

Sunrise at Parkwood Ranch
Homeowners Association
CC&R's

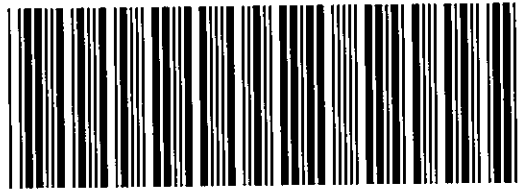


Sunrise at Parkwood Ranch
Homeowners Association
P.O. Box 5720
Mesa, AZ 85211

PREFERRED COMMUNITIES
"LOVING WHERE YOU LIVE."



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*re-recording necessary because of a change of
information since last recorded*

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, RESERVATIONS AND EASEMENTS
FOR
SUNRISE AT PARKWOOD RANCH**

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THIS DECLARATION of Covenants, Conditions, Restrictions, Reservations and Easements for SUNRISE AT PARKWOOD RANCH (the "Declaration") is made as of the 27th day of Nov, 1999, by SUNRISE AT PARKWOOD RANCH INVESTORS, L.L.C., an Arizona limited liability company ("Sunrise") and ZENITH PARKWOOD L.L.P., an Arizona limited liability partnership ("Zenith").

RECITALS

A. Zenith owns the Property. Sunrise has the right to acquire the Property from Zenith pursuant to that certain Option Agreement and Escrow Instructions dated October 13, 1998 (the "Option Agreement"), entered into between Zenith, as Optionor, and Sunrise, as Optionee as evidenced by the Memorandum of Option recorded in the official records of Maricopa County, Arizona, as Document No. 98-0912775.

B. Sunrise desires to develop and sell lots within the Property as a planned residential development for single family residential use with open areas.

C. Sunrise will form the Association for the purpose of acquiring, constructing, operating, managing and maintaining any Common Areas on the Property, establishing, levying, collecting and dispersing the assessments and other charges imposed hereunder, and administering and enforcing this Declaration and enforcing the use and other restrictions imposed on various parts of the Property.

D. Sunrise and Zenith desire to subject the Property to the Covenants hereinafter set forth in order to establish a general scheme for the development and sale of lots and for the use and enjoyment of the Property by the Residents for the purpose of enhancing and protecting the value, desirability and quality of life within the Property.

NOW, THEREFORE, Sunrise and Zenith, hereby declare as follows:

ARTICLE 1

DEFINITIONS

The following words, phrases or terms used in this Declaration shall have the following meanings:

- (a) "Annual Assessment" shall mean the charge levied and assessed each year against each Membership pursuant to Section 7.2 hereof.
- (b) "Articles" shall mean the Articles of Incorporation of the Association as the same may be from time to time be amended or supplemented.
- (c) "Assessable Property" shall mean any Lot, except such part or parts thereof as may from time to time constitute Exempt Property.
- (d) "Assessment" shall mean an Annual Assessment, Use Assessment, Special Assessment and/or Maintenance Charge.
- (e) "Assessment Lien" shall mean the lien created and imposed by Article 7.
- (f) "Association" shall mean the Arizona nonprofit corporation to be organized by Declarant to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration. Declarant hereby reserves the exclusive right to cause such Association to be incorporated.
- (g) "Board" shall mean the Board of Directors of the Association.
- (h) "Bylaws" shall mean the Bylaws of the Association as the same may from time to time be amended or supplemented.
- (i) "Common Area" and "Common Areas" shall mean all real property (including easements) and the improvements or amenities thereon, owned, controlled or operated by or created for the benefit of the Association (including without limitation areas identified on the Plat to be used for private streets, landscaping, drainage, flood control, open areas and the like), or other rights running to the benefit of the Association and intended for the use and enjoyment of the Owners and/or Residents of the Property, or with respect to which the Association has administrative, maintenance or other similar responsibilities.
- (j) "Covenants" shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.
- (k) "Declarant" shall mean and refer to the Sunrise, its successors and assigns, or any person or entity to whom all of Declarant's rights reserved to the Declarant hereunder are assigned in accordance with the provisions hereof. The Declarant's rights shall only be assigned by a written, Recorded instrument expressly assigning those rights. So long as the Option Agreement remains in effect, any assignment of the Declarant's rights under this Declaration shall require the prior written consent of Zenith, such consent not to be unreasonably withheld. Notwithstanding the foregoing, in the event the Option

Agreement is terminated prior to the purchase by Sunrise from Zenith of all of the Lots, except for a termination due to the default of Zenith, Zenith shall automatically become the Declarant under this Declaration, in which event all references to "Declarant" shall, thereafter, mean and refer only to Zenith or its successors or assigns, and after which event Sunrise (or its successors and assigns) shall no longer be the Declarant under this Declaration; provided, however, that Zenith shall not be liable to any Member or any other person for any act or omission of Declarant including, without limitation, Declarant's failure to pay any amounts owing or to be paid or reserved for hereunder or as may otherwise be required by statute or at law or to perform any act or obligation required to be performed by Declarant hereunder or as may otherwise be required by statute or at law, arising prior to the date Zenith succeeds to Declarant's rights hereunder, and Zenith shall assume the obligations under this Declaration only for matters and obligations arising or to be performed from and after the date Zenith succeeds to Declarant's rights hereunder, and Zenith is hereby released and discharged from any and all obligations under this Declaration accruing prior to the date Zenith succeeds to Declarant's rights hereunder.

(l) "Declaration" shall mean this Declaration of Covenants, Conditions, Restrictions, Reservations and Easements, as amended or supplemented from time to time.

(m) "Deed" shall mean a Deed or other instrument conveying the fee simple title in a Lot.

(n) "Design Review Committee" shall mean the committee of the Association to be created pursuant to Article 11 hereof.

(o) "Design Review Guidelines" shall mean those guidelines established by the Declarant pursuant to Section 11.1 hereof.

(p) "Dwelling Unit" shall mean any building or portion of a building situated upon a Lot designed and intended for use and occupancy as a residence by a Single Family.

(q) "Exempt Property" shall mean the following parts of the Property:

(i) All land and improvements owned by or dedicated to and accepted by any political entity or subdivision, for as long as any such political or entity subdivision is the owner thereof or for so long as said dedication remains effective; and

(ii) All Common Areas, for as long as the Association is the owner thereof.

(r) "Lot" shall mean any area of real property within the Property designated as a Lot on the Plat which was recorded by Declarant. As used herein, "Lot" may include the improvements on a Lot.

(s) "Maintenance Charges" shall mean any and all costs assessed pursuant to Article 10 hereof.

(t) "Master Association" shall mean Parkwood Ranch Community Master Association, an Arizona non-profit corporation, or its successors and assigns, which was organized to administer and enforce the Covenants of Parkwood Ranch and to exercise the rights, powers and duties set forth in that certain Declaration of Covenants, Conditions and Restrictions for Parkwood Ranch recorded on November 12, 1996, as instrument No. 96-0799144, official records of Maricopa County, Arizona, and all amendments thereto (collectively, the "Master Declaration").

(u) "Member" shall mean any person holding a Membership in the Association pursuant to this Declaration.

(v) "Membership" shall mean a Membership in the Association and the rights granted to the Owners pursuant to Article 6 hereof to participate in the Association.

(w) "Occupant" shall mean any person temporarily occupying any Dwelling Unit with the permission of the Owner thereof.

(x) "Owner" shall mean (when so capitalized) the record holder of legal title to the fee simple interest in any Lot, but excluding those who hold such title merely as security for the performance of an obligation. In the case of a Lot, the fee simple title to which is vested of Record in a seller under a valid and outstanding Agreement or Contract of Sale, as defined in A.R.S. §33-741, legal title shall be deemed to be in the purchaser under such Agreement or Contract of Sale. In the case of a Lot, the fee simple title to which is vested of Record in a trustee pursuant to A.R.S. §33-801, et seq., legal title shall be deemed to be in the Trustor. An Owner shall include any person who holds record title to a Lot in joint ownership with any other person or holds an undivided fee interest in any Lot.

(y) "Plat" shall mean and refer to the plat of the Property, as recorded in Book 490 of Maps, at Page 54 as Instrument Number 99-0029384, Office of the County Recorder of Maricopa County, Arizona.

(z) "Property" shall mean the real property described on Exhibit "A" attached hereto and by this reference incorporated herein.

(aa) "Recording" or "Recordation" shall mean placing an instrument of public record in the Office of the County Recorder of Maricopa County, Arizona, and "Recorded" shall mean having been so placed of public record.

(bb) "Resident" shall mean:

(i) Each Occupant actually residing on any part of the Assessable Property; and

(ii) Members of the immediate family of each Owner or Occupant actually living in the same household with such Owner or Occupant.

Subject to such rules and regulations as the Association may hereafter specify, the term "Resident" also shall include the guests or invitees of any such Owner or Occupant, if and to the extent the Board in its absolute discretion by resolution so directs, provided, however, that no guest or invitee may stay with an Owner or Occupant, in a Dwelling Unit or on a Lot for more than thirty (30) days in total during any calendar year.

(cc) "Single Family" shall mean a group of one (1) or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than four (4) persons not all so related, who maintain a common household in a Dwelling Unit.

(dd) "Special Assessment" shall mean any Assessment levied and assessed pursuant to Section 7.5 hereof.

(ee) "Special Use Fees" shall mean special fees authorized by this Declaration which an Owner, Occupant, Resident or any other person is obligated to pay to the Association over, above and in addition to any Annual Assessments, Use Assessments, Special Assessments or Maintenance Charges imposed or payable hereunder.

(ff) "Sunrise at Parkwood Ranch" shall mean the planned area development to be developed by Declarant in accordance with the provisions of this Declaration, and shall include only the Property.

(gg) "Use Assessment" shall mean charges levied and assessed from time to time pursuant to Section 7.4 hereof.

(hh) "Visible From Neighboring Property" shall mean, with respect to any given object, that such object is, or would be, visible to a person six (6) feet tall, standing on the same horizontal plane as the object being viewed at a distance of one hundred (100) feet or less from the nearest boundary of the property being viewed.

ARTICLE 2

PROPERTY SUBJECT TO THE DECLARATION

Section 2.1 General Declaration. Declarant intends to develop the Property generally in accordance with the Plat and to sell and convey the Lots thereof. Sunrise and Zenith hereby declare that all of the Property is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Declaration, as amended or modified from time to time; provided, however, that any property owned by or dedicated to a governmental agency or the public shall not be subject to this Declaration while owned by any such governmental entity or the public, except that any restrictions imposed in this Declaration upon the Owners and Residents concerning the use and maintenance of such property shall be applicable at all times. This Declaration is declared and agreed to be in furtherance of a general plan for the development and sale of the Property and is established for the purpose of enhancing and perfecting the value, desirability and attractiveness of the Property. This Declaration shall run with the Property for all purposes and shall be binding upon and inure to the benefit of Sunrise, Zenith, the Association, and all Owners and Residents of the Property and their successors in interest.

Section 2.2 Limitation of Restrictions on Declarant. Declarant is undertaking the work of constructing residential Dwelling Units and incidental improvements upon the Property. The completion of that work and the sale, rental and other disposal of said Dwelling Units is essential to the establishment and welfare of the Property as a residential community. In order that said work may be completed and Dwelling Units constructed on the Lots and the Property established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

- (a) Prevent the Declarant, its contractors or subcontractors from doing on the Property whatever is necessary or advisable in connection with the completion of said work; or
- (b) Prevent the Declarant or its representatives from erecting, constructing and maintaining, on any part of the Property, such structures as may be reasonable or necessary for the conduct of the business of completing said work and establishing the Property as a residential community and disposing of the same by sale, lease or otherwise; or
- (c) Prevent the Declarant from maintaining such sign or signs on any of the Property as may be reasonable or necessary for the sale, lease or disposition thereof, including, but not limited to, such sign or signs as may be required or requested by the institution(s) providing financing for the development.

The foregoing limitations of the application of the restrictions to the Declarant shall terminate upon the sale of the Declarant's entire interest in the Property. So long as Declarant, its successors and assigns, owns one or more of the Lots, Declarant, its successors and assigns shall, except as specifically provided in this Declaration, be subject to the provisions of this Declaration. Declarant shall use reasonable efforts to avoid disturbing the Owners' use and enjoyment of their Lots while it is completing any work necessary on the Lots and Common Area. In addition, nothing in this Declaration shall be construed to prevent Declarant from modifying the Plat or any portion thereof.

Section 2.3 Association Bound. As soon as the Articles have been accepted by Arizona Corporation Commission for filing, the Covenants shall be binding upon and shall benefit the Association.

Section 2.4 Master Declaration and Master Association. This Declaration is recorded in accordance with and shall, for all purposes, be subject and subordinate to the Master Declaration, that certain Tract Declaration for the Property recorded as Instrument No. 98-0912776, the Articles of Incorporation and Bylaws of the Master Association and the Parkwood Ranch Rules (as such term is defined in the Master Declaration). To the extent of any conflict or inconsistency between any term or provision of this Declaration and the Master Declaration, the term or provision of the Master Declaration shall supersede and control.

ARTICLE 3

EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMON AREAS

Section 3.1 Easements of Enjoyment. Declarant and every Owner, Occupant and Resident of the Property shall have a right and easement of enjoyment in and to all of the Common Areas which easement shall be appurtenant to, and shall pass with, the title to every Lot subject to the following provisions:

(a) The right of the Association to charge reasonable admission and other Special Use Fees for the use of the Common Areas or any facilities constructed thereon. Any such Special Use Fees shall be set by the Board from time to time, in its discretion. Special Use Fees shall be charged only for actual entry upon or utilization of those Common Areas determined by the Board to be subject to a Special Use Fee.

(b) The right of the Association to suspend the voting rights and right to use of the facilities and other Common Areas by any Member (i) for any period during which any Assessment against his Lot remains delinquent; (ii) for a period not to exceed sixty (60) days for any infraction of this Declaration or the Association Rules, and (iii) for successive sixty (60) day periods if any such infraction is not corrected during any prior sixty (60) day suspension period.

(c) The right of the Association to regulate the use of the Common Areas through the Association Rules and to prohibit or limit access to those Common Areas not intended for use by the Members. The Association Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Common Areas for the safety and convenience of the users thereof, and otherwise shall serve to promote the best interests of the Owners, Occupants and Residents of the Property.

(d) The right of the Association to dedicate or transfer all or any part of the Common Areas to any public or quasi-public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association. Unless otherwise required by zoning stipulations or other agreements with applicable governing municipalities or quasi-governmental agencies, entities or districts effective prior to the date hereof or specified on the Plat, no such dedication or transfer shall be effective unless an instrument signed by the Owners of two-thirds (2/3) of the Memberships in each class of Members agreeing to such dedication or transfer has been Recorded, except that the Board shall have authority to transfer to such public agencies, authorities or utilities easements and rights-of-way which are intended to benefit the Property and which do not have any substantial adverse effect on the enjoyment of the Common Areas by the Members.

(e) The right of the Association to change the use of the Common Areas in accordance with this Declaration.

(f) The right of the Association to change the size, shape or location of Common Areas, to exchange Common Areas for other lands or interests therein which become Common Areas and to abandon Common Areas so long as, in each case, either (i) the Board determines that the Members are not materially or adversely affected, or (ii) two-thirds (2/3) of each class of Memberships has/have executed an instrument agreeing to such change in size, shape or location, exchange or abandonment.

Section 3.2 Delegation of Use. Any Owner or Resident may, in accordance with the Declaration and the Association Rules and the limitations therein contained, delegate his right of enjoyment in the Common Areas and facilities to the members of his family, his tenants or his guests; provided, however, that the Association shall have the right to limit the number of guests of an Owner or Resident using the Common Areas.

Section 3.3 Waiver of Use. No Owner may exempt himself from personal liability for Assessments, nor release the Lot owned by him from the liens or charges arising under this Declaration by waiver of his use and enjoyment of the Common Areas.

Section 3.4 Declarant Easements. Declarant shall have the right and an easement on, over and under the Common Area for the purpose of maintaining and correcting drainage of surface or storm water. The easement created by this Subsection expressly includes the right to

cut any trees, bushes, or shrubbery, to grade the soil or to take any other action reasonably necessary.

Section 3.5 Access Easements. If access to a Lot is through a Common Area, any conveyance or encumbrance of such Common Area is subject to such easement.

Section 3.6 Drainage Easement. Each Lot shall be subject to an easement for the drainage and/or retention of water from other Lots, Common Area or other property in accordance with the drainage plans for the Property or for any Lot as shown on the drainage plans on file with the City of Mesa.

Section 3.7 No Liability. In no event is Declarant or Zenith making any representation or warranty regarding the adequacy of any drainage onto or off of any Lot, Common Area or other part of the property and neither Declarant nor Zenith is assuming any responsibility or liability for drainage of water over, under, or across the Lots, Common Area or any other part of the Property (whether such drainage is from neighboring property or other parts of the Property) nor for any damage, loss, costs, expenses or fees incurred as a result of any debris, silt, erosion, or other incidental consequences thereof.

Section 3.8 Private Streets. The Declarant or the Association:

(a) shall have the right to install access control structures within the medians of the private access ways shown on the Plat (the "Rights-of-Way") at the entrances to the Property which the Declarant or the Association, as appropriate, may staff with personnel (the "Personnel"):

(b) the Personnel shall have the right to stop any person entering the Property to inquire as to the person's purposes for entering the Property; and

(c) the Personnel shall have the right to prohibit a person's access to the Property where such person has no legitimate reason to access the Property provided the Personnel do not intentionally deny access to any person with a right of access to the Property.

The Declarant or the Association may station Personnel at the access control structures twenty-four (24) hours per day. Upon installation of access control structures in the Rights-of-Way, the Association shall not remove such structures without the prior written consent of two-thirds (2/3) of the vote of all Members who are eligible to vote. Notwithstanding anything in this Declaration to the Contrary, the Declarant and each and every Member understands and agrees that the private streets in the Property shall be maintained by the Association and not by the City of Mesa.

ARTICLE 4

PERMITTED USES AND RESTRICTIONS

Section 4.1 Covenants, Conditions, Restrictions and Easements Applicable to the Property. In addition to, and without limiting the covenants and restrictions imposed by the Master Declaration, the following covenants, conditions, restrictions and reservations of easements and rights shall apply to all portions of the Property which are not Exempt Property (unless otherwise specifically indicated), and the Owners, Residents and Occupants thereof. The following restrictions are in addition to those imposed by the Master Declaration. To the extent any restriction under the Master Declaration imposes a greater restriction regarding the subject matter of any restriction herein, the provisions in the Master Declaration shall prevail.

(a) Architectural Control. The Property is subject to architectural control as established by the Design Review Committee. Any approvals of the Design Review Committee required by this Section 4.1(a), or any other provision of this Declaration, shall be in addition to any approvals required by the Residential Design Review Committee and the Board of Directors of the Master Association under the Master Declaration, unless such approvals are waived in writing by the Master Association or are delegated to the Design Review Committee of the Association or the Board of the Association by duly adopted resolution of the Master Association. Except as otherwise expressly provided in this Declaration, no improvements, alterations, repairs, excavation, grading, landscaping or other work which in any way alters a Lot, or the exterior appearance of improvements located thereon, shall be made or done without the prior approval of the Design Review Committee. No changes or deviations in or from the plans and specifications once approved by the Design Review Committee shall be made without prior written approval of the Design Review Committee. The exterior (and those interior portions of structures visible from the outside of the applicable structure) of any building fence, wall, residence or other structure shall not be commenced, erected, maintained, improved, altered, or made without the prior written approval of the Design Review Committee. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of Lots, shall be subject to the prior written approval of the Design Review Committee. This section does not apply to improvements, alterations, repairs, excavation, grading, landscaping or other work performed by or on behalf of Declarant.

(b) Restriction on Further Property Restrictions. No further covenants, conditions, restrictions or easements shall be Recorded by any Owner, Occupant or other person against any Lot without the provisions thereof having been first approved in writing by the Board, the Master Association and, as long as the Option Agreement is in effect, by Zenith, and any covenants, conditions, restrictions or easements Recorded without such approval being evidenced thereon shall be null and void.

(c) Landscaping. Within six (6) months from conveyance by Declarant of a Lot to an Owner by means of a Deed, such Owner shall complete the landscaping of all portions of the Lot that are Visible From Neighboring Property or visible from the Common Areas or the streets. In the event an Owner fails to complete such landscaping within said 6 month period, the Board may by resolution make a finding to such effect and pursuant thereto give notice thereof to the Owner that unless landscaping is commenced within fourteen (14) days and thereafter diligently pursued to completion, the Board may cause such landscaping to be accomplished at said Owner's expense. If at the expiration of said fourteen (14) day period of time such landscaping has not been commenced and thereafter diligently pursued to completion, the Board shall be authorized and empowered to cause such landscaping to occur and the cost thereof shall be added to, and become a part of, the Assessment to which the offending Owner and the Owner's Lot is subject, and shall be secured by the Assessment Lien. Except as otherwise expressly provided in this Declaration, such landscaping and incidental work shall not be commenced without the prior written approval of the Design Review Committee and no changes or deviations in or from any plans and specifications approved by the Design Review Committee shall be made without the prior written approval of the Design Review Committee.

(d) Utility Easements. There is hereby created a blanket easement upon, across, over and under the Property for ingress to, egress from and the installation, replacing, repairing and maintaining of all utility and service lines and systems including, but not limited to, water, sewer, gas, telephone, electricity, cable or communication lines and systems, as such utilities are installed in connection with the initial development of each Lot. Pursuant to this easement, a providing utility or service company may install and maintain facilities and equipment on the Lots and Common Areas and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings thereon. Notwithstanding anything to the contrary contained in this Subsection, no sewers, electrical lines, water lines, or other utility or service lines may be installed or relocated within the Property except as initially created or approved by the Declarant without the prior written approval of, in the case of a Common Area, the Association and the Design Review Committee or, in the case of a Lot, the Owner of such Lot and the Design Review Committee.

(e) Health, Safety and Welfare. In the event any uses, activities and facilities on any Lot are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners, Occupants or Residents, the Board may make rules restricting or regulating their presence within the Property as part of the Association Rules, or may direct the Design Review Committee to make rules governing their presence on Lots as part of the Design Review Guidelines.

(f) Maintenance of Lawns and Plantings. Each Owner of a Lot shall keep neatly trimmed, properly cultivated and free from trash, weeds and other unsightly material, all shrubs, trees, hedges, grass and plantings of every kind located on (i) his Lot

(including set back areas, easement areas and Common Areas), (ii) planted public right-of-way areas between sidewalks (or bikepaths) and the street curb in front of or within his property, if any, (iii) any other public right-of-way or easement area which abuts the Owner's Lot and which is located between the boundary line of his Lot and the paved area of any street, sidewalk, bikepath or similar area, and (iv) any non-street public right-of-way; provided, however, that such Owner shall not be responsible for maintenance of any area over which (1) the Association assumes the responsibility in writing; (2) the Association has been given such responsibility by a Recorded instrument as provided in Section 10.1 of this Declaration; or (3) the City of Mesa, County of Maricopa or other public agency assumes responsibility, for so long as the Association, said political subdivision or other public agency assumes or has responsibility as provided in (1), (2) or (3) above. The Design Review Committee may require landscaping by the Owner of the areas described in Subsections (ii), (iii) and (iv) above.

(g) Nuisances, Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot and no odors shall be permitted to arise or emit therefrom so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other Lot in the vicinity thereof or to the occupants of such other Lot. No other nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Temporary toilets shall be located in reasonable proximity to each Lot upon which construction has commenced and shall be maintained in such locations during the entire course of such construction, and all construction workers shall be required to use such toilets. Such toilets shall be maintained in presentable, safe, clean, sanitary and odor-free condition and removed immediately after completion of construction. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, fireworks, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such Lot. Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but all Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate and supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved by the Design Review Committee. All trash and construction debris shall be immediately deposited in an enclosed metal container maintained by the Owner on the Lot. Such container shall be emptied with sufficient frequency to prevent the accumulation of trash and debris. Each Owner shall be responsible for immediately removing any dirt, mud or debris collecting in public streets as a result of the Owner's construction activities. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved by the Design Review Committee. The Design Review Committee may also require screening of said storage areas. The Board, in its sole discretion, shall have the right to determine the existence of any such nuisance.

(h) Repair of Building. No building or structure on any Lot shall be permitted to fall into disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished by the Owner, unless the obligation for any such repairs or maintenance has been specifically undertaken by the Association by official Board action. In the event any building or structure is damaged or destroyed, then, subject to the approvals required by Subsection (a) above, such building or structure shall be immediately repaired or rebuilt or shall be demolished.

(i) Signs. No signs whatsoever (including, but not limited to, commercial, political and similar signs) which are Visible From Neighboring Property shall be erected or maintained on any Lot except:

(i) Signs required by legal proceedings.

(ii) No more than two (2) property location or identification signs for individual residences, each with a face area of seventy-two (72) square inches or less, the nature and location of which have been approved in writing by the Design Review Committee of the Association and of the Master Association.

(iii) Signs indicating a property to be "For Sale" or "For Lease," provided no more than one (1) such sign is located on each individual residence, no individual sign is larger than four hundred thirty-two (432) square inches in size, and no sign is placed closer to the street than six (6) feet the nature, number and location of which have been approved in advance and in writing by the Residential Design Review Committee of the Master Association.

(iv) Such other signs which are in conformance with the applicable requirements of the City of Mesa, County of Maricopa or other applicable governmental agencies and which have been approved in advance and in writing by the Design Review Committee as to size, color, design, message content and location.

(j) Roof Structures and Equipment. No solar units or panels, heating, air-conditioning or ventilation equipment, or any other equipment or structures shall be located or installed within any Lot, including on any roof of any building located on any Lot, without the prior written approval of the Design Review Committee.

(k) Utility Service. No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot unless the

same shall be contained in conduits or cables installed and maintained underground, except to the extent (if any) such underground or concealed placement may be prohibited by law, and except for such above-ground structures and/or media for transmission as may be originally constructed by the Declarant or as may be otherwise approved by the Design Review Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Design Review Committee.

(l) Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other Occupant of a Lot, any member of the Design Review Committee, any member of the Board, or any authorized representative of either of them, shall have the right to enter upon and inspect any Lot, and the improvements thereon, except for the interior portions of any completed Dwelling Unit, for the purpose of ascertaining whether or not the provisions of this Declaration have been, or are being, complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

(m) Declarant's Exemption. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by the Declarant, or its duly authorized agents, of structures, improvements or signs necessary or convenient to the development or sale of Lots within the Property.

(n) Permitted Uses. Except for the construction and maintenance of model homes as provided below, the Lots shall be used, improved and devoted exclusively to residential use by Single Families. Unless otherwise specifically approved for single family residential dwelling by the City of Mesa, no gainful occupation, profession, trade or other non-residential use, other than the keeping of an office for private use, shall be conducted on the Lot and no person shall enter into any Lot for the purpose of engaging in such uses or for the purpose of receiving products or services arising out of such usage.

(o) Animals. No animal, bird, poultry or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No house or yard pets shall exceed one hundred (100) pounds in weight, unless such pet is used to aid a handicapped resident. No animal, bird, poultry or livestock shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any animal, bird, poultry or livestock shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Member or Resident, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this paragraph, a particular animal, bird, poultry or livestock is a generally recognized house or yard pet, whether such a pet is a nuisance, or whether the number of animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein.

(p) Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any property shall be removed immediately after the completion of construction.

(q) Model Homes. The provisions of this Declaration which prohibit non-residential use of Lots and regulate parking of vehicles shall not prohibit Lot sales activity by the Declarant or its agents, or the construction and maintenance of model homes by the Declarant and parking incidental to the visiting of such model homes, so long as the location of such model homes are approved by the Design Review Committee, and the construction, operation and maintenance of such model homes otherwise complies with all of the provisions of this Declaration. The Design Review Committee may also permit other areas to be used for parking in connection with the showing of model homes provided such parking and parking areas are in compliance with applicable governing ordinances and any rules of the Design Review Committee.

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

(s) Antennas. Subject to applicable law, no antenna or other device for the transmission or reception of television or radio signals or any other form of electromagnetic radiation which are Visible From Neighboring Property shall be erected, used or maintained outdoors on any Lot, whether attached to a building or structure or otherwise, unless approved by the Design Review Committee.

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

(u) Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot unless they are erected, placed and maintained exclusively within a fenced yard or otherwise concealed and are not Visible From Neighboring Property.

(v) Window Treatments. All windows within any Dwelling Unit constructed on any Lot shall be covered with appropriate window treatments within ninety (90) days after first occupancy thereof. No reflective materials, including but not limited to aluminum foil, reflective screens or glass, mirrors or similar-type items shall be installed or placed on the outside or inside of any windows. The exterior side of all drapes, curtains or other window coverings shall be white, off-white, beige or natural wood-toned in color or such other colors as permitted by the Design Review Committee.

(w) Party Walls. Except as hereinafter provided, the rights and duties of Owners with respect to party walls between Lots, or party fences between Lots shall be as follows:

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

(ii) In the event that any party wall or party fence is damaged or destroyed through the act of an Owner or any of his agents, guests, or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the party wall or party fence without cost to the Owner of the adjoining Lot. Any dispute over an Owner's liability for such damage shall be resolved as provided in Subsection (v) below, but any liability imposed on an Owner hereunder shall not prevent the Owner from seeking indemnity therefor from the persons causing such damage.

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

(iv) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any party wall or party fence without the prior consent of all Owners of any interest therein whether by way of easement or in fee.

(v) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a party wall or party fence, or with respect to the sharing of the cost thereof, such adjoining Owners shall

submit the dispute to the Board, the decision of which shall be binding and from which there shall be no appeal.

(vi) Anything in the foregoing to the contrary notwithstanding, in the case of party fences (1) between Common Areas and Lots, or (2) constructed by the Declarant or the Association on Common Areas, the Association shall be responsible for all maintenance thereof, subject to the provisions of Article 10 of the Declaration, except that each Owner of a Lot shall be responsible for painting the portion of the party wall or party fence facing his Lot or the portion thereof which is not a portion of the Common Area, and responsible for any repairs, replacements and maintenance resulting from the improper or defective construction of such party wall or party fence.

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

(y) Trucks, Trailers, Campers and Boats. No motor vehicle classed by manufacturer rating as exceeding $\frac{3}{4}$ -ton, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any Lot or street in the Property so as to be Visible From Neighboring Property or to be visible from the Common Areas or the streets; provided, however, the provisions of this Section shall not apply to pickup trucks of less than $\frac{3}{4}$ -ton capacity with camper shells not exceeding seven (7) feet in height (measured from ground level) and eighteen (18) feet in length or mini-motor homes not exceeding seven (7) feet in height (measured from ground level) and eighteen (18) feet in length which are parked as provided in Section 4.1(aa) below and are used on a regular and recurring basis for basic transportation.

(z) Motor Vehicles. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot or street in the Property, and no inoperable vehicle may be stored or parked on any such Lot or street so as to be Visible From Neighboring Property or to be visible from the Common Areas or the street.

(aa) Parking. Vehicles of all Owners, lessees and Residents, and of their guests and invitees, are to be kept only in garages, carports or in designated parking spots or upon the driveway of any Lot and not upon the streets located within the Property; provided, however, this paragraph shall not be construed to permit the parking in the above-described areas of any vehicle whose parking in the Property is otherwise prohibited or the parking upon any driveway or Common Areas of any inoperable vehicle.

(bb) Tenants and Guests. The entire Dwelling Unit on a Lot may be let to a Single Family tenant from time to time by the Owner, subject to the provisions of this Declaration. No guest or invitee of any Owner or Occupant may stay with an Owner or Occupant, in a Dwelling Unit or on a Lot for more than thirty (30) days in total during any calendar year. Notwithstanding anything to the contrary contained herein, no employee of any Owner or Occupant shall live in a Dwelling Unit or on a Lot.

(cc) Environmental Protection. Neither the Lot nor any facilities on the Lot shall be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Substances or solid waste, except in compliance with all applicable federal, state, and local laws or regulations. For purposes of this paragraph, "Hazardous Substances" shall be deemed to include pollutants or substances defined as "hazardous waste," "hazardous substances," "hazardous materials," or "toxic substances" in: the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") as amended by the Superfund Amendments and Reauthorization Act of 1986 (PL 99-499); the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq.; the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Section 6901, et seq.; the Arizona Environmental Quality Act, Laws 1986, Chap. 368; and in the rules or regulations adopted and guidelines promulgated pursuant to said laws.

(dd) No Subdivision. No Lot shall be further subdivided by any Owner into smaller lots or parcels and no portion less than all of any such Lot shall be conveyed, transferred or hypothecated by any Owner. Nothing in the foregoing shall preclude Declarant from replatting the Property or re-subdividing any Lot, provided, however, as long as the Option Agreement remains in effect, any replat of the Property or resubdivision of any Lot shall require the prior written consent of Zenith, such consent not to be unreasonably withheld.

Section 4.2 Lot Access Easements. Any three (3) foot access easement areas created by and specifically shown on the Plat along the side of lots are established to provide access to the owner of the immediately contiguous Lot for the purpose of maintaining the improvements located on such contiguous Lot, to provide a viewing area through any windows or doors located on such contiguous Lot, and to plant and maintain landscaping within such area for the benefit and enjoyment of such contiguous Lot. If any contiguous Lot owner plants landscaping within such area, such owner shall be responsible for the maintenance of such landscaping. No structures shall be constructed within such access easement areas, except as initially constructed by Declarant. No doors, windows or other structural openings shall be created in any side wall of a Dwelling Unit built upon any Lot if such wall abounds the five (5)-foot access easement area located upon such Lot, except as included when such Dwelling Unit was initially constructed by Declarant.

ARTICLE 5

ORGANIZATION OF ASSOCIATION

Section 5.1 Formation of Association. The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

Section 5.2 Board of Directors and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws as the same may be amended from time to time. The initial Board shall be composed of three (3) members. The Board may also appoint various committees and may appoint a manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Association. The Board shall determine the compensation to be paid to the manager or any other employee of the Association.

Section 5.3 Association Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the "Association Rules." The Association Rules may restrict and govern the use of any Common Area by any Member, Occupant or Resident; provided, however, that the Association Rules shall not be inconsistent with this Declaration, the Articles or the Bylaws. Upon adoption, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

Section 5.4 Personal Liability. No member of the Board or of any committee of the Association, no officer of the Association, and no manager or other employee of the Association shall be personally liable to any Member, or to any other person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, the manager, any representative or employee of the Association or any committee, committee member or officer of the Association; provided, however, the limitations set forth in this Section 5.4 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

Section 5.5 Master Association Membership. Each Owner of a Lot which is subject to assessment by the Master Association shall be a Member of the Master Association pursuant to and in accordance with the terms of the Master Declaration and shall remain a member for so long as such person continues to be an Owner.

ARTICLE 6

MEMBERSHIPS AND VOTING

Section 6.1 Owners of Lots. Each Owner of a Lot which is subject to assessment, pursuant to Article 7 hereof, shall be a Member of the Association. Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot to which the Membership is attributable and joint ownership or ownership of undivided interests in any real property which establishes a Membership shall not cause there to be more than one Membership per Lot.

Section 6.2 Declarant. The Declarant shall be a Member of the Association for so long as Declarant holds a Membership pursuant to Section 6.3 below.

Section 6.3 Voting.

(a) Memberships. The Association shall have two classes of voting Memberships:

(i) Class A. Class A Memberships shall be all Memberships, except the Class B Memberships held by the Declarant, and each Owner shall be entitled to one (1) vote for each Class A Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Declaration in accordance with the provisions hereof;

(ii) Class B. Until converted to Class A Memberships as provided below, each Membership owned by Declarant and Zenith shall be a Class B Membership. At the time of any vote by the Members of the Association, Declarant shall be entitled to three (3) votes for each Class B Membership held thereby. The Class B Memberships shall cease and be converted to Class A Memberships on the first to occur of the following:

(A) The date which is ninety (90) days after the date when the total votes outstanding in the Class A Memberships entitled to vote equal the total votes outstanding in the Class B Memberships;

(B) Three (3) years following the conveyance by Declarant of the first Lot to an Owner; or

(C) The date Declarant notifies the Board in writing that Declarant terminates (or has terminated) its Class B Memberships and converting such Memberships to Class A Memberships.

Notwithstanding the foregoing, as long as Sunrise is the Declarant and the Option Agreement is in effect and as long as Zenith owns any Lots, Sunrise may not, without the prior written consent of Zenith, such consent not to be unreasonably withheld, elect to convert the Class B Memberships to Class A Memberships.

Section 6.4 Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided with satisfactory proof thereof. The vote for each such Membership must be cast as a unit and fractional votes shall not be allowed. If a Membership is owned by more than one person or entity and such Owners are unable to agree amongst themselves as to how their vote or votes shall be cast, they shall lose the right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that such Member was acting with the authority and consent of all other owners of the same Membership unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast for a particular Membership, none of said votes shall be counted and all said votes shall be deemed void.

Section 6.5 Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Articles and Bylaws, as the same may be amended from time to time.

Section 6.6 Transfer of Membership. The rights and obligations of the Owner of a Class A Membership in the Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot and then only to the transferee of ownership of the Lot. A transfer of ownership to a Lot may be effectuated by deed, intestate succession, testamentary disposition, foreclosure of a mortgage or deed of trust of record or such other legal process as is now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of the ownership of a Lot shall operate to transfer the Membership(s) appurtenant to said Lot to the new Owner thereof.

ARTICLE 7

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

Section 7.1 Creation of Lien and Personal Obligation of Assessments and Maintenance Charges. The Declarant, for each Lot hereafter established within the Property, hereby covenants and agrees and each Owner by acceptance of a Deed therefor (whether or not it shall be so expressed in such Deed) is deemed to covenant and agree to pay to the Association the following assessments and charges as provided herein: (1) Annual Assessments established by this Article; (2) Use Assessments established by this Article; (3) Special Assessments for Capital Improvements or other extraordinary expenses or costs established by this Article; and (4) Maintenance Charges established by Article 10, all such assessments to be established and collected as hereinafter

provided. The Annual Assessments, Use Assessments, Special Assessments, and Maintenance Charges (sometimes hereinafter referred to collectively as the "Assessments" and individually as the "Assessment"), together with interest, costs, and reasonable attorneys' fees, shall be a charge, continuing servitude and lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of the Lot at the time the Assessment was due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by such successors. All Assessments payable hereunder are in addition to any and all assessments payable pursuant to the Master Declaration. Notwithstanding the foregoing or anything herein to the contrary, as long as the Option Agreement is in effect, all Assessments levied against Lots owned by Zenith that Sunrise is to pay or be responsible for pursuant said Option Agreement, and which remain subject to the Option Agreement, shall be the responsibility of and payable by Sunrise.

Section 7.2 Annual Assessments. To provide for the uses and purposes specified in Article 9 hereof, including the establishment of replacement and maintenance reserves, real estate taxes, insurance, management fees and such expenses that the Board deems reasonable or necessary, the Board shall assess against each Membership an Annual Assessment. The amount of the Annual Assessment shall be determined with the objective of fulfilling the Association's obligations under this Declaration to provide for the uses and purposes specified in Article 9. The Board may, during an Assessment period, revise the amount of the Annual Assessment in order to meet expenses which exceed the amounts anticipated by the Association and collect such increased assessment in accordance with procedures established pursuant to Section 7.8 below. The Annual Assessment shall be assessed against each Member commencing with the year the first Lot is conveyed by the Declarant to an Owner, provided, however, that in the event fulfillment of the purposes of the Association does not require the imposition of an Annual Assessment at that time, the Board may delay the initial imposition of the Annual Assessment against each Member until such time as the fulfillment of the purposes of the Association require such imposition. Annual assessments may be collected in twelve monthly installments. Upon sale of a Lot the Declarant may at its option require the Owner to pay an amount equal to two regular monthly assessments for deposit into a reserve account for use by the Association to defray future repair and replacement expenses. Funds deposited into such reserve account shall not be deemed to be a credit against future Assessments due and such funds shall be nonrefundable to the Owner.

Section 7.3 Maximum Annual Assessments. The total Annual Assessment to be established by the Board may not exceed a certain amount, hereinafter referred to as the "Maximum Annual Assessment," which Maximum Annual Assessment shall be determined and shall vary in accordance with the following provisions:

- (a) Until January 1 of the year following the conveyance of the first Lot by the Declarant, the Maximum Annual Assessment against each Owner of a Lot shall be at the rate of Thirty-Seven Dollars (\$37.00) per month per each Membership.

(b) From and after January 1 of the year immediately following the conveyance to an Owner of the first Lot by the Declarant and during such year, the Maximum Annual Assessment shall be increased effective January 1 of each year without a vote of the Membership by a maximum of ten percent (10%) of the Maximum Annual Assessment for the previous year or in applicable conformance with the percentage rise, if any, of the Consumer Price Index as hereinafter defined, whichever is greater. Notwithstanding the foregoing however, in no event shall the increase in any Annual Assessment exceed twenty percent (20%) of the Annual Assessment imposed for the previous year. The Maximum Annual Assessment attributable to the Consumer Price Index for each such period shall be computed by reference to the statistics published in the Monthly Labor Review by the United States Department of Labor, Bureau of Labor Statistics, designated "Consumer Price Index for all Urban Consumers, All Items (1982-84=100)," hereinafter called the "C.P.I." The Maximum Annual Assessment shall be computed by the following formula:

The Initial Maximum Annual Assessment shall be increased by an amount equal to the percentage by which the C.P.I. for the immediately preceding September has increased over the C.P.I. for the September preceding the conveyance of the first Lot by Declarant.

If the Bureau of Labor Statistics changes the method of determining the Consumer Price Index, the formula for determining the Maximum Annual Assessment shall be altered or amended, if possible, so as to continue the base period and base figure, but in the event it shall be impossible to do so, or in the event the Bureau of Labor Statistics ceases to publish the said statistical information and such information is not available from any other source, public or private, then, and in any such event, a new formula for determining the Maximum Annual Assessment shall be adopted by the Board.

(c) From and after January 1 of the year immediately following the conveyance of the First Lot by Declarant to an Owner, the Maximum Annual Assessment may be increased above the Maximum Annual Assessment otherwise determined under Subsection (b) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose.

Section 7.4 Use Assessments. If the Board determines that certain services provided by the Association benefit the Lots in a disproportionate manner or if a Member or Members owning one or more Lots contract with the Association for the Association to provide particular services with regard to such Lots, the Board shall be entitled to assess Use Assessments against such benefited Memberships. The amount of any Use Assessments shall be determined in a manner consistent with the Board's determination of the respective benefits each Lot receives from such service.

Section 7.5 Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments and Use Assessments authorized above, the Association may levy, in any Assessment period, a Special Assessment applicable to that Assessment period

only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses; provided that any such Special Assessment must have the prior written consent of all holders of Class B Memberships or, if no Class B Memberships exist, two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for such purpose. The provisions of this section shall not preclude or limit the assessment, collection or use of the Annual Assessments for the aforesaid purposes.

Section 7.6 Uniform Rate of Assessment. Except as hereinafter specifically set forth herein, the amount of any Annual Assessment or Special Assessment shall be fixed at a uniform rate per Membership. The Annual Assessments and the Use Assessments may be collected on a monthly, quarterly, or annual basis and Special Assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Association approving the Special Assessment.

Section 7.7 Notice and Quorum for Any Action Authorized Under Section 7.5. Written notice of any meeting called for the purpose of taking any action authorized under Section 7.5 of this Article shall be sent to all Members subject to such Assessment no less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes (exclusive of suspended voting rights) of each class of Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7.8 Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making the Assessments provided herein, for the billing and collection of the Assessments, provided that said procedures are not inconsistent with the provisions hereof. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice, prior to such foreclosure or enforcement at the address of the Member on the records of the Association, that the Assessment, or any installment thereof is, or will be, due, and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Membership changes during an Assessment period; successor Owners of Lots shall be given credit on a prorated basis for prepayments made by prior Owners. If the owner of a Membership becomes liable for payment of an increased sum pursuant to this Article during the Assessment period, he shall notify the Association, but his failure to notify the Association shall not relieve him of the liability for such amounts.

Section 7.9 Collection Costs and Interest on Delinquent Assessments. Any Assessment or installment thereof not paid within thirty (30) days after the date such Assessment or installment is due shall be deemed delinquent and shall bear interest and a late fee, from date of delinquency. The interest rate and amount of late fee shall be determined by the Board, subject to applicable law, and the Member shall be liable for all costs, including attorney's fees, which may be incurred by the Association in collecting the same. The Board also may, but is not obligated to, Record a Notice of Delinquent Assessment against any Lot as to which an Assessment is delinquent and constitutes a lien and may establish a fixed fee to reimburse the Association for the Association's cost in Recording such Notice, processing the delinquency and Recording a notice of payment, which fixed fee shall be treated as a collection cost of the Association secured by the Assessment Lien.

Section 7.10 Evidence of Payment of the Assessments. Subject to applicable law, upon receipt of a written request by a Member or any other person, the Association, within a reasonable period of time thereafter, shall issue to such Member or other person a written certificate stating (a) that all Assessments (including costs and attorney's fees, if any, as provided in Section 7.9 above) have been paid with respect to any specified Lot as of the date of such certificate, or (b) if all Assessments have not been paid, the amount of such Assessments (including costs and attorney's fees, if any) due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charge must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on, the Lot in question.

Section 7.11 Property Exempted from the Annual, Use and Special Assessments and Assessment Lien. Exempt Property shall be exempted from the Annual Assessments, Use Assessments and Special Assessments and, except as provided in Article 10, from Maintenance Charges and the Assessment Lien; provided, however, that if any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall, to the extent applicable, be subject to the Annual Assessments, Use Assessments and Special Assessments and, if exempt therefrom, Maintenance Charges (prorated as of the date it became Assessable Property) and the Assessment Lien.

ARTICLE 8

ENFORCEMENT OF PAYMENT OF ANNUAL ASSESSMENTS, USE ASSESSMENTS AND SPECIAL ASSESSMENTS AND MAINTENANCE CHARGES AND OF ASSESSMENT LIEN

Section 8.1 Association as Enforcing Body. The Declarant, for so long as it holds a Class B Membership, and the Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Declaration. However, if the Declarant

and Association shall fail or refuse to enforce this Declaration or any provision hereof for an unreasonable period of time after written request to do so, then any Member may enforce them on behalf of the Association, by any appropriate action, whether in law or in equity but not at the expense of the Association. The Master Association shall have the right (but not the obligation) as a third-party beneficiary to enforce the Association's rights and remedies under this Declaration, if the Association refuses or neglects to enforce the rights and remedies after thirty (30) days' written notice from the Master Association.

Section 8.2 Association's Remedies to Enforce Payment of Annual Assessments, Use Assessments, Special Assessments and Maintenance Charges. If any Member fails to pay the Annual Assessments, Use Assessments or Special Assessments or installments when due, or to pay Maintenance Charges assessed pursuant to Article 10, the Association may enforce the payment of such Assessments and/or the Assessment Lien by taking either or both of the following actions, concurrently or separately (and, by exercising either of the remedies hereinafter set forth, the Association does not prejudice or waive its right to exercise the other remedy):

- (a) Bring an action at law and recover judgment against the Member personally obligated to pay the Assessments; and
- (b) Foreclose the Assessment Lien against the Lot in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages or deeds of trust (including, where applicable, the right to recover any deficiency) and, if foreclosed as a realty mortgage, the Lot may be redeemed after foreclosure sale as provided by law.

Section 8.3 Subordination of Assessment Lien to First Mortgage or Deed of Trust: Priority of Lien. The Assessment Lien provided for herein shall be subordinate to any first mortgage lien held by, or deed of trust of which the beneficiary is, a lender who has lent funds with the Lot as security, or held by the lender's successors and assigns, and shall also be subject and subordinate to liens for taxes and other public charges which by applicable law are expressly made superior. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Sale or transfer of any Lot shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a mortgage or deed of trust to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot free of the Assessment Lien for all Annual Assessments, Use Assessments, Special Assessments and Maintenance Charges that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; but upon the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure, the Assessment Lien immediately shall become and remain superior to any and all other charges, liens or encumbrances (except liens for taxes or other public charges which by applicable law are expressly made superior), and such mortgage or deed of trust foreclosure sale purchaser or grantee shall take subject to all Annual Assessments, Use Assessments, Special Assessments, Maintenance Charges and the Assessment

Lien thereof accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed given in lieu of foreclosure.

Section 8.4 Costs to be Borne by Member in Connection with Enforcement of Payment of Annual Assessments, Use Assessments, Special Assessments and Maintenance Charges. In any action taken pursuant to Section 8.2 of this Article, the Member shall be personally liable for, and the Assessment Lien shall be deemed to secure the amount of, the Annual Assessments, Use Assessments, Special Assessments and Maintenance Charges together with the Association's collection costs and attorney's fees, including those costs and fees specified in Article 7, Section 7.9.

ARTICLE 9

USE OF FUNDS: BORROWING POWER

Section 9.1 Purposes for which Association's Funds May Be Used. The Association shall apply all funds and property collected and received by it (including the Annual Assessments and Special Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Property and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Property, which may be necessary, desirable or beneficial to the general common interests of the Property, the Members and the Residents. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: maintenance of landscaping on Common Areas and public right-of-way and drainage areas within the Property, obtaining of liability insurance, supplying of utilities and other public services, providing for communication and transportation within and dissemination of information concerning the Property, indemnification of officers and directors of the Association and generally protecting the health and safety of the Members and the Residents. The Association also may expend its funds for any purposes which any municipality may expend its funds under the laws of the State of Arizona or such municipality's charter.

Section 9.2 Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms, and for such period of time as is necessary or appropriate.

Section 9.3 Association's Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual Assessments, Use Assessments or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry forward from year to year such surplus as

the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

Section 9.4 Administration of Special Use Fees. The Association is authorized to bill for, sue for, collect, administer and disburse all Special Use Fees and the payment thereof shall be secured by the Assessment Lien; provided, however, that all Special Use Fees collected shall, if imposed in connection with a particular improvement, be separately accounted for as to each separate improvement pertaining to which they are collected and shall be expended on the particular improvement to which they pertain.

Section 9.5 Insurance. The Association shall maintain insurance against liability incurred as a result of death or injury to persons or damage to property on the Common Areas, with the amount and type of coverage to be determined by the Board.

ARTICLE 10

MAINTENANCE

Section 10.1 Common Areas and Public Rights-of-Way. The Association, or its duly delegated representative, shall maintain and otherwise manage, all Common Areas, including, but not limited to, landscaping, walkways, paths, parking areas, drives (including the Rights-of-Way) and other facilities. The Association shall also maintain any landscaping and other improvements not on Lots which are within the exterior boundaries of the Property which are intended for the general benefit of the Owners and Residents of the Property, except the Association shall not maintain areas which (i) the city and county in which the Property is located, or other governmental entity is maintaining or (ii) are to be maintained by the Owners of a Lot unless the Association elects to maintain such areas. Specific areas to be maintained by the Association may be identified on the Plat or approved by the Declarant, and in deeds from the Declarant to a transferee of a Lot, but the failure to so identify such areas shall not affect the Association's rights or responsibilities with respect to such Common Areas and other areas intended for the general benefit of the Property.

The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property so it will reflect a high pride of ownership. In connection therewith the Association may, in the discretion of the Board:

(a) Reconstruct, repair, replace or refinish any improvement or portion thereof upon any Common Area;

(b) Replace injured and diseased trees and other vegetation in any Common Area and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

(c) Place and maintain upon any Common Area such signs as the Board may deem appropriate for the prior identification, use and regulation thereof;

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

The Board shall be the sole judge as to the appropriate maintenance of all Common Areas and other properties maintained by the Association. Any cooperative action necessary or appropriate to the proper maintenance and upkeep of said properties shall be taken by the Board or by its duly delegated representative.

In the event the Plat, deed restriction or this Declaration permits the Board to determine whether Owners of certain Lots will be responsible for maintenance of certain Common Areas or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners, Occupants and Residents of the Property for the Association or an individual Owner to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Association to contract with others for the performance of the maintenance and other obligations of the Association under this Article 10 and, in order to promote uniformity and harmony of appearance, the Board may also cause the Association to contract to provide maintenance services to Owners of Lots having such responsibilities in exchange for the payment of such fees as the Association and Owner may agree upon.

Section 10.2 Assessment of Certain Costs of Maintenance and Repair of Common Areas and Public Areas. In the event that the need for maintenance or repair of Common Areas and other areas maintained by the Association is caused through the willful or negligent act of any Member, his family, guests or invitees, the cost of such maintenance or repairs shall be added to, and become a part of, the Assessment to which such Member and the Member's Lot is subject, and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

Section 10.3 Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Property which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration, or in the event the Owner of any Lot is failing to perform any of its obligations under this Declaration or the Design Review Guidelines, standards and rules and regulations of the Design Review Committee, the Board may by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within

fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen (14) day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to, and become a part of, the Assessment to which the offending Owner and the Owner's Lot is subject, and shall be secured by the Assessment Lien.

ARTICLE 11

DESIGN REVIEW COMMITTEE

Section 11.1 Establishment. The Board shall establish a Design Review Committee and shall establish and adopt Design Review Guidelines and procedural rules and regulations to direct the Design Review Committee in the performance of its duties. The Design Review Committee shall consist of three (3) regular members and an alternate member, each appointed by the Board. The appointees need not be Owners, Occupants or Residents and need not possess any special qualifications except such as the Board may, in its sole discretion, require. The Board may replace any member of the Design Review Committee at any time with or without cause. In the event of the death or resignation of any member of the Design Review Committee, the Board shall replace said member within ninety (90) days following such death or resignation. Pending the replacement of such deceased or resigned member, the remaining member or members of the Design Review Committee shall have full authority to act as the Design Review Committee under this Declaration.

Section 11.2 Purpose. The purpose of the Design Review Committee is to maintain uniformity of architectural and landscaping standards throughout the Property and thereby enhance the aesthetic and economic value of the Property. The Design Review Committee is hereby empowered to supplement and amend the Design Review Guidelines and its procedural rules and regulations to the extent and with the frequency it deems necessary; provided, however, that such modifications are in general conformity with the standards set forth in this Declaration. Neither the Design Review Committee, Declarant, Zenith, nor Association is assuming any liability for the economic value nor structural integrity of any improvement. Design Review Committee's decisions shall pertain solely to the matters set forth herein and shall in no way constitute a representation or warranty of economic value or structural integrity. All decisions shall be made in the Design Review Committee's sole discretion and shall be final and conclusive and from which there shall be no appeal.

Section 11.3 Operation/Authority. It shall be the duty of the Design Review Committee to consider and act upon all proposals and plans submitted to it pursuant to this Declaration. The Design Review Committee shall hold regular meetings in accordance with its procedural rules and regulations. A quorum for such meetings shall consist of two (2) members and an affirmative vote of two (2) of the members of the Design Review Committee shall be necessary for any decision. A duly appointed alternate member may participate in any meeting in which there is not a quorum of regular members present, may constitute a quorum by his/her presence and shall have all the authority of a regular member while so participating. The Design Review Committee shall review

all applications submitted to it and shall furnish a written decision to the applicant setting forth the reasons for its decision and the nature of any objections. If the Design Review Committee fails to furnish a written decision within thirty (30) calendar days after an application has been submitted or resubmitted to it, then the application shall be deemed approved. The Design Review Committee shall have broad discretionary powers in determining whether an application is in conformance with the Design Review Guidelines. In addition, the Design Review Committee may disapprove any application if it, in its discretion, believes the applicant has not supplied sufficient or accurate information for the Design Review Committee to exercise the judgment required by this Declaration. The Design Review Committee has the authority to grant variances to the Design Review Guidelines by an affirmative vote of the majority of the members of the Design Review Committee. The Design Review Committee shall keep complete written records of all applications for approval submitted to it (including one (1) set of all preliminary sketches and all architectural plans) in connection with all actions taken by it under the provisions of the Design Review Guidelines. All such records shall be maintained for a minimum of three (3) years after approval or disapproval.

Section 11.4 Fee. The Board shall have the right, in its sole discretion, to assess against applicants a processing fee to defer the costs incurred by the Design Review Committee in considering any requests for approval submitted to it. If imposed, the fee shall be in such amount and payable in accordance with such schedule as reasonably determined by the Design Review Committee. Any processing fee not paid in full at the time of submittal of the request for approval shall be added to, and become a part of, the Assessment to which the requesting Owner and the Owner's Lot is subject, and shall be secured by the Assessment Lien.

Section 11.5 Limited Liability of Design Review Committee Approval. All plans, drawings and specifications approved by the Design Review Committee are not approved for engineering, design or architectural competence. Through its approval of such plans, drawings and specifications, the Design Review Committee does not assume liability or responsibility therefor or for any defect in any structure constructed from such plans, drawings and specifications. Declarant, Zenith, members of the Design Review Committee and members of the Board shall not be liable to the Association, any Owner or any other entity for any damage, loss or prejudice suffered or claimed because of:

- (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective: or
- (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings or specifications.

Section 11.6 Waiver. The approval by the Design Review Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Design Review Committee, shall not be deemed to constitute a waiver of any right

to withhold approval of a similar plan, drawing, specification or matter subsequently submitted for approval.

Section 11.7 Nonapplicability to Declarant. The provisions of this Article are not to apply to any Lots owned by Declarant.

Section 11.8 Additional Approvals. The approval of any Design Review Committee contemplated by this Declaration shall be in addition to, and not in lieu of, any approvals required by the Residential Design Review Committee and the board of directors of the Master Association under the Master Declaration, and any approvals, consents or permits required under the ordinance or rules and regulations of any county or municipality having jurisdiction over Parkwood Ranch.

ARTICLE 12

RIGHTS AND POWERS OF ASSOCIATION

Section 12.1 Association's Rights and Powers as Set Forth in Articles and Bylaws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its Articles and Bylaws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by Declarant, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Declaration. After incorporation of the Association, a copy of the Articles and Bylaws of the Association shall be available for inspection at the office of the Association during reasonable business hours.

Section 12.2 Association's Rights of Enforcement of Provisions of This and Other Instruments. The Association, as the agent and representative of the Owners and Occupants, shall have the right to enforce the Covenants set forth in this Declaration and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (i) shall have been executed pursuant to, or subject to, the provisions of this Declaration, or (ii) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Association or by Declarant.

Section 12.3 Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including Declarant and its affiliated companies, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one (1) or more directors or officers of the Association, or members of any committee, is employed by, or otherwise connected with, Declarant or its affiliates, provided that the fact of such interest shall

be disclosed or known to the other directors acting upon such contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such director, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by the Declarant, its affiliated companies or any competitor thereof and may vote thereat to authorize any such contract, transaction or approval with like force and effect as if he were not so interested.

Section 12.4 Reservation of Trade Name. Declarant hereby reserves all right, title and interest in the name of the Association for the uses set forth herein and any other use as Declarant may choose. The Association and all Owners shall be entitled to the non-exclusive use of such name only with reference to, and in connection with, the Property, the Association or its authorized activities. Any officer of the Association, each acting alone without the other, is hereby authorized to execute on behalf of the Association such consents, approvals, confirmations, acknowledgments and other instruments as Declarant may request in order to evidence and confirm the rights and interests of Declarant in such name.

ARTICLE 13

TERM: AMENDMENTS: TERMINATION

Section 13.1 Term: Method of Termination. This Declaration shall be effective upon the date of its Recordation and, as amended from time to time, shall continue in full force and effect for a term of twenty (20) years from the date this Declaration is Recorded. From and after said date, this Declaration, as amended, shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members casting ninety percent (90%) of the total votes cast at a meeting held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. The Declaration may be terminated at any time if ninety percent (90%) of the votes cast by each class of Members shall be cast in favor of termination at a meeting held for such purpose. Anything in the foregoing to the contrary notwithstanding, no vote to terminate this Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from the holders of Recorded first mortgages or deeds of trust to which the Assessment Lien is subordinate pursuant to Section 8.3 above, on seventy-five percent (75 %) of the Lots upon which there are such Recorded first mortgages and deeds of trust. If the necessary votes and consents are obtained, the Board shall cause to be Recorded with the County Recorder of Maricopa County, Arizona, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon these Covenants shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

Section 13.2 Amendments. This Declaration may be amended by Recording with the County Recorder of Maricopa County, Arizona, a Certificate of Amendment, duly signed and acknowledged. The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided in Sections 13.3 and 13.4 of this Article, shall certify that, at a meeting duly called and held pursuant to the provisions of the Articles and Bylaws, the Owners casting at least ninety percent (90%) of the votes then entitled to be cast voted affirmatively for the adoption of the Amendment; provided, however, after twenty-five (25) years from the date of the Recording of this Declaration, the affirmative vote of the Owners casting at least seventy-five percent (75 %) of the votes then entitled to be cast at a duly called meeting shall be necessary to amend this Declaration.

Section 13.3 Right of Amendment if Requested by Governmental Agency or Lending Institutions. Notwithstanding anything contained herein to the contrary, Declarant reserves the right to amend all or any part of this Declaration as Declarant may deem necessary or convenient in Declarant's sole and absolute discretion, including but not limited to such amendments as may be requested by the Federal Housing Administration ("FHA"), the Veterans Administration ("VA"), Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Declaration, or by any federally or state chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) or any portions thereof. Any such amendment shall be effected by the Recording, by Declarant, of a Certificate of Amendment duly signed by or on behalf of the partners, authorized agents, or authorized officers of Declarant, as applicable, with their signatures acknowledged. When Recorded, such Certificate shall be binding upon all of the Property and all persons having an interest therein. It is the desire of Declarant to retain control of the Association and its activities during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section deletes, diminishes or alters such control, Declarant shall have the right to prepare, provide for and adopt, as an amendment hereto, other and different control provisions. Except as provided in this Section 13.3 and in Section 13.4, Declarant shall not have any right to amend this Declaration otherwise than in accordance with and pursuant to the provisions of Section 13.2 of this Article.

Section 13.4 Approval of Master Association; Approval of Zenith. Any amendment to this Declaration shall require the prior written approval of the Master Association, such approval not to be unreasonably withheld. So long as Zenith owns any Lot, any amendment to this Declaration shall require the prior written approval of Zenith, such approval not to be unreasonably withheld.

ARTICLE 14

MISCELLANEOUS

Section 14.1 Interpretation of the Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the Covenants and provisions hereof.

Section 14.2 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 14.3 Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States on the date hereof.

Section 14.4 Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Declaration, the Association shall have the right to adopt rules and regulations with respect to all other aspects of the Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Declaration.

Section 14.5 Declarant's Disclaimer of Representations. Anything to the contrary in this Declaration notwithstanding, and except as otherwise may be expressly set forth on the Plat or other instrument Recorded in the office of the County Recorder of Maricopa County, Arizona, neither Declarant nor Zenith make any warranties or representations whatsoever that the plans presently envisioned for the complete development of the Property can, or will be, carried out, or that any land now owned or hereafter acquired by it is, or will be, subjected to this Declaration, or that any such land (whether or not it has been subjected to this Declaration) is, or will be, committed to, or developed for, a particular (or any) use, or that if such land is once used for a particular use, such use will continue in effect. Declarant and Zenith make no representations and warranties that the use of any Property subject to this Declaration will not be changed in the future. In addition, Declarant and Zenith make no representations or warranties that a guard service will be provided, or, if guard service is provided, that it will be provided during any particular hours or will be continued in the future. Nothing contained in this Declaration and nothing which may be represented to a purchaser of a Lot by real estate brokers or salesmen representing the Declarant or Zenith shall be deemed to create any implied covenants or restrictions with respect to the use of any Property. Each Owner acknowledges that Declarant and

Zenith may undertake development of the Property in phases and that by undertaking development of a phase Declarant and Zenith are not making any representation that such phase or any other phase will be completed.

Section 14.6 References to the Covenants in Deeds. Deeds to, and instruments affecting, any Lot or any part of the Property may contain the Covenants herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the Covenants shall be binding upon the grantee/Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 14.7 Successors and Assigns of Declarant. Any reference in this Declaration to Declarant shall include any successors or assignees of Declarant's rights and powers hereunder, provided that Declarant's rights and powers may only be assigned by a written, Recorded instrument expressly assigning such rights and powers in accordance with the requirements set forth herein.

Section 14.8 Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

Section 14.9 Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

Section 14.10 Notices. If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, this Declaration or resolution of the Board to be given to any Owner, Occupant or Resident then, unless otherwise specified herein or in the resolution of the Board, such notice requirement shall be deemed satisfied if notice of such action or meeting is published once in any newspaper in general circulation within Maricopa County. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other manner.

Section 14.11 FHA/VA Approval. Declarant may, without obligation, apply for approval of the development of the Property by the FHA or the VA or any other governmental agencies or financial institutions whose approval Declarant deems necessary and desirable. If this Declaration has been initially approved by the FHA or the VA in connection with any loan programs made available by FHA or VA and any loans have been made which are insured or guaranteed by FHA or VA, then as long as there is a Class B Membership, the following actions will require the prior approval of the FHA or the VA, as applicable, unless the need for such approval has been waived by FHA or VA: (i) annexation of additional property into the Property; (ii) mergers and consolidations; (iii) mortgaging or otherwise encumbering Common Area; (iv) dedications or other

transfers of Common Areas (except where such dedication is required as of the date hereof to any governmental entity or subdivision); (v) dissolution of the Association; and (vi) amendment of this Declaration, the Articles or the Bylaws to the extent required to be approved by the FHA or VA pursuant to their rules and regulations. Consent of the FHA and VA to the foregoing will not be required if the FHA and VA have elected not to approve the Property for certification or if such approval has been revoked, withdrawn, canceled or suspended.

Section 14.12 Indemnification/Acknowledgment. THE OWNERS, AS DEFINED HEREIN, ACKNOWLEDGE THAT: (1) THE PROPERTY SUBJECT TO THIS DECLARATION CONTAINS COMMON AREAS; (2) THE COMMON AREAS ARE INTENDED SOLELY FOR AESTHETIC PURPOSES AND LIMITED RECREATIONAL USE; (3) THE COMMON AREAS POSSESS CERTAIN INHERENT DANGERS FROM WHICH THE OWNERS MUST TAKE PRECAUTIONS TO PROTECT THEMSELVES, THEIR FAMILIES, INVITEES, GUESTS AND OTHERS; (4) NO SAFETY PERSONNEL WILL PATROL THE COMMON AREAS AND THE OWNERS ASSUME THE RISK AND THE RESPONSIBILITY OF PROTECTING THEMSELVES, THEIR FAMILIES, INVITEES, GUESTS OR OTHERS; AND (5) THE OWNERS WILL INDEMNIFY, DEFEND AND HOLD HARMLESS THE DECLARANT, THE MASTER ASSOCIATION, PARKWOOD RANCH, L.L.C., AN ARIZONA LIMITED LIABILITY COMPANY ("PARKWOOD RANCH"), THE ASSOCIATION, ZENITH AND THEIR SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY CLAIMS, LIABILITIES, INJURIES, DAMAGES, EXPENSES AND COSTS, INCLUDING INTEREST AND ATTORNEYS' FEES, INCURRED BY OR CLAIMED AGAINST THE DECLARANT, THE MASTER ASSOCIATION, PARKWOOD RANCH, THE ASSOCIATION, ZENITH AND THEIR SUCCESSORS AND ASSIGNS UNDER ANY LAWS ARISING IN ANY WAY FROM OR IN CONNECTION WITH THE COMMON AREAS.

14.13 Termination of the Option Agreement. Notwithstanding any other provision of this Declaration, Sunrise and Zenith acknowledge that, upon recordation of the Termination (as defined in the Option Agreement) following such time as Zenith no longer has any interest in any of the Property, the Option Agreement, for purposes of this Declaration, shall be deemed terminated and shall no longer be in or have any effect, and Zenith shall have no more rights pursuant to this Declaration.

14.14 City of Mesa Maintenance. The City of Mesa is not responsible for and will not accept maintenance of any private facilities, private streets, landscaped areas, etc. within this project.

14.15 Limitation on Rights of Sunrise as Declarant. Notwithstanding any other provision contained in this Declaration, as long as Sunrise is the Declarant and the Option Agreement remains in effect, Sunrise shall not, without the prior written consent of Zenith, have the right to exercise any of the "Declarant" rights under this Declaration in any manner which will have a material or adverse impact on the Lots owned by Zenith. Likewise, should Zenith succeed to the Declarant's rights hereunder, Zenith shall not, without the prior written consent of Sunrise, have the right to exercise any of the Declarant's rights under this Declaration in any manner which will have a material or adverse impact on the Lots owned by Sunrise.

IN WITNESS WHEREOF, Sunrise and Zenith have caused their names to be signed by the signatures of their duly authorized representatives as of the day and year first above written.

SUNRISE AT PARKWOOD RANCH INVESTORS, L.L.C., an Arizona limited liability company

ZENITH PARKWOOD L.L.P., an Arizona limited liability partnership

BY: THE DEHAVEN COMPANY, an Arizona corporation, Its Manager

By: SPIRE USA, an Ontario Partnership, Its General Partner

By: *[Signature]*
Alan Kennedy, President

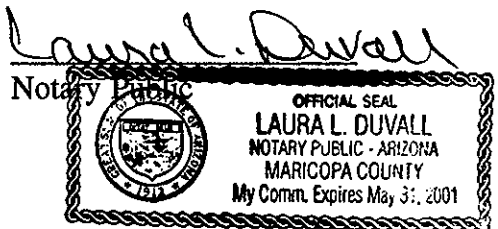
By: *[Signature]*
Jeffrey K. Starkman, its Partner

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 28th day of May, 1999, before me, the undersigned Notary Public, personally appeared ALAN R. KENNEDY, who acknowledged himself to be the President of THE DEHAVEN COMPANY, an Arizona corporation acting as manager of SUNRISE AT PARKWOOD RANCH INVESTORS, L.L.C., an Arizona limited liability company, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

My commission expires: May 31, 2001

PROVINCE OF ONTARIO)
) ss.
Country of Canada)



On this the 13th day of May, 1999, before me, the undersigned Notary Public, personally appeared JEFFREY K. STARKMAN, who acknowledged himself to be the Partner of SPIRE USA, an Ontario Partnership acting as the General Partner of ZENITH PARKWOOD, L.L.P., an Arizona limited liability partnership, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

My commission expires:
no expiring date.

[Signature]
Notary Public

The Board of Directors of the Master Association hereby consents to the Declaration pursuant to Section 4.3(c) of the Declaration of Covenants, Conditions and Restrictions for Parkwood Ranch recorded on November 12, 1996, as instrument No. 96-0799144, official records of Maricopa County, Arizona, and all amendments thereto.

BY: PARKWOOD RANCH COMMUNITY
MASTER ASSOCIATION, an Arizona non-profit
corporation

By: C. Curtis Cowgill
Its: President

STATE OF ARIZONA)
) ss.
County of Maricopa)

On this the 27th day of May, 1999, before me, the undersigned Notary Public, personally appeared C. Curtis Cowgill, who acknowledged himself to be the PRESIDENT of THE PARKWOOD RANCH COMMUNITY MASTER ASSOCIATION, an Arizona non-profit corporation, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

Donna W. Huck
Notary Public

My commission expires:

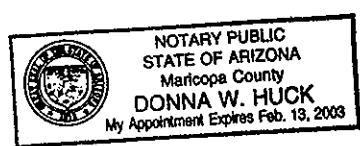
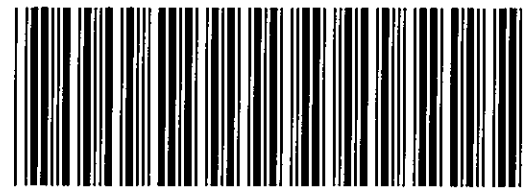


EXHIBIT A

(Legal Description of the Property)

LOTS 1 through 104 inclusive, SUNRISE at PARKWOOD RANCH, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 490 of Maps, page 34.

*Hold for
Jack be Nimble*



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

99-0881197 09/22/99 11:04

OSCAR 1 OF 1

When Recorded Return To:
Matthew B. Levine, Esq.
Titus, Brueckner & Berry, P.C.
7373 N. Scottsdale Road
Suite B-252
Scottsdale, Arizona 85253

**AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS, RESERVATIONS AND EASEMENTS FOR SUNRISE AT
PARKWOOD RANCH**

This Amendment to Amended and Restated Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Sunrise at Parkwood Ranch (this "Amendment") is made this 31st day of August, 1999, by Sunrise at Parkwood Ranch Investors, L.L.C., an Arizona limited liability company ("Declarant") and ZENITH PARKWOOD L.L.P., an Arizona limited liability partnership ("Zenith").

WHEREAS, the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Sunrise at Parkwood Ranch dated May 27, 1999 was recorded on June 2, 1999 in the Official Records of Maricopa County at Instrument Number 99-0530281 and re-recorded on June 29, 1999, in the Official Records of Maricopa County, Arizona at Instrument Number 99-0620305 (the "Declaration") affecting title to the real property described on Exhibit "A" thereto (the "Property");

WHEREAS, Pursuant to Section 13.2 of the Declaration, the Declaration may be amended upon the affirmative vote of the Owners of 90% of the votes then entitled to be cast;

WHEREAS, Declarant currently possesses more than 90% of the votes entitled to be cast;

WHEREAS, Declarant hereby certifies that, at a meeting duly called and held pursuant to the Articles and Bylaws, the following amendment to the Declaration was unanimously adopted by affirmative vote of the Declarant. This Amendment shall be deemed a Certificate of Amendment complying with Section 13.2 of the Declaration;

WHEREAS, the Declarant desires to amend certain terms of the Declaration as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the same meaning ascribed to those in the Declaration.

2. Assessment. The amount of the Maximum Annual Assessment in Section 7.3(a) is hereby changed to \$48.00 per month per each Membership.

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

4. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Amendment.

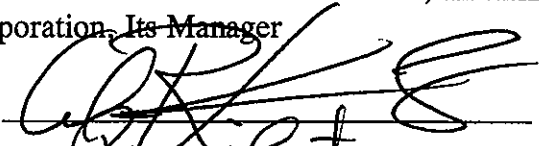
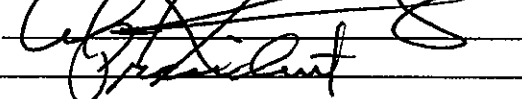
5. Effect of Amendment. In the event of any inconsistencies between this Amendment and the Declaration, the terms of this Amendment shall govern. Except as provided for herein, all other terms and conditions of the Declaration shall remain unchanged and the parties hereto reaffirm the terms and conditions of such Declaration. The Amendment may only be varied by a document, in writing, of even or subsequent date hereof, executed by the parties hereto.

IN WITNESS WHEREOF, the Declarant, with the consent of Zenith, hereto has executed this Amendment as of the date first above written.

“DECLARANT”

SUNRISE AT PARKWOOD RANCH
INVESTORS, L.L.C.. an Arizona limited liability
company

BY: THE DEHAVEN COMPANY, an Arizona
corporation, Its Manager

By: 
Its: 

“ZENITH”

ZENITH PARKWOOD L.L.P., an Arizona
limited liability partnership

By: SPIRE USA, an Ontario Partnership
Its: General Partner

By: 
Jeffrey K. Starkman, its Partner

The Board of Directors of the Master Association hereby consents to the above Amendment to the Declaration.

BY: PARKWOOD RANCH COMMUNITY
MASTER ASSOCIATION, an Arizona non-profit corporation

By: _____
Its: _____

STATE OF ARIZONA)
)
County of Maricopa) ss.

ON THIS, the 31st day of August, 1999, before me, the undersigned officer, personally appeared Alan R Kennedy, known to me to be the President of the DeHaven Company, the Manager of Sunrise at Parkwood Ranch Investors, LLC, and acknowledged that he executed the same for the purpose therein contained.

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



Laura L. Duvall
Notary Public

PROVINCE OF ONTARIO)
) ss.
Country of Canada)

On this the 31st day of August, 1999, before me, the undersigned Notary Public, personally appeared JEFFREY K. STARKMAN, who acknowledged himself to be the Partner of SPIRE USA, an Ontario Partnership acting as the General Partner of ZENITH PARKWOOD, L.L.P., an Arizona limited liability partnership, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

[Signature]
Notary Public

My commission expires:
no expiry date

STATE OF ARIZONA }
 }
County of Maricopa }

ss.

ON THIS, the _____ day of August, 1999, before me, the undersigned officer, personally appeared _____, known to me to be the _____ of Parkwood Ranch Community Master Association and acknowledged that he executed the same for the purpose therein contained.

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

Notary Stamp

Notary Public

When Recorded Return To:
 Matthew B. Levine, Esq.
 Titus, Brueckner & Berry, P.C.
 7373 N. Scottsdale Road
 Suite B-252
 Scottsdale, Arizona 85253

**AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
 RESTRICTIONS, RESERVATIONS AND EASEMENTS FOR SUNRISE AT
 PARKWOOD RANCH**

This Amendment to Amended and Restated Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Sunrise at Parkwood Ranch (this "Amendment") is made this 31st day of August, 1999, by Sunrise at Parkwood Ranch Investors, L.L.C., an Arizona limited liability company ("Declarant") and ZENITH PARKWOOD L.L.P., an Arizona limited liability partnership ("Zenith").

WHEREAS, the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Sunrise at Parkwood Ranch dated May 27, 1999 was recorded on June 2, 1999 in the Official Records of Maricopa County at Instrument Number 99-0530281 and re-recorded on June 29, 1999, in the Official Records of Maricopa County, Arizona at Instrument Number 99-0620305 (the "Declaration") affecting title to the real property described on Exhibit "A" thereto (the "Property");

WHEREAS, Pursuant to Section 13.2 of the Declaration, the Declaration may be amended upon the affirmative vote of the Owners of 90% of the votes then entitled to be cast;

WHEREAS, Declarant currently possesses more than 90% of the votes entitled to be cast;

WHEREAS, Declarant hereby certifies that, at a meeting duly called and held pursuant to the Articles and Bylaws, the following amendment to the Declaration was unanimously adopted by affirmative vote of the Declarant. This Amendment shall be deemed a Certificate of Amendment complying with Section 13.2 of the Declaration;

WHEREAS, the Declarant desires to amend certain terms of the Declaration as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the same meaning ascribed to those in the Declaration.

2. Assessment. The amount of the Maximum Annual Assessment in Section 7.3(a) is hereby changed to \$48.00 per month per each Membership.

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

4. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Amendment.

5. Effect of Amendment. In the event of any inconsistencies between this Amendment and the Declaration, the terms of this Amendment shall govern. Except as provided for herein, all other terms and conditions of the Declaration shall remain unchanged and the parties hereto reaffirm the terms and conditions of such Declaration. The Amendment may only be varied by a document, in writing, of even or subsequent date hereof, executed by the parties hereto.

IN WITNESS WHEREOF, the Declarant, with the consent of Zenith, hereto has executed this Amendment as of the date first above written.

“DECLARANT”

SUNRISE AT PARKWOOD RANCH
INVESTORS, L.L.C.. an Arizona limited liability
company

BY: THE DEHAVEN COMPANY, an Arizona
corporation, Its Manager

By: 

Its: President

“ZENITH”

ZENITH PARKWOOD L.L.P., an Arizona
limited liability partnership

By: SPIRE USA, an Ontario Partnership
Its: General Partner

By: _____

Jeffrey K. Starkman, its Partner

The Board of Directors of the Master Association hereby consents to the above Amendment to the Declaration.

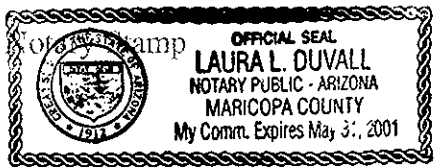
BY: PARKWOOD RANCH COMMUNITY MASTER ASSOCIATION, an Arizona non-profit corporation

By: C. Gert Campbell
Its: Vice President

STATE OF ARIZONA)
)
County of Maricopa) ss.

ON THIS, the 22nd day of ~~August~~ ^{Sept}, 1999, before me, the undersigned officer, personally appeared Alan R Kennedy, known to me to be the President of the DeHaven Company, the Manager of Sunrise at Parkwood Ranch Investors, LLC, and acknowledged that he executed the same for the purpose therein contained.

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



Laura L. Duvall
Notary Public

PROVINCE OF ONTARIO)
)
Country of Canada) ss.

On this the _____ day of August, 1999, before me, the undersigned Notary Public, personally appeared JEFFREY K. STARKMAN, who acknowledged himself to be the Partner of SPIRE USA, an Ontario Partnership acting as the General Partner of ZENITH PARKWOOD, L.L.P., an Arizona limited liability partnership, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

Notary Public

My commission expires:

STATE OF ARIZONA

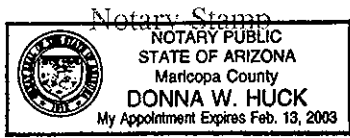
County of Maricopa

}
}
}

ss.

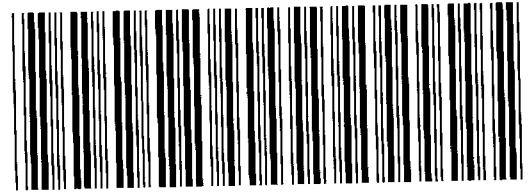
ON THIS, the 7th day of August, 1999, before me, the undersigned officer, personally appeared C. Curtis COUGHLIN, known to me to be the VICE PRESIDENT of Parkwood Ranch Community Master Association and acknowledged that he executed the same for the purpose therein contained.

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



Donna W. Huck
 Notary Public

When recorded mail to:



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

00-0358129 05/11/00 08:39

YEZENA 1 OF 1

CAPTION HEADING: _____

DO NOT REMOVE

This is part of the official document.

When Recorded Return To:
 Matthew B. Levine, Esq.
 Titus, Brueckner & Berry, P.C.
 7373 N. Scottsdale Road
 Suite B-252
 Scottsdale, Arizona 85253

Tony Bolanos
**HOLD FOR
 ATI TITLE PICK-UP**

**AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS,
 RESTRICTIONS, RESERVATIONS AND EASEMENTS FOR SUNRISE AT
 PARKWOOD RANCH**

This Amendment to Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Sunrise at Parkwood Ranch (this "Amendment") is made this 26th day of April, 2000, by Sunrise at Parkwood Ranch Investors, L.L.C., an Arizona limited liability company ("Declarant") and ZENITH PARKWOOD L.L.P., an Arizona limited liability partnership ("Zenith").

WHEREAS, the Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Sunrise at Parkwood Ranch dated May 27, 1999 was recorded on June 2, 1999 in the Official Records of Maricopa County at Instrument Number 99-0530281 and re-recorded on June 29, 1999, in the Official Records of Maricopa County, Arizona at Instrument Number 99-0620305 (the "Declaration") affecting title to the real property described on Exhibit "A" thereto (the "Property");

WHEREAS, Pursuant to Section 13.2 of the Declaration, the Declaration may be amended upon the affirmative vote of the Owners of 90% of the votes then entitled to be cast;

WHEREAS, Declarant currently possesses more than 90% of the votes entitled to be cast;

WHEREAS, Declarant hereby certifies that, at a meeting duly called and held pursuant to the Articles and Bylaws, the following amendment to the Declaration was unanimously adopted by affirmative vote of the Declarant. This Amendment shall be deemed a Certificate of Amendment complying with Section 13.2 of the Declaration;

WHEREAS, the Declarant desires to amend certain terms of the Declaration as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the same meaning ascribed to those in the Declaration.

2. Parking Restriction in Designated Fire Lanes. The following shall be added as the new last sentence of Section 4.1(aa) of the Declaration:

“In accordance with City of Mesa code, the Board has entered into an agreement with the City of Mesa, whereby the Owners, lessees or Residents, and their respective guests and invitees, shall not park or otherwise obstruct any designated fire lanes within the Property.”

3. City of Mesa Agreement. The City of Mesa agreement, together with a roadway layout of the Property, are attached to this Amendment as Exhibit “A.”

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

5. Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Amendment.

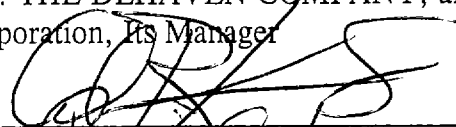
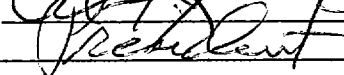
6. Effect of Amendment. In the event of any inconsistencies between this Amendment and the Declaration, the terms of this Amendment shall govern. Except as provided for herein, all other terms and conditions of the Declaration shall remain unchanged and the parties hereto reaffirm the terms and conditions of such Declaration. The Amendment may only be varied by a document, in writing, of even or subsequent date hereof, executed by the parties hereto.

IN WITNESS WHEREOF, the Declarant, with the consent of Zenith, hereto has executed this Amendment as of the date first above written.

“DECLARANT”

SUNRISE AT PARKWOOD RANCH
INVESTORS, L.L.C.. an Arizona limited liability
company

BY: THE DEHAVEN COMPANY, an Arizona
corporation, Its Manager

By: 
Its: 

"ZENITH"

ZENITH PARKWOOD L.L.P., an Arizona
limited liability partnership

By: SPIRE USA, an Ontario Partnership
Its: General Partner

By:  _____
Jeffrey K. Starkman, its Partner

**The Board of Directors of the Master Association hereby consents to the above
Amendment to the Declaration.**

BY: PARKWOOD RANCH COMMUNITY
MASTER ASSOCIATION, an Arizona non-profit
corporation

By: _____
Its: _____

By: _____
Its: _____

STATE OF ARIZONA }
 } ss.
County of Maricopa }

ON THIS, the _____ day of April, 2000, before me, the undersigned officer, personally
appeared _____, known to me to be the _____ of the DeHaven
Company, the Manager of Sunrise at Parkwood Ranch Investors, LLC, and acknowledged that he
executed the same for the purpose therein contained.

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

Notary Public

20000358129

"ZENITH"

ZENITH PARKWOOD L.L.P., an Arizona
limited liability partnership

By: SPIRE USA, an Ontario Partnership
Its: General Partner

By: _____
Jeffrey K. Starkman, its Partner

**The Board of Directors of the Master Association hereby consents to the above
Amendment to the Declaration.**

BY: PARKWOOD RANCH COMMUNITY
MASTER ASSOCIATION, an Arizona non-profit
corporation

By: Mark A. Vought
Its: Vice President

By: Paul Keys
Its: Treasurer

STATE OF ARIZONA }
 }
County of Maricopa } ss.

ON THIS, the _____ day of April, 2000, before me, the undersigned officer, personally
appeared _____, known to me to be the _____ of the DeHaven
Company, the Manager of Sunrise at Parkwood Ranch Investors, LLC, and acknowledged that he
executed the same for the purpose therein contained.

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

Notary Public

"ZENITH"

ZENITH PARKWOOD L.L.P., an Arizona
limited liability partnership

By: SPIRE USA, an Ontario Partnership
Its: General Partner

By: _____
Jeffrey K. Starkman, its Partner

The Board of Directors of the Master Association hereby consents to the above
Amendment to the Declaration.

BY: PARKWOOD RANCH COMMUNITY
MASTER ASSOCIATION, an Arizona non-profit
corporation

By: _____
Its: _____

By: _____
Its: _____

STATE OF ARIZONA }
County of Maricopa } ss.

ON THIS, the 26 day of April, 2000, before me, the undersigned officer, personally
appeared Alan R Kennedy, known to me to be the President of the DeHaven
Company, the Manager of Sunrise at Parkwood Ranch Investors, LLC, and acknowledged that he
executed the same for the purpose therein contained.

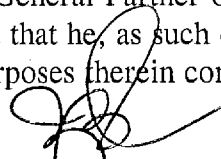
IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public Laura L. Duvall

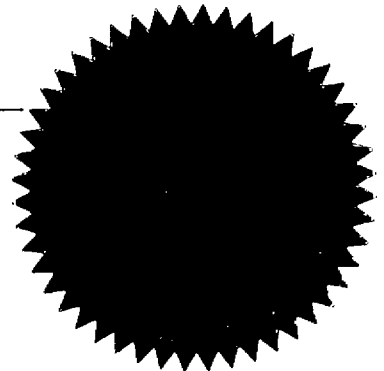


PROVINCE OF ONTARIO)
) ss.
Country of Canada)

On this the 28th day of April, 2000, before me, the undersigned Notary Public, personally appeared JEFFREY K. STARKMAN, who acknowledged himself to be the Partner of SPIRE USA, an Ontario Partnership acting as the General Partner of ZENITH PARKWOOD, L.L.P., an Arizona limited liability partnership, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.



Notary Public



My commission expires:
no expiry date

STATE OF ARIZONA }
 }
County of Maricopa } ss.

ON THIS, the _____ day of April, 2000, before me, the undersigned officer, personally appeared _____, known to me to be the _____ of Parkwood Ranch Community Master Association and acknowledged that he executed the same for the purpose therein contained.

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

Notary Public

STATE OF ARIZONA }
 }
County of Maricopa } ss.

ON THIS, the _____ day of April, 2000, before me, the undersigned officer, personally appeared _____, known to me to be the _____ of Parkwood Ranch Community Master Association and acknowledged that he executed the same for the purpose therein contained.

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

Notary Public

20000358129

PROVINCE OF ONTARIO)
) ss.
Country of Canada)

On this the _____ day of April, 2000, before me, the undersigned Notary Public, personally appeared JEFFREY K. STARKMAN, who acknowledged himself to be the Partner of SPIRE USA, an Ontario Partnership acting as the General Partner of ZENITH PARKWOOD, L.L.P., an Arizona limited liability partnership, and that he, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained.

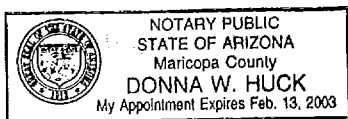
Notary Public

My commission expires:

STATE OF ARIZONA }
) ss.
County of Maricopa }

ON THIS, the 27th day of April, 2000, before me, the undersigned officer, personally appeared MARK A. VOIGT, known to me to be the VICE PRESIDENT of Parkwood Ranch Community Master Association and acknowledged that he executed the same for the purpose therein contained.

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

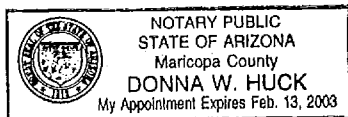


Donna W. Huck
Notary Public

STATE OF ARIZONA }
) ss.
County of Maricopa }

ON THIS, the 27th day of April, 2000, before me, the undersigned officer, personally appeared DAVID K. ROGERS, known to me to be the TREASURER of Parkwood Ranch Community Master Association and acknowledged that he executed the same for the purpose therein contained.

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



Donna W. Huck
Notary Public

EXHIBIT "A"
(CITY OF MESA AGREEMENT AND ROADWAY LAYOUT)

20000358129

City of Mesa Code requires there shall be no parking or other obstructions in designated fire lanes. At the address 9066 East Camelback and/or in the development named Sunrise at Parkway Ranch, we, the Board of Directors, will enforce the no parking requirement; and the Mesa Fire Department will not require the posting of fire lane signs at this time.

Note: This box to be completed and initialed by City of Mesa Plans Examiners

This project has only

28 feet or less driving surface. There shall be no parking on either side of the street.

28 to 34 feet of driving surface. There shall be no parking on one side of the street (the side with the largest turning radius).

If the Mesa Fire Department finds that this enforcement is not working, then the Board of Directors or their legal representative will, at the homeowners' expense, install the posts and signs per City Code; and the maintenance thereof will fall to the Homeowner's Association.

We, the property owner(s)/developer(s) and/or members of the Board of Directors, do so agree:

Name (please print)

Alan R. Kennedy

William D. Donoghue

John D. Ratliff, Jr.

Signature

[Handwritten signatures of Alan R. Kennedy, William D. Donoghue, and John D. Ratliff, Jr.]

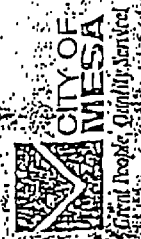
Date

November 16, 1998

November 16, 1998

November 16, 1998

NOTE: This document shall be included in the CC&Rs, along with a reduced copy of roadway layout. Failure to do so will void this agreement.



MESA FIRE DEPARTMENT
DETAIL
FPD 901-3

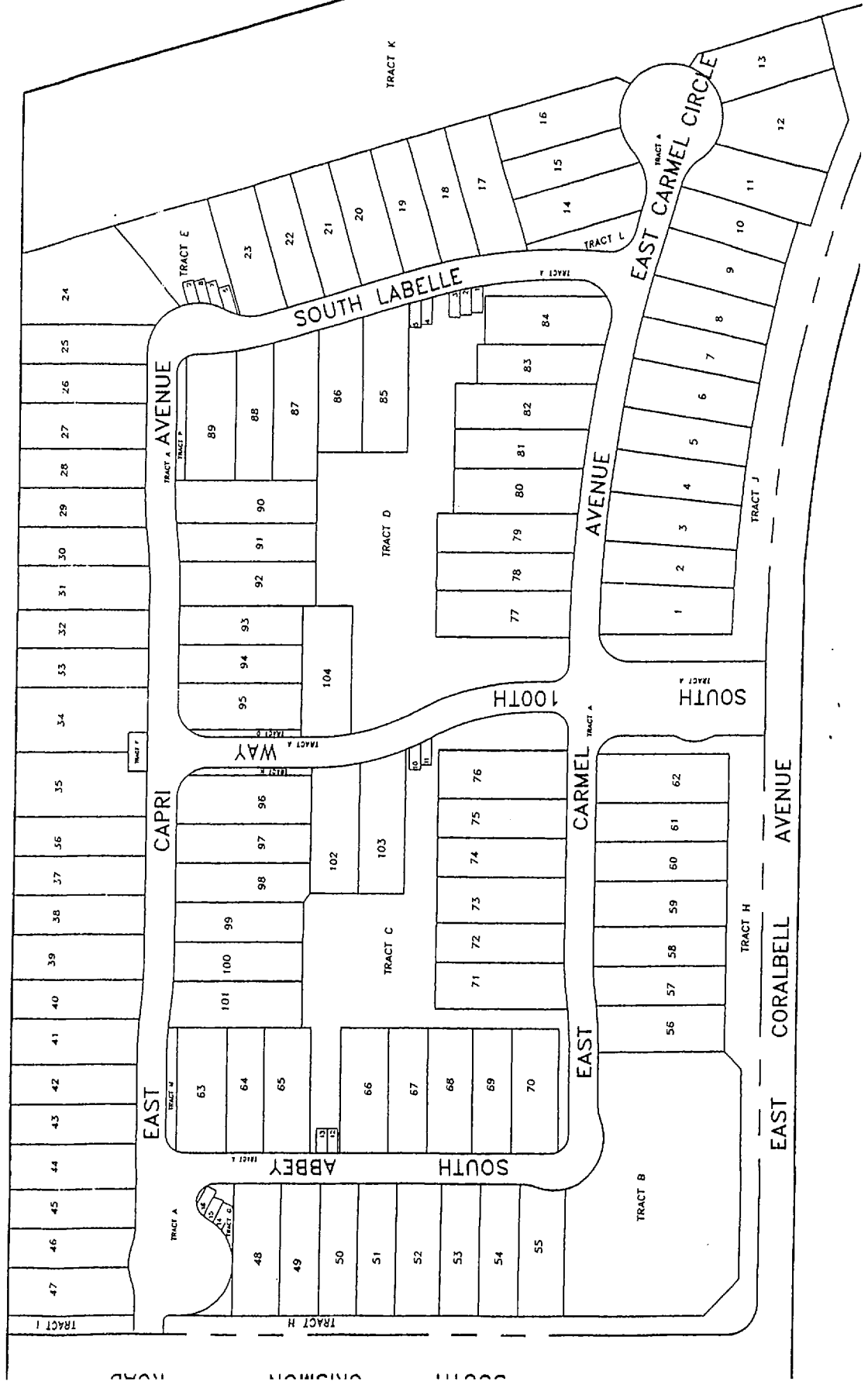
HOMEOWNER'S ASSOCIATION AGREEMENT
ALTERNATIVE FOR FIRE LANE SIGN POSTING
(1994 Uniform Fire Code Section 902)

New:
10/08/97

FPD
901-3

SUNRISE AT PARKWOOD RANCH

A PORTION OF THE NW 1/4 OF SECTION 26,
TOWNSHIP 1 NORTH, RANGE 7 EAST, G&SRB&M
MARICOPA COUNTY, ARIZONA



TRACT	PRIVATE AC UTILITIES & EASEMENT, EASEMENT, EGRESS EAS REFUSE AND VEHICLES
A	
B-P	LANDSCAPING EASEMENT RECREATION

200000358129

66556666