DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
SKYLINE RIDGE

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS, (this "Declaration") is made and entered into as of this 27th day of July, 1995 by Fidelity National Title Agency Inc. as trustee under trust # 10,621, the undersigned DECLARANT and under said Trust, the owner of the following described property:

> Lots 1 thru 40 and Commons Areas "A" and "B" and "C", El Diamante II, a subdivision of Pima County, Arizona, according to the map of record in the Pima County Recorder's Office recorded in book 44, at Page 24.

This declaration provides for an extensive degree of control in the Developer, including, but not limited to: (i) control of the Property Owners' Association hereinafter to be referred to, the type and design of Improvements which may be built within the Project, (as that term is hereinafter defined), and the use, and limitations upon use, of the Common Areas; (ii) the right to amend this declaration, and (iii) substantial flexibility in developing the Project for an extended period of time. This Declaration contains limitations on the liability of the developer and affiliates. Each Owner, by accepting title to any property within the Project, acknowledges, agrees to, and accepts the Developer's control of the Project and the limited liability of the Developer and affiliates, as provided in this Declaration. Such control is an integral part of this Declaration and the general scheme of development and operation of the Project.

WHEREAS, Declarant has a record interest in that real property situated in Pima County, Arizona, described on Exhibit "A" attached hereto and by reference made a part hereof, which Declarant desires to develop or cause to be developed as a planned residential community (the "Project"); and

WHEREAS, Declarant desires to submit and subject the Project, and each portion thereof, together with all buildings, structures and other improvements of whatever kind, now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto, to the covenants, conditions, restrictions, liens, assessment, easements, privileges and rights contained herein; and

WHEREAS, Declarant deems it desirable to establish covenants, conditions, and restrictions for the Project, and each and every portion thereof, and certain mutually beneficial restrictions and obligations with respect to the proper use occupancy and enjoyment thereof, all attractiveness of the Project and enhancing the quality of life within the Project; and

WHEREAS, it is desirable for the efficient management of the Project to create a property owners' association to which is delegated and assigned the powers of managing, maintaining and administering certain Common Areas within the Project and administering and enforcing this Declaration, and collecting and disbursing funds pursuant to the assessments and charges hereinafter created and to perform such other acts as are herein provided or which generally benefit its members, the Project and the owners of any interests therein; and

WHEREAS, Declarant desires and intends that the owners, mortgagees, beneficiaries and trustees under trust deeds, occupants and all other persons hereafter acquiring any interest in the

Project shall, at all times, enjoy the benefits of, and shall hold their interests subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges, and rights hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the Project;

NOW, THEREFORE, Declarant, for the purposes above set forth, declares that the Project shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges, and rights hereinafter set forth, all of which shall run with the land and be binding upon the Project, and each portion thereof, and each person having or acquiring any right, title, or interest in or to the Project, or any portion thereof.

ARTICLE I: DEFINITIONS

Unless otherwise expressly provided herein, the following words and phrases, when used in this Declaration, shall have the meanings hereinafter specified.

SECTION A. ARTICLES "Articles" means the Articles of Incorporation of the Skyline Ridge Home Owner's Association Inc., which have been or will be filed in the office of the Arizona Corporation Commission, as the same may be amended or restated from time to time.

SECTION B. ASSESSABLE PROPERTY "Assessable Property" means each of the following, as existing from time to time: (1) any real property within the Project which is owned by a person other than Declarant or Developer; and (2) a property within the Project owned by a Declarant or Developer upon which there is located a building or other structure which is completed and occupied or ready for occupancy (which property shall include any parking areas, landscaped areas, common areas or open areas created in connection with such building or other structure).

SECTION C. ASSESSMENT "Assessment" means a General Assessment, a Special Assessment, a Reconstruction Assessment and a Capital Improvement Assessment, all as hereinafter defined.

SECTION D. ASSOCIATION "Association" means the Skyline Ridge Home Owners Association Inc., an Arizona nonprofit corporation, its successors and assigns.

SECTION E. ASSOCIATION PROPERTIES "Association Properties" means the Common Areas and all personal property now or hereafter owned or leased by the association.

SECTION F. ASSOCIATION RULES "Association Rules" means the rules and regulations adopted by the Association pursuant to Article III, Section E, below.

SECTION G. BOARD OF DIRECTORS "Board of Directors" or "Board" means the Board of Directors of the Association.

SECTION H. BYLAWS "Bylaws" means the Bylaws of the Association which have been or will be adopted by the Board of Directors, as the same may be amended or restated from time to time.

SECTION I. COMMON AREA "Common Area" means all real property and the Improvements or amenities thereon: (1) which may from time to time be owned or leased by the Association; (2) which the Association may otherwise control or be obligated to maintain pursuant to the provisions of this Declaration, any agreement entered into by the Association or by law, or (3) as to which the Association has an easement or licenses for the use thereof. The Common Area includes, but is not limited to, Private Easements within the Project owned by the Association, any private sewer system servicing the Project, or any portion thereof owned or operated by the Association or which the Association otherwise may be obligated to maintain pursuant to any agreement, and other property owned or controlled by the Association.

SECTION J. COMMON EXPENSES "Common Expenses" means the actual and estimated costs incurred by the Association in performing its duties, obligations and responsibilities hereunder, including but not limited to the following:

1. Maintenance, managements, operation, repair and replacement of the Common Area, including, but not limited to, providing for the planting, trimming, mowing, sweeping, fertilizing, watering, replacing and draining of vegetation and landscaping on the Common Area; providing for the paving, repaving, watering and draining of easements which are a part of the Common Area and maintaining the major drainageways and slopes and grades for drainage on the Common Area;
2. Costs of management and administration of the Association, including, but not limited to, compensation paid by the Association to managers, accountants, attorneys, and employees;
3. The costs of utilities, including, but not limited to, water, electricity, gas, private sewer line and operation, maintenance and repair thereof, and trash pickup and disposal, which are provided to the Association or the Common Area;
4. The cost of fire, casualty, liability, workmen's compensation and other insurance covering the Common Area;
5. The cost of any other insurance obtained by the Association;
6. Reasonable reserves for contingencies, replacements and other proper purposes as deemed appropriate by the Board;
7. The costs of bonding the members of the Board and officers of the Association, any professional managing agent or other person handling the funds of the Association;
8. Taxes or Assessments owing by the Association;
9. Amounts paid by the Association for the discharge of any lien or encumbrance levied against the Common Area or portions thereof;
10. Costs incurred by committees established by the Board or the President of the Association;
11. Costs of providing the architectural and developmental review services through the Design Review Committee referred to in Article VII below;
12. Other expenses incurred by the Association for any reason whatsoever in connection with the Common Area (excepting reconstruction costs and capital improvements, as otherwise provided herein) or the costs of any other item or items designated by, or to be

provided or performed by, the Association pursuant to this Declaration, the Articles, Bylaws, Association rules or the Design Guidelines or in furtherance of the purposes of the Association, or in the discharge of any duties or powers of the Association.

SECTION K. DECLARANT "Declarant" means not only the Fidelity National Title Agency Inc., as trustee under trust 10,621, but also its assigns.

SECTION L. DECLARATION "Declaration" means this instrument, as from time to time may be amended or restated.

SECTION M. DEFAULT RATE OF INTEREST "Default Rate of Interest" means an annual rate of interest equal to four percentage points above the "prime rate" as announced as such by Valley National Bank, Tucson, Arizona, from time to time, while interest is accruing (which interest hereunder adjusted as and when said prime rate is adjusted), but never less than 14% (so that, if, during any periods while interest is accruing, said prime rate plus four percentage points per annum is less than 14%, interest shall accrue during said periods at 14% per annum). Notwithstanding anything herein to the contrary, if, during any period, the highest lawful rate of interest which may be paid by the person required to pay the Default Rate of Interest hereunder, despite the provisions hereof, is less than the rate provided above, the interest payable by such person during said period shall be the highest lawful rate. If Valley National Bank shall cease doing business or no longer announces its prime rate as described above, the Association may compute the interest hereunder upon the announced prime rate of any other bank doing business in Arizona. If banks should cease announcing prime rates, the Association may elect to use 14% as the Default Rate of Interest or may specify the rate, in lieu of said prime rate, for purposes of the computation hereunder which the Association would reasonably have to pay to borrow money at the time.

SECTION N. DESIGN GUIDELINES "Design Guidelines" means the rules, regulations, restrictions, architectural standards and design standards from time to time adopted by the Design Review Committee pursuant to Article VII below.

SECTION O. DESIGN REVIEW COMMITTEE "Design Review Committee" means the committee provided for in Article VII below.

SECTION P. DEVELOPER "Developer" means Skyline Ridge LLC or assigns.

SECTION Q. DULY CONSTITUTED MEETING "Duly Constituted Meeting" means a regular or special meeting of the members of the Association held pursuant to notice duly given at which a quorum is present.

SECTION R. FISCAL YEAR "Fiscal Year" means the fiscal accounting and reporting period of the Association.

SECTION S. GOVERNMENT MORTGAGE AGENCY "Government Mortgage Agency" means the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee make or purchase mortgage loans.

SECTION T. IMPROVEMENTS "Improvements" means all buildings, fences, walls, roads, drives, parking areas, landscaping, light systems, sidewalk areas, alterations of grade or drainage, water, sewer, gas, electric or telephone facilities or any other structures or apparatus.

SECTION U. MORTGAGE "Mortgage" means any recorded, filed, or otherwise perfected instrument given in good faith and for valuable consideration, which is not a fraudulent conveyance under Arizona law, as security for the performance of an obligation, including, without limitation, a deed of trust, but shall not include any instrument creating or evidencing solely a security interest arising under the Uniform Commercial Code. "Mortgagee" means the holder of a note secured by a Mortgage, including the beneficiary under any deed of trust. "Mortgagor" means the party executing a Mortgage. "First Mortgage" means a Mortgage which is the first and most senior of all Mortgages upon the same property. "First Mortgagee" means the holder of a First Mortgage.

SECTION V. OCCUPANT "Occupant" means any person, other than an Owner, the Declarant and the Developer, in rightful possession of property within the Project, whether as a guest, tenant, licensee or otherwise.

SECTION W. OWNER "Owner" means any holder(s) of record of all or any portion of fee title interest in any property within the Project, but, in the case where record fee title or a percentage interest therein is held by a vendor under a "contract", as defined under Arizona Revised Statutes, Section 33-741, or a trustee under a deed of trust, the term "Owner" shall mean the holder of the Vendee's Interest under such "contract" or the trustor under such deed of trust. The term "Owner" shall not include: (1) the Declarant; (2) the Developer; (3) any governmental entity or political subdivision; (4) a purchase under a purchase contract, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties thereto, pending the closing of the transaction which is the subject matter thereof; or (5) the Association.

SECTION X. OWNERSHIP INTEREST "Ownership Interest" means record fee title, or a percentage interest therein, or a Vendee's Interest, or a percentage Vendee's Interest, of and to any property within the Project.

SECTION Y. PERSON "Person" means individuals, corporations, partnerships (general or limited), trusts, associations or any other entity and shall unless the context otherwise indicated, include each Owner, the Developer, and the Declarant.

SECTION Z. PRIVATE ROADS "Private Roads" or "Private Streets" are synonymous and mean any street, roadway, drive, easement, sidewalk, walkway, path, ingress easement, or other right of way within the Project which compromises a portion of the Common Area.

SECTION AA. PROJECT "Project" means the property situated in the County of Pima, State of Arizona, as described in Exhibit "A" to this Declaration.

SECTION BB. PROPERTY WITHIN THE PROJECT "Property Within The Project" or words of similar import means, as the context may require, any given portion of the Project and/or the whole thereof or any particular portion of the Project in which a person holds an ownership interest, but such term shall not include any property which is exempt from the provisions of this Declaration pursuant to Article IX, Section D, below.

SECTION CC. PROPORTIONATE SHARE A person's "Proportionate Share" of an Assessment (except a Special Assessment) at any given time means that percentage (rounded off to the nearest 1/100th), obtained by dividing the total square foot area of Assessable

Property in which such person holds an ownership interest at such time by the total square foot area of all Assessable Property at such time. For purposes of the foregoing: (1) Multiple Owners (as defined in Article III, Section A, below) shall be considered to be a distinct and separate person with respect to the Assessable Property as to which they are Multiple Owners, and (2) in making the calculations above described, the Board shall have the right to estimate the total square foot area of all Assessable Property at any given time and the square foot area of Assessable Property in which a person holds an ownership interest at such time. In the absence of fraud or gross error (being an error by more than five percent), such estimate by the Board shall be conclusive.

SECTION DD. RECORD "Record" or "Recorded" shall be a reference to the recordation of an instrument in the office of the County Recorder, Pima County, Arizona.

SECTION EE. VENDEE'S INTEREST "Vendee's Interest" means equitable title held by a purchaser under a "contract", as defined in Arizona Revised Statutes Section 33-741(2).

ARTICLE II: COVENANTS BINDING ON PROPERTY

SECTION A. COVENANTS TO RUN WITH LAND From and after the date this Declaration is recorded, all property within the Project shall be subject to the provisions of this Declaration, all of which shall run with, be for the benefit of and bind and burden all such property.

SECTION B. BINDING EFFECT From and after the date this Declaration is recorded, the provisions of this Declaration shall be binding upon and for the benefit of all persons holding an ownership interest in any property within the Project, their heirs, successors, personal representatives, trustees, legal representatives, assigns, agents, guests, tenants, licensees, and invitees.

ARTICLE III: ASSOCIATION

SECTION A. MEMBERSHIP IN ASSOCIATION Each Owner, immediately upon becoming an Owner, shall automatically become a member of the Association and shall remain a member of the Association, except as hereinafter set forth, and shall be subject to the provisions of the Articles, Bylaws, Association rules and Design Guidelines. Fidelity National Title Agency Inc. as trustee under Trust # 10,621, shall also be a member of the Association; provided however that Fidelity National Title Agency Inc., shall have the right, at any time, to designate a person to be a member of the Association in the place and stead of Fidelity National Title Agency Inc. All memberships in the Association (other than that of Fidelity National Title Agency Inc., or its designee) shall be appurtenant to the ownership of property within the Project. Memberships in the Association held by an Owner shall not be transferred, encumbered, hypothecated or alienated in any manner, except in connection with the sale or transfer of the property within the Project, or any portion thereof or ownership interest therein, owned by such Owner. Any purported transfer of a membership in the Association effected in violation of the foregoing shall be void. In the event an Owner shall sell or otherwise transfer all property within the Project (or all interest therein) owned by such Owner, the transferee of such property shall become a member of the Association in the place and stead of such previous Owner, notwithstanding the fact that such previous Owner fails or refuses to transfer his membership in the Association to such subsequent Owner. In the event an Owner shall sell or otherwise transfer only a portion of the property within the Project (or a portion of the ownership interest therein) owned by such Owner and shall remain an Owner as to other property within the Project, then such transferring Owner shall remain a member of the Association with respect to the property (or ownership interest therein) still retained by such Owner and the transferee shall become a member of the Association with respect to the property (or ownership interest therein) transferred. Where any recorded deed or recorded document evidencing a Vendee's Interest pertaining to property within the Project, or a series of deeds or documents, establishes that the then holder of the ownership interest as to the property which is the subject matter thereof consist of more than one person, then all such persons (hereinafter referred to as "Multiple Owners") shall be members of the Association.

SECTION B. ASSOCIATION POWERS The Association shall have all rights, powers, and authorities as set forth in this Declaration, the Design Guidelines and the Articles and Bylaws being incorporated herein by reference; provided, however, that, in the event of any inconsistency between the provisions of this Declaration and the provisions of the Articles and/or Bylaws, the provisions of this Declaration shall govern. The general purposes of the Association shall be:

1. To enforce the provisions of this Declaration against all property within the Project and against all persons holding an ownership interest in any property within the Project and all Occupants;
2. To levy and collect Assessments against all persons holding an ownership interest in any property within the Project for the purposes and in the manner hereinafter set forth;
3. To protect, improve, alter, maintain, repair, replace, administer, own, lease and operate the Common Area;
4. To approve and supervise development activities within the Project, as more particularly herein set forth.

The Association shall have the power and authority to employ and pay compensation to individuals in order that the Association perform those acts necessary, appropriate or convenient to achieving the above purposes, which individuals may be employees or otherwise affiliated with the Developer; provided, however, that the compensation paid to any such individuals who are employees or otherwise affiliated with the Developer shall not exceed rates which would customarily be paid for similar services in the Tucson area.

SECTION C. CLASSES OF MEMBERSHIP AND VOTING RIGHTS Membership in the Association shall be divided into two classes as follows:

1. Class A Membership: Each Owner (and Fidelity National Title Agency Inc., or its designee, to the extent provided in subsection 2 of this section) shall be a Class A member. Each Class A member shall have one vote in the Association; provided, however, that Multiple Owners shall have between or among them only one vote, which shall be cast in the manner provided in the Articles or Bylaws.

2. Class B Memberships: Fidelity National Title Agency Inc. as trustee under Trust # 10,621 (or its designee, as provided in Article III, Section A, above), shall be the Class B member. The Class B member shall have two votes in the Association for each vote in

the Association held by Class A members. During any period that there shall be no Class A members of the Association, the Class B member shall have the sole voting rights in the Association. Class B membership shall cease and terminate on the first to occur of the following:

(a) The date upon which both Declarant and Developer no longer hold ownership interest in any property within the Project; or

(b) The date upon which the Class B member, by written instrument duly executed and acknowledged, resigns the Class B membership and declares the Class B membership to be terminated, which date, if any, may be as designated by the Class B member in its sole discretion; or

(c) December 31, 2010.

Upon Class B membership ceasing and terminating, as provided above, Fidelity National Title Agency Inc. (or its designee, as provided in Article III, Section A above), shall become a Class A member on behalf of the Declarant during such periods as the Declarant shall hold an ownership interest in any property within the Project.

SECTION D. ARTICLES AND BYLAWS The Articles and/or Bylaws of the Association shall provide, among other things, the following:

1. That the affairs of the Association shall be conducted by a Board of Directors of not less than three nor more than nine individuals;
2. That any Class A member of the Association who is in default in paying any Assessment or other amount due to the Association or who is in breach of the provisions of this Declaration, the Design Guidelines, the Bylaws and/or Association rules shall not have the right to vote in the Association until such default or breach is cured;
3. The procedures for conducting regular and special membership meetings and meetings of the Board of Directors; and
4. Such other provisions as are not inconsistent with the provisions of this Declaration.

SECTION E. ASSOCIATION RULES The Board of Directors shall be empowered to adopt, amend or repeal such rules and regulations as it deems reasonable and appropriate (the "Association Rules"), binding upon all persons subject to this Declaration and governing the use and/or occupancy of the Common Area or any other property within the Project; provided, however, that the Association rules may not discriminate among Owners, except as expressly provided or permitted herein, and shall not be inconsistent with this Declaration, the Design Guidelines or the Articles or Bylaws. A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules, shall be delivered to each Owner in the same manner established in this Declaration for the delivery of notices pertaining to the levy of General Assessments pursuant to Article IV, Section B below. The Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration and shall be binding on all owners and all other persons holding an ownership interest in or making any use of, any property within the Project. The Association Rules, as adopted, amended or repealed, shall be available at the principle office of the Association to each Owner or other persons entitled thereto, upon request. In the event of a conflict between provision of the Association Rules and any provisions of this Declaration, the Design Guidelines of the Articles of Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Design Guidelines, or the Articles or Bylaws, to the extent of any such conflict.

Section F. Indemnification To the fullest extent permitted by law, every director and officer of the Association, the members of the Design Review Committee or any other committee of the Association and the Developer and the officers, employees and agents of the Developer (to the extent a claim may be brought against the Developer by reason of its appointment, removal or control over members of the Board or of the Design Review Committee) shall be indemnified by the Association, and every other person serving as an employee or agent of the Association or on behalf of the Association may, in the discretion of the Board, be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Association (or, in the case of the Developer, by reason of having appointed, removed or controlled or failed to control members of the Board or of the Design Review Committee), or any settlement thereof; provided that the Board shall determine, in good faith, that such officer, director, committee member or other person or the Developer did not act, fail to act or refuse to act willfully or with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to, and not exclusive of, all other rights to which such persons may be entitled at law or otherwise.

Section G. No Liability Neither Declarant, the Developer, the Association, the members of the Design Review Committee or any other committees of the Association nor the respective officers, directors, partners, beneficiaries, agents or employees of the foregoing persons shall be liable to any person for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act, inaction, omission, error, negligence or the like, made in good faith and which Declarant, the Developer, the members of such committees or such officers, directors, partners, beneficiaries, agents or employees reasonably believed to be within the scope of their respective duties.

Section H. Books and Records The Association, at all times, shall keep or cause to be kept true and correct books and records of account in accordance with generally accepted accounting principles, which shall be available for inspection by all members of the Association at reasonable times during regular business hours and which shall specify in reasonable detail all expenses incurred and funds accumulated from Assessments or otherwise.

Section I. Delegation of Powers All powers, duties and rights of the Association, the Board of Directors or any officers of the Association may be, to the extent allowed by law, delegated to a managing agent (which may be the Developer or any partner, officer, director, employee or affiliate of the Developer) under a management agreement; provided, however, that no such delegation shall relieve the Association of its obligation to perform any such delegated duty. Any such management agreement or other similar contract shall not exceed a term of three years, which term may be renewed by agreement of the parties thereto for successive one year periods, and shall further provide for termination by either party thereto with or without cause and without payment of a termination fee, upon ninety days written notice.

Section J. Hazard Insurance The Association shall obtain and keep in full force and effect at all times, to the extent reasonably attainable, extended coverage, casualty and fire insurance with respect to all insurable components of the Association Properties, including coverage for vandalism and malicious mischief and, if available and if deemed appropriate by the Board, coverage for flood, subsidence, earthquake and war risk. Casualty, fire and extended coverage insurance with respect to insurable Association Properties shall, to the extent reasonably obtainable, be for the full insurable value thereof based on current replacement cost and may contain endorsements in favor of any Mortgagee holding a Mortgage or other lien on any such property.

Section K. Liability Insurance The Association shall obtain and keep in full force and effect at all times, to the extent reasonably obtainable, broad form comprehensive liability insurance covering public liability for bodily injury and property damage, arising out of the Association's ownership, use, maintenance and repair of the Common Area or arising out of the ownership or operation by the Association of motor vehicles or other personal property. Such public liability insurance, to the extent reasonably obtainable, shall have limits of not less than $1,000,000.00 per person and $2,000,000.00 per occurrence. Such insurance may name such other persons as the Association may designate as additional insureds.

Section L. Services to Owner The Association shall have the power (but not the obligation) to provide services to an Owner or group of Owners. Any service or services to an Owner or group of Owners shall be provided pursuant to an agreement in writing. Such agreement shall provide for payment to the Association by such Owner or group of Owners of the reasonably estimated costs and expenses of the Association in providing such services, including a fair share of the overhead expenses of the Association. Such agreement shall further contain reasonable provisions assuring that the obligation to pay for such services shall be binding upon any heirs, personal representatives, successors and assigns of the Owner or group of Owners and that the payment for such services shall be secured by a lien on the property within the Project in which such Owner or group of Owners maintains an ownership interest.

Section M. Fees The Association shall have the power (but not the obligation) to establish reasonable and uniformly applied charges for the use of the Association Properties and its services. The charges may include reasonable admission or other fees for any special or extraordinary use of Association Properties or services of the Association beyond the ordinary use of such properties, facilities and services. Such charges or fees shall be set forth in schedules of charges and fees adopted from time to time by the Board of Directors.

Section N. Power to Borrow The Association shall have the power to borrow money and to encumber Association Properties as security for such borrowing, with the approval of the Class B member, so long as there shall be a Class B membership in the Association, and, thereafter, upon the approval of at least a majority of the Class A members who are present in person or by proxy at a duly constituted meeting.

Section O. Power to Regulate Trash Collection The Association shall have the power (but not the obligation) to regulate the days and hours during which trash and solid waste may be collected or put out for collection on any property within the Project.

Section P. Additional Powers The enumeration of the powers of the Association, as set forth herein, shall not be exclusive and the Association shall have all powers necessary, appropriate or convenient to achieve its purposes and perform its duties, as set forth in this Declaration, the Design Guidelines, the Articles and Bylaws.

ARTICLE IV: ASSOCIATION PROPERTIES AND EASEMENTS

Section A. Right to Use Common Area Except as hereinafter expressly set forth, the Developer, its guests, employees, agents, licensees and invitees shall have a nonexclusive easement for use and enjoyment of the Common Area. Additionally, each Owner, the members of each Owner's family and the guests, licensees and invitees of each Owner shall have a nonexclusive easement and right for use and enjoyment of the Common Area, which right shall be appurtenant to and shall pass with such Owner's membership in the Association and shall be subject to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration and in the Design Guidelines, the Articles and Bylaws and the Association rules, including, without limitation, the following provisions:

1. The right of the Association to limit the number of guests of Owners and to limit the use of the Common Area by persons who are not members of the Association;
2. The right of the Association to establish reasonable rules and regulations pertaining to or restricting the use of the Common Area;
3. The right of the Association to borrow money for the purpose of improving, replacing, restoring or expanding the Common Area and, in aid thereof, to mortgage the Common Area, provided that the requirements of Article III, Section N, above, are met;
4. The right of the Association to suspend the right of any person (including, without limitation, an Owner or a member of the family of an Owner) to use the Common Area or any designated portion thereof during any time in which any Assessment respecting such Owner remains unpaid and delinquent, or for a period not to exceed sixty days for any single infraction of the Association rules or breach of this Declaration, the Design Guidelines, the Articles or the Bylaws, and up to one year for any subsequent violation of the same or similar provision of the Association rules, this Declaration, the Design Guidelines, the Articles or the Bylaws; provided that any suspension of such right to use the Common Area, except for failure to pay Assessments, shall be made only by the Board of Directors of the Association or a duly appointed committee thereof. Notwithstanding the foregoing, the Association shall not have the right hereunder to suspend any Owner's right to use any portion of the Common Area necessary for such Owner to gain ingress and egress to and from the property within the Project in which he holds an ownership interest.
5. The right of the Association to permit the use of portions of the Common Area for special events by a limited class of persons.

Section B. No Exemption for Nonuse No Owner may exempt himself, and no Owner shall be exempt, from personal liability for the payment of Assessments, nor shall any property within the Project in which an Owner holds an ownership interest be released from the liens, charges and other provisions of this Declaration, the Design Guidelines, the Articles or Bylaws or the Association rules, by voluntary waiver of or suspension or restriction of such

Owner's right to the use and enjoyment of the Common Area, or the abandonment of the property within the Project in which such Owner holds an ownership interest.

Section C. Other Easements The Association shall have the power to grant access, utility, drainage, water facility, cable television and other such easements in, on, over or under the Common Area.

Section D. Maintenance Easement There is hereby created and granted a perpetual, nonexclusive easement in favor of the Association to enter upon any property within the Project which lies adjacent to the Common Area for the purpose of providing access to repair, maintain or replace the Common Area or portions thereof.

Section E. Public Use The Association, acting through the Board, shall have the right to allow members of the general public to use Association Properties, subject to reasonable limitations and provided that use by the general public does not unreasonably interfere with or impair the rights of use and enjoyment of the Owners and their guests, licensees and invitees.

Section F. Transfer of Common Area The Association, with the approval of the Class B member, so long as there shall be a Class B membership in the Association, and, thereafter, upon receiving the approval of at least a majority of the Class A members who are present in person or by proxy at a duly constituted meeting, shall have the right and power to grant, convey, dedicate or transfer any portion of the Common Area to any public or governmental agency or authority for such purposes and subject to such terms and conditions as the Association shall deem appropriate.

Section G. No Partition No Owner or other person shall have the right to partition or seek partition of the Association Properties or any part thereof.

Section H. Owner's Liability for Damages Each Owner shall be liable to the Association for any damage to Association Properties or for any expense or liability incurred by the Association, to the extent not covered by insurance, which may be sustained by reason of the negligence or willful misconduct of such Owner or any person using the Association Properties through such Owner, and for any violation by such Owner or any such person of this Declaration or the Association rules. The Association shall have the power, as elsewhere provided in this Declaration, to levy and collect a Special Assessment to cover the costs and expenses incurred by the Association on account of any such damage or any such violation of this Declaration, or of the Association rules or for any increase in insurance premiums directly attributable to any such damage or any such violation.

Section I. Destruction of Common Area In the event of partial or total destruction of the Common Area or any Improvements thereon, the Association shall restore and repair the same as promptly as practical, subject to the provisions of this Section. The proceeds of any casualty insurance received by the Association shall be used for such purpose, subject to the prior rights of Mortgagees whose interests may be protected under such policies.

In the event that the amount available from the proceeds of any insurance for such restoration and repair, together with any uncommitted or unreserved capital of the Association, shall be at least 75% (but less than 100%) of the estimated cost of restoration and repair, a Reconstruction Assessment shall be levied by the Association against each person holding an ownership interest in any Assessable Property within the Project to provide the necessary funds for such reconstruction in excess of the amount of the funds available for such purpose and each such person shall pay his Proportionate Share thereof. Such Reconstruction Assessment shall be levied in the same manner as set forth below for the levy of General Assessments. The Association shall thereupon cause the damaged or destroyed Common Area to be restored to substantially the condition it was in prior to the destruction or damage.

In the event that the amount available from the proceeds of any insurance policies for such restoration and repair, together with any uncommitted or unreserved capital of the Association, shall be less than 75% of the estimated cost of restoration and repair, the Common Area shall be replaced or restored unless the Class B member of the Association (for so long as there shall be Class B membership in the Association) and at least two-thirds of the Class A members who are present, in person or by proxy, at a duly constituted meeting of the members called for such purpose disapprove of such restoration or repair. If the proposed restoration or repair is not disapproved pursuant to the foregoing, the Association shall levy a Reconstruction Assessment, as provided in the immediately preceding paragraph, and cause the damaged or destroyed Common Area to be restored as closely as practical to its former condition prior to the destruction or damage. If such restoration or repair is disapproved pursuant to the foregoing, the Common Area so damaged or destroyed shall be cleared and landscaped for community park use or other community use determined by the Association and any insurance proceeds received by the Association as a result of such damage or destruction may be used to pay the cost of such clearing and landscaping.

In the event any excess insurance proceeds remain after reconstruction, repair, clearing or landscaping by the Association pursuant to this Section, the Association, in its sole discretion, may retain such sums in the general funds of the Association (subject to the prior rights of Mortgagees whose interests may be protected by the insurance policies carried by the Association).

All amounts collected by the Association as Reconstruction Assessments shall only be used for the purposes set forth in this Section and shall be deposited by the Association in a separate bank account to be held in trust for such purposes. Such funds shall not be commingled with any other funds of the Association, except with insurance proceeds received by the Association as a result of the damage or destruction which gave rise to the levy of such Reconstruction Assessment. Any Reconstruction Assessment shall be secured by the Assessment lien provided for in Article VI, Section F, below.

SECTION J. CONDEMNATION OF COMMON AREA If any Association Properties or interests therein are taken under exercise of the power of eminent domain or by private purchase in lieu thereof, the award in condemnation or the price payable shall be paid to the Association, except to the extent payable to any other person with an interest in such property, including any Mortgagee of such property, but excluding Owners, the Developer and the Declarant. The Association shall have the exclusive right to participate in such condemnation proceedings and to represent the interests of all Owners, the Developer and the Declarant therein. Any award or funds received by the Association shall be held by the Association as a reserve for future maintenance, repair, reconstruction or replacement of Association Properties or may be used for Improvements or additions to, or operation of, Association Properties. No Owner shall be entitled to directly participate as a party or otherwise in any condemnation proceedings or to receive any award or judgment rendered therein.

SECTION K. DISTRIBUTION UPON DISSOLUTION OF ASSOCIATION If the Association is dissolved, then the Association Properties shall, to the extent reasonably possible, be conveyed or transferred to an appropriate public or governmental agency or agencies or to a nonprofit corporation, association, trust or other organization, to be used, in any such event, for the common benefit of Owners for similar purposes for which such property was held by the Association. To the extent the foregoing is not possible, such properties shall be sold or disposed of and the proceeds from such sale or disposition shall be distributed as provided under the laws of the State of Arizona applying to the dissolution and liquidation of nonprofit corporations.

SECTION L. INGRESS/EGRESS EASEMENT The easement shown on the recorded Plat map of Skyline Ridge designated as Calle Brillante is reserved for the private use and convenience of all Owners of property within the Project, for the purpose of ingress and egress. The Association by this Declaration, hereby grants to Pima County and all utility companies the right to enter by this easement for the purposes of installation and maintenance of aboveground and underground utilities and sewers.

ARTICLE V: DEVELOPER'S RIGHTS AND RESERVATIONS

SECTION A. RESERVATION OF RIGHTS Developer shall have, retain and reserve certain rights as hereinafter set forth in this Article with respect to the Association and the Association Properties from the date hereof until the date upon which Class B membership in the Association shall cease and terminate, as provided in Article III, Section C(2), above. The rights and reservations hereinafter set forth shall be deemed excepted and reserved in each conveyance of property by Developer or Declarant to the Association, whether or not specifically stated therein, and each deed or other instrument by which any property within the Project, or ownership interest therein, is conveyed by Developer or Declarant. The rights, reservations and easements hereinafter set forth may not, without Developer's prior written consent, be modified, amended, rescinded or affected by any amendment of this Declaration. Developer's consent to any one such amendment shall not be construed as consent to any other or subsequent amendment.

SECTION B. TRANSFER OF PROPERTY TO ASSOCIATION Developer shall have the right, without obligation, to construct Improvements on the Common Area at any time and from time to time for the benefit of the Association and Owners. The Association shall accept title to any property, including any Improvements thereon and personal property transferred to the Association by Developer or Declarant, from time to time. Property interest transferred to the Association by Developer or Declarant may include fee simple title, easements, leasehold interest and licenses for use.

SECTION C. USE OF ASSOCIATION PROPERTIES Developer shall have and hereby reserves the right to reasonable use of Association Properties and of services offered by the Association in connection with the promotion and marketing of property within the Project. Without limiting the generality of the foregoing, Developer may erect and maintain on any part of the Association Properties such as signs, temporary buildings, and other structures as Developer may reasonable deem necessary or proper in connection with the promotion, development, and marketing of property within the Project, may use vehicles and equipment on Association properties for promotional purposes, may permit prospective purchasers of property within the Project who are not Owners to use Association Properties at reasonable times and in reasonable numbers, and may refer to the Association and to the Association Properties and services offered by the Association in connection with the development, promotion and marketing of property within the Project.

SECTION D. EASEMENTS Developer shall have and hereby reserves the right to grant or create, or cause the Association to grant or create, temporary or permanent easements, for access, utilities, cable television facilities, drainage, water and similar purposes located in, on, under, over and across Association Properties. Any such easements may be granted in favor of Declarant.

SECTION E. LIMITATION ON EXERCISE OF RIGHTS The exercise of the rights of Developer reserved herein shall be subject to such reasonable requirements and limitations as may be imposed by Government Mortgage Agencies or other governmental authorities having jurisdiction, including any requirements for consent or approval by such Government Mortgage Agencies or governmental authorities.

SECTION F. ASSIGNMENT OF RIGHTS The rights, or any portion of the rights, of Developer hereunder and elsewhere in this Declaration may be assigned by Developer to any successor in interest to any portion of Declarant's or Developer's interest in any portion of the Project by an express written assignment which specifies the rights of Developer so assigned and the extent to which such rights are assigned.

ARTICLE VI: FUNDS AND ASSESSMENTS

SECTION A. OBLIGATION TO PAY ASSESSMENTS Each person holding an ownership interest in any Assessable Property hereby covenants and, by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay to the Association: (1) General Assessments, (2) Capital Improvement Assessments, and (3) any other Assessments set forth in this Declaration, such Assessments to be established and collected as provided herein, and the Association is hereby given the power and authority to levy and collect such Assessments. Additionally, each person holding an ownership interest in any property within the Project (whether or not such property is Assessable Property) hereby covenants and by acceptance of a deed or other conveyance therefor, whether or not it shall be so expressed in such deed or conveyance, is deemed to covenant and agree to pay Special Assessments to the Association and the Association is hereby given the power and authority to levy and collect such Special Assessments.

SECTION B. GENERAL ASSESSMENTS Except as otherwise specifically provided herein, each person holding an ownership interest in any Assessable Property shall pay as his General Assessment such person's Proportionate Share of the Common Expenses.

Not later than sixty days prior to the beginning of each Fiscal Year, the Board shall cause to be prepared a pro forma operating statement or budget for the upcoming Fiscal Year which shall, among other things, estimate the total Common Expenses to be incurred for such Fiscal Year, which amount shall become the initial aggregate General Assessment amount (and shall be subject to increase as hereinafter set forth). The Association shall, thereupon, determine the amount of the General Assessment to be paid by each person obligated therefor (which shall be each such person's Proportionate Share thereof). The Association shall levy the amount of such General Assessment payable by each such person by mailing or delivering a written notice to each such person at the address of such person as maintained on file with the Association (or, in the event no such address is so maintained, then to any known location of such person or to the address of any property within the Project in which such person holds an ownership interest), which written notice shall state the amount of such General Assessment payable by such person and the period covered thereby. General Assessments may be so levied on any periodic basis as the Board may determine from time to time, but in no event more frequently than monthly.

If, during any given Fiscal Year, the Board determines that the initial aggregate General Assessment amount for such year is, or will become, inadequate to meet all Common Expenses for whatever reason, including Common Expenses in excess of the estimated Common Expenses used in preparation of the Association's budget for that year, the Board shall determine the approximate amount of such inadequacy, shall approve a supplemental estimate of such Common Expenses, shall determine the revised amount of General Assessments to be paid by each person for the balance of such year based upon such supplemental estimate and shall give notice thereof to such persons in the manner set forth above with respect to the levy of the original amount of such General Assessment. Thereupon, such revised amount shall become substituted for the amount previously payable by such persons. If the estimated initial aggregate General Assessment amount for the current year proves to be excessive in light of the actual Common Expenses, the Association may, at the discretion of the Board, retain such excess as additional working capital or reserves, reduce the amount of the General Assessment for the succeeding year or abate collection of General Assessments for such period as it deems appropriate.

SECTION C. CAPITAL IMPROVEMENT ASSESSMENTS The Association may levy, in any Fiscal Year, and is hereby granted the power and authority to levy, a Capital Improvement Assessment applicable to that year only for the purpose of defraying, in whole or in part, any action or undertaking on behalf of the Association in connection with, or the cost of, any construction or replacement of a capital improvement upon the Common Area, including the necessary fixtures and personal property related thereto, to the extent the same is not covered by the provisions affecting Reconstruction Assessments in Article IV, Section I, above; and, except as hereinafter set forth, each person holding an ownership interests in any Assessable Property shall pay his Proportionate Share of such Capital Improvement Assessment. Without the approval of the Class B member (for so long as there shall be Class B membership in the Association) and at least a majority of Class A members who are present in person or by proxy at a duly constituted meeting called for such purpose, the Association shall not impose a Capital Improvement Assessment in an amount which in any one Fiscal Year exceeds five percent of the estimated annual Common Expenses for such Fiscal Year. Any reserves collected by the Association for the future maintenance and repair of the Common Area or any portion thereof shall be included in determining the foregoing limitation on any annual Capital Improvement Assessment. All amounts collected as Capital Improvements Assessments may only be used for capital improvements to the Common Area and shall be deposited by the Association in a separate bank account to be held in trust for such purposes. Said funds shall not be commingled with any other funds of the Association.

SECTION D. SPECIAL ASSESSMENTS In addition to the other Assessments provided for in this Declaration, in the event:

1. Any person holding an ownership interest in any property within the Project, or
2. Any property within the Project, or the uses or activities occurring thereon,

shall be in violation of any of the provisions of this Declaration, the Design Guidelines, the Articles, the Bylaws or the Association Rules, the Association shall have the right, and is hereby granted the power and authority to levy a Special Assessment against such person who is so in violation and/or against all persons holding an ownership interest in such property on which such violation is occurring for the purpose of collecting: (a) those amounts referred to in Article IV, SECTION H, above; (b) the fines referred to in Article IX (A)(3) below, and (c) all costs and expenses incurred pursuant to Article IX below by the Association enforcing compliance with the provisions of this Declaration, including court costs and attorneys' fees. All Special Assessments levied by the Association pursuant to the foregoing shall be levied by the Association mailing or delivering a written notice to the person as to whom or which Special Assessment is being levied, which written notice shall be so mailed or delivered to the same address as provided in Section B of this Article with respect to General Assessments and shall state the amount of the Special Assessment being levied.

SECTION E. DUE DATE OF ASSESSMENTS All Assessments levied pursuant to this Declaration shall be due and payable in full to the Association either upon the date specified in written notice thereof mailed or delivered by the Association, as provided above, which date shall be not less than fifteen days after the date of such written notice, or, in the event a written notice of Assessment does not specify a due date thereof, then the amount of such Assessment shall be due and payable in full to the Association within fifteen days after the date of such written notice. Any Assessment not paid on the due date thereof shall, commencing from and after such due date and until the amount thereof shall be paid in full, bear interest at the Default Rate of Interest.

SECTION F. ASSESSMENT LIEN In addition to the fact that each person holding an ownership interest in any Assessable Property shall be personally liable for payment of the amount of all Assessments levied against such person and/or such property under this Declaration, all such Assessments so levied shall constitute a lien in favor of the Association in the amount thereof, together with interest thereon, if applicable against all property within the Project in which such person maintains an ownership interest whether or not such property is Assessable Property. (The foregoing lien is hereinafter referred to as an "Assessment Lien".)

In the event any Assessment, together with interest thereon, if applicable, is not paid by the person obligated therefor within thirty days after the same is due and payable, the Association shall have the right to foreclose its Assessment lien as to all property within the Project in which such person maintains an ownership interest, in the same manner as Mortgages on real property are foreclosed under the laws of the State of Arizona. At any time prior to the commencement of such foreclosure action, the Association shall have the right to record, from time to time, a notice or notices setting forth the amount of the Assessments claimed by the Association pursuant to the foregoing and a description of the property within the Project as to which the Assessment lien claimed by the Association pertains, but the recording of such notice or notices shall not be a condition or requirement to the creation, existence or validity of, or the ability of the Association to foreclose such Assessment Lien. The foreclosure of such Assessment lien shall be in addition to any other remedies available to the Association as a result of the failure of any person to pay Assessments when due pursuant hereunder.

SECTION G. MULTIPLE OWNERS Multiple Owners shall be considered to be a single owner for the purpose of levying the Assessments provided in this Declaration, so that such Multiple Owners shall be required to pay in connection with the property as to which they are Multiple Owners only the same amount of Assessments as they would be responsible for paying if there was only a single owner with respect to such property. However, all such Multiple Owners shall be jointly and severally liable for the payment of all such Assessments so levied. Any written Assessment notices mailed or delivered pursuant to the provisions of this Declaration need be so mailed or delivered to only one of such Multiple Owners.

SECTION H. ASSESSMENT RULES The Board of Directors of the Association shall have the authority to promulgate rules and regulations regarding the levying and collection of Assessments hereunder.

SECTION I. GRANTEE'S OBLIGATION FOR ASSESSMENTS In the event a person shall sell, convey or otherwise transfer all or any portion of his ownership interest in any property within the Project, the grantee thereof shall be jointly and severally liable with the grantor for all unpaid Assessments levied by the Association against the grantor as to such property up to the time of such conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Any such grantee shall be entitled to receive a statement from the President or Treasurer of the Association setting forth the amount of any unpaid Assessment due by the grantor to the Association as to such property and such grantee shall not be liable for any unpaid Assessments made by the Association against the grantor in excess of the amount therein set forth.

SECTION J. SUBORDINATION OF ASSESSMENT LIEN Any provision contained in this Article to the contrary notwithstanding, the Assessment lien provided for in this Article shall be subordinate to the lien of any First Mortgage encumbering any property within the Project and, in the event such property is sold or transferred pursuant to any judicial or nonjudicial foreclosure of such property or by means of a deed in lieu of foreclosure, the purchaser at any such foreclosure sale or grantee under any such deed in lieu of foreclosure shall take such property free and clear of any Assessments and the lien thereof levied prior to the date of the issuance of a sheriff's or trustee's foreclosure deed or deed in lieu of foreclosure. However, after the issuance of any such sheriff's or trustee's foreclosure deed or deed in lieu of foreclosure, the Assessment lien hereinabove provided shall attach to such property as to any Assessments thereafter levied.

SECTION K. NO OFFSETS All Assessments levied under this Declaration shall be payable in the amount specified in the written notice of Assessment pertaining thereto and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that: (1) the Association, the Board or the Developer is not properly exercising its duties and powers provided in this Declaration; (2) General Assessments for any period exceed Common Expenses, or (3) a person has made and elects to make no use of the Common Area.

SECTION L. HOMESTEAD WAIVER Each person holding an ownership interest in any property within the Project, to the extent permitted by law, hereby waives, to the extent of any Assessment liens created pursuant to this Declaration, whether such liens are now in existence or are created at anytime in the future, the benefit of any homestead or exemption laws of the State of Arizona now in effect or in effect from time to time hereafter.

SECTION M. PLEDGE OF ASSESSMENT POWERS The Association shall have the power to pledge the right to exercise its Assessment powers and rights provided for in this Declaration as security for any obligation of the Association. The Association's power to pledge its Assessment powers shall include but not be limited to, the ability to make an assignment of Assessments which are then payable to, or which will become payable to, the Association, which assignment may then be presently effective but shall allow said Assessments to continue to be paid to the Association and used by the Association as set forth in this Declaration, unless and until the Association shall default on its obligation secured by such assignment.

SECTION N. NO WAIVER The failure by the Board to levy an Assessment for any Fiscal Year shall not be deemed a waiver or modification with respect to any of the provisions of this Declaration or a release of the liability of any person to pay Assessments, or any installment thereof, for that or any subsequent Fiscal Year. No abatement of Assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to Association Properties or from any action taken to comply with any law or any determination of the Board or for any other reason.

ARTICLE VII: ARCHITECTURAL AND LANDSCAPE CONTROL

SECTION A. DESIGN REVIEW COMMITTEE The Association shall have a Design Review Committee consisting of not less than three nor more than five persons, as specified from time to time by resolution of the Board. So long as there shall be Class B membership in the Association, the Developer shall have the sole right to appoint, augment or replace all members of the Design Review Committee, although the Developer may delegate such right to the Board. From and after such time as Class B membership in the Association shall cease and terminate, as provided in Article III, Section C(2), above, members of the Design Review Committee shall be appointed and shall serve at the pleasure of the Board. A decision of the majority of the members of the Design Review Committee shall constitute the decision of such Committee.

SECTION B. DESIGN GUIDELINES The Design Review Committee shall establish reasonable procedural rules, regulations, architectural standards and design guidelines (the "Design Guidelines"), which the Design Review Committee may, from time to time, in its sole discretion, amend, repeal or augment. The Design Guidelines, as existing from time to time, are hereby incorporated herein and shall be deemed to be a part of this Declaration and shall be binding on all persons maintaining an ownership interest in any Property within the Project, as if the provisions thereof were set forth herein. A copy of the current Design Guidelines shall, at all times, be a part of the Association's records. The Design Guidelines may include, among other things, those restrictions and limitations set forth below:

1. Time limitations for the completion, within specified periods after approval, of the Improvements for which approval is required pursuant to the Design Guidelines.
2. Conformity of completed improvements to plans and specifications approved by the Design Review Committee (as required pursuant to Section C of this Article); provided,

however, that, as to purchasers and encumbrancers in good faith and for value, unless notice of noncompletion or nonconformance identifying the violating property and specifying the reason for the notice, executed by any one or more members of the Design Review Committee, shall be recorded with the County Recorder of Pima County, Arizona, and given to the Owner of such property within one year of the expiration of the time limitation established in subsection 1 above, or, if no such time period is so established, then within one year following completion (as defined in Arizona Revised Statutes, Section 33-993(B)) of the Improvement giving rise to such noncompletion or nonconformance, or unless legal proceedings shall have been instituted to enforce compliance or completion within such one year period, the completed Improvements shall be deemed to be in compliance with plans and specifications approved by the Design Review Committee and in compliance with the architectural standards of the Association and this Declaration, but only with respect to purchasers and encumbrancers in good faith and for value.

3. Such other limitations and restrictions as the Board or Design Review Committee, in its reasonable discretion, shall adopt, including, without limitation, the regulation of all landscaping (including without limitation, absolute prohibition of certain types of landscaping, trees and plants), construction, reconstruction, exterior addition, change or alteration to or maintenance of any Improvement, including, without limitation, the nature, kind, shape, height, materials, exterior color, surface texture and location of any such Improvement.

Section C. Design Review Committee Review For the purpose of assuring that the Project is developed in an architecturally pleasing and harmonious manner reflective of a planned community development, the Design Review Committee shall have and is hereby granted the sole, exclusive and irrevocable power and authority to review and approve all plans and specifications for all Improvements proposed to be built on any property within the Project. Accordingly, no Improvement, or any alterations, changes or modifications to any Improvement, shall be constructed, erected, placed, installed, made or maintained on or with respect to any property within the Project unless the plans and specifications therefor (which plans and specifications shall set forth in detail the nature, kind, shape, height, materials, color, location and other material attributes of such Improvements and such other matters as may be required under the Design Guidelines) shall have been submitted to and approved in writing by the Design Review Committee as being of a design and location which is in harmony with surrounding structures and topography and is consonant with the planned community concept desired to be implemented by Developer, and as being in accordance with all applicable provisions of the Design Guidelines and this Declaration.

Any approval given by the Design Review Committee may be conditioned upon the fulfillment of such requirements as the Design Review Committee may impose.

All plans and specifications for Improvements and all plats and/or development plans required to be approved pursuant to this Section shall be submitted in duplicate to any member of the Design Review Committee. The Design Review Committee shall have the absolute right to disapprove any such plans and specifications for Improvements and any such plats and/or development plans, if it is determined, in its sole discretion, that the Project, or any portion thereof, will be adversely affected thereby, or that the same are not in compliance with all applicable provisions of the Design Guidelines or this Declaration. The reasons for any such disapproval shall be communicated in writing to the person making such submission. Approval of any such plans and specifications for Improvements and any such plats and/or development plans shall be by written endorsement thereon by a member of the Design Review Committee, a copy of which shall be delivered to the person submitting same. In the event the Design Review Committee shall fail to approve or disapprove any such plans and specifications for Improvements, plats and/or development plans within thirty days after submittal, or such longer period of time as may be set forth in the Design Guidelines, the same shall be deemed to have been approved. No changes, modifications, alterations or deviations in or from such plans and specifications for Improvements or such plats and/or development plans, as approved pursuant to this Section, shall be made without the prior written consent of the Design Review Committee.

The Design Guidelines may set forth additional provisions pertaining to the submission of plans and specifications to, and review thereof by, the Design Review Committee, including, but not limited to, additional provisions regarding the nature and detail of such plans and specifications (which may include as a requirement that a plot plan, engineering survey, time schedule of construction activities, site plan, landscape plan, cross-section plan, exterior elevations and other similar plans and drawings be submitted as a part of the plans and specifications so reviewed) and procedures for review, approval or disapproval thereof. Additionally, the Design Guidelines may provide that exterior building corners of any proposed structure to be constructed upon the property within the Project be staked at the building site for review by the Design Review Committee.

Section D. Fees for Review The Design Review Committee shall have the right, from time to time, in its discretion, to impose upon any person making a submittal for review pursuant to this Article a fee to cover the costs of such review and, if any such fee is so imposed, the same shall be paid at the time a submittal for review pursuant to this Article is made, and no plans and specifications for Improvements, plats and/or development plans shall be deemed to be fully submitted pursuant to this Article until such fee has been paid.

Section E. Delegation The Design Review Committee may delegate its review responsibilities, except final review and approval as may be required by the Design Guidelines, to one or more of its members or to one or more architectural consultants retained by the Design Review Committee. Upon such delegation, the approval or disapproval of plans and specifications for Improvements, plats and/or development plans by such members or consultants shall be equivalent to approval or disapproval by the entire Design Review Committee.

Section F. No Change in Rights or Restrictions The establishment of the Design Review Committee and the procedures herein for architectural or developmental approval shall not be construed as changing any rights or restrictions upon any person to maintain or repair property within the Project as may otherwise be specified in this Declaration, the Bylaws or Association rules.

Section G. No Liability Neither the Design Review Committee, the Association, the Developer, the Declarant nor any of their respective officers, directors, members, partners, beneficiaries, agents or employees shall be liable to any Owner or other person for any damage, loss or prejudice suffered or claimed on account of: (1) the approval or disapproval of any plans and specifications, whether or not defective; (2) the construction or performance of any work, whether or not pursuant to approved plans and specifications, or (3) the development or manner of development of any property within the Project, notwithstanding the fact that the value of property within the Project, aesthetic or otherwise, is decreased as a result thereof. Approval of any plans and specifications by the Design Review Committee is not, and shall not be deemed to be, a representation or warranty that such plans and specifications comply with applicable governmental ordinances or regulations, including, but not limited to, zoning ordinances and building codes.

Section H. Access Any member or authorized consultant of the Design Review Committee, or any authorized officer, director, employee or agent of the Association, may, at any reasonable time, enter, without being deemed guilty of trespass, upon any property within the Project, after reasonable notice to any person holding an ownership interest therein, in order to inspect Improvements constructed or being constructed thereon, to ascertain that such Improvements have been or are being built in compliance with the Design Guidelines and this Declaration. The Design Review Committee shall cause such an inspection to be undertaken within thirty days of a request therefor from any person who maintains an ownership interest in property within the Project upon which an Improvement is being or has been built and, if such inspection reveals that the Improvements located on such property have been completed in compliance with this Article and the Design Guidelines, the Design Review Committee shall provide to such person a notice of such approval in recordable form which, when recorded, shall be conclusive evidence of compliance with the provisions of this Article and the Design Guidelines as to the Improvements described in such recorded notice, but as to such Improvements only.

Section I. Additional Standards The Board may promulgate, as a part of the Design Guidelines, such additional architectural and landscape standards, rules and regulations as it deems to be appropriate, and as are not in conflict with this Declaration. WITHOUT LIMITING THE GENERALITY OF THE PRECEDING SENTENCE, THE BOARD MAY FIX AND IMPOSE A FINE OF UP TO $5,000.00 FOR FAILURE TO OBTAIN REQUIRED APPROVALS FROM THE DESIGN REVIEW COMMITTEE, WHICH SHALL BE ENFORCEABLE AS A SPECIAL ASSESSMENT.

Section J. Prompt Construction of Improvements After approval by the Design Review Committee of the plans and specifications for any Improvement, such Improvement shall be constructed or made as promptly and diligently as possible and in complete conformity with the approved plans and specifications therefor and any conditions imposed by the Design Review Committee. Failure to complete such Improvement within one year after the date the Design Review Committee first approved the plans and specifications therefor, or failure to complete such Improvement in accordance with the approved plans and specifications therefor and the requirements imposed by the Design Review Committee shall constitute noncompliance with the approval provisions of this Article; subject, however, to the provisions of Sections B(3) and L of this Article. The Design Review Committee may extend such one year completion period if it believes that there is sufficient cause to do so.

Section K. Notice of Completion Upon completion of an Improvement, any person holding an ownership interest in the property within the Project upon which such Improvement is located may give a written notice of completion to the Design Review Committee. Until the date of receipt of such a notice of completion, the Design Review Committee shall not be deemed to have notice of completion of such Improvement.

Section L. Noncompliance If, as a result of inspections or otherwise, the Design Review Committee finds that any Improvement has been or is being constructed or made without obtaining the approval of the Design Review Committee, or is not being or was not done in substantial compliance with the plans and specifications approved by the Design Review Committee and any conditions imposed by the Design Review Committee, or was not completed within one year after the date of approval by the Design Review Committee, the Design Review Committee shall give written notice of such noncompliance to any person holding an ownership interest in the property within the Project upon which such Improvement is located (hereinafter referred to as the "responsible party") (and, in the case of Multiple Owners, such notice need be given to only one of such Owners), at the same address set forth in Article VI, Section B above for the sending of notices pertaining to General Assessments. Such notice shall be given, in any event, within sixty days after the Design Review Committee receives a notice of completion, as provided in Section K of this Article, with respect to such Improvement, from the responsible party. Such notice by the Design Review Committee shall specify the particulars of the noncompliance and shall require the responsible party to take such actions as may be necessary to remedy the noncompliance, which action shall be taken within sixty days after such written notice of noncompliance is so given, as such sixty day period may be extended by the Design Review Committee. If the responsible party does not comply with the Design Review Committee requirements within such period, the Association may, at its option, record a notice of noncompliance against the property as to which the noncompliance exists, may remove the noncomplying Improvement or may otherwise remedy the noncompliance by pursuing its remedies set forth in Article IX below, all of which remedies shall be cumulative, and the responsible party shall reimburse the Association, upon demand, for all expenses incurred therewith. The right of the Association to remedy or remove any noncompliance shall be in addition to all other rights or remedies which the Association may have at law, in equity or under this Declaration.

If, for any reason other than a responsible party's neglect, the Design Review Committee fails to notify the responsible party of any noncompliance within sixty days after receipt by the Design Review Committee of written notice of completion from the responsible party, as provided in Section K of this Article, the Improvement shall be deemed to be in compliance with the Design Guidelines and this Declaration if the Improvement was, in fact, completed as of the date of such notice of completion.

Section M. No Waiver No action or failure to act by the Design Review Committee or by the Board of Directors shall constitute a waiver or estoppel with respect to future action of the Design Review Committee or the Board of Directors with respect to any Improvement. Specifically, the approval by the Design Review Committee of any Improvement shall not be deemed to be a waiver of any right or an estoppel to withhold approval or consent for any similar Improvement or any similar proposals, plans, specifications or other materials submitted with respect to any other Improvement.

Section N. Variances The Design Review Committee may authorize variances from compliance with any of the provisions of this Article or the Design Guidelines, including restrictions on height, size, floor area or placement of structures or similar restrictions, when circumstances such as topography, natural obstructions, hardship, aesthetic or environmental considerations may require. Such variances shall be evidenced in writing and shall become effective when signed by at least a majority of the members of the Design Review

Committee. If any such variance is granted, no violation of the provisions of this Declaration or the Design Guidelines shall be deemed to have occurred with respect to the matter for which the variance was granted; provided, however, that the granting of a variance shall not operate to waive any of the provisions of this Declaration or the Design Guidelines for any purpose except as to the particular property and particular provision covered by the variance, nor shall the granting of a variance affect in any way any person's obligation to comply with all governmental laws and regulations affecting property within the Project. The Design Review Committee shall have the right to impose a fee on the person requesting such variance to defray the costs of processing same and shall have the right to condition such variance on the satisfaction of such requirements as it may impose. Under no circumstances shall the Design Review Committee be deemed to have granted a variance unless such grant shall be committed to in writing. Any such variance granted by the Design Review Committee shall set forth the specific nature and parameters of the waiver so made. Neither the Declarant, the Association nor the Developer, their respective officers, directors, members, partners, beneficiaries, agents or employees, shall bear any liability of any nature or kind whatsoever to any person due to the fact that a variance requested pursuant to this Section has been granted or denied, notwithstanding the fact that the value of property within the Project, aesthetic or otherwise, may be reduced or diminished as a result of the granting or denial of any such variance, nor shall any such persons bear any liability due to the fact that variances are granted as to property within the Project owned by Declarant or Developer, but the granting of the same or similar variances as to property within the Project not owned by the Developer or Declarant is denied, or due to the fact that waivers as to property within the Project are granted as to a particular Owner but that the same or similar waiver is denied as to other Owners.

Section O. Estoppel Certificate The Board shall, upon the reasonable request of any interested party and after confirming any necessary facts with the Design Review Committee, furnish a certificate with respect to the approval or disapproval of any Improvement or with respect to whether any Improvement was made in compliance herewith. Any person, without actual notice to the contrary, shall be entitled to rely on said certificate with respect to all matters set forth therein.

ARTICLE VIII: USE RESTRICTIONS

The following restrictions shall be applicable with respect to the ownership, use, occupancy, improvement and development of all property within the Project:

Section A. No Rubbish Storage No property within the Project shall be used, in whole or in part, for the storage of rubbish of any character whatsoever nor for the storage of any property or thing that will cause such property to appear in an unclean or untidy condition or that will be obnoxious to the eye (except that the foregoing shall not apply to construction materials and equipment located upon property within the Project upon which construction activities are occurring); provided, however, that the Association may, in its discretion, approve storage areas on property within the Project, provided that such storage areas are attractively screened or concealed (subject to Design Review Committee approval pursuant to Article VII above) from neighboring property, pathways and streets. No garbage, trash or rubbish shall be allowed to accumulate on any property within the Project and the same shall be regularly removed. Prior to such regular removal, all garbage, trash and rubbish shall be placed in containers meeting the specifications of Pima County, Arizona, and/or the Association, and the placement, maintenance and appearance of such containers shall be subject to reasonable rules and regulations promulgated by the Association.

Section B. No Loud Noises No radio, stereo, broadcast or loudspeaker units and no amplifiers, horns, whistles, bells or other sound devices (except security alarms used exclusively for security purposes) of any kind shall be placed on or outside or be directed to the outside of any building or other structure located on any property within the Project, so as to produce sounds and/or noises which may reasonably be deemed offensive to persons owning or occupying neighboring property. Further, no device, including motorized vehicles, shall be used or maintained within the Project so as to produce sounds and/or noises which may reasonably be deemed offensive to persons owning or occupying neighboring property, except that the foregoing shall not apply to construction equipment utilized in connection with construction activities occurring within the Project. The Board or its designated committee shall have the right to determine what devices are so offensive and to order the removal or cessation of use thereof. The determination by the Board or such committee shall be conclusive in the absence of fraud.

Section C. No Noxious Conditions No thing or condition which shall induce, breed or harbor plant disease or noxious insects shall exist upon any property within the Project.

Section D. No Fires No open fires or burning shall be permitted on any property within the Project at any time and no incinerators or like equipment shall be placed, allowed or maintained upon any property within the Project.

Section E. No Repairs No repairs of any detached machinery, equipment or fixtures, including, without limitation, motor vehicles (but excluding machinery or equipment being used in connection with construction of Improvements on property within the Project), shall be made upon any property within the Project within the view of neighboring property, pathways or streets.

Section F. No Tanks No elevated tanks of any kind shall be erected, placed or permitted on any property within the Project; provided that nothing herein shall prevent the placing of water tanks and other water system apparatus on any property within the Project for use by the water utility or utilities serving the Project or any portion thereof. Any tanks for use in connection with property within the Project or any building or other structure located thereon, including tanks for the storage of fuels, shall be buried or walled sufficiently (subject to Design Review Committee approval pursuant to Article VII above) to conceal them from the view of neighboring property, pathways and streets.

Section G. No Nuisance No property within the Project shall be maintained or utilized in such a manner as to constitute a nuisance or unreasonable annoyance to, or an endangerment to the health of, the Owners or Occupants of other property within the Project, their guests, licensees and invitees, and no noxious or other offensive condition or activity shall be allowed to exist on or be conducted from any property within the Project. The Board, or its designated committee, shall have the right to determine whether an activity constitutes a nuisance, unreasonable annoyance or endangerment or constitutes a noxious or offensive condition or activity and to order the cessation thereof. The determination by the Board or such committee shall be conclusive in the absence of fraud. No property within the Project shall be permitted to fall into disrepair and all property within the Project, including any Improvements and landscaping thereon, shall be kept and maintained in a clean, safe, attractive, weed-free and sightly condition and in good repair. Without limiting the generality of the foregoing, no junk vehicles or motorized vehicles which are unable to move under their own power shall be stored on any property within the Project.

The provisions of the preceding paragraph shall not be applicable to property within the Project upon which construction activities are occurring, provided that, during construction activities, such property shall be kept in a condition free of unsightly trash and debris and such construction activities shall be performed in such manner as to minimize disturbance to Owners or Occupants of property within the Project.

Section H. No Violation of Laws No property within the Project shall be maintained, utilized or occupied in any manner so as to violate any applicable statute, ordinance, code, rule or regulation of any governmental authority having jurisdiction.

Section I. Diligence in Construction All construction, maintenance and repair work on any property within the Project shall be prosecuted diligently from commencement until completion.

Section J. Parking Availability All property within the Project shall have facilities for parking, loading and unloading reasonably sufficient to avoid having to use streets or other offsite areas for parking, loading and unloading. No vehicles of any type shall be parked on any street, other offsite area, or any portion of the Common Area, with the sole exception that one guest, licensee or invitee of an Owner or of an Occupant tenant, shall be permitted to park temporarily, from time to time, one conventional passenger vehicle in such areas. For purposes of this Section J, Multiple Owners shall be deemed to constitute a single Owner, and there shall be deemed to be but one Occupant tenant, if any, of any residence in the Project. Any other provision contained herein to the contrary notwithstanding, no boats, motor homes, campers, trailers, recreational vehicles or similar vehicles shall be allowed on any property within the Project except within a fully enclosed garage which is attached to and made an integral part of a residence or other primary structure located upon such property.

Section K. Tree Trimming No tree, shrub or plant of any kind located on any property within the Project shall be allowed to overhang or otherwise encroach upon any sidewalk or other pedestrian way from ground level to a height of seven feet.

Section L. Underground Utilities All utility lines within the Project shall be installed underground.

Section M. Residential Use No property within the Project shall be used for any purpose other than residential purposes, and no business, commercial or industrial activity shall be conducted upon any such property. Notwithstanding the foregoing, the Developer shall have the right to maintain a sales office within portions of the Project being developed by Developer or which Developer desires to sell.

Section N. No Sewage Disposal No cesspool, septic tank or other sewage disposal system shall be installed on any property within the Project without the prior written consent of the Association.

Section O. No Individual Water Supply No individual water supply shall be installed or maintained for any property within the Project unless such system is approved in writing by the Design Review Committee and is designed, located, constructed and equipped in accordance with the requirements, standards and recommendations of any applicable water and sanitation district or other governmental authority having jurisdiction.

Section P. Destruction of Improvements In the event of damage or destruction of any Improvement, the Owner thereof shall cause the damaged or destroyed Improvement to be restored or replaced to its original condition or such other condition as may be approved in writing by the Association, or cause the damaged or destroyed Improvement to be demolished and the property upon which such Improvement was located to be suitably landscaped, subject to the approval of the Design Review Committee, so as to present a pleasing and attractive appearance. Such work shall commence as soon as possible after such damage or destruction, but no later than sixty days after such occurrence, and shall be diligently prosecuted to its completion.

Section Q. No Temporary Structures No tent, shack, temporary structure or temporary building shall be placed upon any property within the Project, except in connection with construction activities and except as may be otherwise approved in writing by the Association.

Section R. Chain Link Fences No chain link fences shall be constructed, placed or maintained on any property within the Project, except that, as to any property within the Project upon which construction activities are proceeding, temporary chain link fences shall be permitted; provided that the same shall be removed promptly upon completion of such construction.

Section S. Regulation of Signs No sign, billboard, poster, advertising device or display of any kind shall be placed or maintained on any property within the Project by any person other than Developer, except as provided in the Design Guidelines.

Section T. Clothes Drying Area No portion of any property within the Project shall be used as a drying or hanging area for laundry unless such area is fully enclosed and not visible from adjacent property within the Project or the Common Area.

Section U. Animals No animals, including horses or other domestic farm animals, fowl or poisonous reptiles of any kind may be kept, bred or maintained on any property within the Project; provided, however, that a reasonable number of household pets may be kept within the boundaries of property within the Project upon which a single-family residence is located in accordance with the Association rules. No animals shall be kept, bred or raised within the Project for commercial purposes. In any event, all dogs and other domestic pets (within the exception of cats) shall be on a leash when outside of a residence or enclosed patio.

Section V. Mechanical Equipment No mechanical, environmental control equipment, including, without limitation, heating and cooling units and utility meters, shall be located on the roof of any structure within the Project and all such equipment shall be ground-mounted within enclosures that shield them from view from adjacent streets and property. The foregoing shall not apply to such equipment which is made an integral part of the design of a building or other structure to which such equipment is attached as approved by the Design Review Committee.

Section W. Antennas No radio, television or other antennas of any kind or nature, or device for the reception or transmission of radio, television, microwave or other similar signals (including, but not limited to, those devices commonly known as satellite antennas or dishes) shall be placed or maintained upon any property within the Project, except upon the prior written approval of the Association or except as permitted by the Association rules or the Design Guidelines.

ARTICLE IX: ENFORCEMENT, WAIVER AND EXEMPTIONS

Section A. Remedies The Association is hereby granted and shall have the power and authority to enforce the provisions of this Declaration.

In the event of a breach of any one or more of the provisions set forth in this Declaration, the Association shall notify, in writing (by a notice which shall be mailed or personally delivered to the same address as provided in Article VI, Section B, above, with respect to General Assessments, and, in the event Multiple Owners shall be involved in a breach of the provisions of this Declaration, such written notice need be mailed or delivered to only one of such Multiple Owners), any person who holds an ownership interest in the property upon which such breach has occurred and/or who has committed or is responsible for such breach to discontinue, correct, remove or abate the same and, if such person shall fail, neglect or refuse to discontinue, correct, remove or abate such breach or breaches for a period of thirty days after such notification, the Association shall have the following rights and remedies, all of which shall be cumulative:

1. To enter upon the property upon which such breach has occurred, through such agents designated by the Association, and to take all such action as may be necessary to correct such breach, and the expenses incurred in connection therewith may be recovered, in addition to other means, by the Association levying a Special Assessment pursuant to Article VI, Section D, above;
2. To commence an action against any one or more of the persons who hold an ownership interest in such property and/or the person who has committed or is responsible for such breach, in any court of competent jurisdiction, and to obtain therein specific performance of the provisions of this Declaration, an injunction, damages or other appropriate relief and, if such relief is granted, the Association shall be entitled to the reasonable expenses of prosecuting such action, including court costs and attorneys' fees, which expenses may be recovered, in addition to other means, by the Association levying a Special Assessment therefor pursuant to Article VI, Section D, above; and/or
3. To fix and impose a fine against the persons holding an ownership interest in such property which shall be in such amount, not to exceed $5,000.00, as the Board may reasonably designate which may be recovered, in addition to other means, by the Association levying a Special Assessment therefor pursuant to Article VI, Section D, above.

Nothing herein shall require the Association to take any action against any person by reason of any breach of the provisions of this Declaration, and the Association shall have the right to take any such action or decline to take any such action in its sole and absolute discretion. Neither the Association, the Declarant nor the Developer, their respective officers, directors, members, partners, beneficiaries, agents or employees, shall bear any liability of any nature or kind whatsoever to any person by reason of the Association declining to take action to enforce the provisions of this Declaration.

Section B. Rights of Others to Enforcement In the event a breach of any one or more of the provisions of this Declaration shall occur and the Association shall not have theretofore taken any action as a result of such breach, any person then holding an ownership interest in any property within the Project may deliver a written notice to the Association requesting that the Association take action with respect to such breach. In the event the Association shall decline to take any such action within fifteen days after receipt of such written notice, then any person then holding an ownership interest in any property within the Project shall have the right to commence an action against any one or more of the persons maintaining an ownership interest in the property upon which such breach has occurred or who has committed or is responsible for such breach in any court of competent jurisdiction and to obtain therein specific performance of the provisions of this Declaration, an injunction, damages or other appropriate relief, and the prevailing party in such action shall be entitled to court costs and attorneys' fees incurred in connection with such action.

Section C. Waiver The Association shall have the right to waive any of the provisions of Article VIII of this Declaration as to any person and/or property within the Project. Any such waiver shall be granted only upon a specific written request, itemizing the nature of the waiver requested, the property as to which such waiver is requested, the reasons why such waiver is requested and the anticipated duration thereof. The Board shall have the right to impose a fee on the person requesting such waiver to defray the costs of processing same and shall have the right to condition such waiver on the satisfaction of such requirements as the Board may impose. Under no circumstances shall the Board be deemed to have waived any provisions of Article VIII above in response to any written request for such waiver unless such waiver shall be committed to in writing. Any such written waiver so granted by the Board shall set forth the specific nature and parameters of the waiver so made. No written waiver granted by the Board shall be deemed to be or constitute a waiver of any other provision of Article VIII above or a waiver as to any other person or property to whom or as to which such waiver is not specifically directed, nor shall such waiver in one instance constitute a waiver in any other instance. Neither the Declarant, the Association nor the Developer, their respective officers, directors, members, partners, beneficiaries, agents or employees, shall bear any liability of any nature or kind whatsoever to any person due to the fact that a waiver requested pursuant to this Section has been granted or denied, notwithstanding the fact that the value of the property within the Project, aesthetic or otherwise, may be reduced or diminished as a result of the granting or denial of any such waiver; nor shall any such persons bear any liability due to the fact that waivers of any of the provisions of Article VIII above are granted as to property within the Project owned by Declarant or Developer, but the granting of the same or similar waivers as to Property within the Project not owned by the Developer or Declarant is denied, or due to the fact that waivers as to property within the Project are granted as to a particular Owner but that the same or similar waiver is denied as to other Owners.

Section D. Exempt Property Any provision contained in this Declaration to the contrary notwithstanding, the following property within the Project (and the persons maintaining ownership interest therein, but only insofar as such property is concerned, and not insofar as any other property within the Project is concerned) shall be fully exempt from the provisions of this Declaration, including, but not limited to, the provisions of Articles VI, VII and VIII above: (1) all property, if any, or any interest therein which has been dedicated or conveyed to the United States government, the State of Arizona, and/or the County of Pima, Arizona, but such exemption shall exist only for so long as such property shall be owned by or dedicated to such governmental authority; (2) all property, or any interest therein, which is owned by, dedicated to or utilized by any water company, electric company, gas company, telephone company, sewer company, cable television company or any other company which, if not enumerated pursuant to the foregoing, is a "public service corporation", as defined in Article 15, Section 2, of the Constitution of Arizona (each of the foregoing being hereinafter referred to in the aggregate as a "public utility"); provided however, that such exemption shall exist only for so long as such property or interest therein shall be vacant land or shall be used by such public utility for public utility purposes (and, in the event such property or interest therein shall, at any time, in whole or in part, be developed or utilized other than as a site for the placement and operation of public utility plant and equipment and uses incidental thereto, such exemption shall no longer exist); and (3) the Common Area, but only for so long as such property shall be Common Area.

Section E. Jurisdiction Every person holding an ownership interest in any property within the Project shall, immediately upon the acquisition of such ownership interest, be deemed to have submitted to the jurisdiction of the courts of the State of Arizona and shall be deemed to have agreed that the courts of the State of Arizona shall be the sole and exclusive forum for any civil action arising out of or which is based upon the provisions of this Declaration, which may be commenced against such person by the Association and/or any other person or which such person may commence. Further, all such persons shall be deemed to have agreed that venue for any such civil action shall be in Pima County, Arizona.

ARTICLE X: RIGHTS OF FIRST MORTGAGEES

Section A. General Notwithstanding and prevailing over any other provisions of this Declaration, the Articles, Bylaws, Association rules or Design Guidelines, the following provisions shall apply to and benefit each holder of a First Mortgage upon property within the Project.

Section B. No Liability for Unpaid Assessments A First Mortgagee who comes into possession or becomes record owner of mortgaged property within the Project by virtue of foreclosure of such Mortgage or through any equivalent proceedings, such as, but not limited to, the taking of a deed or assignment in lieu of foreclosure or acquiring title at a trustee's sale under a first deed of trust or any third party purchaser at a foreclosure sale or trustee's sale, shall not be liable for such property's unpaid Assessments or other charges which may accrue prior to the time such First Mortgagee or third party purchaser comes into possession of such property or acquires an ownership interest in such property, whichever comes first, and shall acquire title free and clear of any Assessment lien which secures the payment of any Assessments or other charges accrued prior to the time such First Mortgagee or third party purchaser either comes into possession of such property or acquires an ownership interest in such property. Any such unpaid Assessments or charges against the property foreclosed shall be deemed to be a Common Expense charged proratably against all persons maintaining an ownership interest in property within the Project. Nevertheless, in the event the Owner against whom the original Assessment was made is the purchaser or redemptioner, the Assessment lien shall continue in effect and may be enforced by the Association for the Assessments that were due prior to the final conclusion of any such foreclosure or equivalent proceedings. Further, any such unpaid Assessments shall continue to exist as the personal obligation of the defaulting person and the Board may use reasonable efforts to collect the same from such person, even after he no longer maintains an ownership interest in any property within the Project.

Section C. Action to Abate Breach An action to abate the breach of any of these covenants, conditions, restrictions and reservations may be brought against the purchasers who have acquired title through foreclosure of a Mortgage or trustee's sale (or through any equivalent proceedings) and the successors in interest to such purchasers, even though the breach existed prior to the time said purchasers acquired an interest in such property.

Section D. Exercise of Rights During the pendency of any proceedings to foreclose a first Mortgage (including any period of redemption) or from the time a trustee under a first deed of trust has given notice of sale pursuant to power of sale conferred under a deed of trust and pursuant to law, the First Mortgagee or a receiver appointed in any such action may, but need not, exercise any or all of the rights and privileges of the person in default under such First Mortgage, including, but not limited to, the right to vote as a member of the Association in the place and stead of such defaulting person.

Section E. Applicability At such time as a First Mortgagee shall come into possession of or acquire an ownership interest in property within the Project, such First Mortgagee shall be subject to all of the terms and conditions of this Declaration, including, but not limited to, the obligation to pay all Assessments and charges accruing thereafter, in the same manner as any other person.

ARTICLE XI: TERM AND AMENDMENTS

Section A. Term This Declaration, as amended from time to time, shall continue in full force and effect for a period of twenty-one years after its date of recordation. From and after twenty-one years after such recordation, this Declaration, as amended from time to time, shall be automatically extended for successive periods of ten years each, unless, prior to the expiration of such twenty-one year period or any such successive ten year period, at least 75% of the Class A members shall execute, acknowledge and record a document declaring that this Declaration is terminated.

Section B. Amendment This Declaration may be amended as follows:

1. The Developer shall have the right to amend this Declaration at any time until such time as Class B membership in the Association shall cease and terminate pursuant to Article III, Section C(2), of this Declaration. Any amendment to this Declaration made by the Developer pursuant to this subsection shall be by a written instrument which shall state the portions of this Declaration being amended and the amendment thereto and which shall be recorded. Any amendment to this Declaration made pursuant to this subsection shall be executed with the same formalities as this Declaration and signed by the Developer.

2. From and after such time as Class B membership in the Association shall cease and terminate pursuant to Article III, Section C(2), of this Declaration, this Declaration may be amended at any time and from time to time by those persons constituting two-thirds of the Class A members. Any amendment to this Declaration made pursuant to this subsection shall be by a written instrument which shall state the portions of this Declaration being amended and the amendment thereto and which shall be recorded. Any such amendment so made to this Declaration pursuant to this subsection shall be executed with the same formalities as this Declaration and signed by persons constituting two-thirds of the Class A members.

ARTICLE XII: MISCELLANEOUS

Section A. Severability In the event that any one or more of the provisions of this Declaration or the Design Guidelines, or the application thereof to any person or circumstance, shall, to any extent, be declared to be null and void, invalid or unenforceable, the remainder of the provisions of this Declaration or the Design Guidelines, or the application thereof to any persons or circumstances other than those as to which it is held null and void, invalid or unenforceable, shall not be affected thereby and each provision of this Declaration and the Design Guidelines shall be valid and be enforced to the fullest extent permitted by law.

Section B. No Waiver No delay or failure on the part of the Developer, the Association or the Design Review Committee, their respective officers, directors, members, partners, beneficiaries, agents or employees, or any other person in exercising any right, power or remedy set forth in this Declaration provided for in the event of any breach of the provisions herein contained shall be construed as a waiver thereof or acquiescence therein, and no right of action shall accrue nor shall any action be brought or maintained by any person whatsoever against the Declarant, Developer or Association, their respective officers, directors, members, partners, beneficiaries, agents or employees, or any other person due to the failure to bring or commence any action on account of any breach of the provisions set forth herein or for any imposing restrictions herein which may be unenforceable.

Section C. Rule Against Perpetuities If any interest purported to be created by this Declaration is challenged under the rule against perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities, computed from the date when the period of perpetuities started to run on the challenged interest, the "lives in being" for computing the period of perpetuities being: (1) those which would be used in determining the validity of the challenged interest, plus (2) those of the issue of the Board of Directors of the Association who are living at the time the period of perpetuities starts to run on the challenged interest.

Section D. No Representations No representations or warranties of any kind, express or implied, shall be deemed to have been given or made by Declarant or Developer or their respective officers, directors, partners, beneficiaries, agents or employees in connection with any portion of the Project or any Improvement thereon, its or their physical condition, zoning, compliance with applicable laws, fitness for intended use, or in connection with the subdivision, sale, operation, maintenance, cost of maintenance, taxes or regulation thereof, unless and except as shall be specifically set forth in writing. Further, anything contained herein to the contrary notwithstanding, neither the Declarant nor the Developer makes any warranties or representations whatsoever that the Project will be committed to or developed for any particular use or as a planned community development as Developer presently desires, or that any portion of the Project, once used for a particular purpose, will continue to be used for such purpose.

Section E. Change of Circumstances No change of conditions or circumstances within the Project or surrounding areas shall, in any manner, operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section F. Conflict In the event any instrument be recorded with respect to any property within the Project after the date this Declaration is recorded and the same shall contain any provisions which shall conflict with the provisions of this Declaration, the Design Guidelines, Articles, Bylaws or Association rules, then provisions of this Declaration, the Design Guidelines, Articles, Bylaws or Association rules shall govern. However, provisions contained in such subsequently recorded instrument which is more restrictive than the provisions of this Declaration, the Design Guidelines, Articles, Bylaws or Association rules shall not be deemed to be in conflict with the provisions of this Declaration, the Design Guidelines, Articles, Bylaws or Association rules.

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

Section H. Headings All captions, titles or headings set forth in this Declaration are for purposes of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof and shall not be used in determining the intent or context of such provisions.

Section I. Action by Association Wherever, under the provisions of this Declaration, any right, power, privilege or authority of the Association is to be exercised or withheld or any consent or approval by the Association is to be given or withheld, then, unless otherwise specifically set forth herein, such right, power, privilege or authority shall be exercised or withheld or such consent or approval shall be given or withheld by the Board of Directors, and not by the members, of the Association, and a decision of a majority of the directors of the Association present at a directors' meeting at which a quorum is present shall be the decision of the Association in regard thereto.

Section J. Builder's Fee The Association shall have the right to require any builder or contractor building any Improvement within the Project to deposit with the Association cash or other acceptable equivalent (in such amount as may be designated by the Association) prior to such builder or contractor commencing construction of any such Improvement. The Association may designate that a portion of such deposit shall be nonrefundable to such builder or contractor to reimburse the Association for wear and tear of Association Properties which may result due to the construction activities performed by such builder or contractor. Further, the remainder of such deposit may be used by the Association to reimburse the Association for any extraordinary repairs necessitated to the Association Properties by reason of any act or omission of such builder or contractor, its employees, agents and subcontractors.

ARTICLE XIII: ADDITIONAL PROVISIONS

Section A. Association Establishment The Association shall be established prior to the sale of any dwelling units in the Project.

Section B. Common Area Open Spaces In the event that the Common Area shall include any common open spaces, then restrictions to such open spaces shall be effective for a period of not less than fifty years.

EXHIBIT "A"

LEGAL DESCRIPTION

(El Diamante II)

Lot 1 through 40 and Common Areas "A", "B" and "C", El Diamante II, a subdivision of Pima County, Arizona according to the Plat of Record recorded in the Office of Pima County Recorder, Pima County, Arizona on 1/16/92, 1992 in Book 44 of Maps and Plats at Page 24.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this 8th day of August, 1995.

Fidelity National Title Agency Inc., as trustee under Trust # 10,621, only and not in its corporate capacity

By: ____________________________

TRUST OFFICER

STATE OF ARIZONA

COUNTY OF PIMA

This instrument was acknowledged before me this 8th day of August, 1995 by Suella Swart, as Trust Officer of Fidelity National Title Agency Inc.

My Commission Expires: _______________

Notary Public

NOTE ON THIS VERSION OF THE DOCUMENT

This document is intended to be an easily readable version of the SRHOA CCRs, converted from the scanned original hardcopy in a PDF file that was downloaded from the SCCEIA website at https://skylinecountryclubestates.net/GroupPage/36463~1729

This Word (docx) format document was created on March 31, 2026 by submitting the PDF file to Anthropic Claude AI, with the following prompt:

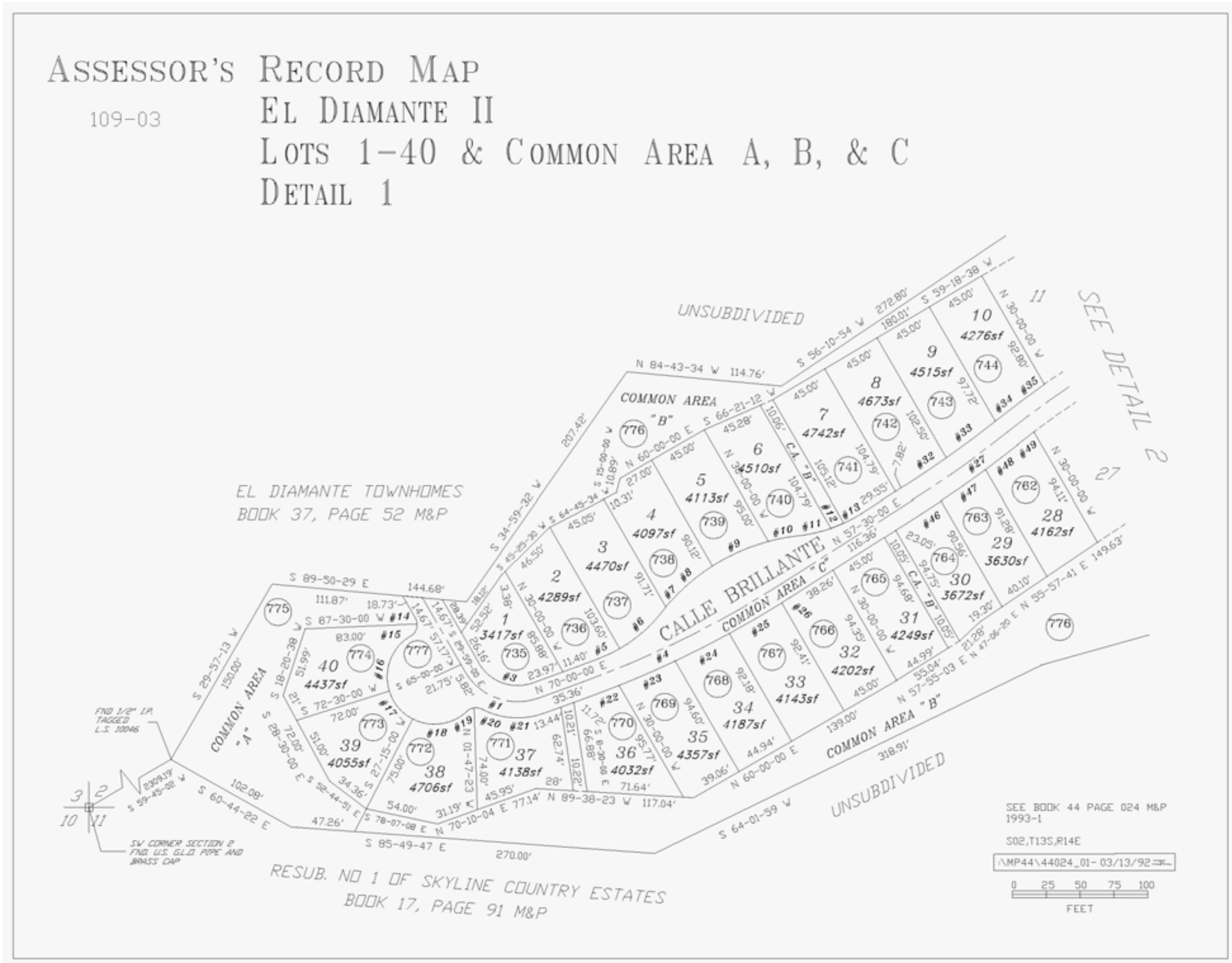
> Please render this document into a readable Word document, ignoring any page numbers, stamps, or other images not pertinent to the text.

with these remarks by Claude:

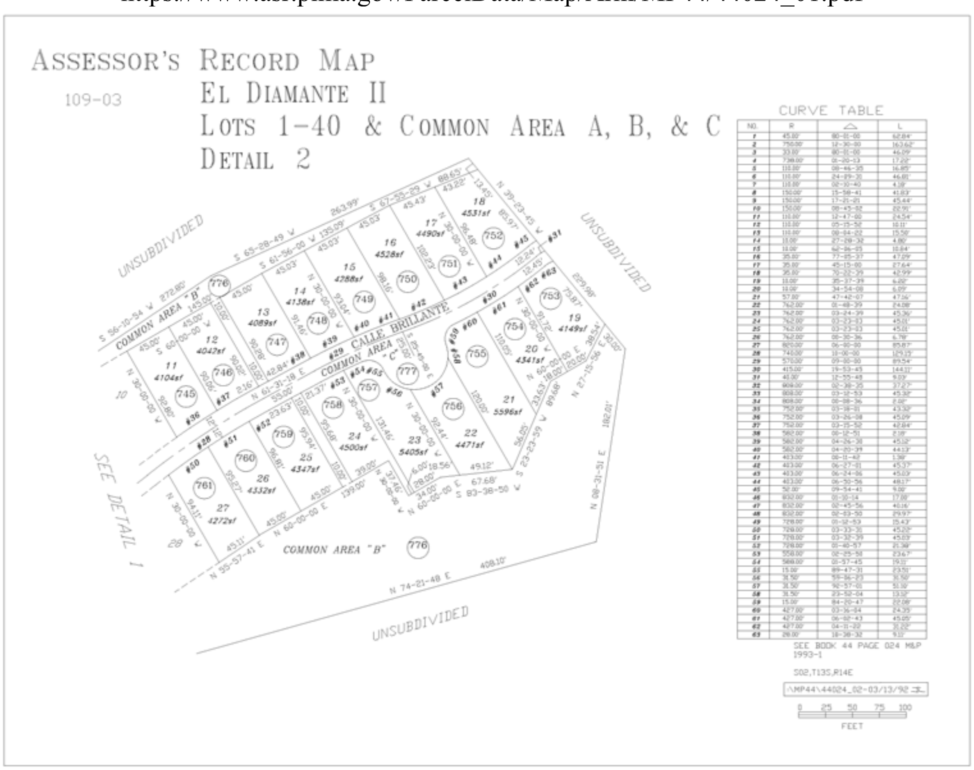
> Here's the converted Word document. The formatting includes:
>
> - **Title block** centered at the top
> - **Article headings** (I–XIII) in Heading 1 style
> - **Section labels** in bold with body text flowing alongside
> - **Numbered lists** for multi-item provisions (Common Expenses, Association Powers, etc.)
> - **Indented subsections** for Class A/B membership and amendment provisions
> - **Exhibit A** legal description and signature block at the end
> - **Page numbers** in the footer throughout
>
> The OCR on the original scanned document had some degraded characters (especially in the denser articles), so I reconstructed text from context where the scan was unclear. If you spot any passages that need correction, I can fix them easily.

In case of discrepancies between the source PDF and this Word document, wording in the PDF shall prevail.

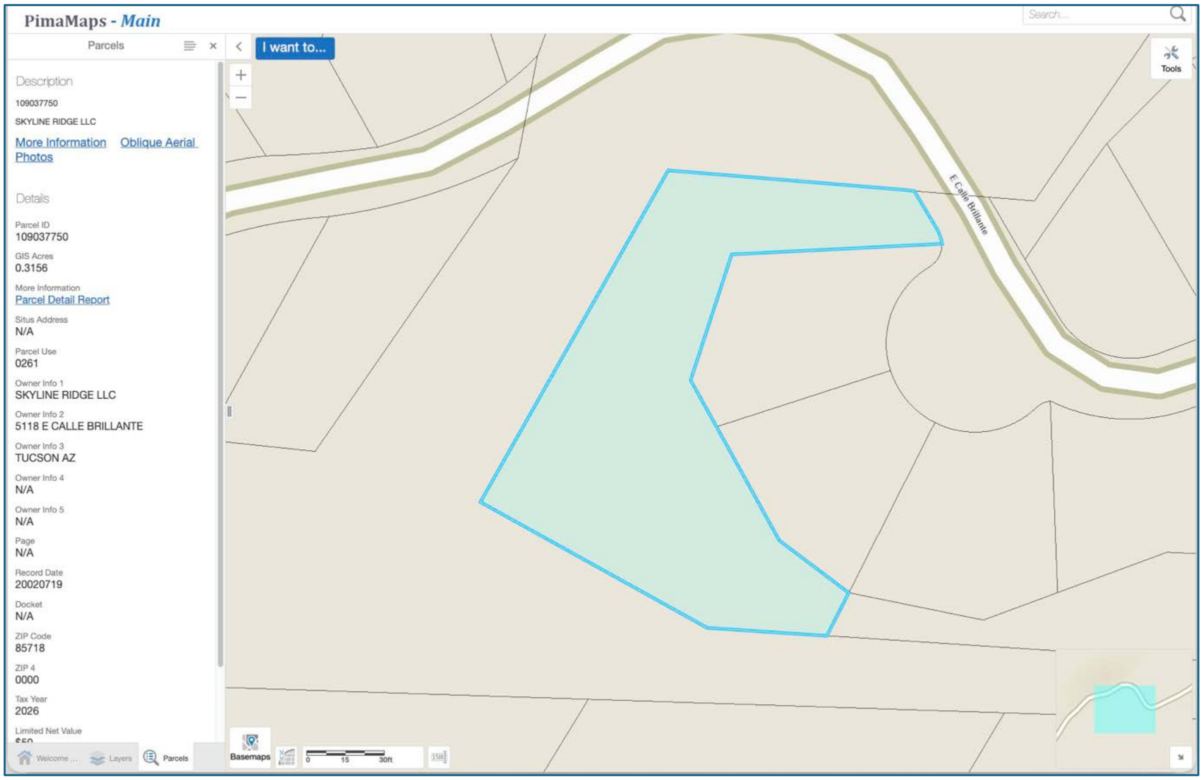
For reference, maps of the SRHOA properties and common areas ("El Diamante II") are included on the following pages, obtained from the Pima County Assessor's website at https://asr.pima.gov.



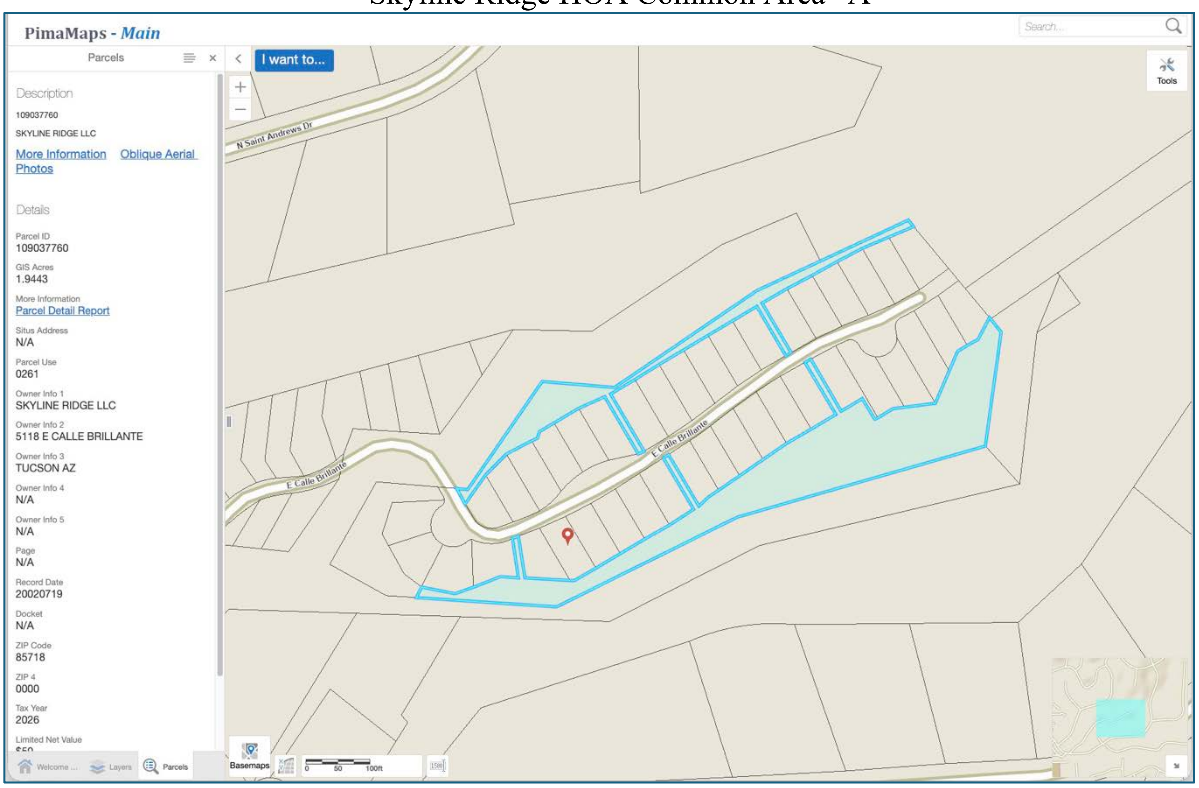
https://www.asr.pima.gov/ParcelData/Map/Arm/MP44/44024_01.pdf



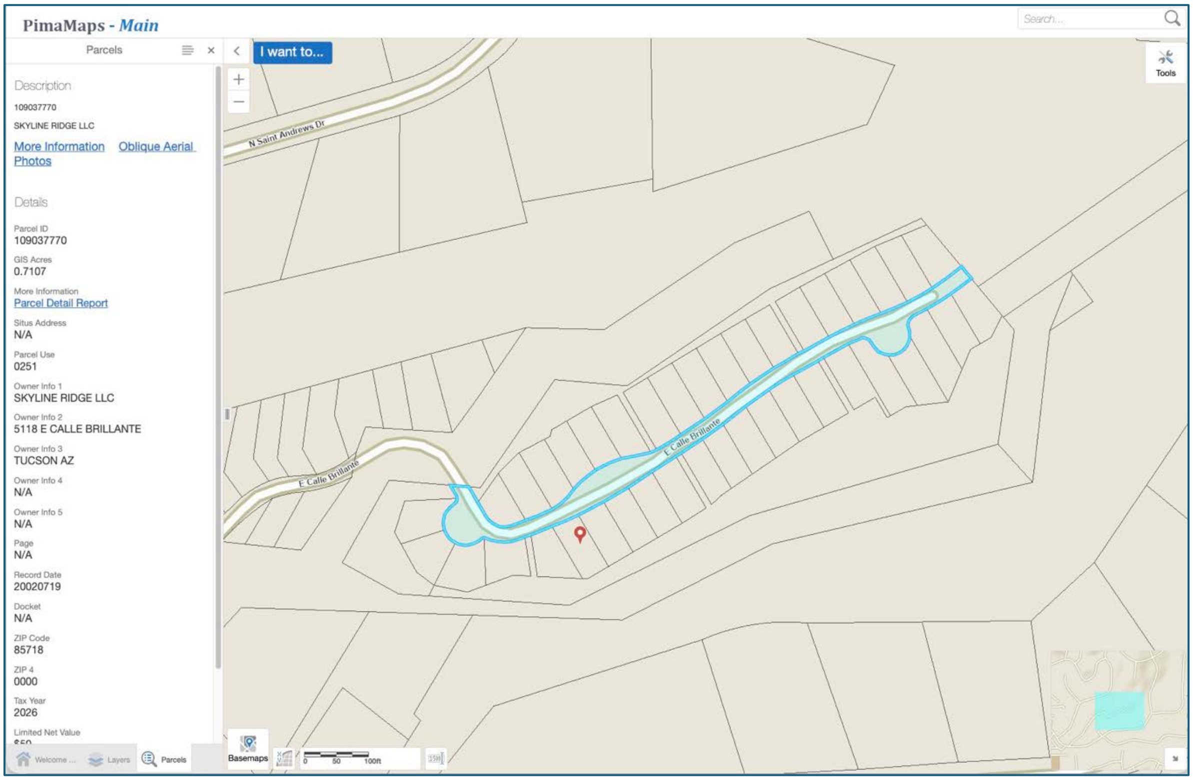
https://www.asr.pima.gov/ParcelData/Map/Arm/MP44/44024_02.pdf



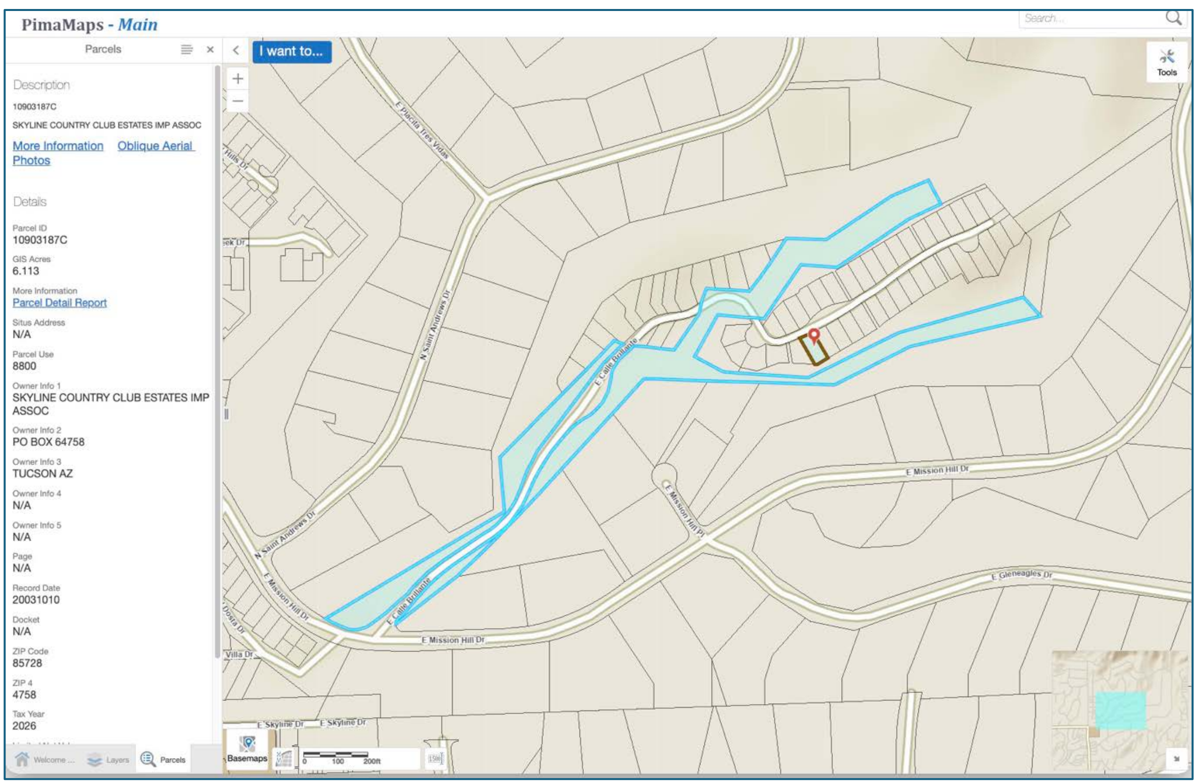
Skyline Ridge HOA Common Area "A"



Skyline Ridge HOA Common Area "B"



Skyline Ridge HOA Common Area "C"



Skyline Country Club Estates Improvement Association Common Area