMPANY, a Colorado corporation

By _____
Name _____
Title _____
Date _____

DRHI, INC , a Delaware corporation

IN WITNESS WHEREOF, the parties hereto have executed this Amended HOA Agreement the date and year first above written

DEVELOPER

RANCHO SAHUARITA I, L L C ,
an Arizona limited liability company

By _____
Mark K Schulz, as President
of Kenneth, LTD , an
Arizona corporation, Member

HOA

RANCHO SAHUARITA VILLAGE
COMMUNITY ASSOCIATION, INC ,
an Arizona nonprofit corporation

By
Name _____
Title

This Amended HOA Agreement is Hereby Approved By

WHITE HAWKE DEVELOPMENT, an
Arizona corporation

By _____
Name _____
Title _____
Date _____

KE&G HOMES, INC , an Arizona
corporation

By _____
Name _____
Title _____
Date _____

MONTEREY HOMES CONSTRUCTION,
INC , an Arizona corporation

By Jeffrey R. Goldstein
Name JEFFREY R. GOLDSTEIN
Title President - Tucson
Date 6/30/00

PULTE HOME CORPORATION, an
Arizona corporation

By Randy Burg
Name RANDY BURG
Title Attorney in fact
Date 6/29/00

THE GENESEE COMPANY, a Colorado
corporation

By _____
Name _____
Title _____
Date _____

DRHI, INC., a Delaware corporation

By _____
Name Louis L. Turner
Title President - Tucson Division
Date 8/17/2000

KAUFMAN & BROAD OF TUCSON, INC.,
an Arizona corporation

By _____
Name _____
Title _____
Date _____

C & C CONSTRUCTION, an
_____ corporation

By _____
Name _____
Title _____
Date _____

Acceptance By Escrow Agent

FIDELITY NATIONAL TITLE AGENCY,
INC., an Arizona corporation

By _____
Name _____
Title _____
Date._____

DRHI, INC , a Delaware corporation

By _____
Name _____
Title _____
Date _____

KAUFMAN & BROAD OF TUCSON, INC ,
an Arizona corporation

By _____
Name Charles D Goldman
Title Pres
Date 8/31/00

C & C CONSTRUCTION, an
Arizona corporation

By _____
Name _____
Title _____
Date _____

Acceptance By Escrow Agent

FIDELITY NATIONAL TITLE AGENCY,
INC , an Arizona corporation

By _____
Name _____
Title _____
Date _____

DRHI, INC., a Delaware corporation

By _____
Name _____
Title _____
Date _____

KAUFMAN & BROAD OF TUCSON, INC ,
an Anzona corporation

By Russell D Dean
Name Russell D Deans
Title Director of Land
Date 6/23/00

C & C CONSTRUCTION, an
_____ corporation

By _____
Name _____
Title _____
Date _____

Acceptance By Escrow Agent

FIDELITY NATIONAL TITLE AGENCY
INC , an Anzona corporation

By _____
Name _____
Title _____
Date _____

STATE OF ARIZONA)
)ss
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 13 day of July, 2007, on behalf of Rancho Sahuarita I, LLC, an Arizona limited liability company, by Mark K Schulz, as President of Kenneth, LTD , an Arizona corporation, Member

Notary Public

My commission expires:
9-18-07

STATE OF ARIZONA)
)ss
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 13 day of July, 2007, on behalf of Rancho Sahuarita Village Community Association, Inc , an Arizona nonprofit corporation, by Jeffrey J Kotz, as Secretary

Notary Public

My commission expires
9-18-07

STATE OF ARIZONA)
)ss
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 13 day of July, 2007, on behalf of White Hawke ~~Development, an Arizona corporation~~, LLC by ELLEN K. GROSSMAN, as MANAGER of the ~~corporation~~ LLC

Notary Public

My commission expires
9-18-07

HEATHER LOREN
Notary Public - Arizona
Pima County
My Commission Expires
Sept 18, 2007

STATE OF ARIZONA)
)ss
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of KE&G Homes, Inc , an Arizona corporation, by _____ as_____ of the corporation

_____
Notary Public

My commission expires

_____

STATE OF ARIZONA)
)ss
COUNTY OF PIMA)

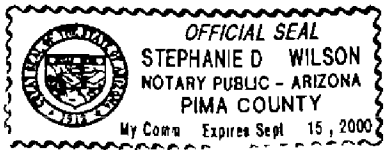
The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Monterey Homes Construction, Inc , an Arizona corporation, by , as of the corporation

_____
Notary Public

My commission expires

_____

STATE OF ARIZONA)
)ss
COUNTY OF PIMA)



The foregoing instrument was sworn and subscribed to before me this 2nd day of June, 2000, on behalf of Pulte Home Corporation, an Arizona corporation, by , as of the corporation

Stephanie D Wilson
Notary Public

My commission expires
Sep 15, 2006

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of KE&G Homes, Inc., an Arizona corporation, by _____ as _____ of the corporation.

_____
Notary Public

My commission expires:

_____

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

Notary Public State of Arizona
Pima County
Andrea M. Krug
Expires June 25, 2002

The foregoing instrument was sworn and subscribed to before me this 30th day of June, 2000, on behalf of Monterey Homes Construction, Inc., an Arizona corporation, by Jeffrey Gribston, as President - Tucson of the corporation.

Andrea Krug
Notary Public

My commission expires:

6/25/02

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

OFFICIAL SEAL
STEPHANIE D. WILSON
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
My Comm. Expires Sept. 15, 2000

The foregoing instrument was sworn and subscribed to before me this 2nd day of June, 2000, on behalf of Pulte Home Corporation, an Arizona corporation, by _____, as _____ of the corporation.

Stephanie D. Wilson
Notary Public

My commission expires:

Sep 15, 2000

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 29th day of June, 2000, on behalf of KE&G Homes, Inc., an Arizona corporation, by Karel George as President of the corporation.

OFFICIAL SEAL
BARBARA A. REIBER
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
My Comm. Expires Nov. 29, 2002

Barbara A. Reiber
Notary Public

My commission expires:

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Monterey Homes Construction, Inc., an Arizona corporation, by , as of the corporation.

_____
Notary Public

My commission expires:

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Pulte Home Corporation, an Arizona corporation, by , as of the corporation.

_____
Notary Public

My commission expires:

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 17 day of August, 2001, on behalf of DRHI, INC., a Delaware corporation, by Louis L Turner, as RQ Asset. Tucson DN. of the corporation.

Notary Public

My commission expires:

OFFICIAL SEAL
JOYCE M. RODDA
NOTARY PUBLIC - ARIZONA
PIMA COUNTY
My Comm. Expires Dec. 31, 2000

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of The Genesee Company, a Colorado corporation, by _____, as _____ of the corporation.

_____
Notary Public

My commission expires:

_____

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this 28th day of June, 2000, on behalf of Kaufman & Broad of Tucson, Inc., an Arizona corporation, by _____, as _____ of the corporation.

Janet L. Methot
Notary Public

My commission expires:
October 9, 2003

OFFICIAL SEAL
JANET L. METHOT
Notary Public - State of Arizona
PIMA COUNTY
My Comm. Expires Oct. 9, 2003

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of C & C CONSTRUCTION, an _____corporation, by _____, as _____ of the corporation.

_____
Notary Public

My commission expires:

_____

EXHIBIT "A"

THE IMPROVEMENTS

Building:

A building of approximately 1700 square feet, which includes showers, locker space and bathrooms .

Lap Pool

A regulation competitive pool consisting of eight (8) heated lanes and diving platforms for competitive use.

Free Form Activity Pool

A minimum three thousand (3,000) square feet of surface area, containing a water slide and play feature. The water slide, play feature and/or playground equipment will have an allowance of One Hundred Thousand ($100,000) Dollars.

Kool Deck

A ten (10) foot perimeter area around the pools.

Ramada/Shade Areas

Two (2) ramadas will have a total allowance of Twenty Thousand ($20,000) Dollars.

Basketball Court

Fifty (50) feet by ninety four (94) feet of regulation size concrete surface, with goals at each end for regulation play, that will not be lit.

Tennis Court

One (1) regulation tennis court with a rubberized surface that will not be lit.

Volley Ball Court

A sand surface regulation size volley ball court with boundary ropes, that will not be lit.

Barbecue and Picnic Areas

The barbeque and picnic areas inclusive of furniture will have an allowance of Twenty Five Thousand ($25,000) Dollars

Hardscape, Landscape and Stereo

Hardscape will have an allowance of Twenty Thousand ($20,000) Dollars, Landscape will have an allowance of One Hundred Thousand ($100,000) Dollars, and stereo will have an allowance of Ten Thousand ($10,000) Dollars

Sod

The sodded area will be approximately fifty thousand (50,000) square feet

THIS EXHIBIT SUPERSEDES AND REPLACES ALL PRIOR REPRESENTATIONS OR EXHIBITS

EXHIBIT F-1

When recorded, return to:

Sidney Y. Kohn
The Kohn Law Firm
1200 North El Dorado Place
Suite H-810
Tucson, AZ 85750

SECOND AMENDED AND RESTATED
PARK AND SPECIAL RECREATIONAL FACILITIES AGREEMENT
(SECOND AMENDED HOA AGREEMENT)

THIS SECOND AMENDED AND RESTATED PARK AND SPECIAL RECREATIONAL FACILITIES AGREEMENT (the "Second Amended HOA Agreement") is made and entered into this _____ day of December , 2000 by and between Rancho Sahuarita I, L.L.C., an Arizona limited liability company ("Developer"), and the Rancho Sahuarita Village Program Association, Inc., an Arizona non-profit corporation, formerly known as Rancho Sahuarita Village Community Association, Inc., an Arizona non-profit corporation (the "HOA").

RECITALS

The following recitals are true and correct and form an integral part of this Second Amended HOA Agreement:

A. Developer and the HOA did, on the 9th day of November, 1999, enter into an Agreement (the "HOA Agreement") that was attached as Exhibit "F" to that certain Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village recorded at Docket 11171, Page 357, Official Records of Pima County, Arizona.

B. On the 16th day of December, 1999, Developer and the HOA did enter into a Park and Special Recreational Facilities Agreement, which superseded and replaced the HOA Agreement (the "Agreement"). The Agreement was approved by White Hawke Development, Inc., an Arizona corporation, the predecessor-in-interest to WHITE HAWKE

AT SAHUARITA, L L C , an Arizona limited liability company ("White Hawke") and by KE&G Homes, Inc , an Arizona corporation ("KE&G")

C Developer and the HOA did enter into an Amended and Restated Park and Special Recreational Facilities Agreement (the "Amended HOA Agreement") dated October 6, 2000, which superseded and replaced the Agreement in its entirety

D Developer and the HOA desire to enter into this Second Amended HOA Agreement in order to amend and restate the Amended HOA Agreement in its entirety as set forth below

E The Builders who have executed this Second Amended HOA Agreement, which, subject to Section 24 below, constitute all of the Builders within Rancho Sahuarita Village affected, have, by their execution hereof below, approved this Second Amended HOA Agreement

F This Second Amended HOA Agreement does not create any obligation on the buyer of a home from a Builder (the "Home Buyer"), and, therefore, this Second Amended HOA Agreement shall not be binding on any Home Buyer or constitute an exception to title to any home purchased by a Home Buyer

COVENANTS

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Developer and the HOA agree as follows

1 Second Amended HOA Agreement This Second Amended HOA Agreement shall supersede and replace the Amended HOA Agreement in its entirety

2 Establishment of the Park Distribution Account, HOA Park Account and Developer's Park Account

2 1 Each Builder within Rancho Sahuarita Village shall deposit, at the time of the closing of each and every sale of a home by such Builder to a third party, One Thousand Five Hundred Dollars ($1,500 00) into the Park Distribution Account established with Fidelity National Title Agency, Inc. ("Escrow Agent")

2 2 The HOA agrees to be bailee of this account, and as bailee cause Escrow Agent to receive and transfer monies from said account as set forth below In connection therewith, HOA, Developer, and the Builders irrevocably instruct Escrow Agent to, within three (3) business days of each deposit into the Park Distribution Account, transfer the amounts required by this Agreement into the HOA Park Account

and the Developer's Park Account (both as hereinafter defined)

2 3 Developer may cause the Builders to pay an amount greater than One Thousand Five Hundred Dollars ($1,500 00), but such increase will not apply to any Builder who entered into an agreement on or before December 1, 2000 to purchase property within Rancho Sahuarita Village from Developer It is understood by the HOA that the monies deposited into the Park Distribution Account are not monies of the HOA

2 4 From the monies deposited into the Park Distribution Account, a minimum of ten percent (10%) of all such amounts as they are deposited shall be delivered to a special HOA account to be known as the "HOA Park Account" until such time as a total of One Hundred Fifty Thousand Dollars ($150,000 00) has been deposited into said account The HOA Park Account shall be the sole property of the HOA After the HOA Park Account has received One Hundred Fifty Thousand Dollars ($150,000 00), all monies thereafter collected pursuant to Section 2 1 above will be paid to Developer's Park Account, described below

2 4 1 The HOA shall use the funds in the HOA Park Account solely for the maintenance, repair and/or replacement (but not the initial construction or acquisition) of Rancho Sahuarita Village Parks as that term is defined below "Rancho Sahuarita Village Parks" shall mean trails, monumentation, signage, walls, landscaping of medians and roads, public areas and their contents the HOA agrees to maintain, and parks and the improvements located thereon and/or common areas available for use by all Members including two (2) neighborhood parks identified as Common Area B on the Final Block Plat for Rancho Sahuarita Blocks 1 - 62 and Common Areas A, B and C (the "Block Plat") and a lake park consisting of a lake of approximately ten (10) acres and a perimeter park of approximately five (5) acres located within Blocks 60, 61 and 62 of the Block Plat which were transferred to the Town of Sahuarita at the time of recordation of the Block Plat, within Rancho Sahuarita Village, but only to the extent such are available for use by all Members Notwithstanding the foregoing to the contrary, no facility, landscaping, or improvement of any type or kind shall qualify as a Rancho Sahuarita Village Park if it is not located within Rancho Sahuarita Village except for the landscaping, wall and signage improvements along La Villita Road and Sahuarita Boulevard leading to and from Rancho Sahuarita Village

2 4 2 Developer, at its sole and absolute discretion, may instruct the HOA to cause Escrow Agent to distribute from the Park Distribution Account a greater amount of money to the HOA Park Account than the minimum ten percent (10%)

2 5 All monies deposited into the Park Distribution Account that are not paid to the HOA Park Account shall be delivered to an account to be known as the "Developer's Park Account" to be established with Fidelity National Title Agency, Inc

2.6. Developer's Park Account shall be used initially to reimburse Developer for costs incurred by Developer to construct the Rancho Sahuarita Village Parks. Until such time as Developer has delivered to the HOA and all Builders receipts for expenditures of Two Million Seven Hundred Thousand Dollars ($2,700,000) for the construction of the Rancho Sahuarita Village Parks, the Developer shall only be entitled to receive from the Developer Park Account monies that the Developer has paid to construct the Rancho Sahuarita Village Parks and which are evidenced by paid receipts. After Developer has expended Two Million Seven Hundred Thousand Dollars ($2,700,000) for construction of the Rancho Sahuarita Village Parks, as evidenced by paid receipts delivered to the HOA and all Builders, Developer shall be entitled to receive any existing and future monies paid into the Developer's Park Account without providing receipts for additional expenditures, regardless of the amount of money thereafter paid or expended by the Developer for the Rancho Sahuarita Village Parks. The provisions of this Section 2.6 shall serve as an irrevocable escrow instruction to the Escrow Agent controlling the Park Distribution Account and the Developer Park Account.

2.7 The Park Distribution Account and the Developer's Park Account shall be established by Escrow Agent at National Bank of Arizona, a national banking association ("NBA"). The Developer's Park Account may be pledged by Developer to secure the obligations of Developer to NBA under a construction loan facility, the proceeds of which are used to construct park and/or special recreational facilities within the Rancho Sahuarita Village. In addition, Developer may collaterally assign to NBA all of Developer's right to receive reimbursements from the Developer's Park Account to secure the obligations of Developer to NBA under the foregoing construction loan facility. Escrow Agent shall execute any and all documents necessary to pledge the Developer's Park Account to NBA pursuant to this Section 2.7.

3. Special Recreational Facilities Account. In addition to the payments required under Section 2.1, each Builder acquiring property within Rancho Sahuarita Village shall deposit, at the time of the closing of each and every sale of a home by such Builder within Rancho Sahuarita Village to a third party, One Thousand Dollars ($1,000.00) ("SRF Fee") into a special recreational facilities account established with Escrow Agent (the "Special Recreational Facilities Account" or the "SRF Account"). The funds deposited into the SRF Account shall be used initially to reimburse Developer for costs of construction of the Special Recreational Facilities ("SRF"), as defined below, based on paid receipts delivered to the HOA and all Builders. Notwithstanding the terms of the immediately preceding sentence to the contrary, unless Developer has satisfied the requirements of Section 3.8 (in which case this sentence shall not apply), after Two Million Dollars ($2,000,000) has been expended by the Developer for construction of the SRF, as evidenced by paid receipts delivered to the HOA and all Builders, certificates of occupancy and/or final governmental inspections, as applicable, have been issued for the SRF, and the SRF is fully furnished, equipped and usable by the

Members ("SRF Completion"), the Developer shall be entitled to receive all monies deposited into the SRF Account, regardless of the amount of money thereafter paid or expended by the Developer for the SRF The provisions of this Section 3 shall serve as irrevocable escrow instructions to the Escrow Agent controlling the SRF Account Notwithstanding anything to the contrary set forth in this Section 3, all of the monies paid by the undersigned Builders under Sections 3 1 and 3 8 of this Second Amended HOA Agreement, on properties they currently own or are under escrow to acquire as of the date of this Second Amended HOA Agreement, shall be used to construct, furnish, equip, operate and maintain the SRF (and Phase 2, as defined below, if applicable) and for no other purpose

3 1 Developer may cause the Builders to pay a greater amount than the One Thousand Dollars ($1,000 00) described in Section 3, but such increase will not apply to any Builder who entered into an agreement on or before December 1, 2000 to purchase property within Rancho Sahuarita Village from Developer

3 2 If Developer has commenced the construction of the SRF on or before July 1, 2001, then all monies deposited into the SRF Account before and after said date shall be disbursed by Escrow Agent to Developer in accordance with this Section 3

3 3 If Developer has not commenced construction of the SRF (or, if applicable Phase 2, as defined below) by July 1, 2001, the monies in the SRF Account and in the Builders' Monthly Payment Account (as defined below) shall be refunded to the Builders that contributed the same, together with any accrued interest and, thereafter, no further payments shall be required to be made by Builders pursuant to this Section 3 Where referenced in this Second Amended HOA Agreement, commencement of construction of the SRF (or, if applicable pursuant to Section 3 8, commencement of construction of "Phase 2," as defined therein) shall mean grading of the site within a portion of Block 57 of the Block Plat upon which all of the SRF (and, if applicable, Phase 2) will be constructed in accordance with final grading plans approved by the Town of Sahuarita and the approval by the Town of Sahuarita of complete and final plans and specifications for the construction of all of the SRF (and, if applicable, Phase 2) submitted by the Developer to the Town of Sahuarita

3 4 SRF, where set forth herein, shall mean recreational facilities not materially different from the improvements described on Exhibit "A" (the "Improvements"), the cost of completion of which, as certified by Developer to the Builders, shall be not less than Two Million Dollars ($2,000,000) (the "Improvements Cost")

3 5 Improvements Cost, where referenced herein, shall mean the actual out-of-pocket hard costs and soft costs related to the construction, furnishing and

equipping of the Improvements. Improvements Cost shall not include the cost of the land under the Special Recreational Facilities.

3.5.1. Soft costs, where referenced herein, shall only include those fees paid to third party consultants, designers, engineers, and architects involved in the planning, designing and construction of the Special Recreational Facilities, and specifically shall not include any legal, accounting, printing, postage, overnight delivery, long distance telephone costs, costs of borrowed monies and fees incidental to borrowed monies incurred by Developer in connection with the SRF.

3.6. In consideration of all monies in the Special Recreational Facilities Account being released to Developer, Developer agrees that immediately after SRF Completion it will deed the SRF property, together with the Improvements thereon, and transfer the furnishings and equipment therein, to the HOA without any monetary encumbrances thereon, which SRF Completion and conveyances shall occur or before June 1, 2002 (the "Completion Date"). In order to assure the performance of the matters set forth in the immediately foregoing sentence, Developer shall, on or before commencement of construction of the SRF, deposit with Escrow Agent an executed and notarized Special Warranty Deed naming the HOA as the grantee thereunder for the property underlying the SRF together with any and all Improvements thereon and an executed Bill of Sale for the furnishings and equipment within the SRF, with irrevocable instructions to the Escrow Agent that said Special Warranty Deed is to be recorded and said Bill of Sale is to be delivered to the HOA upon the Escrow Agent receiving written notice that SRF Completion has occurred, which written notice shall contain reasonable documentation of SRF Completion. Further, the Developer shall, prior to the commencement of construction , obtain from any lien holder holding a lien on the property that the Developer will be transferring to the HOA, a Deed of Release and Reconveyance to be deposited with the Escrow Agent, with irrevocable instructions from the lien holder to record said Deed of Release and Reconveyance prior to commencement of construction of the SRF and Phase 2 improvements and Developer shall not, thereafter, encumber such property in any way. All members of the HOA living in subdivisions that have been developed by Builders which have signed the Second Amended HOA Agreement prior to the sale of homes within such subdivision, shall enjoy complete benefits of the SRF and Phase 2 without payment of any fee or assessment other than those assessments required to be paid pursuant to Article VIII of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Rancho Sahuarita Village dated _____, 2000, recorded at Docket_____, Page_____, Official Records of Pima County, Arizona (the "Amended and Restated CC&Rs"), provided, however, Members of the HOA may be required to pay additional amounts for special events or services that are performed or occur at the SRF and Phase 2.

3.7. Developer covenants that once it commences construction of the SRF, it shall cause SRF Completion to occur on or before the Completion Date.

3.8. Notwithstanding the provisions of Sections 3 through 3.7, if, on or before March 1, 2001, Developer posts a common facilities bond (the "Common Facilities Bond") and a labor and material payment bond (the "Payment Bond") [collectively, the "Bonds"] each in an amount of not less than Two Million Dollars ($2,000,000), plus the amount (the "Phase 2 Cost") necessary to construct an additional recreational facility not materially different from that described on Exhibit "B" attached hereto and incorporated herein by this reference ("Phase 2") plus the amount necessary to equip and furnish the SRF and Phase 2 (which latter amount shall, in no event, be less than Two Hundred Thousand Dollars ($200,000), then, in that event, the Builders shall do all of the following:

3.8.1. Pay one hundred percent (100%) of the SRF Fee attributable to all Planned Units, as defined in Section 4 herein, located within the property purchased by such Builder from Developer (the "Property") into the Special Recreational Facilities Account seven (7) business days following the later of (a) the date the Builder closes on its acquisition of its Property from Developer; or (b) the date the Bonds are posted (the later date being hereinafter referred to as the "Payment Date"). Each Builder that fails to pay the SRF Fee within ten (10) days following written notice from Developer that such is past due, shall be responsible for paying thereafter into the Special Recreational Facilities Account an amount of five (5%) percent of the amount that is due but not paid. In addition, all SRF Fee payments that are not paid when due shall bear interest from said date until paid at the rate of eighteen (18%) percent per annum. Developer shall give each Builder written notice of the occurrence of the Payment Date within three (3) business days of its occurrence and if Developer fails to timely provide such notice to a Builder, that Builder shall have one (1) additional day to pay the amounts due under this Section 3.8.1 for each day of delay in Developer timely providing such notice. If Developer has satisfied the provisions of this Section 3.8, the SRF Fee payment obligations of the Builders contained in this Section 3.8.1 shall supersede and replace those set forth in the first sentence of Section 3. Notwithstanding anything to the contrary set forth in Section 3, all of the monies paid by the undersigned Builders under Sections 3.1 and 3.8 of this Second Amended HOA Agreement, on properties they currently own or are under escrow to acquire as of the date of this Second Amended HOA Agreement, shall be used to construct, furnish, equip, operate and maintain the SRF (and, if applicable, Phase 2) and for no other purpose.

3.8.2. Pay Forty Dollars ($40.00) multiplied by each Unit located within the Builder's Property, on a Unit by Unit basis, on the first (1st) day of each month from the Payment Date until such Unit is sold to a third party Home Buyer and the sale closes (the "Builders' Monthly Payment"). Each Builder that fails to pay the Builders' Monthly Payment within ten (10) days following written notice from Developer that such is past due, shall be responsible for paying thereafter into the Builders' Monthly

Payment Account (as defined below) an amount of five (5%) percent of the amount that is due but not paid. In addition, all Builders' Monthly Payments that are not paid when due shall bear interest from said date until paid at the rate of eighteen (18%) percent per annum. If the Payment Date falls due on a date other than the first day of the month, then, for the first month, the Builder shall pay a fraction of the Builders' Monthly Payment due, wherein the denominator is the total number of days in the month of the Payment Date, and the numerator is the number of remaining days left in that month after the Payment Date inclusive of the Payment Date. If the sale of a home to a Home Buyer by a Builder falls on a date other than the last date of the month, then the Builder shall be entitled to a rebate of the Builders' Monthly Payment equal to a fraction of the Builders' Monthly Payment for that Unit, wherein the numerator is the number of days remaining in that month after the date of closing of the sale of a Unit to a Home Buyer and the denominator is the total number of days in the month in which the closing occurred. The provisions of this Section 3.8.2 shall serve as irrevocable escrow instructions to the Escrow Agent controlling the Builders' Monthly Payment Account.

The Builder's Monthly Payment shall cease if Developer defaults under this Agreement and fails to cure the same within thirty (30) days after receipt of notice of said default. The Builders' Monthly Payment shall be deposited into a separate escrow account with Escrow Agent (the "Builders' Monthly Payment Account"). Until such time as there are sufficient monies paid as Base Assessments as defined in the Amended and Restated CC&Rs, to operate the SRF and Phase 2, Developer shall be entitled to receive monies deposited into the Builders' Monthly Payment Account only to reimburse Developer for amounts expended by Developer for maintaining and operating, furnishing or equipping the SRF and Phase 2, including those furnishings and equipment that appear on Exhibits A and B, as evidenced by paid receipts and invoices delivered to Escrow Agent. Should any funds remain in the Builders' Monthly Payment Account after payment to Developer for all furnishings and equipment and after there are sufficient funds from the Base Assessments to operate the SRF and Phase 2 , those monies shall be immediately transferred to the HOA. Until such time as the balance is transferred to the HOA, none of the monies deposited in the Builders' Monthly Payment Account shall belong to the HOA, nor shall the HOA have any rights to the same or to control or direct the payment of monies therein. If the final plat for the Property owned by any Builder (the "Final Plat") has not been approved before the time that the monies set forth in this Section 3.8.1 and 3.8.2 are due from such Builder, then, in that event, the amount that will be paid by such Builder will be based upon a number of Units (the "Advance Number") that will be the greater of:

1. The number of Units that are allowed under the existing zoning;

2. The number of Units the Builder has applied for under a Transfer of Density with the Town of Sahuarita; or

3. The number of Units per acre multiplied by the number of acres being acquired by Builder that Builder is planning to construct under the Purchase Agreement that the Builder has entered into with the Developer as to that Block of Property.

Once the Final Plat has been approved, then, to the extent that the number of Units is greater or less than that for which the Builder paid under Section 3.8.1 and 3.8.2 above, there shall be a "settling up". If more Units are approved under the Final Plat than the number of Units for which Builder paid, the additional number of Units multiplied by the $1,000 shall be paid as will the $40 monthly payment from the date the same was due. To the extent that the number of Units platted is less (the "Reduced Number"), then there shall be a repayment of that like Reduced Number multiplied by $1,000, together with the difference between the Reduced Number and the Advance Number multiplied by $40 per month from the date the same was due from the applicable escrowed account to the Builder.

For purposes of this Section 3.8, the Phase 2 Cost shall be established by the Construction Contract, as defined below, which shall be fixed price in nature and which shall allocate a portion of the overall fixed price to Phase 2; provided, however, in no event shall the Phase 2 Cost, as certified by Developer to the Builders, be less than One Million Two Hundred Thousand ($1,200,000) Dollars. The Phase 2 Cost, where referenced herein, shall mean the actual out-of-pocket hard costs and soft costs related to the construction of Phase 2. The Phase 2 Cost shall not include the cost of the land under the Special Recreational Facilities or Phase 2. Soft costs, where referenced herein, shall only include those fees paid to third-party consultants, designers, engineers, and architects involved in the planning, designing and construction of Phase 2, and specifically shall not include any legal, accounting, printing, postage, overnight delivery, long-distance telephone costs, costs of borrowed monies and fees incidental to borrowed monies incurred by Developer in connection with Phase 2. In addition to the Phase 2 Cost, Developer shall also spend a total amount of not less than Two Hundred Thousand ($200,000) Dollars to furnish and equip Phase 2 and the SRF.

3.9. Notwithstanding anything to the contrary set forth above in this Section 3, if Developer has satisfied the requirements of Section 3.8, the funds deposited into the SRF Account shall be used initially to reimburse Developer for costs of construction of the SRF and Phase 2 based on paid receipts delivered to the HOA and all Builders. If, however, Developer has satisfied the requirements of Section 3.8, and after Developer has spent Three Million Two Hundred Thousand ($3,200,000.00) Dollars for the SRF and Phase 2 and not less than a total of Two Hundred Thousand ($200,000) Dollars for furniture and equipment for the SRF and Phase 2, as evidenced by paid receipts delivered to the Escrow Agent for the SRF Account and all Builders,

certificates of occupancy and/or final governmental inspections, as applicable, have been issued for the SRF and Phase 2, and SRF Completion and Phase 2 Completion (as defined below) have both occurred, the Developer shall be entitled to receive all monies deposited into the SRF Account, regardless of the amount of money thereafter paid or expended by the Developer for the SRF and Phase 2. The provisions of this Section 3.9 shall serve as irrevocable escrow instructions to the Escrow Agent controlling the SRF Account. Notwithstanding anything to the contrary set forth in this Section 3, all of the monies paid by the undersigned Builders under Sections 3.1 and 3.8 of this Second Amended HOA Agreement, on properties they currently own or are under escrow to acquire as of the date of this Second Amended HOA Agreement, shall be used to construct, furnish, equip, operate and maintain the SRF (and, if applicable, Phase 2) as indicated herein and for no other purpose.

3.10. The Bonds shall be deemed to have been properly posted only if all of the following have been satisfied with respect to the Bonds:

(a). Developer shall have entered into a construction agreement (the "Construction Contract") with a contractor licensed in the State of Arizona (the "Contractor") for the construction of the SRF and Phase 2;

(b). Developer shall have caused each Builder to be named as a co-obligee on the Common Facilities Bond and on the Payment Bond, which must be in the forms attached hereto as Exhibits B1 and B2 respectively. The bonding or surety company which issues the Bonds must be rated A-XII or better by A. M. Best Co., in Best's Key Guide and with a Federal Department of Treasury Circular Rating in excess of the bond amount, licensed to transact surety business in Arizona;

(c). Developer shall cause the Payment Bond and the Construction Contract to comply with the requirements of A.R.S. § 33-1003 and both to be recorded in the Official Records of Pima County, Arizona;

(d). The Bonds shall not expire any earlier than the later of SRF Completion and Phase 2 Completion;

(e). A Memorandum of the Bonds in a form reasonably acceptable to the Builder is recorded to comply with the Department of Real Estate requirements;

(f). The Bonds shall include any and all information necessary for the Arizona Department of Real Estate to permit each Builder to describe and disclose in its Public Report that the SRF and Phase 2 will be built within Rancho Sahuarita Village; and

(g). Each Builder shall be provided with a true and correct certified copy of the Bonds naming it as a co-obligee.

3.11. The Developer and Builders acknowledge that the initial amount of the Bonds, as set forth herein, may, during the course of construction, be determined to be less than the full amount necessary to complete the construction, furnishing and equipping of the SRF and Phase 2. On the first day of each month following the earlier of the commencement of construction of the SRF or Phase 2, Developer shall cause the Contractor constructing the SRF and Phase 2 to confirm the remaining cost of construction, furnishing and equipping for the balance of the SRF and Phase 2 (the "Contractor's Cost Assessment") and the Developer shall deliver the Contractor's Cost Assessment to all of the Builders within five (5) business days after it is in receipt of the Contractor's Cost Assessment. Should the Contractor's Cost Assessment indicate that the balance of the construction will cost more than the amount of funds remaining under the Bonds, the Developer shall, within fourteen (14) days thereafter and prior to Developer being able to receive any additional funds from the SRF Account or the Builders' Monthly Payment Account, either have issued additional bonds , or increase the amount of the existing Bonds to an amount necessary to cover any increases specified in the Contractor's Cost Assessment. All such additional bonds must conform to the provisions set forth in Section 3.10. As to furnishings and equipment for the SRF and/or Phase 2 over and above the original budgeted amount as set forth on Exhibit B3, the Developer may satisfy the requirements in this Section 3.11 by posting separate bonds or Developer shall fund the shortfall on an ongoing basis and Developer's right to receive funds from the SRF Account and the Builder's Monthly Payment Account shall be put "on hold" until the time that the Developer actually posts the additional amounts. Any changes or additions in the plans and specifications regarding the SRF and/or Phase 2 that are delivered to the bonding company for establishing the amount of the Bonds shall not diminish the caliber or quality of the SRF and/or Phase 2. At the time Developer initially submits the plans and specifications for the SRF and Phase 2 to the bonding company in order to obtain the Bonds, Developer shall also deliver copies of those plans and specifications to each of the Builders.

3.12. Developer covenants that once it commences construction of Phase 2, it shall cause Phase 2 Completion (as defined below) to occur on or before the Phase 2 Completion Date (as defined below). For purposes hereof, "Phase 2 Completion" shall mean that certificates of occupancy and/or final governmental inspections, as applicable, have been issued for Phase 2 and Phase 2 is fully furnished, equipped and usable by the Members. For purposes hereof, the "Phase 2 Completion Date" shall mean June 1, 2002. Developer agrees that immediately after Phase 2 Completion it will deed the SRF property, together with the constructed Phase 2 improvements thereon and all furnishings and equipment thereon, to the HOA without any monetary encumbrances thereon. In order to assure the of the matters set forth in the immediately foregoing sentence, Developer shall, on or before commencement of

construction of Phase 2, deposit with Escrow Agent an executed and notarized Special Warranty Deed naming the HOA as the grantee thereunder for the property underlying Phase 2 together with any and all improvements thereon and an executed Bill of Sale for the furnishings and equipment within Phase 2, with irrevocable instructions to the Escrow Agent that said Special Warranty Deed is to be recorded and said Bill of Sale is to be delivered to the HOA, upon the Escrow Agent receiving written notice that Phase 2 Completion has occurred which written notice shall contain reasonable documentation of Phase 2 Completion. Further, the Developer shall, prior to commencement of construction of Phase 2, obtain from any lien holder holding a lien on the property that the Developer will be transferring to the HOA upon the Phase 2 Completion, a Deed of Release and Reconveyance which Developer shall deposit with the Escrow Agent, with irrevocable instructions from the lien holder to record said Deed of Release and Reconveyance prior to commencement of construction of Phase 2.

3.13. The obligation of Developer to cause SRF Completion and/or Phase 2 Completion, as applicable, by the Completion Date and the Phase 2 Completion Date, respectively, shall be extended, but in no event for a total of more than seventy-five (75) days, by delays caused by Force Majeure. If Developer timely posts the Bonds in accordance with the provisions of Section 3.8, the obligation of Developer to commence construction of the SRF and Phase 2 by July 1, 2001 shall be extended, but in no event for a total of more than thirty (30) days, by delays caused by Force Majeure. As used herein, "Force Majeure" shall mean matters beyond Developer's control such as adverse weather conditions, non-availability of materials, regulatory delays beyond those that should reasonably be contemplated, breach of agreement by contractors, etc., but specifically excluding Developer's financial inability.

3.14 Notwithstanding the provisions of Section 3.3 to the contrary, if Developer has timely posted the Bonds in accordance with the provisions of Section 3.8, which Bonds are in an amount to cover the landscaping, then "commencement of construction" of the SRF and Phase 2 will not require that Developer have obtained approval from the Town of Sahuarita of landscaping plans for the SRF and Phase 2.

3.15 The SRF Account shall be established by Escrow Agent at NBA. If
Developer timely posts the Bonds pursuant to Section 3.8, the SRF Account may be pledged by Developer to secure the obligations of Developer to NBA under a construction loan facility, the proceeds of which are used to construct special recreational facilities within the Rancho Sahuarita Village, provided NBA acknowledges in writing its promise not to interfere with the refund described in Section 3.3 if such becomes applicable and such promise names the Builders as express third party beneficiaries. In addition, if Developer timely posts the Bonds pursuant to Section 3.8, Developer may collaterally assign to NBA all of its right to receive reimbursement from the SRF Account to secure the obligations of Developer to NBA under the foregoing

construction loan facility. Escrow Agent shall execute any and all documents necessary to pledge the SRF Account to NBA pursuant to this Section 3.15.

3.16 Developer covenants that if any mechanic's or materialman's liens are perfected against either the SRF or Phase 2, Developer shall obtain a bond in accordance with A.R.S. §33-1004 and comply with all requirements of such statute to bond over such liens on or before the earlier of commencement of any action to foreclose such lien(s) or the date by which Developer is required hereunder to convey the SRF and/or Phase 2, as applicable, to the HOA.

4. Base Assessment. The Base Assessment obligation of the owner of each Unit is set forth in Section 8.6 of the Amended and Restated CC&Rs.

5. Limitations on Application of this Agreement. Notwithstanding anything to the contrary set forth in this Second Amended HOA Agreement, the obligations to pay monies into the SRF Account shall not apply to Builders of hotels, motels or similar establishments ("Hotels"), and apartments, nor shall any Hotel guests or apartment dwellers use the SRF or Phase 2. This does not prevent an inhabitant of a condominium, townhouse or time share unit from using the SRF or Phase 2, provided that, for each such unit, the SRF Fee referenced in Section 3 has been paid.

6. Approvals and Notices. Any approval, disapproval, demand, document or other notice ("Notice") which either party may desire to give to the other party must be in writing and may be given by personal delivery, by registered or certified mail, return receipt requested, telecopier transmission or by commercial courier to the party or its successors or assigns to whom the Notice is intended at the address of the party set forth below, or at any other address as the parties may later designate. Notices to the Builders should be to the Builders and their attorneys at the addresses set forth on the signature page below. If mailed, Notice shall be made certified or registered mail, deposited in any postal station enclosed in a postage-paid envelope addressed to such party at its address and shall be deemed delivered to the party on the second (2nd) business day after being deposited in the United States Mail if not received earlier. If commercially sent, the party giving Notice shall use a nationally known commercial courier service (such as Federal Express) and shall be deemed to have been made on the first (1st) business day after delivery to the courier. If Notice is by telecopier transmission, delivery shall be deemed to have been received upon acknowledgment by electronic communication. If personally delivered, the Notice shall be addressed to such party at its address and shall be deemed delivered to the party on the day of such personal delivery. Change of address by a party shall be given by Notice as provided in this Section. The parties' addresses for Notice are as follows:

(a) If to Developer:

Rancho Sahuarita I, L.L.C.

6339 East Speedway, Suite 102

Tucson, AZ 85710

With copies to:

Sidney Y. Kohn

The Kohn Law Firm

1200 North El Dorado Place-Suite H-810

Tucson, AZ 85715

(b) If to HOA:

c/o Sharpe & Associates, Inc.

6339 East Speedway, Suite 102

Tucson, AZ 85710

(c) If to Fidelity National Title Agency, Inc.:

One South Church, Suite 110

Tucson, AZ 85701

7. Section Headings. The section headings of this Second Amended HOA Agreement are inserted as a matter of convenience and reference only, and in no way define, limit or describe the scope or intent of this Second Amended HOA Agreement, or in any way affect the terms and provisions hereof.

8. Waiver. The waiver by any party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, condition or covenant herein contained. Any and all rights or remedies given in this Second Amended HOA Agreement to any party shall be cumulative and in addition to and without waiver of or in derogation of any right or remedy given under any law now or hereafter in effect.

9. Supplemental Instruments. The parties hereto agree to execute any and all documents in order to carry out the intent of this Second Amended HOA Agreement.

10. Attorneys' Fees. In the event either party hereto or a Builder shall commence any civil action against the other to enforce or terminate this Second Amended HOA Agreement or to recover damages for the breach of any of the provisions, covenants or terms of this Second Amended HOA Agreement on the part of the other party to be kept and performed, the prevailing party in such civil action shall be entitled to recover from the other party, in addition to any other relief to which such prevailing party may be entitled, all costs, expenses and reasonable attorneys' fees incurred in connection therewith, provided the attorneys' fees due from the HOA shall only be made payable from the HOA Park Account.

11. Governing Law. The laws of the State of Arizona shall govern the validity, and enforcement of this Second Amended HOA Agreement.

12. Time of Essence. Time shall be considered to be of the essence as to all provisions of this Second Amended HOA Agreement.

13. Use of Pronouns. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural; and, pronouns stated in either the masculine, the feminine or the neuter gender shall include the masculine, feminine and neuter.

14. Binding Effect. The covenants and conditions herein contained shall apply to and bind the parties' respective heirs, personal representatives, successors and assigns.

15. Entire Second Amended HOA Agreement. This Second Amended HOA Agreement represents the entire agreement of the parties with respect to the subject matter hereof. All agreements entered into prior hereto regarding the subject matter of this Second Amended HOA Agreement are revoked and superseded by this Second Amended HOA Agreement. No representations, warranties, inducements, or oral agreements have been made by any of the parties except as expressly set forth herein, or in other contemporaneous written agreements. Subject to the provisions of Section 16, this Second Amended HOA Agreement may not be changed, modified or rescinded, except in writing, signed by Developer and HOA, and any attempt at oral modification of

this Second Amended HOA Agreement shall be void and of no force and effect.

16. Builder Consent. Notwithstanding the provisions of Section 15 above to the contrary, this Second Amended HOA Agreement may not be amended in a manner that will adversely affect Builders that have either closed on the acquisition of property within Rancho Sahuarita Village or are in escrow to acquire the same as of the date hereof, unless Developer and HOA obtain the approval of such modification from the Builders so affected.

17. Execution by Counterparts. This Second Amended HOA Agreement may be executed in several counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument. In addition, this Second Amended HOA Agreement may contain more than one counterpart of the signature pages and this Second Amended HOA Agreement may be executed by the affixing of the signature pages and all of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all the signers had signed a single signature page.

18. Covenant Running With the Land. This Second Amended HOA Agreement shall be a covenant running with the Properties.

19. Defined Terms. All capitalized terms not specifically defined herein shall have the same definition as the defined terms set forth in the Amended and Restated CC&Rs.

20. Third Party Beneficiary. All Builders, which include those that are in escrow with Developer to purchase property within Rancho Sahuarita Village, are third party beneficiaries of this Second Amended HOA Agreement.

21. Exhibits and Recitals. All recitals set forth above and all exhibits attached hereto and referenced herein are incorporated herein by this reference.

22. Purchase Agreements with Builders. To the extent that the terms and conditions of this Second Amended HOA Agreement alter, vary or contradict the terms of the Purchase Agreement entered into by and between the Developer, as Seller, and any Builder, as respects such Builder's obligation to pay the amounts described in Sections 2.1 and 3, including Sections 3.1 and 3.8 or any of the other documents entered into between the Developer, as Seller, and any Builder relating to such Builder's obligation to pay the amounts described in Sections 2.1 and 3 including Sections 3.1 and 3.8, the terms of this Second Amended HOA Agreement shall apply.

23. Escrow Agent Acceptance. By its execution below, Escrow Agent accepts and agrees to follow the irrevocable escrow instructions contained herein.

24. Enforceability. Should any Builder who is listed in the signature block

below not close on the acquisition of its property from Developer, or terminate escrow prior to the scheduled Closing Date or currently be in default to Developer for any obligation, its signature will not be required to cause this Second Amended HOA Agreement to be enforceable. Should any Builder who signs this Second Amended HOA Agreement, thereafter, have its Purchase and Sale Agreement properly terminated, then, in that event, it will no longer be bound to or have rights under this Second Amended HOA Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amended HOA Agreement the date and year first above written.

DEVELOPER:

RANCHO SAHUARITA I, L.L.C.,

an Arizona limited liability company

By: _____

Mark K. Schulz, as President

of KENNETH, LTD, an Arizona

corporation, Member

HOA:

RANCHO SAHUARITA VILLAGE PROGRAM ASSOCIATION, INC.,

an Arizona nonprofit corporation

By:_____

Name:_____

Title:_____

BUILDERS AND THEIR ATTORNEYS

NAMES AND ADDRESSES:

DRHI, Inc.

5525 E. Williams Circle, Suite 1030

Tucson, AZ 85711

ATTN: Mr. Louis L. Turner

Attorney: Steve Lenihan

1050 East River Road, #300

Tucson, AZ 85718-0000

Monterey Homes Construction, Inc.

4742 North Oracle Road, #111

Tucson, AZ 85705

ATTN: Jeffrey Grobstein, President-Tucson Division

Attorney: C. Timothy White

Tiffany & Bosco, P.A.

500 Viad Tower-1850 North Central Avenue

Phoenix, AZ 85004-4542

Pulte Home Corporation

Tucson Division

7493 N. Oracle Road, Suite 115

Tucson, Arizona 85704

ATTN: Steve Atchison, City President

Attorney: Lewis D. Schorr

Lewis & Roca LLP

1 South Church Avenue, #3700

Tucson, Arizona 85701-1611

White Hawke Development, Inc.

7575 North Hayden

Scottsdale, AZ 85258

ATTN: Mr. Robert Watt

Mr. Glenn Grossman

Attorney: Phyllis Parise

5125 North 16th Street

Suite B223

Phoenix, Arizona 85016

Kaufman & Broad of Tucson, Inc.

5780 N. Swan Road

Tucson, AZ 85718

ATTN: Mr. Art Flag

Attorney: David A. McEvoy

McEvoy, Daniels & Darcy, P.C.

2701 East Speedway Blvd., #101

Tucson, AZ 85716-3854

K E & G

2700 Fry Boulevard - Suite A7

Sierra Vista, AZ 85636

ATTN: Mr. Karol George

Attorney: Fred Farsjo

Gabroy, Rollman & Bosse, P.C.

3507 N. Campbell Ave., #111

Tucson, AZ 85719-2000

This Second Amended HOA Agreement is Hereby Approved By:

WHITE HAWKE AT SAHUARITA, LLC,

an Arizona limited liability company, for Blocks 15 and 30A and 30B

By:_____

Name:_____

Title:_____

Date:_____

MONTEREY HOMES CONSTRUCTION, INC.,

an Arizona corporation, for Block 23

By:_____

Name:_____

Title:_____

Date:_____

KE&G HOMES, INC.,

an Arizona corporation, for Block 14

By:_____

Name:_____

Title:_____

Date:_____

PULTE HOME CORPORATION,

a Michigan corporation, for Blocks 17 and 22

By:_____

Name:_____

Title:_____

Date:_____

KAUFMAN & BROAD OF TUCSON, INC.,

an Arizona corporation, for Block 55

By:_____

Name:_____

Title:_____

Date:_____

D.R. HORTON, INC.,

a Delaware corporation, for Blocks 21, 6A and 59

By:_____

Name:_____

Title:_____

Date:_____

Acceptance By Escrow Agent:

FIDELITY NATIONAL TITLE AGENCY, INC., an Arizona corporation

By:____________________

Name:____________________

Title:____________________

Date:____________________

STATE OF ARIZONA)
)ss.:
COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of ________________, 2000, on behalf of Rancho Sahuarita I, LLC, an Arizona limited liability company, by Mark K. Schulz, as President of KENNETH, LTD., an Arizona corporation, Member of Rancho Sahuarita I, LLC.

____
Notary Public

My commission expires:

____

11444 2018

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Rancho Sahuarita Village Community Association, Inc., an Arizona nonprofit corporation, by _____as _____

_____

Notary Public

My commission expires:

_____

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Fidelity National Title Agency, Inc., an Arizona corporation, by _____, as _____ of the corporation.

_____

Notary Public

My commission expires:

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of White Hawke At Sahuarita, LLC, an Arizona limited liability company, by _____, as _____ of the company.

_____

Notary Public

My commission expires:

_____

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of KE&G Homes, Inc., an Arizona

corporation, by _____ as_____
of the corporation.

_____

Notary Public

My commission expires:

_____

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Monterey Homes Construction, Inc., an Arizona corporation, by _____, as _____of the corporation.

_____

Notary Public

My commission expires:

_____

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Pulte Home Corporation, a Michigan corporation, by _____, as _____of the corporation.

_____

Notary Public

My commission expires:

_____

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of D.R.HORTON, INC., a Delaware corporation, by _____, as _____of the corporation.

_____

Notary Public

My commission expires:

_____

STATE OF ARIZONA)

)ss.:

COUNTY OF PIMA)

The foregoing instrument was sworn and subscribed to before me this _____ day of _____, _____, on behalf of Kaufman & Broad, an Arizona corporation, by _____, as _____of the corporation.

_____

Notary Public

My commission expires:

_____

EXHIBIT "A"

THE IMPROVEMENTS

Building:

A building of approximately 1700 square feet, which includes showers, locker space and bathrooms .

Lap Pool

A regulation competitive pool consisting of eight (8) heated lanes and diving platforms for competitive use.

Free Form Activity Pool

A minimum three thousand (3,000) square feet of surface area, containing a water slide and play feature. The water slide, play feature and/or playground equipment will have an allowance of One Hundred Thousand ($100,000) Dollars.

Kool Deck

A ten (10) foot perimeter area around the pools.

Ramada/Shade Areas

Two (2) ramadas will have a total allowance of Twenty Thousand ($20,000) Dollars.

Basketball Court

Fifty (50) feet by ninety four (94) feet of regulation size concrete surface, with goals at each end for regulation play, that will not be lit.

Tennis Court

One (1) regulation tennis court with a rubberized surface that will not be lit.

Volley Ball Court

A sand surface regulation size volley ball court with boundary ropes, that will not be lit.

Barbecue and Picnic Areas

The barbecue and picnic areas inclusive of furniture will have an allowance of Twenty Five Thousand ($25,000) Dollars

Hardscape, Landscape and Stereo

Hardscape will have an allowance of Twenty Thousand ($20,000) Dollars, Landscape will have an allowance of One Hundred Thousand ($100,000) Dollars, and stereo will have an allowance of Ten Thousand ($10,000) Dollars

Sod

The sodded area will be approximately fifty thousand (50,000) square feet

EXHIBIT "B"

PHASE 2

Phase 2 shall consist of a minimum 12,000 square foot frame stucco building, of similar construction quality and similar furnishings and equipment to the Rancho Resort Clubhouse, containing the following:

Fitness and workout area

Living room

Library/card room

Kitchen without cooking appliances

Teen room

Reception/lounge

Multi-purpose room

EXHIBIT B - 1

COMMON FACILITIES BOND

KNOW ALL MEN BY THESE PRESENTS, that RANCHO SAHUARITA I, L.L.C., as Principal, being a limited liability company organized under the laws of the State of Arizona ("Principal") and _____ INSURANCE COMPANY, a corporation organized and doing business under and by virtue of the laws of the State of Arizona ("Surety") are held and firmly bound unto Rancho Sahuarita Village Program Association, Inc., an Arizona non-profit corporation formerly known as Rancho Sahuarita Village Community Association, Inc. ("RSVP" and/or the "HOA") and the home builders set forth in Exhibit "A" attached hereto and incorporated herein by this reference (the "Home Builders") as multiple obligees (individually, an "Obligee" and collectively the "Obligees") in the total sum of (the "Bonded Amount") for which payment, well and truly to be made, we bind ourselves, our heirs, our executors and successors, jointly and severally, firmly by these presents.

THE CONDITIONS OF THIS OBLIGATION ARE BASED UPON THE FOLLOWING FACTS:

A. Principal has obligated itself to RSVP and the Home Builders to complete the construction of the Special Recreational Facilities and Phase 2 facilities described on Exhibit "B" attached hereto and incorporated herein by this reference (collectively the "Project ") on or before June 1, 2002 (the "Completion Date"), subject to an extension of up to seventy-five (75) days thereafter due to Force Majeure. Force Majeure, where referenced herein, shall mean delays, which arise after the commencement of the construction of the Project, beyond Principal's control, such as adverse weather conditions, unavailability of materials, regulatory delays beyond those that should reasonably be contemplated, and/or breach of agreement by contractors, but specifically excluding Principal's financial inability.

B. Principal is required to furnish a faithful performance and completion bond assuring the full and proper construction of the Project in accordance with the plans and specifications set forth in Exhibit "C" attached hereto and incorporated herein by this reference (the "Plans and Specifications") on or before the expiration of the Completion Date.

NOW, THEREFORE, the condition of this obligation is such that if the Principal shall faithfully complete the construction of the Project in accordance with the Plans and Specifications, and deliver the completed Project by the Completion Date subject to Force Majeure as defined in paragraph 1 above, free of any lien or encumbrance, then this obligation shall terminate; Otherwise, this obligation is to remain in full force and effect and Surety and Principal shall be bound as follows:

1. In the event of any default on the part of the Principal with respect to its obligation to the Home Builders hereunder, by vote of the Home Builders then owning or under a binding contract to purchase at least fifty-one (51%) percent of the total Units (as defined below) then conveyed, or subject to a binding contract to sell, to Home Builders in the Property described on Exhibit "D"

attached hereto and incorporated herein by this reference (the "Decision Making Obligees"), the Decision Making Obligees shall have the right to order Principal to cease its efforts to complete the Project, in which event Principal shall immediately cease construction activities.

Units, where referenced herein, shall mean a portion of the Property, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as an attached or detached residence for a single family but which has not yet been conveyed by a Home Builder to a third party home buyer. The term shall refer to the land, if any, which is part of the Unit as well as any improvements thereon. In the case of a building within a condominium or other structure containing multiple dwellings, each dwelling shall be deemed to be a separate Unit.

A.Thereafter, the Decision Making Obligees may elect to proceed or procure others to proceed with the completion of the Project and may exercise any and all rights of Principal under any construction contract relating to the Project including the right to declare any contractor(s) in default and to replace any such defaulting contractor(s).

B.Should the Decision Making Obligees elect to proceed with completion of the Project, the Decision Making Obligees shall retain a qualified contractor to complete the construction of the Project so the Project may, upon the completion thereof, be conveyed to the HOA free of any lien or encumbrance related to the work performed at the request of the Decision Making Obligees. In such an event, Surety shall, on a timely basis, as work progresses, tender to said Decision Making Obligees such funds limited by the Bonded Amount, as are necessary to carry out the completion of the Project. Provided, however, the work performed by the Decision Making Obligees shall, in all events, require the Decision Making Obligees to:

(i) have all work competitively bid;

(ii)not be reimbursed for any cost of supervision by the Decision Making Obligees; and

(iii)not make any changes in the Plans and Specifications of the Project.

C.In the alternative, the Decision Making Obligees may, at their election, order the Surety to take over and complete the Project free of any lien or encumbrance. Provided, however, that if Surety fails to properly, fully and timely proceed with the construction of the Project, and continue to do so with reasonable diligence, the Decision Making Obligees may elect, at any time, to proceed as set forth in paragraph 1 A and B above.

2. In the event legal proceedings are required in order to enforce the obligations hereof, then, in addition to any other amount payable hereunder, the prevailing party(ies) including any Obligee who is a prevailing party shall be entitled to the recovery of reasonable attorneys' fees and costs of suit.

3. Principal and Surety hereby stipulate that no changes, extension of time, alterations, additions or modifications shall, in any way, affect the obligation of Principal and Surety under this Bond, and Surety hereby waives notice of any such changes, extension of time, alterations, additions or modifications.

4. *No right of action shall accrue* hereunder to or for the use of any persons, firm or corporation other than the Obligee(s) and their respective heirs, executors, administrators, successors and assigns. If there shall be more than one Obligee named in this Bond, then it is understood that the total amount of the Surety's liability hereunder shall in no event exceed the Bonded Amount.

5.This Common Facilities Bond may not be amended or modified in any way without the written consent of Principal, Surety and all Obligees.

Signed and sealed this _____ Day of _____, 2000.

RANCHO SAHUARITA I, L.L.C., Principal

By:_____
MARK K. SCHULZ, as President
of Kenneth, LTD., an Arizona
corporation, Member

_____ INSURANCE COMPANY, Surety

By:_____

ATTEST:

_____

_____

EXHIBIT "A"

LIST OF HOME BUILDERS

DRHI, Inc.
5525 E. Williams Circle, Suite 1030
Tucson, AZ 85711
ATTN: Mr. Louis L. Turner

Monterey Homes Construction, Inc.
4742 North Oracle Road, #111
Tucson, AZ 85705
ATTN: Jeffrey Grobstein, President-Tucson Division

Pulte Home Corporation
Tucson Division
7493 N. Oracle Road, Suite 115
Tucson, Arizona 85704
ATTN: Steve Atchison, City President

White Hawke Development, Inc.
7575 North Hayden
Scottsdale, AZ 85258
ATTN: Mr. Robert Watt
Mr. Glenn Grossman

Kaufman & Broad of Tucson, Inc.
5780 N. Swan Road
Tucson, AZ 85718
ATTN: Mr. Art Flag

K E & G
2700 Fry Boulevard - Suite A7
Sierra Vista, AZ 85636
ATTN: Mr. Karol George

EXHIBIT "B"
SPECIAL RECREATIONAL FACILITIES

Building.

A building of approximately 1700 square feet, which includes showers, locker space and bathrooms

Lap Pool

A regulation competitive pool consisting of eight (8) heated lanes and diving platforms for competitive use

Free Form Activity Pool

A minimum three thousand (3,000) square feet of surface area, containing a water slide and play feature The water slide, play feature and/or playground equipment will have an allowance of One Hundred Thousand ($100,000) Dollars

Kool Deck

A ten (10) foot perimeter area around the pools

Ramada/Shade Areas

Two (2) ramadas will have a total allowance of Twenty Thousand ($20,000) Dollars

Basketball Court

Fifty (50) feet by ninety four (94) feet of regulation size concrete surface, with goals at each end for regulation play, that will not be lit

Tennis Court

One (1) regulation tennis court with a rubberized surface that will not be lit

Volley Ball Court

A sand surface regulation size volley ball court with boundary ropes, that will not be lit

Barbecue and Picnic Areas

The barbecue and picnic areas inclusive of furniture will have an allowance of Twenty Five Thousand ($25,000) Dollars

Hardscape, Landscape and Stereo

Hardscape will have an allowance of Twenty Thousand ($20,000) Dollars, Landscape will have an allowance of One Hundred Thousand ($100,000) Dollars, and stereo will have an allowance of Ten Thousand ($10,000) Dollars.

Sod

The sodded area will be approximately fifty thousand (50,000) square feet.

PHASE 2

Phase 2 shall consist of a minimum 12,000 square foot frame stucco building, of similar construction quality and similar furnishings and equipment to the Rancho Resort Clubhouse, containing the following:

Fitness and workout area
Living room
Library/card room
Kitchen without cooking appliances
Teen room
Reception/lounge
Multi-purpose room

EXHIBIT "C"

PLANS AND SPECIFICATIONS

SEE ATTACHED

EXHIBIT D

PARCEL 1

Blocks 6, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 30, 54, 55, 56, 57, 58, 59, of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats, page 77

EXCEPTING all dedicated and existing well sites

PARCEL 2.

All that portion of Common Area "B" lying adjacent to and abutting Blocks 13, 54, 17 and 22 of The Final Block Plat of RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77.

PARCEL 3

All that portion of Common Area "C" lying adjacent to and abutting Blocks 6, 13, 54, 17, 22, and 23 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77;

PARCEL 4

Block 11 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County Recorder in Book 52 of Maps and Plats at page 77

PARCEL 5

Block 7 of The Final Block Plat for RANCHO SAHUARITA, a subdivision of Pima County, Arizona, according to the map of record in the office of the County recorder in Book 52 of Maps and Plats, page 77,

EXCEPTING the following described parcel:

Description of Wastewater Treatment Site in Block 7
A part of Block 7, RANCHO SAHUARITA, Book 52 of Maps and Plats at page 77, Pima County Recorder's Office, Pima County, Arizona, described as follows:

Beginning at the most Easterly corner of Block 7;

Thence South 33°31'23" West along the Southeasterly boundary of Block 7 a distance of 134 04 feet,

Thence North 35°00'00" West, 38.04 feet;

Thence North 85°25'55" West, 583 62 feet;

Thence North 04°34'05" East, 286.71 feet,

Thence North 21°11'06" East 70 58 feet to the Northeasterly boundary of Block 7,

Thence South 70°00'00" East along said Northeasterly boundary a distance of 455 80 feet to a point of curvature of a tangent curve concave to the Southwest.

Thence Southeasterly along said Northeasterly boundary, along the arc of said curve, to the right, having a radius of 400.00 feet, with a chord of South 51°11'41" East 257.88 feet, and a central angle of 37°36'38" for an arc distance of 262.57 feet to the POINT OF BEGINNING

AIA Document A312

Payment Bond

Conforms with the American Institute of Architects, AIA Document A312

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable

CONTRACTOR (Name and Address)

SURETY (Name and Principal Place of Business)

OWNER (Name and Address)

EXHIBIT B-2

CONSTRUCTION CONTRACT

Date

Amount

Description (Name and Location)

BOND

Date(Not earlier than Construction Contract Date)

Amount:

Modifications to this Bond ☐ None ☐ See Page

CONTRACTOR AS PRINCIPAL

Company (Corporate Seal)

SURETY

Company (Corporate Se

Signature

Name and Title

(Any additional signatures appear on page 2)

(FOR INFORMATION ONLY - Name, Address and Telephone) AGENT or BROKER.

Signature

Name and Title

OWNER'S REPRESENTATIVE (Architect, Engineer or ot party)

1 The Contractor and the Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors and assigns to the Owner to pay for labor, materials and equipment furnished for use in the performance of the Construction Contract, which is incorporated herein by reference

2 With respect to the Owner, this obligation shall be null and void if the Contractor

2 1 Promptly makes payment, directly or indirectly, for all sums due Claimants, and

2 2 Defends, indemnifies and holds harmless the Owner from claims, demands, liens or suits by any person or entity whose claim, demand, lien or suit is for the payment for labor, materials or equipment furnished for use in the performance of the Construction Contract, provided the Owner has promptly notified the Contractor and the Surety (at the address described in Paragraph 12) of any claims, demands, liens or suits and tendered defense of such claims, demands, liens or suits to the Contractor and the Surety, and provided there is no Owner Default.

3 With respect to Claimants, this obligation shall be null and voi the Contractor promptly makes payment, directly or indirectly, for sums due

4 The Surety shall have no obligation to Claimants under this B until

4 1 Claimants who are employed by or have a direct contract the Contractor have given notice to the Surety (at the ad described in Paragraph 12) and sent a copy, or notice theree the Owner, stating that a claim is being made under this Bond with substantial accuracy, the amount of the claim

4 2 Claimants who do not have a direct contract with Contractor

1 Have furnished written notice to the Contractor and s copy, or notice thereof, to the Owner, within 90 days having last performed labor or last furnished materia equipment included in the claim stating, with substa accuracy, the amount of the claim and the name of the to whom the materials were furnished or supplied o whom the labor was done or performed, and

2 Have either received a rejecti whole or in part from the Contractor, or not received 30 days of furnishing the above notice any communicati om the Contractor by which the Contractor has indicated the claim will be paid directly or indirectly; and

3 Not having been paid within the above 30 days, have sent a written notice to the Surety (at the address described in Paragraph 12) and sent a copy, or notice thereof, to the Owner stating that a claim is being made under this Bond and enclosing a copy of the previous written notice furnished to the Contractor

5 If a notice required by paragraph 4 is given by Owner to the Contractor or to the Surety, that is sufficient compliance

6 When the Claimant has satisfied the conditions of Paragraph 4, the Surety shall promptly and at the Surety's expense take the following actions

6 1 Send an answer to the Claimant, with a copy to the Owner, within 45 days after receipt of the claim, stating the amounts that are undisputed and the basis for challenging any amounts that are disputed.

6 2 Pay or arrange for payment of any undisputed amounts

7 The Surety's total obligation shall not exceed the amount of this Bond, and the amount of this Bond shall be credited for any payments made in good faith by the Surety

8 Amounts owed by the Owner to the Contractor under the Construction Contract shall be used for the performance of the Construction Contract and to satisfy claims, if any, under any Construction Performance Bond By the Contractor furnishing and the Owner accepting this Bond, they agree that all funds earned by the Contractor in the performance of the Construction Contract are dedicated to satisfy obligations of the Contractor and the Surety under this Bond, subject to the Owner's priority to use the funds for the completion of the work.

9 The Surety shall not be liable to the Owner, Claimants or others for obligations of the Contractor that are unrelated to the Construction Contract. The Owner shall not be liable for payment of any costs or expenses of any Claimant under this Bond, and shall have under this bond no obligations to make payments to, give notices on behalf of, or otherwise have obligations to Claimants under this Bond.

10 The Surety hereby waives notice of any change, including changes of time, to the Construction Contract or to related subcontracts, purchase orders and other obligations

11 No suit or action shall be commenced by a Claimant under this Bond other than in a court of competent jurisdiction in the location in which the work or the work is located or after the expiration of o from the da on which the Claimant gave the notice requ Subparagraph 4 1 or Clause 4 2 3, or (2) on which the last labor or was performed by anyone or the last materials or equipment were fu by anyone under the Construction Contract, whichever of (1) or (occurs If the provisions of this Paragraph are void or prohibited b the minimum period of limitation available to sureties as a defense jurisdiction of the suit shall be applicable

12 Notice to the Surety, the Owner or the Contractor shall be ma delivered to the address shown on the signature page Actual rec notice by Surety, the Owner or the Contractor, however accomp shall be sufficient compliance as of the date received at the address on the signature page.

13 When this Bond has been furnished to comply with a statutory o legal requirement in the location where the construction was performed, any provision in this Bond conflicting with said statut legal requirement shall be deemed deleted herefrom and prov conforming to such statutory or other legal requirement shall be d incorporated herein The intent is that this Bond shall be construe statutory bond and not as a common law bond

14 Upon request by any person or entity appearing to be a pot beneficiary of this Bond, the Contractor shall promptly furnish a co this Bond or shall permit a copy to be made

15 DEFINITIONS

15.1 Claimant An individual or entity having a direct co with the Contractor or with a subcontractor of the Contract furnish labor, materials or equipment for use in the performan the Contract The intent of this Bond shall be to include wi limitation in terms "labor, materials or equipment" that part of v gas, power, light, heat, oil, gasoline, telephone service or r equipment used in the Construction Contract, architectural engineering services required for performance of the work o Contractor and the Contractor's subcontractors, and all other item which a mechanic's lien may be asserted in the jurisdiction wher labor, materials or equipment were furnished

15 2 Construction Contract The agreement between the O and the Contractor identified on the signature page, includin Contract Documents and changes thereto

15 3 Owner Default Failure of the Owner, which has neither b remedied nor waived, to pay the Contractor as required by Construction Contract or to perform and complete or comply v the other terms thereof

MODIFICATIONS TO THIS BOND ARE AS FOLLOWS

1144402

(Space is provided below for additional signatures of added parties, other than those appearing on the cover page)

CONTRACTOR AS PRINCIPAL		SURETY	
Company	(Corporate Seal)	Company	(Corporate
Signature		Signature.	
Name and Title		Name and Title	
Address		Address	

EXHIBIT B-3

Furniture (interior and exterior)	$ 55,000
Stereo equipment	10,000
Exercise equipment	55,000
Pool equipment	55,000
Park equipment	25,000
Total	$200,000

The above amounts are preliminary and may be adjusted provided the total expenditure for furnishings and equipment exceeds $200,000