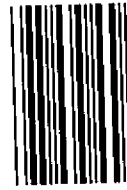


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**DECLARATION OF HOMEOWNER BENEFITS AND
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
SPRINGTREE II
(A Single Family Subdivision)**

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**DECLARATION OF HOMEOWNER BENEFITS AND
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
SPRINGTREE II
(A Single Family Subdivision)**

This Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions for Springtree II (A Single Family Subdivision) is made as of the date set forth at the end of this Declaration by Beazer Homes Holdings Corp., a Delaware corporation, doing business in Arizona as Hancock Homes.

BACKGROUND

A. Declarant is the owner of certain real property ("Property" or "Project") that is described on the Plat and that is additionally described as follows:

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See Exhibit "A" attached to and incorporated in this Declaration by this reference.

The Property is located in the Town of Gilbert, County of Maricopa, State of Arizona.

B. Declarant desires to provide for the phased construction of a single family subdivision consisting of detached single family residences, common areas, and other facilities.

C. Declarant includes in this Declaration and imposes these benefits, covenants, conditions, and restrictions upon only the lots and those common area tracts described on Exhibit "A". Subsequent to the date of this Declaration, additional phases of lots or common area tracts may be incorporated into the Project as provided below.

D. Declarant intends that this Declaration and the other Project Documents will facilitate a general plan for development for the Property.

Accordingly, Declarant declares that the lots and tracts described on the Plat, together with any other lots and tracts that, in the future, may be included in this Declaration as provided below, shall be held, sold, mortgaged, encumbered, leased, rented, used, occupied, improved, and conveyed subject to the following reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges, and liens (collectively referred to as "covenants and restrictions").

The covenants and restrictions are for the purpose of protecting the value, attractiveness, and desirability of the Property, and the covenants and restrictions shall benefit, burden, and run with the title to the Property and shall be binding upon all parties having any right, title, or interest in or to any part of the Property and their heirs, successors, and assigns. The covenants and restrictions shall inure to the benefit of each Owner. The Declarant further declares as follows:

ARTICLE I

DEFINITIONS

1.1 "Ancillary Unit" shall mean all permanent or temporary basements, cellars, guest houses, hobby houses, storage sheds, stables, wood sheds, outbuildings, shacks, barns, garages, living quarters, cabanas, gazebos, carports, covered patios, or structures or items of any type similar to any of the foregoing that are not part of the Detached Dwelling Unit and related improvements originally constructed by the Declarant.

1.2 "Architectural Committee" shall mean the committee established pursuant to Article IX of this Declaration and the provisions of any other Project Documents.

1.3 "Architectural Committee Rules" shall mean any rules and regulations or design guidelines that may be adopted or amended by the Architectural Committee.

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1.4 "Articles" shall mean the Articles of Incorporation of the Association that have been or will be filed in the office of the Corporation Commission of the State of Arizona, as may be amended from time to time in the manner set forth in the Articles.

1.5 "Assessment," "assessment," "annual assessment," and "special assessment" (and the plural of each) shall mean the assessments authorized in this Declaration, including those authorized in Article IV.

1.6 "Association" shall mean Springtree of South Gilbert Homeowners Association, Inc., that has been or will be incorporated by Declarant and/or others as a non-profit Arizona corporation, and shall mean additionally the Association's successors and assigns.

1.7 "Association Rules" shall mean any rules and regulations adopted by the Association, as may be amended from time to time.

1.8 "Board" and "Board of Directors" shall mean the Board of Directors of the Association.

1.9 "Bylaws" shall mean the bylaws of the Association, as may be amended from time to time in the manner set forth in the Bylaws.

1.10 "Common Area" shall mean all of the real property described on the Plat as common area tracts and any other real property that may be from time to time annexed into the Project as Common Area but shall not include the real property described on the Plat as individual Lots or public streets and shall not include Tracts "Y" and "Z". Whether owned by the Declarant or the Association, the Common Area is reserved for the common use and enjoyment of the Owners and is reserved exclusively for the Owners and not for the public, unless otherwise specifically designated in the Declaration or on the Plat. The term "Common Area" also includes all structures, facilities, furniture, fixtures, improvements, trails, and landscaping, if any and if permitted, located on the common area tracts, and all rights, easements, and appurtenances relating to the real property owned by the Association. Tract "A", as depicted on the Plat, is called the "Median Island Tract". Tracts "B", "C", "D", "G", "H", "P", "Q", and "T", as depicted on the Plat, are called the "Drainage And Retention Tracts". Tract "Q", as depicted on the Plat, is called the "Equestrian Trail Tract". "Areas of Common Responsibility" means those areas that are not part of the Common Area but are either portions of certain Lots or portions of dedicated right-of-way that the Association is obligated to maintain under the terms of Paragraphs 10.12 or 10.13 below.

1.11 "Declarant" shall mean Beazer Homes Holdings Corp., a Delaware corporation, doing business in Arizona as Hancock Homes. The term "Declarant" will include all successors and assigns of Beazer Homes Holdings Corp., if the successors or assigns: (i) acquire more than one (1) undeveloped Lot from the Declarant for the purpose of resale; and (ii) record a supplemental declaration executed by the then-Declarant declaring the successor or assignee as a succeeding Declarant under this Declaration. "Declarant" does not include any Mortgagee.

1.12 "Declaration" shall mean this Declaration of Homeowner Benefits and Covenants, Conditions, and Restrictions and the covenants and restrictions set forth in this entire document (in entirety or by reference), as may be amended from time to time in the manner set forth below.

1.13 "Detached Dwelling Unit" shall mean all buildings that are located on a Lot and that are used or are intended to be used for Single Family Residential Use, including the garage, carport, and open or closed patios.

1.14 "Institutional Guarantor" shall mean, if applicable to the Project, a governmental insurer, guarantor, or secondary market mortgage purchaser such as the Federal Housing Administration (FHA), the Veterans Administration (VA), the Federal Home Loan Mortgage Corporation (FHLMC), and the Federal National Mortgage Association (FNMA) that insures, guarantees, or purchases any note or similar debt instrument secured by a First Mortgage. An Institutional Guarantor will be entitled to vote on those matters that require the approval or

consent of the Institutional Guarantors if the Institutional Guarantor notifies the Association in writing of its desire to vote and its address for delivery of all Association notices.

1.15 "Lot" shall mean any one of the lots that is described and depicted on the Plat and that is initially subjected to this Declaration and shall include any other lot that in the future may be included within the Project as provided in this Declaration. "Inventory Lot" shall mean any Lot owned by the Declarant upon which a Detached Dwelling Unit has not been constructed completely. Completed construction shall be evidenced by the issuance of a final Certificate of Occupancy by the Town of Gilbert. "Completed Inventory Lot" shall mean a Lot owned by Declarant upon which a Detached Dwelling Unit has been completed, as evidenced by the issuance of a final Certificate of Occupancy by the Town of Gilbert.

1.16 "Member" shall mean an Owner of a Lot that is originally subject to this Declaration or that has become subject to this Declaration by an Annexation Amendment or Supplemental Declaration as provided in the Declaration.

1.17 "Mortgage" (whether capitalized or not) shall mean the consensual conveyance or assignment of any Lot, or the creation of a consensual lien on any Lot, to secure the performance of an obligation. The term "Mortgage" includes a deed of trust, mortgage, assignment, or any other agreement for the purpose of creating a lien to secure an obligation, and also includes the instrument evidencing the obligation. "First Mortgage" shall mean a Mortgage held by an institutional lender that is the first and most senior of all Mortgages on the applicable Lot.

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1.18 "Mortgagee" (whether capitalized or not) shall mean a person or entity to whom a Mortgage is made and shall include a holder of a promissory note, a beneficiary under a deed of trust, or a seller under an agreement for sale. "First Mortgagee" shall mean a Mortgagee that is the first and most senior of all Mortgagees upon the applicable Lot.

1.19 "Mortgagor" shall mean a person or entity who is a maker under a promissory note, a mortgagor under a mortgage, a trustor under a deed of trust, or a buyer under an agreement for sale, as applicable.

1.20 "Nonrecurring And Temporary Basis" shall mean the parking of vehicles of any type either: (i) for the sole purpose of loading and unloading non-commercial items for use on the Lot; (ii) for temporary visits by guests or invitees of an Owner that do not involve overnight parking; or (iii) for temporary parking of the Owner's vehicles for cleaning or special events that do not involve overnight parking and that do not occur on a frequent or repetitive basis.

1.21 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple legal title to any Lot. An "Owner" shall not include those persons having an interest in a Lot merely as security for the performance of an obligation or duty (i.e., a mortgagee). In the case of Lots in which the fee simple title is vested of record in a trustee pursuant

to Arizona Revised Statutes, §§ 33-801, et seq., the "Owner" of the Lot shall be deemed to be the trustor. In the case of a Lot covered by an Agreement for Sale of Real Property as described in A.R.S., §§ 33-741, et seq., the buyer of the Lot shall be deemed to be the "Owner." An "Owner's Permitees" shall mean all family members, guests, tenants, licensees, invitees, and agents that use the Owner's Lot or other portions of the Project (including Common Area) with the implied or express consent of an Owner.

1.22 "Person" (whether capitalized or not) shall mean a natural person, a corporation, a partnership, a trust, or other legal entity.

1.23 "Plat" will refer to the subdivision plat Springtree II recorded in Book 421 of Maps, Page 27, Official Records of Maricopa County, Arizona, as it may be amended from time to time pursuant to this Declaration.

1.24 "Project Documents" refers to this Declaration, the Articles, the Bylaws, the Association Rules, the Architectural Committee Rules, and the Plat, collectively, as any or all of the foregoing may be amended from time to time.

1.25 "Recreational Vehicle Parking Area" shall mean that portion of the Enclosed Side Yard of a Lot that has been designated by the Architectural Committee as a place for the parking of Commercial or Recreational Vehicles or Family Vehicles, as respectively defined in Sections 8.23 and 8.24 below. The plans and specifications for any Recreational Vehicle Parking Area must be approved in writing by the Architectural Committee prior to its installation or construction. The Recreational Vehicle Parking Area must be Screened From View and cannot be located in whole or part within any Lot Clear Zone.

1.26 "Screened From View" shall mean that the object in question is appropriately screened from view from abutting Lots, Common Area, and public and private streets by a gate, wall, shrubs, or other approved landscaping or screening devices. The Architectural Committee will be the sole judge as to what constitutes an object being Screened From View or appropriately screened.

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

1.28 "Single Family Residential Use" shall mean the occupancy or use of a Detached Dwelling Unit and Lot by a Single Family in conformity with the Project Documents and the requirements imposed by applicable zoning laws or other state, county, or municipal rules, ordinances, codes, and regulations.

1.29 "Visible From Neighboring Property" shall mean, with respect to any given object, that the object is or would be clearly visible without artificial sight aids to a person six (6) feet tall, standing on any part of the Property (including a Lot, Common Area, or public or private street) adjoining the Lot or the portion of the Property upon which the object is located.

1.30 "Yard" (whether capitalized or not) shall mean all portions of the Lot other than the portions of the Lot upon which the Detached Dwelling Unit or an Ancillary Unit is constructed. "Private Yard" means the portion of the yard that is not Visible From Neighboring Property and is shielded or enclosed by walls, fences, hedges, and similar items. "Public Yard" means that portion of the Yard that is Visible From Neighboring Property, whether located in front of, beside, or behind a Detached Dwelling Unit and includes all landscaping that is Visible From Neighboring Property regardless of the fact that the base or ground level of the landscaping is not Visible From Neighboring Property. "Enclosed Side Yard" means the portion of a yard that, when viewed from the street fronting the Detached Dwelling Unit, is located behind any side yard boundary wall located on a Lot. The Enclosed Side Yard shall be no deeper (when measured from the street fronting the Detached Dwelling Unit) than the deepest wall of any Detached Dwelling Unit located on a Lot. The Architectural Committee will be the sole judge as to what constitutes an Enclosed Side Yard in accordance with this Declaration. "Lot Clear Zone" means the five (5) foot area located within the Enclosed Side Yard of a Lot that adjoins the Detached Dwelling Unit and runs parallel with the side wall of the Detached Dwelling Unit.

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ARTICLE II

PROPERTY RIGHTS IN COMMON AREAS

2.1 Owners' Easements of Enjoyment. Every Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area, in common with all other persons entitled to use the Common Area. An Owner's right and easement to use and enjoy the Common Area shall be appurtenant to and pass with the title to every Lot and shall be subject to the following:

(a) Charges and Regulations. The right of the Association to charge reasonable admission and other fees for the use of the Common Areas and to regulate the use of the Common Area; the right of the Association to limit the number of the Owner's Permittees who use the Common Area; the right of the Association to limit the number and type of pets that use the Common Area; the right of the Association to hold the Owners accountable for the conduct of the Owner's Permittees and pets;

(b) Suspension of Voting and Usage Rights. The right of the Association to suspend the voting rights of any Owner and to suspend the right to the use of the Common Areas by an Owner or the Owner's Permittees for any period during which any assessment

(together with accrued interest, late charges, and all attorney fees incurred) against that Owner or Owner's Lot remains unpaid, and, in the case of any non-monetary infraction of the Project Documents, for any period during which the infraction remains uncured;

(c) Dedication/Grant. The right of the Association to dedicate or grant an easement covering all or any part of the Common Area to any provider utility company or municipality for the purposes, and subject to the conditions, that may be established by the Declarant during the period of Declarant Control (as defined in Section 3.2) and, after the period of Declarant Control, by the Board. Except for those easements reserved or created in this Declaration or by the Plat, no dedications or grants of easements over all or any part of the Common Area to any municipality or provider utility company shall be effective unless the dedication or grant is approved at a duly called regular or special meeting by an affirmative vote in person or by proxy of two-thirds (2/3) or more of the total number of eligible votes in each class of Members and unless the instrument evidencing the dedication or grant is executed by an authorized officer of the Association and recorded in the proper records in Maricopa County; and

(d) Declarant Use. The right of the Declarant and its agents and representatives, in addition to their rights set forth elsewhere in this Declaration and the other Project Documents, to the nonexclusive use, without extra charge, of the Common Area for sales, display, and exhibition purposes both during and after the period of Declarant Control.

2.2 Delegation of Use. Unofficial Document Subject to and in accordance with the Project Documents, any Owner may delegate its right of enjoyment to the Common Area to the Owner's Permittees.

2.3 Conveyance of Common Area. Immediately prior to the time that the first Lot is conveyed to a Class A Member, the Common Area shall be conveyed by Declarant to the Association by the delivery of a special warranty deed, free and clear of all monetary liens, but subject to the covenants and restrictions of the Project Documents. Whether owned by the Declarant or the Association, the Common Area will be maintained by the Association at the expense of the Owners, all as detailed in Article IV below.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

3.1 Membership. Every Owner of a Lot, by accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument) or otherwise becoming an "Owner", shall be a Member of the Association and shall be bound by the provisions of the Project Documents, shall be deemed to have personally covenanted and agreed to be bound by all covenants and restrictions contained in the Project Documents, and shall be deemed to have entered into a contract

with the Association and each other Owner for the performance of the respective covenants and restrictions. The personal covenant of each Owner described in the preceding sentence shall be deemed to be in addition to the real covenants and equitable servitudes created by the Declaration, and this personal covenant of each Owner shall not limit or restrict the intent that this Declaration benefit and burden, as the case may be, and run with title to all Lots and Common Area covered by this Declaration. Membership in the Association shall be appurtenant to and may not be separated from ownership of any Lot that is subject to assessment. Upon the permitted transfer of an ownership interest in a Lot, the new Owner shall automatically become a Member of the Association. With the exception of Declarant, membership in the Association shall be restricted solely to Owners of Lots.

3.2 Class. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A members shall be all Owners, with the exception of the Declarant. Class A members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all joint owners shall be Members; however, for all voting purposes and quorum purposes, they shall together be considered to be one (1) Member. The vote for any jointly-owned Lot shall be exercised as the joint owners determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Any attempt to cast multiple votes for a given Lot shall result in the invalidity of all votes cast for that Lot.

(b) Class B. ^{Unofficial Document} The Class B member shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership upon the happening of any of the following events, whichever occurs earlier:

1. Four (4) months after the date when the total votes outstanding in the Class A membership first equals or exceeds the total votes outstanding in the Class B membership;
2. The date that is six (6) years after the date of the close of escrow on the first Lot sold by Declarant; or
3. When the Declarant notifies the Association in writing that it relinquishes its Class B membership.

Upon the conversion of Declarant's Class B membership to Class A membership, the Declarant will be entitled to only one (1) vote for each Lot owned by the Declarant. The period of time during which Class B membership is in existence shall be referred to in this Declaration as the period of "Declarant Control." For the purposes of Section 3.2(b)(1) above, the number of votes shall be based upon the Lots initially covered by this Declaration, plus all Lots that in the future may be included

in or covered by this Declaration as provided in this Declaration, minus all Lots withdrawn from this Declaration, if any.

3.3 Transfer of Control. When the period of Declarant Control ends, the Class A Members shall accept control of the Association from the Declarant and full responsibility for the operation of the Association and administration of the Property as provided in the Project Documents, and Declarant shall have no further responsibility for any future acts or omissions with respect to the operation of the Association and administration of the Property. Any claims of the Association or any Owners against the Declarant for present or past acts or omissions of the Declarant with respect to the operation of the Association or the administration of the Property (including the availability or sufficiency or any reserves) shall be waived, unenforceable, and void if not commenced within one (1) year from the expiration of Declarant Control.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

4.1 Lien and Personal Obligation for Assessments.

(a) Creation of Lien. Each Owner of any Lot, by accepting a deed for that Lot (whether or not expressed in the deed or conveying instrument) or otherwise becoming an "Owner", is deemed personally to covenant and agree to be bound by all covenants and restrictions and all duties, obligations, and provisions of the Project Documents and to pay to the Association: (i) annual assessments or charges; (ii) special assessments for capital improvements under Section 4.4, unexpected or extraordinary expenses for repairs of Common Area or Areas of Common Responsibility, or other Association matters; (iii) an amount sufficient to, on demand, indemnify and hold harmless the Association for, from, and against all obligations undertaken or incurred by the Association at or on account of that individual Owner's special request and to repay the Association for all expenditures on account of the special request; (iv) an amount sufficient to reimburse the Association for the cost of performing any obligation of an Owner under the Project Documents that the Owner has failed to timely pay or perform; and (v) all other assessments as may be fixed, established, and collected from time to time as provided in this Declaration or the other Project Documents, including, without limitation, any accrued interest, taxable court costs, late fees, attorney fees, fines, penalties, or other charges. The assessments and amounts described above, together with all accrued interest, court costs, attorney fees, late fees, and all other expenses incurred in connection with the assessments and amounts described above, whether or not a lawsuit or other legal action is initiated, shall be referred to in the Project Documents as an "assessment" or the "assessments". Pursuant to A.R.S. § 33-1807, the Association shall have a consensual and continuing lien upon the Lot against which the assessment is made or has been incurred for the payment of all assessments.

(b) Personal Obligation. Each assessment also shall be the personal, joint, and several obligation of each person who was the Owner of the Lot at the time when the assessment became due or charge was incurred. The personal obligation for delinquent assessments shall not pass to the particular Owner's successors in title unless expressly assumed by them; however, the personal obligation of the prior Owner for the delinquent assessments or charges shall not be deemed released or discharged by reason of any assignment, conveyance, or transfer of title of a Lot. Notwithstanding the previous sentence, in the event of an assignment, conveyance, or transfer of title to any Lot, the assessment additionally shall continue as a lien against the Lot in the hands of the subsequent Owner, except in those circumstances described in Section 4.9 below. The recordation of this Declaration shall constitute record notice and perfection of any assessment or assessment lien, and, notwithstanding Section 4.10 below, further recordation of any claim of lien (or Notice and Claim of Lien) for assessment shall not be required for perfection or enforcement.

4.2 Purpose of Annual Assessments. The annual assessments levied by the Association shall be used for the purpose of: (i) promoting the recreation, health, safety, welfare, and desirability of the Project for its Owners; (ii) operating of the Common Area (including payment of all taxes, utilities, and rubbish collection fees, if any, and if not individually billed to the Owners); (iii) insuring (including a reserve fund for insurance deductibles), maintaining, repairing, painting, and replacing improvements in the Common Area (including any reserve fund for the foregoing); (iv) maintaining, installing, and repairing any landscaping located with the Areas of Common Responsibility; and (v) enhancing and protecting the value, desirability, and attractiveness of the Lots and Common Area generally. The annual assessment may include a reserve fund for taxes, insurance, maintenance, repairs, and replacements of the Common Area and other improvements that the Association is responsible for maintaining.

4.3 Initial and Annual Assessments. Until December 31, 1997, the maximum annual assessments shall be Three hundred seventy eight. and No/100 Dollars (\$ 378.00) per Lot. From and after the "base year" ending December 31, 1997, the maximum annual assessment shall be as determined by the Board of Directors, subject to the limitation in the following sentence. The annual assessment may not be increased over the annual assessment in the previous year by more than the Permitted Percentage Increase (as defined below), unless the additional increase is approved at a duly called regular or special meeting by an affirmative vote (in person or by proxy) of two-thirds (2/3) or more of the total number of eligible votes cast at that meeting in each class of Members. From and after December 31, 1997, the Board, without a vote of the Members, may increase the maximum annual assessments during each fiscal year of the Association by an amount ("Permitted Percentage Increase") equal to the greater of: (i) ten percent (10%); or (ii) a percentage calculated by dividing the Consumer Price Index in the most recent October (identified by an "A" in the formula below) by the Consumer Price Index for the October one (1) year prior (identified by a "B" in the formula below), minus one (1) (i.e., CPI percentage = (A/B) - 1). By way of example only, the percentage increase in the assessment for 1998

cannot be increased by more than the greater of: (I) ten percent (10%); or (II) the increase in the Consumer Price Index for October, 1997, divided by the Consumer Price Index in October, 1996), minus one (1). The term "Consumer Price Index" shall refer to the "United States Bureau of Labor Statistics, Consumer Price Index, United States and selected areas, all items" issued by the U.S. Bureau of Labor Statistics, or its equivalent or revised or successor index.

4.4 Special Assessments. The Association, at any time and from time to time in any assessment year, in addition to the annual assessments authorized above or any other assessments authorized elsewhere in this Declaration, may levy a special assessment against all of the Members for the purpose of defraying, in whole or in part: (i) the cost of any construction, reconstruction, repair, or replacement (whether or not due to destruction, governmental taking, or otherwise) of a capital improvement upon or under the Common Area (including fixtures and personal property related to the Common Area); or (ii) the cost of any other unexpected or extraordinary expenses for repairs of Common Area or other Association matters; however, any special assessment must be approved at a duly called regular or special meeting by an affirmative vote (in person or by proxy) of two thirds (2/3) or more of the total number of eligible votes cast at that meeting for each class of Members. Notwithstanding the foregoing, no approval of the Members shall be needed to levy assessments on an Owner that arise out of the Owner's failure to comply with the Project Documents including, without limitation, any assessment levied pursuant to Sections 4.1(c), 4.1(d), 4.6, 5.2, or 5.6 of the Declaration.

4.5 Notice and Quorum. ^{Unofficial Document} Written notice of any meeting called for the purpose of taking any action authorized under Section 4.3 or 4.4 shall be sent to all Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first meeting called regarding any given proposal, the presence (at the beginning of the meeting) of Members or proxies entitled to cast sixty percent (60%) or more of the total number of eligible votes of the Association, regardless of class of membership, shall constitute a quorum. If the required quorum is not present, one other meeting for the same purpose may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be at least thirty percent (30%) of all the total number of eligible votes of the Association, regardless of class of membership. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

4.6 Uniform Rate of Assessment. Both the annual assessments outlined in Section 4.3 and the special assessments outlined in Section 4.4 must be fixed at a uniform rate for all assessable Lots; however, the rate of assessment for Inventory Lots and Completed Inventory Lots owned by Declarant shall be twenty-five percent (25%) of the rate for completed and occupied Lots owned by an Owner other than the Declarant. Notwithstanding the reduced assessment on Inventory Lots and Completed Inventory Lots, Declarant shall be obligated to pay to the Association for any shortages or deficiencies in the Association's operating budget caused by reason of Declarant's reduced assessments; however, Declarant's maximum obligation for these shortages or deficiencies shall be equal to the uniform rate of assessment on all Lots multiplied by the number of Lots upon which Declarant paid a reduced assessment, less all amounts previously paid by

Declarant as reduced assessments on such Lots. Annual assessments may be collected in installments throughout the year as the Board of Directors may determine. The provisions of this Section 4.6 shall not preclude the Association from making a separate or additional charge to, or special assessment on, an Owner for or on account of special services or benefits rendered to, conferred upon, or obtained by or for that Owner or the Owner's Lot. If any expense incurred by the Association is caused by the misconduct of any Owner or the Owner's Permittees, the Association may specially assess the expense exclusively against the offending Owner and/or Lot.

4.7 Date of Commencement of Assessments. The annual assessments established in this Declaration regarding any given Lot subject to this Declaration shall commence on the first day of the month following the conveyance of the Common Areas to the Association. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall endeavor to fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period; however, the annual assessment shall be binding notwithstanding any delay. Written notice of the annual assessment and of any special assessments shall be sent to every Owner subject to the assessment. The due dates shall be established by the Board of Directors. Assessments shall be payable in the full amount specified by the assessment notice, and no offsets against such amount shall be permitted for any reason whatsoever including, without limitation, abandonment of the Owner's Lot, a claim that the Association is not properly exercising its duties in maintenance or enforcement, a claim against the Declarant or its affiliates, or the non-use or claim of non-use by Owner of all or any portion of the Common Area. Assessments may be collected in advance or in arrears as the Board of Directors shall determine in their sole discretion. Unofficial Document The Association, acting through the Board of Directors, upon written demand and for a reasonable charge, shall furnish to any Owner or the Owner's authorized representative or designee a certificate signed by an officer of the Association setting forth whether the assessments and charges on a specified Lot have been paid and setting forth any other matters as may be required from time to time by Arizona law. A properly executed certificate of the Association as to the status of assessments on a Lot and any other required matters shall be binding on the Association as of the date of issuance of the certificate and for the time period specified in the certificate.

4.8 Effect of Nonpayment of Assessments - Remedies of the Association.

(a) Late Charge. Any assessment that is not paid within thirty (30) days after the due date shall be subject to a one-time late charge equal to ten percent (10%) of the unpaid assessment and, additionally, shall bear interest from the due date at the minimum rate of ten percent (10%) per annum or any other legal interest rate approved by the Board of Directors and permitted under the requirements of any applicable Institutional Guarantor.

(b) Protective Advances. If an Owner fails to make payments under any Mortgage affecting a Lot or fails to pay taxes or governmental assessments on the Owner's Lot, the Association may make payments of the amounts due under any Mortgage or may