WHEN RECORDED, RETURN TO:

Sun City Grand Community Association, Inc.
19726 N. Remington Drive
Surprise, AZ 85374
Attn: General Manager

AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
SUN CITY GRAND

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AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
SUN CITY GRAND

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR SUN CITY GRAND ("Declaration") is made this ____ day of _____ 20___, by Sun City Grand Community Association, Inc., an Arizona corporation (hereinafter referred to as the "Association").

WHEREAS, on July 11, 1996 that certain Declaration of Covenants, Conditions and Restrictions for Sun City Grand (the "Declaration") was recorded at Instrument No. 96-0491079 in the offices of the Recorder of Maricopa County, Arizona; and

WHEREAS, on January 31, 1997 that certain First Amendment to the Declaration of Covenants, Conditions and Restrictions for Sun City Grand was recorded at Instrument No. 97-0064711 in the offices of the Recorder of Maricopa County, Arizona (the "First Amendment"); and

WHEREAS, on April 15, 2004, that certain Second Amendment to the Declaration of Covenants, Conditions and Restrictions for Sun City Grand was recorded at Instrument No. 2004-0400244 in the offices of the Recorder of Maricopa County, Arizona (the "Second Amendment"); and

WHEREAS, on February 24, 2005 a Notice of Amendment to Exhibit "C" - Initial Use Restrictions for Declaration of Covenants, Conditions and Restrictions for Sun City Grand was recorded at Instrument No. 2005-225302 in the offices of the Recorder of Maricopa County, Arizona (the "Exhibit C Amendment"); and

WHEREAS, on July 31, 2006, the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Sun City Grand was recorded at Instrument No. 2006-1505906 in the office of the Recorder of Maricopa County, Arizona (the "Amended and Restated Declaration");

WHEREAS, on April 25, 2007 a First Amendment to the Amended and Restated Declaration of Covenants, Conditions, and Restrictions for Sun City Grand was recorded at Instrument No. 2007-0479766 in the offices of the Recorder of Maricopa County, Arizona; and

WHEREAS, the Association deems it to be in the best interest to amend and restate the Declaration in its entirety; and

WHEREAS, pursuant to the terms of the Declaration, the Declaration may be amended by the Association;

NOW THEREFORE, the Declaration, as amended by the First Amendment, the Second Amendment and the Exhibit C Amendment, the Amended and Restated Declaration, and the First

Amendment to the Amended and Restated Declaration, is hereby amended and restated in its entirety as follows:

This Declaration imposes upon the Properties (as defined in Article I) mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties and establishes a flexible and reasonable procedure for the overall development, administration, maintenance and preservation of the Properties.

The Association hereby declares that all of the property described in Exhibit "A" and any additional property subjected to this Declaration by Supplemental Declaration (as defined in Article I) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the desirability of and which shall run with title to the real property subjected to this Declaration. This Declaration shall be binding on and shall inure to the benefit of all parties having any right, title, or interest in the Properties or any part thereof, their heirs, successors, successors-in-title, and assigns.

ARTICLE I
DEFINITIONS

The terms in this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1. "Activity Card(s)": Those certain cards which are issued by the Association in accordance with the terms and conditions set forth in section 2.2 and which confer upon the holder rights of access to and use of recreational facilities and other Common Areas within the Properties (subject to the payment of greens fees, admission fees, or other use fees established by the Board from time to time).

1.2. "Ancillary Unit": Any detached structure on a Lot which is intended as a residential dwelling ancillary to the structure on the same Lot which serves as the primary Dwelling Unit for the Lot (e.g., an "in-law" or "guest" suite).

1.3. "Area of Common Responsibility": The Common Area, together with those areas, if any, which the Association does not own but which by the terms of section 5.1 or other provisions of this Declaration, any Supplemental Declaration, or other applicable covenants, or by contract become the responsibility of the Association.

1.4. "Architectural Review Committee" or "ARC": The committee established by the Board to review all plans and applications for the construction and modification of improvements on the Lots and to administer and enforce the architectural controls described in Article X.

1.5. "Articles": The Articles of Incorporation of Sun City Grand Community Association, Inc. as filed with the Arizona Corporation Commission.

1.6. "Association": Sun City Grand Community Association, Inc., an Arizona nonprofit corporation, its successors or assigns.

1.7. "Base Assessment": Assessments levied on all Lots subject to assessment under section 9.3 to fund Common Expenses for the general benefit of all Lots.

1.8. "Benefited Assessment": An assessment levied against a particular Lot or Lots for expenses incurred or to be incurred by the Association.

1.9. "Board of Directors" or "Board": The body responsible for establishing the operational and corporate policies of the Association and for overseeing their implementation and enforcement. The members of the Board shall be selected as provided in the Bylaws.

1.10. "Builder": Any Person purchasing one or more Lots to construct Dwelling Units thereon for later sale to Members or one or more Lots or parcels of land within the Properties to subdivide, develop, and/or resell in the ordinary course of such Person's business.

1.11. "Bylaws": The Bylaws of Sun City Grand Community Association, Inc., as they may be amended from time to time.

1.12 "Common Area": All real and personal property which the Association now or hereafter owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners, including easements held by the Association for those purposes. The term shall include the Exclusive Common Area, as defined below, and may include, without limitation, recreational facilities, entry features, signage, landscaped medians, rights of way, lakes, ponds, and land operated as a golf course, if any.

1.13 "Common Expenses": The actual and estimated expenses incurred or anticipated to be incurred by the Association, including, without limitation (a) expenses incurred for the general benefit of all Owners and occupants of Lots, (b) the In Lieu Payments to the Maricopa County Municipal Water Conservation District Number One pursuant to the MWD Agreement, and (c) expenses for Board approved capital expenditures and any reserve, as the Board may find necessary and appropriate pursuant to this Declaration, the Bylaws, and the Articles.

1.14. "Community and Resident Enhancement Fee" or "CARE Fee": The fee paid by an Owner upon conveyance of a Lot.

1.15 "Community Association Management" or "CAM": Personnel hired to manage the day-to-day operation of the Association.

1.16 "Covenant to Share Costs": Any declaration of easements and/or covenant to share costs executed by the Association and recorded in the Office of the County Recorder which creates easements for the benefit of the Association and the present and future owners of real property subject to such Covenant to Share Costs and/or which obligates the Association and such owners to share the costs of maintaining certain property described therein.

1.17 "Dwelling Unit": Any building or structure or portion of any building or structure situated upon a Lot which is intended for use and occupancy as an attached or detached residence

for a single family. Notwithstanding the above, an Ancillary Unit shall not be a separate Dwelling Unit but, instead, shall be deemed a part of the building or structure serving primarily as the Dwelling Unit on the Lot.

1.18 "Exclusive Common Area": A portion of the Common Area intended for the exclusive use or primary benefit of one or more, but less than all, Neighborhoods, as described in Article II.

1.19 "Governing Documents": A collective term referring to this Declaration and any applicable Supplemental Declaration, the Bylaws, the Articles, the Residential Design Guidelines (RDGs), the Use Restrictions, and any other rules, resolutions or regulations enacted by the Association with respect to the Properties, as each may be amended from time to time.

1.20 " Lot": A portion of the Properties, whether improved or unimproved (other than Common Area, common property of any Neighborhood Association, property dedicated to the public, and any Private Amenity), which may be independently owned and conveyed and which is intended to be developed, used, and occupied with an attached or detached residence for a single family. The term shall refer to the land, if any, which is part of the Lot as well as any improvements, including any Dwelling Unit, thereon.

1.21 "Master Plans": The plans for the development of Sun City Grand as set forth in that certain Development Agreement by and between the City of Surprise, Arizona, and Del Webb Home Construction, Inc., recorded on February 28, 1994, as Document No. 94-0162702, in the Office of the County Recorder of Maricopa County, Arizona, as assigned and amended, and as they may be amended, updated, or supplemented from time to time. The Master Plans encompass the property described in Exhibit "A."

1.22 "Member": A Person as defined in section 1.31 shall be a Member of the Association, as further described in section 3.2.

1.23 "Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

1.24 "Mortgagee": A beneficiary or holder of a Mortgage.

1.25 "Neighborhood": Any residential area within the Properties which is designated as such in Exhibit "A".

1.26 "Neighborhood Assessments": Assessments levied against the Lots in a particular Neighborhood or Neighborhoods to fund Neighborhood Expenses.

1.27 "Neighborhood Association": An owners' association having jurisdiction over a specific Neighborhood concurrent with, but subordinate to, the Association. Example: La Solana Condominium Association.

1.28 "Neighborhood Expenses": The actual and estimated expenses incurred or

anticipated to be incurred by the Association for the benefit of the Owners of Lots within a particular Neighborhood or Neighborhoods, which may include reserves, as the Board may specifically authorize and as may be authorized herein or in a Supplemental Declaration applicable to a Neighborhood.

1.29 "Neighborhood Representative": The representative selected to represent a Neighborhood in Association matters other than those requiring a vote of the membership. An alternate Neighborhood Representative may carry out the responsibilities of the Neighborhood Representative in his or her absence.

1.30 "Occupy," "Occupies," or "Occupancy": Such terms, or any derivative thereof, shall mean staying overnight in a particular Dwelling Unit for at least 90 days in the subject 365 day period. Notwithstanding anything contained herein to the contrary, for purposes of determining whether an occupant of a Dwelling Unit is a Qualified Occupant, the occupant shall not be required to actually occupy his or her Dwelling Unit for 90 days before becoming a Qualified Occupant. Rather, the occupant will be deemed a Qualified Occupant for purposes of the year following his or her acquisition if such occupant (i) acquires or leases such Dwelling Unit with the intent of staying overnight in such Dwelling Unit for at least 90 days in the 365 day period following his or her acquisition and (ii) meets the other requirements for being a Qualified Occupant. In the case of an occupant that leases a Dwelling Unit, a lease having a term of at least 90 days shall constitute evidence of the occupant's intent to occupy the Dwelling Unit for the required period (assuming that the lessee intends to occupy the Dwelling Unit for such 90 day period).

1.31 "Office of the County Recorder": The Office of the County Recorder of Maricopa County, Arizona.

1.32 "Owner": Cumulatively, all Persons who hold the record title to a Lot. The term Owner shall not include Persons holding an interest merely as security for the performance of an obligation, in which case the equitable owner will be considered the Owner.

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

1.34 "Plans": The architectural and land use plans and specifications required to be submitted with applications for approval of proposed work under Article X.

1.35 "Private Amenity": Certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within the Properties, which are privately owned and operated by Persons other than the Association for recreational and related purposes, on a club membership basis or otherwise. For example, any golf course and all related and supporting facilities and improvements which are owned and operated by Persons other than the Association, shall be a Private Amenity. Any property constituting a Lot, Dwelling Unit, or Common Area hereunder shall not be a Private Amenity.

1.36 "Properties": The real property described in Exhibit "A."

1.37 "Qualified Occupant": Any of the following persons occupying a Dwelling Unit:

(a) Any person 45 years of age or older;

(b) any person 19 years of age or older occupying a Dwelling Unit with a person 45 years of age or older; and

(c) any person 19 years of age or older who is already a Qualified Occupant and who continues, without interruption, to occupy the same Dwelling Unit after termination of the occupancy of the 45 years of age or older Occupant.

1.38 "Residential Design Guidelines" or "RDGs": The architectural, design, development, landscaping, and other guidelines, standards, controls, and procedures, including but not limited to, application and plan review procedures, adopted pursuant to Article X and applicable to the Properties.

1.39 "Special Assessment": Assessments levied against all Owners to cover unanticipated expenses or expenses in excess of those budgeted.

1.40 "Sun City Grand" or "SCG": The Properties, as defined above, together with such other property as may be developed in accordance with the Master Plans.

1.41 "Supplemental Declaration": An amendment or supplement to this Declaration which among other things, may subject additional property to this Declaration, identify Common Area or Exclusive Common Area within the Properties, and/or impose, expressly or by reference, additional restrictions and obligations on the land described therein.

1.42 "Use Restrictions": The rules and use restrictions attached as Exhibit "C" and incorporated by reference, as they may be modified, canceled, limited, or expanded under Article XI.

ARTICLE II
PROPERTY RIGHTS

2.1. Common Area. Every Owner shall have a right and nonexclusive easement of use, access, and enjoyment in and to the Common Area, subject to:

(a) The Governing Documents;

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

(c) The right of the Board to adopt rules, regulations, or policies regulating the use and enjoyment of the Common Area, including rules restricting use of facilities within the Common Area to occupants of Dwelling Units and their guests, and rules limiting the number of

occupants and guests who may use the Common Area;

(d) The right of the Board to suspend the right of an Owner to use facilities within the Common Area;

(e) The right of the Association to dedicate or transfer all or any part of the Common Area to governmental entities;

(f) The right of the Board to permit entry upon the Common Area, or to grant licenses permitting the use of the Common Area, by third parties for purposes deemed, in the discretion of the Board, to benefit the Properties;

(g) The right of the Board to impose reasonable membership requirements and charge reasonable membership, admission, or other fees for the use of any recreational facility situated upon the Common Area;

(h) The right of the Board to permit use of any facilities situated upon the Common Area by Persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board (including, but not limited to, residents of life care facilities and condominiums that are subject to a Covenant to Share Costs with the Association);

(i) The right of the Board to create, enter into agreements with, grant easements to, and transfer portions of the Common Area to tax-exempt organizations;

(j) The right of the Association to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(k) The right of the Maricopa Water District to file a lien upon any Common Area in the event of the failure of the Association to make In Lieu Payments;

(l) The rights of certain Owners to the exclusive use of those portions of the Common Area designated as Exclusive Common Areas as described in section 2.4.

(m) The right of the Association to rent, lease, or make available without charge for any purpose (including, without limitation, public meetings of governmental authorities) any portion of any clubhouse and other facilities within the Common Area, as determined by the Board, to any Person and such Person's family, guests and/or invitees; and

(n) The requirement that access to and use of facilities within the Properties shall be subject to the presentation of a valid Activity Card issued by the Association.

2.2. Activity Cards.

(a) Issuance by the Association. One Activity Card shall be allocated to each Qualified Occupant of a Lot, up to a maximum of two Activity Cards per Lot. No Activity Cards shall be allocated to any Lot which is not occupied by a Qualified Occupant. The Board shall

determine entitlement to Activity Cards. If the Lot continues to be occupied by a Qualified Occupant and all applicable assessments and other charges pertaining to the Lot have been paid, the Activity Card(s) allocated to such Lot shall remain valid without charge. The Board may establish policies, limits, and charges with regard to the issuance of additional cards.

(b) Assignment of Rights. Except as may be expressly provided in a Covenant to Share Costs, the right to an Activity Card is based upon occupancy of a Lot.

2.3. Age Restriction. Sun City Grand is intended to provide housing primarily for persons 55 years of age or older. The Properties shall be operated as an age restricted community in compliance with all applicable State and Federal laws. No person under 19 years of age shall stay overnight in any Dwelling Unit for more than 90 days in any 365 day period.

Persons 45 through 54 years of age are permitted to occupy Dwelling Units without a person 55 or older, subject to the procedures established by the Board to meet the requirement that no less than 85% of all Dwelling Units, if occupied, shall be occupied by at least one person 55 years of age or older. Other Qualified Occupants of that Dwelling Unit may continue to occupy that Dwelling Unit, regardless of the termination of the Occupancy of the 45 years of age or older Occupant.

Subject to procedures established by the Board to meet the requirement that no less than 85% of all Dwelling Units, if occupied, shall be occupied by at least one person 55 years of age or older, a Qualified Occupant is eligible to relocate to a different Dwelling Unit after his/her legal separation or divorce from, or the death of the 45 years or older Occupant. The Qualified Occupant must provide to the office of the Association a copy of the purchase contract for the new Dwelling Unit within SCG no later than 90 days after (i) the original Dwelling Unit is sold or (ii) if the original Dwelling Unit is not sold, the date the divorce decree is final or the legal separation is granted, whichever is applicable. If a Qualified Occupant does not provide a purchase contract or proof of a lease within such 90 day period, he or she shall lose his/her status as a Qualified Occupant.

The Board may establish policies and procedures from time to time as necessary to maintain its status as an age restricted community under State and Federal law. The Association shall provide, or contract for the provision of, those facilities and services designed to meet the physical and social needs of persons as may be required under such laws. The Board shall have the power and authority to enforce this section as the Board deems appropriate.

2.4. Exclusive Common Area. Exclusive Common Area shall be Common Area that is reserved for the exclusive use or primary benefit of Owners, occupants, and invitees of Lots within a particular Neighborhood(s). Exclusive Common Area may include, without limitation, recreational facilities, landscaped rights of way and medians, and other portions of the Common Area within a particular Neighborhood(s). All costs associated with maintenance, repair, replacement, and insurance of Exclusive Common Area shall be assessed as a Neighborhood Assessment in addition to the Base Assessment against the Owners of Lots in those Neighborhoods to which the Exclusive Common Area is assigned.

By recording a Supplemental Declaration, the Association may designate Common Area as Exclusive Common Area upon a majority vote of the Members in the Association. The Association may change a designation of Exclusive Common Area upon a majority vote of Members in each affected Neighborhood within which the Exclusive Common Area is being designated or from which it is being redesignated. The Association may permit Owners of Lots in other Neighborhoods to use all or a portion of Exclusive Common Area assigned to other Neighborhoods upon payment of reasonable use fees which shall offset the Neighborhood Expenses attributable to such Exclusive Common Area.

ARTICLE III
ASSOCIATION FUNCTION, MEMBERSHIP, AND VOTING RIGHTS

3.1 Function of Association. The Association shall be responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Association shall be authorized to enforce compliance with the Governing Documents. The Association also shall be authorized to administer, monitor compliance with, and enforce the RDGs. The responsibilities of the Association may be delegated to committees or the Association may engage outside persons to monitor and enforce this Declaration (including, without limitation, the Use Restrictions) and the RDGs in accordance with policies established by the Board. The Association shall perform its functions in accordance with this Declaration, the Bylaws, the Articles, and Arizona law.

3.2 Membership. There shall be only one membership per Lot. If a Lot is owned by more than one Person, all Persons comprising the Owner are entitled to the privileges of membership, subject to (i) reasonable Board regulation, (ii) the limitations set forth in, and such reasonable fees as may be established under Article II, and (iii) the restrictions on voting set forth in section 3.3 and in the Bylaws. All Persons comprising a single Owner shall be jointly and severally obligated to perform the responsibilities of such Owner. The membership rights of an Owner which is a corporation, partnership, or other legal entity may be exercised by any officer, director, partner, or trustee, or by any other individual having apparent authority or who is designated from time to time by the Owner in a written instrument provided to the Association.

3.3 Voting. There shall be one equal vote for each Lot in which Members hold the interest required for Membership under section 3.2. Members may vote as provided in the Bylaws. The Board shall determine whether votes shall be cast in person, by mail, electronically or by such other means as may be determined by the Board from time to time. If there is more than one person comprising the Owner of a particular Lot, the vote for such Lot shall be exercised as all Persons comprising the Owner determine among themselves and advise the Association in writing. Absent such notice to the Association, the Lot's first vote shall be counted.

3.4 Neighborhoods. Every Lot shall be located within a Neighborhood. The Lots within the Neighborhood may be subject to additional covenants.

Any Neighborhood may, upon the affirmative vote, written consent, or a combination thereof, of a majority of the Members in the Neighborhood, request that the Association provide an increased level of service or special services for the benefit of Lots in such Neighborhood. In

such event, the Association may, but shall not be obligated to, provide such service or services. If provided, all costs shall be assessed against the Lots within such Neighborhood as a Neighborhood Assessment.

Exhibit "A" to this Declaration, and each Supplemental Declaration filed to subject additional property to this Declaration, shall initially assign the property described therein to an existing or newly created Neighborhood by name. The Association may redesignate Neighborhood boundaries upon the affirmative vote of a majority of the Members in each affected Neighborhood.

ARTICLE IV
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1. Personal Property and Real Property for Common Use. The Association may acquire, hold, and dispose of tangible and intangible personal property and real property.

4.2. Enforcement. The Board may impose sanctions for violation of this Declaration, the Bylaws, or the Rules and Regulations, after notice and a hearing in accordance with the procedures set forth in the Rules and Regulations. Such sanctions may include, without limitation:

(a) imposing monetary fines in the event that any Owner, occupant, guest, or invitee of a Lot violates any provision of any of the Governing Documents (in the event that a fine is imposed, the fine shall be assessed against the Owner);

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

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

(d) suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than 30 days delinquent in paying any assessment or other charge owed to the Association; and

(e) levying Benefited Assessments to cover costs incurred or to be incurred in bringing a Lot into compliance.

In addition, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations in accordance with any applicable ordinance(s) of the City of Surprise or the County of Maricopa, Arizona) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both, without the necessity of notice, a hearing or compliance with the procedures set forth in this document or in the Rules and Regulations.

All remedies set forth in this Declaration and the Rules and Regulations shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions

of any of the Governing Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorney fees and court costs, incurred in such action.

The Association shall be obligated to investigate allegations of violations of any covenant, restriction, or rule set forth in any of the Governing Documents. Following such investigation, the decision to take or not take enforcement action shall, in each case, be at the discretion of the Board, in the exercise of its business judgment. Without limiting the generality of the Board's discretion, if the Board reasonably determines that a covenant, restriction, or rule is, or is likely to be construed as, inconsistent with the applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement action, the Board shall not be obligated to take such action. Any such determination shall not be construed a waiver of the right of the Association to enforce such provision at a later time or under other circumstances, or estop the Association from enforcing any other covenant, restriction, or rule.

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

4.4 Dedication of Common Area. The Association, in the exercise of the Board's business judgment, may dedicate or grant easements over portions of the Common Area to any local, state, or federal governmental entity or any utility company. This right shall not be construed as a limitation upon the right of the Board to permit entry upon the Common Area or to grant licenses permitting the use of the Common Area by third parties for purposes deemed, in the discretion of the Board, to benefit the Properties.

4.5 Assumption of Risk. The Association may, but shall not be obligated to, sponsor certain activities or provide facilities designed to promote the health, safety, and welfare of Owners and occupants. Notwithstanding anything contained herein or in any of the Governing Documents, neither the Association, nor the members of the Board, CAM, agents or attorneys of the Association shall be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Owner or occupant of any Lot or any tenant, guest or invitee of any Owner or occupant or for any property of any such Persons. Each Owner and occupant of a Lot and each tenant, guest, and invitee of any Owner or occupant shall assume all risks associated with the use and enjoyment of the Properties, including all Common Area and all facilities, if any.

Neither the Association, nor the members of the Board, CAM, agents or attorneys of the Association shall be liable or responsible for any personal injury, illness, or any other loss or damage caused by the presence or malfunction of utility lines or utility sub-stations adjacent to, near, over, on, or under the Properties. Each Owner and occupant of a Lot and each tenant, guest, and invitee of any Owner or occupant shall assume all risk of personal injury, illness, or other loss or damage arising from the presence or malfunction of utility lines or utility sub-stations and further acknowledges that neither the Association, nor the members of the Board, CAM, agents

or attorneys of the Association have made any representations or warranties, nor has any Owner or occupant, or any tenant, guest, or invitee of any Owner or occupant relied upon any representations or warranties, expressed or implied, relative to the condition or impact of utility lines or utility sub-stations.

No provision of the Governing Documents shall be interpreted as creating a duty of the Association, the Board, or CAM to protect or further the health, safety, or welfare of any person(s), even if the funds of the Association are used for any such purpose.

Each Owner (by virtue of his or her acceptance of title to his or her Lot) and each other Person having an interest in or lien upon, or making any use of, any portion of the Properties (by virtue of accepting such interest or lien or making such use) shall be bound by this section and shall be deemed to have waived any and all rights, claims, demands, and causes of action against the Association, the members of the Board, CAM, agents and attorneys of the Association arising from or connected with any matter for which the liability has been disclaimed.

4.6 Security. The Association may maintain or support certain activities within the Properties designed to make the Properties safer than they otherwise might be; provided, however, the Association shall not be obligated to maintain or support such activities.

Neither the Association nor the members of the Board, CAM, agents or attorneys of the Association shall in any way be considered insurers or guarantors of security within the Properties nor shall be held liable for any loss or damage for failure to provide adequate security or for the ineffectiveness of any security measures undertaken.

All Owners and occupants of any Lot, and all tenants, guests, and invitees of any Owner, acknowledge that neither the Association, nor the members of the Board, CAM, agents or attorneys of the Association, or any committee represent or warrant that any patrolling of the Properties, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security system designated by or installed according to guidelines established by the Association or the ARC may not be compromised or circumvented; nor that any patrolling of the Properties, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security systems will prevent loss by burglary, theft, robbery, or otherwise; nor that patrolling of the Properties, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security systems will in all cases provide the detection or protection for which the system is designed or intended.

All Owners and occupants of any Lot and all tenants, guests, and invitees of any Owner assume all risks for loss or damage to Persons, to Lots, and to the contents of Lots and further acknowledge that the Association, the members of the Board, CAM, agents and attorneys of the Association, and committees, have made no representations or warranties, nor has any Owner, occupant, or any tenant, guest, or invitee of any Owner relied upon any representations or warranties, expressed or implied, relative to any patrolling of the Properties, neighborhood watch group, volunteer security patrol, fire protection system, burglar alarm system, or other security systems recommended or installed or any security measures undertaken within the Properties.

4.7. Powers of the Association Relating to any Neighborhood Association. No action of any Neighborhood Association shall become effective or be implemented until and unless the Association shall have been given written notice of such proposed action and shall not have disapproved of the proposed action, or unless such action is in strict compliance with guidelines set by the Board. The Association shall have ten business days from receipt of the notice to disapprove any proposed action. The Association may disapprove any action taken or contemplated by any Neighborhood Association which the Board reasonably determines to be adverse to the interests of the Association or its Members.

The Association also may require specific action to be taken by any Neighborhood Association to fulfill its obligations and responsibilities under this Declaration or any other applicable covenants. Without limiting the generality of the foregoing, the Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by any Neighborhood Association, and (b) require that a proposed Neighborhood Association budget include the cost of such work.

Any action specified by the Association in a written notice pursuant to the foregoing paragraph to be taken by any Neighborhood Association shall be taken within the reasonable time frame set by the Association in such written notice. If any Neighborhood Association fails to comply with the requirements set forth in such written notice, the Association shall have the right to effect such action on behalf of any Neighborhood Association.

To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess the Lots in such Neighborhood Association for their pro rata share of any expenses incurred by the Association in taking such action. Such assessments shall be Benefited Assessments as described in section 9.8 and shall be subject to all collection and lien rights provided in Article IX.

4.8. Recycling Programs. The Board may establish a recycling program and recycling center within the Properties. The Association may, but shall have no obligation to, purchase recyclable materials in order to encourage participation, and any income received by the Association as a result of such recycling efforts shall be used to reduce Common Expenses.

4.9 Provision of Services. The Association may provide services and facilities for the Members of the Association and their guests, lessees and invitees. The Association shall be authorized to enter into contracts or other similar agreements with other entities to provide such services and facilities. The costs of services and facilities provided by the Association may be funded by the Association as a Common Expense. In addition, the Board shall be authorized to charge additional use and consumption fees for services and facilities. By way of example, some services and facilities which may be provided include landscape maintenance, pest control service, cable television service, security, caretaker, fire protection, utilities, and similar services and facilities. The Board shall be permitted to modify or cancel existing services or facilities, if any, or to provide additional services and facilities. Nothing contained herein shall be relied upon as a representation as to what services and facilities, if any, will be provided by the Association.

4.10 Change of Use and Modification of Common Area. The Board may change the use of any portion of the Common Area and construct, reconstruct, or change the buildings, landscape or other improvements thereon.

4.11 View Impairment. The Association is not obligated to prune or thin trees or other landscaping except as set forth in Article V. The Association does not guarantee or represent that any view over and across any property, including any Lot, from adjacent Lots will be preserved without impairment. Any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed.

4.12 Relationship with Tax-Exempt Organizations. The Association may create, enter into agreements or contracts with, grant exclusive and/or non-exclusive easements over the Common Area to, or transfer portions of the Common Area to non-profit, tax-exempt organizations, including, but not limited to, organizations that provide facilities and services designed to meet the physical and social needs of persons, for the benefit of the Properties, the Association, its Members and residents. The Association may contribute money, real or personal property, or services to any such entity. Any such contribution shall be a Common Expense of the Association and shall be included as a line item in the Association's annual budget. For the purposes of this section, a "tax-exempt organization" shall mean an entity which is exempt from federal income taxes under the Internal Revenue Code.

4.13 Relations with Adjacent Properties. Adjacent to or in the vicinity of the Properties are properties which have been or, in the future, may be developed as independent commercial and/or residential areas (including, but not limited to, condominiums, life care facilities and retail or other business areas). The Association may enter into a Covenant to Share Costs with all or any of the owners of such adjacent or nearby commercial and/or residential areas which allocates access, use of Common Area, maintenance responsibilities, expenses, and other matters between the Association and such property owners.

4.14 Amenities Reciprocal Use Agreements. The Association may from time to time enter into Amenities Reciprocal Use Agreements ("Amenities Agreement(s)") with other master planned communities which are age-restricted pursuant to the Federal Fair Housing Act. Under such an Amenities Agreement, Persons associated with such other master planned communities shall be entitled to use the Association's facilities and other amenities, and the Members and their guests, as described in such agreements, shall be entitled to use the facilities and other amenities in such other master planned communities to the extent specifically identified in the Amenities Agreement. Amenities Agreements shall be subject to termination at the discretion of the Board.

All Members and their guests, as described in the Amenities Agreements, shall be entitled to enjoy the benefits of any Amenities Agreements to which the Association is a party, to the extent provided in the Amenities Agreement. In consideration for such rights, if any, each Member shall be responsible for user fees for the use of facilities by such Member and such Member's guests, in accordance with any applicable Amenities Agreement. Rights to use any or all facilities and other amenities shall be subject to any priorities for use established under the Amenities Agreements and any rules and regulations established by the parties to such Amenities Agreements.

The Association may enter into more than one Amenities Agreement and may amend Amenities Agreements for any purpose, including but not limited to, adding additional parties in accordance with the terms of such Amenities Agreements.

4.15 Maintenance of Underground Storage Facilities. Each golf course which is served by the underground water storage facilities, whether a Private Amenity or owned by the Association as Common Area, shall contribute to the cost of operating and maintaining such facilities. The allocation of costs between and among such golf courses shall be based upon the water usage of each golf course, respectively, relative to the total water usage of all the golf courses, collectively.

4.16 Compliance with Development Agreements. The operation of Sun City Grand is subject to various development agreements between and among Del Webb and its affiliates, and various governmental authorities, including, but not limited to, the Master Plans and the MWD Agreement (collectively, the "Development Agreements"), as amended or may be amended from time to time. The Association shall comply with all terms and conditions of the Development Agreements, as applicable, and shall accept responsibility for and shall comply with any obligations of Del Webb under any Development Agreements assigned to it by Del Webb.

4.17 Maricopa Water District Agreement. The operation of Sun City Grand is subject to that certain agreement between Del Webb Home Construction, Inc., and Maricopa County Municipal Water Conservation District Number One (“MWD”), evidenced of record by that certain Memorandum of Agreement dated May 7, 1996, recorded on May 17, 1996 as Document No. 96-0340938, and re-recorded on July 23, 1996 as Document No. 96- 0513492, with the Office of the County Recorder, as amended from time to time (the "MWD Agreement"). Pursuant to the MWD Agreement, the Association is obligated to pay to MWD an amount in lieu of but equal to the taxes and assessments of MWD that would otherwise have been applicable to portions of the Properties had such lands not been retired from irrigation (the "In Lieu Payments").

The MWD Agreement provides for the delivery of water to the Association for use on golf courses and Common Areas, exclusive of dedicated roads and other dedicated rights-of-way ("Turf Lands"), for underground storage recovery projects, and for the payment of the In Lieu Payments. The payment of the In Lieu Payments is a condition to the delivery of water to the Turf Lands within the Properties. In the event the Association fails to pay when due the In Lieu Payments or any portion thereof, MWD has the right to place a lien upon the Turf Lands and, after notice and non-payment of the In Lieu Payments, to foreclose the lien as a deed of trust security lien in accordance with Arizona law. The MWD Agreement also provides that MWD shall accept the In Lieu Payments in lieu of levying taxes or assessments on any land in the Properties and that the Association may participate in MWD elections, with voting rights limited to the total acreage comprising the Turf Lands. No other owner of subdivided land within the Properties may exercise any rights existing by virtue of ownership of land within a subdivision to vote in MWD elections.

The Association shall comply with all terms of the MWD Agreement, as applicable, and shall accept responsibility for and shall comply with any obligations under the MWD Agreement. The In Lieu Payments shall constitute Common Expenses of the Association and shall be funded

by the levy of Base Assessments on all Lots.

This section shall inure to the benefit of MWD and shall not be terminated or amended without the prior written consent of MWD.

ARTICLE V
MAINTENANCE

5.1. Association's Responsibility. The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to:

(a) all Common Area;

(b) all landscaping and other flora, parks, signage, structures, parking areas, and improvements, including any bike and pedestrian pathways and trails, situated upon the Common Area;

(c) all water service facilities and drainage facilities within the Area of Common Responsibility, including lakes, ponds, and other water features;

(d) all arterial sidewalks and any sidewalks that are not the responsibility of any Owner, any Neighborhood Association or any local government entity;

(e) walls and fences which serve as perimeter walls for the Properties or which separate any Lot from Common Area or any golf course, whether or not located on a Lot; provided, the allocation of responsibility for the maintenance and repair of party walls and party fences is set forth in section 5.5;

(f) landscaping, irrigation systems, and signage within public streets and rights-of-way within or abutting the Properties;

(g) landscaping and other flora within any public utility easements and scenic easements within the Common Area (subject to the terms of any easement agreement relating thereto);

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

The Association may, but shall not be obligated to, assume maintenance responsibility for property within any Neighborhood or within any Neighborhood Association, in addition to any property which the Association is obligated to maintain by this Declaration or any Supplemental Declaration. Such responsibility shall be assumed either by agreement with any Neighborhood Association or because, in the opinion of the Board, the level and quality of service then being provided is not acceptable. All costs of such maintenance shall be assessed as a Neighborhood

Assessment against the Lots within the Neighborhood for which the services are provided. The provision of services in accordance with this section shall not constitute discrimination within a class.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to public use, if the Board determines that such maintenance is necessary or desirable and if otherwise permitted by applicable law.

Except as otherwise specifically provided herein, all costs for maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense allocated among all Lots as part of the Base Assessment, without prejudice to the right of the Association to seek reimbursement from the Persons responsible for such work pursuant to this Declaration, other recorded covenants, or agreements with such Persons. All costs associated with maintenance, repair and replacement of Exclusive Common Area shall be a Neighborhood Expense assessed as a Neighborhood Assessment against the Lots within the Neighborhood(s) to which the Exclusive Common Area is assigned.

5.2 Owner's Responsibility. Each Owner shall maintain his or her Lot, Dwelling Unit, and all other structures, parking areas, landscaping, and other improvements comprising the Lot in a manner consistent with all applicable covenants, the RDGs and the Use Restrictions, unless such maintenance responsibility is otherwise assumed by or assigned to the Association or any Neighborhood Association pursuant to any Supplemental Declaration or other declaration of covenants applicable to such Lot.

Each Owner shall be responsible for maintaining and repairing any sidewalk adjacent to any portion of his or her Lot in accordance with the City of Surprise, Arizona ordinances. In the event an Owner fails to maintain or repair the sidewalks adjacent to his or her Lot, the Association may, but shall not be obligated to, take any enforcement action provided in this Declaration, including levying Benefited Assessments.

In addition to any other enforcement rights, if an Owner fails properly to perform his or her maintenance responsibility, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Lot and the Owner, and such costs, including but not limited to attorneys' fees, shall be secured by the lien set forth in Article IX. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

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

of services and the Association has agreed to provide such services. As an alternative, the Board may resolve that such maintenance within any Neighborhood Association shall be performed by the applicable Neighborhood Association, if any.

All maintenance required of any Neighborhood Association shall be performed consistent with this Declaration or any additional covenants or agreements. If any Neighborhood Association fails to perform such maintenance, the Association may perform it and assess the costs against all Lots within such Neighborhood Association as provided in section 9.8.

5.4 Standard of Performance. Maintenance, as used in this Article, shall include, without limitation, repair and replacement as needed, as well as such other duties, which may include irrigation, painting, plant replacement, weeding, and trimming, as the Board may determine to be necessary or appropriate. All maintenance shall be performed in a manner as determined by the Board.

Portions of the Properties are environmentally sensitive and/or may provide greater aesthetic value than other portions of the Properties. The Board may establish a higher standard for such areas and require additional maintenance for such areas to reflect the nature of such property.

Notwithstanding anything to the contrary contained herein, neither the Association, nor any Owner or any Neighborhood Association, shall be liable for property damage or personal injury occurring on, or arising out of the condition of, property which it does not own unless and only to the extent that it has been negligent in causing such damage.

5.5 Party Walls and Party Fences. Each wall and fence built as part of the original construction on any Lot:

(a) any part of which is built upon or straddling the boundary line between two adjoining Lots or between a Lot and the Common Area; or

(b) which is constructed within five feet of the boundary line between adjoining Lots, between a Lot and the Common Area, between a Lot and any public street or other property not subject to this Declaration, or between the Common Area and any public street or other property not subject to this Declaration, has no windows or doors, and is intended to serve as a privacy wall; or

(c) which, in the determination of the Board, otherwise serves and/or separates two adjoining Lots or a Lot and the Common Area, regardless of whether constructed wholly within the boundaries of one Lot shall constitute a party wall or party fence (herein referred to as a party structure).

The Owners of any Lot served by a party structure shall own that portion of the party structure lying within the boundaries of such Owner's Lot and shall have an easement for use and enjoyment and, if needed, for support, in that portion, if any, of the party structure lying within the boundaries of the property adjoining his or her Lot. Each Owner shall be responsible for

maintaining property insurance providing coverage for that portion of any party structure lying within the boundaries of such Owner's Lot and shall be entitled to all insurance proceeds paid under such policy on account of any insured loss.

With respect to a party structure between Lots, the responsibility for the repair and maintenance of the party structure and the reasonable cost thereof shall be shared equally by the adjoining Lot Owners; provided, however, any damage to a party structure resulting solely from the actions of any Owner shall be repaired at the sole cost of such Owner. To the extent damage to a party structure from fire, water, soil settlement, or other casualty is not repaired out of the proceeds of insurance, any affected Owner may restore it. If other Owners thereafter benefit from the party structure, they shall contribute to the restoration cost in equal shares without prejudice to any Owner's right to larger contributions from other users under any rule of law. Any Owner's right to contribution from another Owner under this section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

With respect to party structures between Lots and Common Area, between Lots and any public street, and between Lots and other property not subject to this Declaration, the Association shall be responsible for all maintenance and repair thereof. The Association shall be responsible for all maintenance and repair, including painting and cosmetic repairs, of all wrought iron comprising such party structures. The Association shall have an easement over any affected Lot to perform its maintenance responsibilities hereunder. Notwithstanding the above, unless otherwise agreed upon with the owner of property which is not subject to this Declaration, the Association shall maintain that portion of any party structure facing such property.

With respect to any party structure between Common Area and any public street or other property which is not subject to this Declaration, unless otherwise agreed upon with the owner of such property, the Association shall be solely responsible for maintaining and repairing such party structures.

The costs incurred by the Association in maintaining and repairing party structures pursuant to this section shall be a Common Expense allocated among all Lots as part of the Base Assessment, without prejudice to the right of the Association to seek reimbursement from any Owner deemed to have caused the condition in need of repair pursuant to this Declaration, other recorded covenants, or agreements with such Persons.

Notwithstanding the above, no Owner may remove a party structure or make structural or design changes to a party structure without first complying with the requirements set forth in Article X and gaining the approval of all Owners of affected Lots.

This section shall not apply to any party structure which separates the interiors of adjoining Dwelling Units. The rights of the Owners of adjoining Dwelling Units with regard to such party structures shall be governed by plats showing the boundaries of each of the adjoining Dwelling Units, and any specific covenants, conditions, and restrictions recorded with respect to such Dwelling Units.

ARTICLE VI
INSURANCE AND CASUALTY LOSSES

6.1 Association Insurance. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect, the following types and amounts of insurance, if available at a reasonable cost, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(a) Blanket property insurance covering risks of physical loss on an "all-risk" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and on other portions of the Area of Common Responsibility to the extent that it has assumed responsibility for maintenance, repair, and/or replacement in the event of a casualty. If such coverage is not available at a reasonable cost, then "broad form named perils" coverage may be substituted. Such insurance shall include coverage for flood and earth movement to the extent that such insurance is reasonably available.

In addition, the Association may, upon request of any Neighborhood Association, and shall, if so specified in a Supplemental Declaration applicable to any Neighborhood Association, obtain and continue in effect property insurance covering risks of physical loss on an "all risk" basis for insurable improvements in any Neighborhood Association; provided, the Association shall not be obligated to provide property insurance coverage for any Lot or Dwelling Unit, or the contents thereof. If such coverage is not available at a reasonable cost, then "broad form named perils" coverage maybe substituted.

All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full insurable replacement cost of the insured property. Costs of property insurance obtained by the Association on the behalf of a Neighborhood shall be charged to the Owners of Lots within the benefited Neighborhood as a Neighborhood Assessment;

(b) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf and including coverage for owned and non-owned automobile liability. If generally available at reasonable cost, the commercial general liability insurance shall have a limit of at least $5,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost, and such additional coverage and higher limits would be obtained by a reasonably prudent person, the Association shall obtain the same. Notwithstanding the above, if the required limits are not available at a reasonable cost, lower limits, as determined in the Board's business judgment, may be obtained;

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

(d) Directors' and Officers' liability insurance or equivalent Association liability insurance at limits determined in the Board's business judgment;

(e) Commercial crime insurance, including employee fidelity insurance, in an amount determined in the business judgment of the Board; provided, the amount of any employee fidelity insurance shall not be less than one-sixth of the annual Base Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(f) Such additional insurance as the Board, in its business judgment, determined advisable, which may include, without limitation, employee benefits liability insurance, boiler and machinery insurance, and building ordinance insurance.

6.2 Association Insurance Policy Requirements. Prior to the renewal of any insurance policy and at least annually, the Association shall arrange for a review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the Maricopa County, Arizona area.

Except as otherwise provided in section 6.1 with respect to property within a Neighborhood, premiums for all insurance on the Area of Common Responsibility shall be a Common Expense.

The policies may contain a reasonable deductible as determined by the Board and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the coverage required hereunder. In the event of an insured loss, the deductible shall be treated as a Common Expense or a Neighborhood Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard that the loss is the result of the negligence or willful conduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Lot(s), which amount shall be secured by the lien provided for by Article IX.

(a) All insurance coverage shall be written by insurance companies licensed to do business in the State of Arizona. The Board may make exceptions to this requirement in the event that coverage is not reasonably available from such a company or if the Board, in its business judgment, elects to obtain insurance through a similarly reputable company.

(b) All insurance coverage obtained under section 6.1(a) shall:

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

(ii) Be written in the name of the Association as trustee for the benefited parties. Policies on the Common Area shall be for the benefit of the Association and its Members. Insurance coverage secured on behalf of any Neighborhood Association shall be for the benefit of the Neighborhood Association, the Owners of Lots within the Neighborhood Association, and their Mortgagees, as their interests may appear;

(iii) Not be brought into contribution with insurance purchased by individual Owners, occupants, or their Mortgagees;

(iv) Include an agreed amount endorsement if the policy contains a co-insurance clause; and

(v) Contain replacement cost coverage.

(c) In addition, the Board shall secure, if reasonably available and as applicable, insurance policies providing the following:

(i) A waiver of subrogation as to any claims against the Association, the Association's Board, the Officers, CAM, and the Owners;

(ii) A waiver of the insurer's rights to repair and reconstruct instead of monetary payment;

(iii) An endorsement preventing the Association's insurance carrier from invoking its "other insurance" clause to obtain any contribution from any insurance maintained by individual Owners;

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

(v) A cross liability provision;

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

(vii) A provision listing the Lot Owners as additional insureds under the policy.

6.3. Owner's Insurance. By virtue of taking title to a Lot, each Owner covenants and agrees with all other Owners and with the Association to carry property insurance for the full insurable replacement cost on all improvements on any Lot owned, less a reasonable deductible, unless either the Association or any Neighborhood Association having jurisdiction over the Lot(s) carries such insurance (which it is not obligated to do hereunder).

Each Owner further covenants and agrees that in the event of damage to or destruction of the Dwelling Unit or any other structures on or comprising his or her Lot, he or she shall proceed promptly to repair or to reconstruct in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article X of this Declaration. Alternatively, the Owner shall clear the Lot of all debris and ruins and maintain the Lot in a neat, attractive, and landscaped condition. The Owner shall pay any costs which are not covered by

insurance proceeds.

Additional recorded covenants applicable to any Neighborhood may establish more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Lots within such Neighborhood and the standards for clearing and maintaining the Lots in the event the structures are not rebuilt or reconstructed.

6.4 Damage and Destruction.

(a) After damage to or destruction of all or any part of the Properties which is covered by insurance written in the name of the Association, the Board or its duly authorized agent may file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this section, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

(b) Any damage to or destruction of the Common Area may be repaired or reconstructed at the discretion of the Board.

No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area or common property of any Neighborhood Association will be repaired or reconstructed.

(c) If it is determined in the manner described above that the damage to or destruction of the Common Area or the common property of any Neighborhood Association shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and maintained by the Association or any Neighborhood Association, as applicable, in a neat, attractive, and landscaped condition.

6.5 Disbursement of Proceeds. Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association or any Neighborhood Association, as appropriate. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Lot.

6.6 Repair and Reconstruction. If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Benefited Assessments against those Owners responsible for the premiums for the applicable insurance coverage under section 6.1.

ARTICLE VII
NO PARTITION

Except as permitted in this Declaration, the Common Area shall remain undivided, and no Person shall bring any action for partition of the whole or any part thereof without the written consent of all Owners and Mortgagees.

ARTICLE VIII
CONDEMNATION

Whenever any part of the Common Area shall be taken or conveyed under threat of condemnation by any authority having the power of eminent domain, the Board shall determine, in the exercise of its business judgment, whether each Owner shall be entitled to notice thereof. The Board may convey Common Area under threat of condemnation.

ARTICLE IX
ASSESSMENTS

9.1 Association Assessments. The Association may levy assessments against each Lot for Association expenses as the Board may specifically authorize from time to time. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments. There shall be five (5) types of assessments for Association expenses: (a) Base Assessments to fund Expenses for the general benefit of all Lots; (b) Neighborhood Assessments for Neighborhood Expenses benefiting only Lots within a particular Neighborhood(s); (c) Special Assessments; (d) Benefited Assessments; and (e) CARE Fees.

All assessments, together with interest from the due date of such assessment at a rate determined by the Association, late charges, costs, including lien fees and administrative costs, and attorneys' fees, shall be a charge and continuing lien upon each Lot against which the assessment is levied until paid, and shall be the personal obligation of the Person who was the Owner of such Lot at the time the assessment arose. Upon a transfer of title to a Lot, the grantee shall be jointly and severally personally liable with the grantor for any assessments and other charges accrued at the time of conveyance; provided, no first Mortgagee who obtains title to a Lot by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

Unless the Board otherwise provides, the Base Assessment and any Neighborhood Assessment for each Lot shall be due and payable on or before the date assigned to each Lot. If any Owner is delinquent in paying any assessments or other charges levied on his or her Lot, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

Upon written request from an Owner, Mortgagee, or other Person designated by the Owner, the Association shall provide information regarding assessments paid and any delinquent amount for the Owner’s Lot.

No Owner may exempt himself or herself from liability for assessments by non-use of Common Area, abandonment of his or her Lot or Dwelling Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it or for inconvenience or discomfort arising from repairs or improvements or other action taken

by it.

9.2 Annual Budget. Each year, a budget shall be prepared covering the Common Expenses and any Neighborhood Expenses estimated to be incurred during the coming year.

9.3 Base Assessment. The Base Assessment shall be levied equally against all Lots subject to assessment. The Base Assessment shall be set at a level which, when combined with other anticipated income, is reasonably expected to produce total income for the Association equal to the total budgeted Common Expenses and contributions to the Reserve Fund and Board recommended operating surplus. In determining the level of assessments, the Board, in its discretion, may consider sources of funds available to the Association other than assessments.

Not less than 30 days prior to the beginning of the fiscal year, the Board shall notify the Members (a) of the amount of the next annual Base Assessment, and (b) that the annual budget is available for examination by Members. Unless otherwise resolved, the budget shall be made available for review at the business office of the Association or on the Association website. If any Member requests a copy of the budget, the Association shall provide one copy to the Member without charge. The Association may charge a fee for additional copies of the budget.

If the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined, the budget in effect for the immediately preceding year shall continue for the current year.

9.4 Neighborhood Assessments. Each year, a separate budget shall be prepared by the Association for each Neighborhood covering the estimated Neighborhood Expenses, if any, expected to be incurred on behalf of such Neighborhood during the coming year. The Board shall be entitled to adopt such budget only to the extent that (a) this Declaration, any Supplemental Declaration, or the Bylaws specifically authorizes the Board to assess certain costs as a Neighborhood Assessment, or (b) the Association expects to incur expenses to provide additional services for a Neighborhood. Any Neighborhood may request that additional services or an increased level of services be provided by the Association, and in such case, if the Association agrees to provide such services, any additional costs shall be added to such budget. The Association may charge a reasonable administrative fee for the preparation and administration of the budget in connection with any Neighborhood. Such budget shall include a reserve contribution establishing a fund for repair and replacement of capital items maintained as a Neighborhood Expense, if any, within the Neighborhood.

Neighborhood Expenses shall be levied as a Neighborhood Assessment against all Lots within the benefited Neighborhood and shall be allocated equally among those Lots. If specified in the Supplemental Declaration applicable to such Neighborhood or if directed by a petition signed by a majority of the Owners within the Neighborhood, any portion of the assessment intended for exterior maintenance of Dwelling Units or other structures, insurance on Dwelling Units or other structures, or replacement reserves which pertain to particular structures shall be levied on each of the benefited Lots in proportion to the benefit received. Such proportion shall be specified in the Supplemental Declaration applicable to such Neighborhood, or if not so specified shall be approved by a majority of the Owners within the Neighborhood.

The Board shall make reasonably available for examination by all Owners of Lots within the particular Neighborhood a copy of such budget and notice of the amount of the Neighborhood Assessment for the coming year, in the same manner as provided for the Common Expense budget.

In the event the Board fails for any reason to adopt the Neighborhood budget for any year, then and until such time as such budget shall have been adopted, the Neighborhood budget in effect for the immediately preceding year shall continue for the current year.

9.5 Reserves and Reserve Funds. The Association shall maintain a Reserve Fund dedicated for non-annual Common Area asset repair and replacement expenditures for both Common and Neighborhood assets that exceed a minimum value established by the Board. Reserve funding shall come from contributions included in the Base Assessment, Neighborhood Assessment and from other Board approved sources.

The Board may adopt resolutions regarding the expenditure of Reserve Funds, including policies designating the nature of assets for which Reserve Funds may be expended. Such policies may differ for general Association purposes and for each Neighborhood.

9.6 Capital Expenditures. Anticipated Capital Expenditures for both Common Area and Neighborhoods are included in the Annual Budget. Capital Expenditures are generally large projects related to the Association's infrastructure or most valuable assets. Capital Expenditures shall be included as a part of the overall operating budget unless authorized to come from the CARE Fund.

9.7 Special Assessment. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessment may be levied against the entire membership, if for Common Expenses, or against the Lots within any Neighborhood, if for Neighborhood Expenses. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.8 Benefited Assessment. The Board may levy Benefited Assessments against particular Lots for expenses incurred or to be incurred by the Association, as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Lot or occupants thereof upon request of the Owner for special services which the Board may from time to time authorize to be offered to Owners (which might include, without limitation, landscape maintenance, etc.), which assessments may be levied in advance of the provision of the requested benefit, item, or service as a deposit against charges to be incurred by the Owner; and

(b) to cover costs incurred, including but not limited to attorneys' fees, in bringing the Lot into compliance with the terms of this Declaration, any applicable Supplemental Declaration, the Bylaws, the RDGs, or the Rules and Regulations, or costs incurred as a

consequence of the conduct of the Owner or occupants of the Lot, their licensees, invitees, or guests; provided, the Board shall give the Lot Owner prior written notice and an opportunity for a hearing before levying a Benefited Assessment.

The Association may also levy a Benefited Assessment against the Lots within a Neighborhood to reimburse the Association for costs incurred in bringing the Neighborhood into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the Bylaws, the RDGs, and the Rules and Regulations, provided the Board gives the Owners in such Neighborhood prior written notice and an opportunity to be heard before levying any such assessment.

9.9 Limitation on Increases of Assessments. Notwithstanding any provision to the contrary, and except for assessment increases necessary for emergency situations or to reimburse the Association pursuant to section 9.8, the Board may not impose a Base Assessment or Neighborhood Assessment that is more than 15% greater than subject type of assessment for the immediately preceding fiscal year, nor impose a Special Assessment which in the aggregate exceeds 5% of the budgeted Common Expenses or Neighborhood Expenses, as the case may be, for the current fiscal year, without a vote approving such increase by a majority of the Members who own the Lots which are subject to the applicable assessment.

In addition, the term "Base Assessment" or "Neighborhood Assessment" shall be deemed to include the amount assessed against each Lot plus a pro rata allocation of any amounts the Association received through any subsidy or maintenance agreement, if any, in effect for the year immediately preceding the year for which the assessment is to be increased.

An emergency situation is any one of the following:

(a) an extraordinary expense required by an order of a court;

(b) an extraordinary expense necessary to repair or maintain the Properties or any part of them for which the Association is responsible where a threat to personal safety on the Properties is discovered; or

(c) an extraordinary expense necessary to repair or maintain the Properties or any part of them for which the Association is responsible which could not have been reasonably foreseen by the Board in preparing and distributing the pro forma budget. However, prior to the imposition or collection of such an assessment, the Board shall pass a resolution containing written findings as to the necessity of the extraordinary expense involved and why the expense was not or could not have been reasonably foreseen in the budgeting process. Notice of such resolution shall be provided to the Members along with the notice of such assessment.

9.10 Lien for Assessments. All assessments and other charges of the Association authorized in this Article or elsewhere in this Declaration shall constitute a lien against the Lot against which they are levied from the time such assessments or charges become delinquent until paid. The lien shall also secure payment of interest, late charges and costs of collection (including attorneys' fees, lien fees and administrative costs). Such lien shall be superior to all other liens,

except those deemed by Arizona law to be superior. The lien created by this Article shall have priority over any lien for assessments asserted by any other community or property owners association, including, without limitation, any Neighborhood Association. The Association may enforce such lien, when any assessment or other charge is delinquent, by suit, judgment, and foreclosure; provided, if enforcement proceedings are not instituted in accordance with the time set by Arizona law after the full amount of the assessment or other charges become due, the lien (but not the personal obligation of the subject Owner) shall be deemed extinguished.

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

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any subsequent assessments. However, the sale or transfer of any Lot pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any assessment installments accrued prior to such foreclosure. The subsequent Owner of the foreclosed Lot shall not be personally liable for assessments on such Lot which accrued prior to such acquisition of title.

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

9.12 Exempt Property. The following property shall be exempt from payment of Base Assessments, Neighborhood Assessments, and Special Assessments: (a) all Common Area; (b) all property dedicated to and accepted by any governmental authority or public utility; and (c) all property owned and maintained by a Neighborhood Association (or by the members of a Neighborhood Association as tenants-in-common) exclusively for the common use and enjoyment of its members.

9.13 CARE Fee. Except as set forth below, all Owners of Lots shall pay a CARE fee at the time of voluntary conveyance of ownership rights in the Lot. The CARE fee shall be secured by the lien for assessments as set forth in section 9.10 and shall burden the Lot after conveyance of ownership rights in the Lot. The Owner of the Lot after the conveyance of ownership rights in the Lot shall also be personally obligated to pay the CARE fee. Unless otherwise directed by the transferor [the seller] and transferee [the buyer] of a Lot, the Association shall collect the CARE fee owed by the transferee through the close of escrow if the Association is notified of the conveyance and if a title company is used to facilitate a particular conveyance of a Lot. The transferor and transferee may allocate the payment of the CARE fee through the escrow process between the transferor and transferee in any manner. The failure of the Association to be notified

of a conveyance shall not affect the obligation of the new Owner to pay the entire CARE fee and shall not impact the lien against the Lot for the CARE fee.

No CARE fee shall be payable with respect to: (a) the transfer or conveyance of a Lot by devise or intestate succession; (b) a transfer or conveyance of a Lot for estate planning purposes; or (c) a transfer or conveyance to a corporation, partnership or other entity in which the grantor owns a majority interest unless the Board determines, in its sole discretion, that a material purpose of the transfer or conveyance was to avoid payment of the CARE fee, in which event a CARE fee shall be payable with respect to such transfer or conveyance.

Each Member of the Association qualifies for a one-time CARE fee exemption if the Member owned a Lot on or before January 1, 2008; and (a) the Member still owns the Lot that was purchased on or before January 1, 2008 and purchases another Lot in SCG; or (b) the Member sold their Dwelling Unit if evidence of a purchase contract for another Lot in SCG is provided to the Association's office within 90 days of the closing date of their Dwelling Unit.

The CARE fees may be used only for expenses related to (a) planning, developing or expanding new community facilities or programs, or (b) capital projects.

The CARE fee shall be an amount determined by the Board but not less than the current base assessment.

ARTICLE X
RESIDENTIAL ARCHITECTURAL AND DESIGN STANDARDS

10.1 Residential Lot Modifications. No improvements (including staking, clearing, excavation, grading and other site work), exterior alteration of existing improvements (including painting), placement, posting, planting or removal of any object or thing on the exterior of any Lot or Dwelling Unit shall take place except in compliance with this Article, this Declaration, the Use Restrictions, and the RDGs.

Any Owner may remodel, paint or redecorate the interior of structures, including the Dwelling Unit, on his or her Lot without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Lot visible from outside the structures on the Lot shall be subject to this Article and approval as set forth below.

10.2 Residential Architectural and Design Review.

The ARC shall have jurisdiction over modifications, additions, or alterations made to existing structures on Lots containing Dwelling Units.

Actions of the ARC cannot be appealed to the Board, and are not subject to review of the Board on its own initiative so long as the ARC has not exceeded the authority expressly granted to it in the Governing Documents and by the Board. The Board may intervene if, in its judgment, actions taken or proposed by the ARC could be detrimental to the Association.

The ARC, with the approval of the Board, may appoint subcommittees of the ARC for the purpose of plan review for alterations and modifications on Lots. Any action of any ARC subcommittee shall be subject to the review and approval of the ARC on its own initiative but not to review by the Board. An Owner who has submitted Plans for approval may appeal an action of an ARC subcommittee to the ARC by delivering written notice thereof to the ARC within 10 days after the date on which the Owner receives notice that such action has been taken on its application. Notwithstanding the above, the ARC shall be obligated to review all actions of any subcommittees and the failure to take action in any instance shall not be a waiver of the right of the ARC to act in the future.

For purposes of this Article, "Reviewing Body" shall refer to the ARC, or any subcommittee of the ARC, as appropriate under the circumstances. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred in having any application reviewed by architects, engineers or other professionals. The Association may employ architects, engineers, or other persons as deemed necessary to perform the review. The Board may include the compensation of such persons in the Association's annual operating budget as a Common Expense.

10.3 Residential Design Guidelines or RDGs. The RDGs shall apply to all exterior modifications within the Lots. Changes to the RDGs may be proposed by the ARC or the Board and must be approved by the Board.

The RDGs may contain general provisions applicable to all of the Properties, as well as specific provisions which vary from one portion of the Properties to another depending upon location, unique characteristics, intended use, the Master Plans, and any other applicable zoning ordinances. The RDGs are intended to provide guidance to Owners and Builders regarding matters of particular concern in considering applications hereunder. The RDGs shall not be the exclusive basis for decisions of the Reviewing Body and compliance with the RDGs shall not guarantee approval of any application.

Any amendments to the RDGs shall not apply to modifications to or removal of structures previously approved once the approved modification has commenced. There shall be no limitation on the scope of amendments to the RDGs. The RDGs may be amended to remove requirements previously imposed or otherwise to make the RDGs more or less restrictive.

All structures and improvements constructed upon a Lot shall be constructed in strict compliance with the RDGs in effect at the time the plans for such improvements are submitted to and approved by the Reviewing Body, unless the Reviewing Body has granted a variance in writing. So long as the Reviewing Body has acted in good faith, the Reviewing Body's findings and conclusions with respect to appropriateness of, applicability of, or compliance with the RDGs and this Declaration shall be final and binding.

The Association shall make the RDGs available to Owners who seek to engage in development or construction within the Properties and all such Persons shall conduct their

activities in accordance with the RDGs.

10.4 Submission of Plans and Specifications.

(a) Prior to commencing any activity within the scope of section 10.1, an Owner shall submit an application for approval of the proposed work to the appropriate Reviewing Body. Such application shall be in the form required by the Reviewing Body and shall include such information as required under the RDGs, such as plans showing site layout, structural design, exterior elevations, exterior materials and colors, signs, landscaping, drainage, lighting, irrigation, utility facilities layout and screening thereof, and other features of proposed construction, as applicable. The RDGs shall set forth the procedure and any additional information for submission of the plans. Before the Owner may begin the proposed activity, the application must be approved by the Reviewing Body in accordance with the procedures described below.

(b) In reviewing each submission, the Reviewing Body may consider quality of workmanship and design, visual and environmental impact, ecological compatibility, natural platforms and finish grade elevation, harmony of external design with surrounding structures and environment, and location in relation to surrounding structures and plant life. The Reviewing Body may require relocation of native plants within the construction site, the installation of an irrigation system for the landscaping, or the inclusion of natural plant life on the Lot as a condition of approval of any submission.

Approval by the Reviewing Body shall not constitute approval of or waiver of approvals or reviews required by the City of Surprise, Arizona, or any other governmental agency or entity having jurisdiction over architectural or construction matters. The Reviewing Body shall not require permits or other approvals by local government entities other than those issued by such entities in the usual course of business.

(c) The Reviewing Body, as part of the plan approval, may require that construction in accordance with approved plans be commenced within a specified time period. In such event, if construction does not commence in a timely manner, then such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the plans to the Reviewing Body for reconsideration. If construction is not completed on a project for which plans have been approved within the period, if any, set forth in the RDGs or in the approval, such approval shall be deemed withdrawn, and such incomplete construction shall be deemed to be in violation of this Article.

10.5 No Waiver of Future Approvals. Each Owner acknowledges that the members of the Reviewing Body will change from time to time and that interpretation, application and enforcement of the RDGs may vary accordingly. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

10.6 Variance. The Reviewing Body may authorize variances from the Governing Documents in writing, but only: (a) when unique circumstances dictate, such as unusual topography, natural obstructions, hardship or aesthetic or environmental considerations, and (b) when construction in accordance with the variance would be consistent with the purposes of the Declaration and compatible with existing and anticipated uses of adjoining properties. Inability to obtain, or the terms of, any governmental approval, or the terms of any financing shall not be considered a hardship warranting a variance.

10.7 Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and neither the Association, the Board, the ARC, and CAM, or any member of the foregoing, shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Association nor the Board, the ARC, CAM, or members of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Lot. In all matters, the ARC and its members shall be defended and indemnified by the Association.

10.8 Enforcement. Any construction, alteration or other work done in violation of this Article or the RDGs shall be deemed to be nonconforming. Upon written request from the Association, Owners shall, at their own cost and expense and within such reasonable time frame as set forth in such written notice, cure such nonconformance to the satisfaction of the Association or restore the property, Lot and/or Dwelling Unit to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the Association or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, including but not limited to attorney's fees and interest at the rate established by the Board (not to exceed the maximum rate then allowed by law), may be assessed against the benefited Lot and collected as a Benefited Assessment unless otherwise prohibited in this Declaration.

All approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Lot, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work by the deadline set forth in the approval, the Association shall be authorized, after notice to the Owner of the Lot and an opportunity to be heard, to enter upon the Lot and remove or complete any incomplete work and to assess all costs incurred against the Lot and the Owner thereof as a Benefited Assessment unless otherwise prohibited in this Declaration.

All acts by any contractor, subcontractor, agent, employee, or invitee of an Owner shall be deemed as an act done by or on behalf of such Owner. Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the RDGs may be excluded from the Properties. In such event neither the Association nor its officers or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

The Association shall be primarily responsible for enforcement of this Article and shall have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the Reviewing Body.

ARTICLE XI
USE RESTRICTIONS

11.1 Plan of Development; Applicability; Effect. The Properties are subject to the land development, architectural, and design provisions described in Article X, the other provisions of this Declaration governing individual conduct, and uses of or actions upon the Properties, and the RDGs, rules, and restrictions promulgated pursuant to this Article, including the Use Restrictions attached hereto as Exhibit "C," as each may be amended from time to time, all of which establish affirmative and negative covenants, easements, and restrictions on the Properties.

Except as otherwise expressly provided herein, all provisions of this Declaration and any rules shall apply to all Owners, occupants, tenants, guests, and invitees of any Lot. Any lease on any Lot shall provide that the lessee and all occupants of the leased Lot shall be bound by the terms of the Governing Documents.

11.2 Authority to Promulgate Use Restrictions and Rules. The Board may amend the Use Restrictions and may adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions then in effect. Any such proposed action shall be provided as part of the meeting notice at least forty-eight hours prior to the Board meeting at which such action is to be taken. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Nothing in this Article shall authorize the Board to modify, repeal, or expand the Declaration (with the exception of Exhibit "C"), the Bylaws, or the Articles. Such documents may be amended only as provided therein.

11.3 Owners' Acknowledgment. All Owners are subject to the Use Restrictions and are given notice that their ability to use their privately owned property is limited thereby, and the Board may amend the Use Restrictions or adopt rules which modify, cancel, limit, create exceptions to, or expand the Use Restrictions.

Each Owner by acceptance of a deed acknowledges and agrees that the use and enjoyment and marketability of his or her property can be affected by this provision and that the Use Restrictions and rules may change from time to time.

11.4 Rights of Owners. Except as may be specifically set forth in the Use Restrictions, the Board may not adopt any rule in violation of the following provisions:

(a) Similar Treatment. Similarly situated Owners and occupants shall be treated similarly.

(b) Speech. The rights of Owners and occupants to display on their Lot political

signs and political symbols of the kinds normally displayed in or outside of residences located in single-family residential neighborhoods in individually owned property shall not be abridged, except that the Association may adopt time, place, and manner restrictions regulating signs and symbols which are visible from outside the Lot.

(c) Religious and Holiday Displays. The rights of Owners and occupants to display religious and holiday signs, symbols, and decorations on their Lots of the kinds normally displayed in residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt time, place, and manner restrictions regulating displays which are visible from outside the Lot.

(d) Household Composition. No rule shall interfere with the freedom of occupants of Dwelling Units to determine the composition of their households, within the limitations imposed by section 2.3, except that the Association shall have the power to limit the total number of occupants permitted in each Dwelling Unit on the basis of the size and facilities of the Dwelling Unit and its fair share use of the Common Area.

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

(f) Pets. The Association may adopt reasonable rules designed to minimize damage and disturbance to other Owners and occupants, including rules requiring damage deposits, waste removal, leash controls, noise controls, pet occupancy limits based on size and facilities of the Lot and fair share use of the Common Area; provided, however, any rule prohibiting the keeping of ordinary household pets shall apply prospectively only and shall not require the removal of any pet which was being kept on the Properties in compliance with the rules in effect prior to the adoption of such rule. Nothing in this provision shall prevent the Association from requiring removal of any animal that presents an actual threat to the health or safety of residents or from requiring abatement of any nuisance or unreasonable source of annoyance. No Owner shall be permitted to raise, breed, or keep animals or poultry of any kind for commercial or business purposes.

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

(h) Alienation. No rule shall prohibit the leasing or transferring of any Lot, or

require consent of the Association or Board for leasing or transferring of any Lot; provided, the Association or the Board may require a minimum lease term of thirty (30) days. The Association may require that Owners complete tenant information forms approved by the Association, and may impose a review or administration fee on the lease or transfer of any Lot.

(i) Abridging Existing Rights. Any rule which would require Owners to dispose of personal property being kept on the Properties shall apply prospectively only and shall not require the removal of any property which was being kept on the Properties prior to the adoption of such rule and which was in compliance with all rules in force at such time unless otherwise required to be removed by law.

The limitations in this section shall apply to rules and regulations.

ARTICLE XII
EASEMENTS

12.1 Easements for Utilities, etc. The Association is granted an easement for the purpose of access and maintenance upon, across, over, and under all of the Properties to the extent reasonably necessary to install, replace, repair, and maintain cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, trails, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, including, but not limited to, water, sewer, meter boxes, telephone, gas, and electricity. The Association may assign these rights to any local utility supplier, cable company, security company or other company providing a service or utility to SCG subject to the limitations herein.

This easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing Dwelling Unit on a Lot, and any damage to a Lot resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement.

The Association specifically grants to the local utility suppliers easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the Dwelling Unit on any Lot, nor shall any utilities be installed or relocated on the Properties, except as approved by the Board.

The exercise of this easement by any party other than the Association shall be subject to prior notice to the Association, which shall be permitted to coordinate and supervise access to the Properties by the grantee of the easement. The exercise of the easement also shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant.

12.2 Easements for Golf Courses.

(a) Every Lot, the Common Area, and the common property of any Neighborhood Association are burdened with an easement permitting golf balls unintentionally to

come upon such Common Area, Lots, or common property of any Neighborhood Association and for golfers at reasonable times and in a reasonable manner to come upon the Common Area or common property of any Neighborhood Association, but not Lots, to retrieve errant golf balls. The existence of this easement shall not relieve golfers of liability for damage caused by errant golf balls. Under no circumstances shall any of the following Persons be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement; the Association or its Members (in their capacity as such); CAM; any Builder or contractor (in their capacities as such); any officer, director or partner of any of the foregoing, or any officer or director of any partner.

(b) The Properties immediately adjacent to any golf course located on the Common Areas are hereby burdened with a non-exclusive easement for overspray of water, materials used in connection with fertilization, and effluent from any irrigation system serving such golf course. Under no circumstances shall the Association be held liable for any damage or injury resulting from such overspray or the exercise of this easement.

12.3 Easements for Cross-Drainage. Every Lot and the Common Area shall be burdened with easements for natural drainage of storm water runoff from other portions of the Properties; provided, no Person shall alter the natural drainage on any Lot to increase materially the drainage of storm water onto adjacent portions of the Properties without the consent of the Owner(s) of the affected property and the Board.

12.4 Right of Entry. The Association shall have the right, but not the obligation, and a perpetual easement is hereby granted to the Association, to enter all portions of the Properties, including each Lot and Dwelling Unit, for emergency, security, and safety reasons. Such right may be exercised by the authorized agents of the Association, its Board, committees, or CAM, and by all police officers, fire fighters, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in emergencies, entry into a Dwelling Unit shall be only during reasonable hours and after notice to and permission from the Owner thereof. This easement includes the right to enter any Lot or Dwelling Unit to cure any condition which increases the risk of fire or other hazard if an Owner fails or refuses to cure the condition within a reasonable time after request by the Association, but does not authorize entry into any Dwelling Unit without permission of the Owner, except by emergency personnel acting in their official capacities.

12.5 Easements for Maintenance and Enforcement. Authorized agents of the Association shall have the right, and a perpetual easement is hereby granted to the Association, to enter all portions of the Properties, including each Lot or Dwelling Unit to (a) perform its maintenance responsibilities under Article V, and (b) make inspections to ensure compliance with this Declaration, any Supplemental Declaration, the Bylaws, the RDGs, and the Rules and Regulations. Except in emergencies, entry into a Dwelling Unit shall be only during reasonable hours and after notice to and permission from the Owner. This easement shall be exercised with a minimum of interference to the quiet enjoyment of Owners' property, and any damage shall be repaired by the Association at its expense.

The Association also may enter a Lot to abate or remove, using such measures as may be reasonably necessary, any structure, thing or condition which violates the Declaration, any Supplemental Declaration, the Bylaws, the RDGs, or the Rules and Regulations. All costs incurred,

including attorneys' fees, shall be assessed against the violator as a Benefited Assessment.

12.6 Rights to Surface Water, Groundwater, Stormwater Runoff, Effluent, and Water Stored Underground. The Association hereby reserves for itself and its designees all rights to surface water which are appurtenant to the Properties, all of which surface water rights are to be consolidated for use on golf courses to be constructed within the Properties and for storage in underground storage facilities to be located within the Properties. The Association reserves for itself all rights to groundwater, stormwater runoff, effluent, and water stored in all underground storage facilities located or produced within the Properties. Each Owner agrees, by acceptance of a deed to a Lot, that the Association shall retain all such rights. Such rights shall include an easement over the Properties for access, and for installation and maintenance of facilities and equipment to capture and transport such water, runoff, and effluent. The reservations made and rights created pursuant to this section shall survive the termination of this Declaration. No Owner shall be deemed by this reservation, or the consolidation of water rights to be made pursuant to this reservation, to abandon any right to water which is appurtenant to or which may be exercised in connection with the Properties.

12.7 Easements for Lake and Pond Maintenance and Flood Water. The Association reserves for itself, and its designees, the nonexclusive right and easement, but not the obligation, to enter upon the lakes, ponds, streams, and wetlands located within the Area of Common Responsibility to (a) construct, maintain, and repair pumps in order to provide water for the irrigation of any of the Area of Common Responsibility; (b) construct, maintain, and repair any bulkhead, wall, dam, or other structure retaining water; and (c) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. The Association shall have an access easement over and across any of the Properties abutting or containing any portion of any of the lakes, ponds, streams, or wetlands to the extent reasonably necessary to exercise their rights under this section.

There is further reserved herein for the benefit of the Association and its designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Area and Lots (but not the Dwelling Units thereon) adjacent to or within one hundred feet of lake beds, ponds, streams and wetlands within the Properties, in order to (a) temporarily flood and back water upon and maintain water over such portions of the Properties; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lakes, ponds, streams, and wetlands within the Area of Common Responsibility subject to the approval of all appropriate regulatory bodies; (c) maintain and landscape the slopes and banks pertaining to such lakes, ponds, streams, and wetlands; and (d) enter upon and across such portions of the Properties for the purpose of exercising their rights under this section. All Persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of the rights granted under such easements. Nothing herein shall be construed to make the Association or any other Person liable for damage resulting from flooding due to heavy rainfall or other natural occurrences.

ARTICLE XIII
MORTGAGEE PROVISIONS

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

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

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

(b) Any delinquency in the payment of assessments or charges owed by a Lot subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Declaration or Bylaws relating to such Lot or the Owner or Occupant which is not cured within 60 days. Notwithstanding this provision, any holder of a first Mortgage, upon written request to the Association, will be provided notice of any default in the performance by an Owner of a Lot of any obligation under the Declaration or Bylaws which is not cured within 60 days; or

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

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

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

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

ARTICLE XIV
GOLF COURSES AND PRIVATE AMENITIES

14.1 Right to Use. Access to and use of any Private Amenity or any golf course within the Properties which is not a Private Amenity is strictly subject to the rules and procedures of such Private Amenity or golf course. Subject to such rules and procedures, any Person allocated an Activity Card shall be permitted to enter and use any golf course which is part of the Common Area.

The Private Amenities are not subject to the Governing Documents. No Person automatically gains any right to enter or use any Private Amenity, including any golf course which is a Private Amenity, by virtue of membership in the Association, ownership of a Lot, or occupancy of a Dwelling Unit. Rights to use the Private Amenities will be granted only to such Persons, and on such terms and conditions, as may be determined by their respective owners. Except as otherwise agreed by any owner of a Private Amenity, such owners shall have the right, from time to time in their sole and absolute discretion and without notice, to amend or waive the terms and conditions for use of their respective Private Amenities and to terminate use rights altogether.

Except as provided herein, no representations or warranties, either written or oral, have been or are made by the Association or any other Person with regard to the nature or size of improvements to, or the continuing ownership or operation of, any Private Amenity. No purported representation or warranty, written or oral, in conflict with this section shall be effective without an amendment to this Declaration executed or joined into by the Association and the owner(s) of any Private Amenity which is the subject thereof.

14.2 Assumption of Risk and Indemnification. Each Owner, by purchasing a Lot in the vicinity of any golf course, hereby expressly assumes the risk of noise, personal injury or property damage caused by maintenance and operation of any such golf course, including, without limitation:

(a) noise from maintenance equipment (it being specifically understood that such maintenance typically takes place around sunrise or sunset);

(b) noise caused by golfers;

(c) use of pesticides, herbicides and fertilizers;

(d) use of effluent in the irrigation of the golf course;

(e) reduction in privacy caused by constant golf traffic on the golf course or the removal or pruning of shrubbery or trees on the golf course;

(f) errant golf balls and golf clubs, and

(g) design of the golf course.

Each such Owner agrees that the Association shall not be liable to Owner or any other Person claiming any loss or damage, including, without limitation, indirect, special, or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment, or any other alleged wrong or entitlement to remedy based upon, due to, arising from, or otherwise related to the proximity of Owner's Lot to a golf course, including, without limitation, any claim arising in whole or in part from the negligence of the Association. The Owner hereby agrees to indemnify and hold harmless the Association against any and all claims.

14.3 Golf Course View. The Association does not guarantee or represent that any view over and across any golf course from adjacent Lots will be preserved without impairment. No provision of this Declaration shall be deemed to create an obligation of the Association to prune or thin trees or other landscaping except as provided in Article V. Each Owner acknowledges and agrees that trees and other landscaping may be added to any golf course from time to time. In addition, the location, configuration, size, and elevation of the tees, bunkers, fairways, and greens on any golf course may be changed from time to time, in the discretion of the owner or operator of the golf course. Any such additions or changes to such golf course may diminish or obstruct any view from the Lots and any express or implied easements for view purposes or for the passage of light and air are hereby expressly disclaimed. Any such addition or change to any golf course may not adversely affect drainage flow across the Properties.

ARTICLE XV
GENERAL PROVISIONS

15.1 Term of Declaration. This Declaration shall run with and bind the Properties and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, in perpetuity, unless an instrument in writing, signed by two-thirds of the then Owners, has been recorded to terminate this Declaration.

15.2 Amendment. This Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of two-thirds of the Members.

Amendments to this Declaration shall become effective upon recordation in the Office of the County Recorder unless a later effective date is specified therein. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

If an Owner consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

15.3 Severability. Invalidation of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or applications.

15.4 Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Neighborhood and the Association may, but shall not be required to, enforce the covenants, conditions, and provisions of any Neighborhood; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, bylaws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Neighborhood shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

15.5 Use of the Words "Sun City Grand." No Person shall use the words "Sun City Grand" or any derivative, or any other term which the Association may select as the name of this development, or any component thereof, in any printed or promotional material without the Association's prior written consent. However, Owners may use the words "Sun City Grand" in printed or promotional matter solely to specify that particular property is located within the Properties and the Association shall be entitled to use the words "Sun City Grand" in its name.

15.6 Del Webb Marks. Any use by the Association of names, marks or symbols of Del Webb Corporation or any of its affiliates (collectively "Del Webb Marks") shall inure to the benefit of Del Webb Corporation and shall be subject to Del Webb Corporation's periodic review for quality control. The Association shall enter into license agreements with Del Webb Corporation, terminable with or without cause and in a form specified by Del Webb Corporation in its sole discretion, with respect to permissive use of certain Del Webb Marks. The Association shall not use any Del Webb Mark without Del Webb Corporation's prior written consent.

15.7 Compliance. Every Owner and occupant of any Lot shall comply with the Governing Documents. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, by the Association or in a proper case, by any aggrieved Lot Owner(s).

15.8 Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Lot shall give the Association at least seven days prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Association may reasonably require. The transferor shall continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Lot, including assessment obligations, until the date upon which such notice is received by the Association, notwithstanding the transfer of title.

15.9 Attorneys' Fees. In the event of an action instituted to enforce any of the provisions contained in the Governing Documents, the party prevailing in such action shall be entitled to recover from the other party thereto as part of the judgment, attorneys' fees and costs, including administrative and lien fees, of such suit. In the event the Association is a prevailing party in such action, the amount of such attorneys' fees and costs shall be a Benefited Assessment with respect to the Lot(s) involved in the action.

(SIGNATURES ON NEXT PAGE)

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Declaration of Covenants, Conditions and Restrictions as of this ____ day of _____, 20__.

SUN CITY GRAND
COMMUNITY ASSOCIATION, INC.,
an Arizona non-profit corporation

By: _____
Name: _____
Title: _____

STATE OF ARIZONA)
) SS
COUNTY OF MARICOPA)

The foregoing instrument was acknowledged before me this ____ day of _____, 20___, by _____, the _____ of SUN CITY GRAND COMMUNITY ASSOCIATION, INC., an Arizona non-profit corporation.

_____
Notary Public

My Commission Expires:

_____

EXHIBIT "A"

LEGAL DESCRIPTION
[See Attached]

EXHIBIT A

A portion of land lying within Sections 19, 20, 29 and 30, Township 4 North, Range 1 West, and Sections 24 and 25, Township 4 North, Range 2 West, of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the southwest corner of said Section 19;

thence N 00°18’56" E along the west line of said Section a distance of 1642.00 feet to the southerly right of way line of State Route 303, also known as the Estrella Freeway and to the POINT OF BEGINNING;

thence N 25°36'39" E along said right of way 199.01 feet to the beginning of a non-tangent curve, concave southeasterly, to which point a radial line bears N 64°23’33" W;

thence northeasterly 287.64 feet along the arc of said curve, and along said right of Way, having a radius of 5429.58 feet, through a central angle of 03°02’07";

thence leaving said right of way S 89° 19'11" E 4082.08 feet to a point on the south-westerly right of way line of Grand Avenue, said point being on a non-tangent curve, concave southwesterly, to which point a radial line bears N 46° 17’15" E;

thence southeasterly 872.65 feet along the arc of said curve, and along said right of way line, having a radius of 10934.00 feet, through a central angle of 04°34’22" to the beginning of a reverse curve, concave northeasterly, having a radius of 11555.24 feet;

thence southeasterly 1271.59 feet along the arc of said curve, through a central angle of 06°18'18";

thence leaving said right of way line N 83°32'05" W 62.96 feet;

thence S 58°22’31" W 86.74 feet;

thence S 43°22’31" W 193.22 feet to the beginning of a curve, concave southeasterly, having a radius of 1280.00 feet;

thence southwesterly 617.87 feet along the arc of said curve, through a central angle of 27°39,26';

thence S 15°43'05" W 166.37 feet to the beginning of a curve, concave northwesterly having a radius of 660.00 feet,

thence southerly 204.05 feet along the arc of said curve, through a central angle of 17°42’51";
thence S 10°39’24" E 30.17 feet;

thence S 54°44,43" E 61.12 feet;

thence S 35°15'17" W 110.00 feet;

thence N 54°44’43” W 61.45 feet;

thence S 80°15'17" W 29.70 feet;

thence S 35°15’17” W 104.43 feet to the beginning of a curve, concave northwesterly, having a radius of 2065.00 feet;

thence southwesterly 628.28 feet along the arc of said curve, through a central angle of 17°25'57";

thence S 52°41’13" W 1675.98 feet to the beginning of a curve, concave southeasterly, having a radius of 4335.00 feet;

thence southwesterly 1694.96 feet along the arc of said curve, through a central angle of 22°24’08';

thence S 61°33’57” E 178.59 feet;

thence S 48°45’42" E 22.56 feet;

thence S 61°33’57"E 631.00 feet;

thence S 28°26'03" W 110.00 feet;

thence S 32°29’16" W 50.13 feet;

thence S 26°16'25" W 187.00 feet;

thence S 19°27’56" W 182.00 feet;

thence S 13°17'49" W 102.00 feet;

thence S 74°14'08" E 378.32 feet,

thence S 10°24’48" W 437.76 feet;

thence S 79°35’12" E 54.60 feet;

thence S 10°24'48" W 110.00 feet;

thence N 79°35'12" W 200.00 feet to the beginning of a curve, concave northerly, having a radius of 1555.00 feet;

thence westerly 105.99 feet along the arc of said curve, through a central angle of 03°54’19";
thence N75°40’3" W 1020.32 feet;

thence S 59°19’07" W 29.70 feet;

thence N 75°40'53" W 120.00 feet;

thence N 30°40'53" W 29.70 feet;

thence N 75°40’53" W 369.82 feet to the beginning of a curve, concave northerly, having a radius of 2155.00 feet;

thence westerly 131.69 feet along the arc of said curve, through a central angle of 03°30'05";

thence N 72°10’49" W 1317.82 feet to the beginning of a curve, concave southerly, having a radius of 2945.00 feet;

thence westerly 661.93 feet along the arc of said curve, through a central angle of 12°52’41";
thence S 49°12’09" W 29.31 feet;

thence N 86°32’13" W 110.00 feet;

thence N 42°16'34" W 29.31 feet to the beginning of a non-tangent curve, concave southerly, to which point a radial line bears N 01°59'04" E;

thence westerly 310.74 feet along the arc of said curve, having a radius of 2945.00 feet, through a central angle of 06°02'44";

thence S 85°56’21” W 572.00 feet to the beginning of a curve, concave northerly, having a radius of 3055.00 feet;

thence westerly 342.75 feet along the arc of said curve, through a central angle of 06°25'4r';
thence N 10° 16'24" E 1101.38 feet;

thence N 20° 14'43" E 536.24 feet;

thence N 19° 33'43" E 1630.46 feet;

thence N 25° 36'37" E 1650.00 feet;

thence N 31° 58'32" E 1358.38 feet;

thence N 25° 36'39" E 106.71 feet to me POINT OF BEGINNING.

ARTESIA PROPERTY

Lots 1 through 49, inclusive, as shown on that certain Final Plat recorded on February 8, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 584, Page 22, and the

real property and improvements shown on the aforesaid Final Plat as Tracts A through F, inclusive.

BLUE SKY PROPERTY
(a portion of which is FKA GARDEN VILLA UNIT ONE)

Lots 1 through 252, inclusive, of Sun City Grand-Blue Sky, as shown on that certain Final Plat recorded on January 23, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 459, Page 41, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through I, K through M, and O through W, inclusive, and,

Lots 253 through 282, inclusive of Sun City Grand® Blue Sky, as shown on that certain Final Plat recorded on January 23, 1998, in the Office of the County Recorder of Maricopa County, Arizona, in Book 459, Page 41.

CAPITAN PROPERTY

Lots 1 through 237, inclusive, as shown on that certain Final Plat recorded on March 24, 2004 in the Office of the County Recorder of Maricopa County, Arizona, in Book 676, Page 34, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through F, inclusive.

CARLSBAD PROPERTY

Lots 1 through 97, inclusive, of Sun City Grand - Carlsbad, as shown on that certain Final Plat recorded on April 22, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 590, Page 22, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through C, inclusive;

EXCEPT FOR:

A parcel of land lying within the Southwest Quarter of Section 26, Township 4 North, Range 2 West of the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing at the west quarter corner of said Section 26, from which the northwest corner of Section 26 bears N 00°36'09" E, a distance of 2640.12 feet;

Thence S 81°20'04" E, a distance of 2623.86 feet, to the POINT OF BEGINNING;

Thence N 38°58'24" E, a distance of 61.58 feet to a point on the east line of said southwest quarter;

Thence S 00°28'07" W along said east line, a distance of 48.19 feet;

Thence N 89°31'53" W leaving said east line, a distance of 38.34 feet, to the POINT OF BEGINNING;

Said Description contains 0.0212 acres, more or less.

CATALINA PROPERTY

Lots 1 through 106, inclusive, as shown on that certain Final Plat recorded on April 17, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 631, Page 24, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive, and the Certificate of Correction to the Final Plat recorded on September 8, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Instrument Number 2003-1257000.

CHOLLA RIDGE PROPERTY

Lots 1 through 225, inclusive, as shown on that certain Final Plat recorded on March 16, 2000 in the Office of the County Recorder of Maricopa County, Arizona, in Book 527, Page 18, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through L, inclusive.

CIMARRON PROPERTY

Lots 1 through 54, inclusive, as shown on that certain Final Plat recorded on July 26, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 599, Page 50, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive, and the Certificate of Correction to the Final Plat recorded on June 4, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Instrument Number 2003-0714751.

CLEARVIEW I PROPERTY

Lots 1 through 41, inclusive, as shown on that certain Final Plat recorded on September 22, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 512, Page 32, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive.

CLEARVIEW II PROPERTY

Lots 1 through 67, inclusive, as shown on that certain Final Plat recorded on October 29, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 515, Page 42, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through J, inclusive.

CORONADO PROPERTY

Lots 1 through 201, inclusive, as shown on that certain Final Plat recorded on January 7, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 619, Page 8, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through J, inclusive.

DESERT BLOOM PROPERTY

(a portion of which is FKA COURTYARD UNIT TWO)

Lots 1 through 178, inclusive, of Sun City Grand-Desert Bloom, as shown on that certain Final Plat recorded on August 21, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 421, Page 39, and,

Lots 179 through 214, inclusive, of Sun City Grand-Desert Bloom, as shown on that certain Final Plat recorded on August 21, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 421, Page 39, and the real property and improvements shown on the aforesaid Final Plat as Tracts A, B, and D through H, P, Q, inclusive.

DESERT BREEZE PROPERTY

Lots 1 through 43, 52 through 68, 73 through 135, 168 through 169, and 192 through 307, inclusive, of Sun City Grand-Desert Breeze, as shown on that certain Final Plat recorded on January 24, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 432, Page 23, and Lots 308 through 389, inclusive, of Resubdivision of Desert Breeze recorded on March 27, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 437, Page 39, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through B, inclusive.

DESERT CANYON PROPERTY

Lots 1 through 152, inclusive, of Sun City Grand-Desert Canyon, as shown on that certain Final Plat recorded on August 11, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 447, Page 28, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive.

DESERT HORIZON PROPERTY

Lots 44 through 76 and 88 through 181, inclusive, of Sun City Grand-Desert Horizon, as shown on that certain Final Plat recorded on January 24, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 432, Page 25, and the real property and improvements shown as Tract A (as modified by the plat later recorded in the Office of the County Recorder of Maricopa County, Arizona in Book 456, Page 37), and Tracts B and D on the plat recorded in the Office of the County Recorder of Maricopa County, Arizona in Book 432, Page 25 and Lots 182 through 273, inclusive, of Resubdivision of Desert Horizon recorded on May 29, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 442, Page 37, and the real property and improvements shown on the plat recorded in Book 442, Page 37 as Tracts A through E, inclusive, and Lot 274, of Resubdivision of Desert Horizon No. 2 recorded on December 10, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 456, Page 37.

DESERT MESA PROPERTY

Lots 1 through 109, inclusive, of Sun City Grand-Desert Mesa, as shown on that certain Final

Plat recorded on October 28, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 452, Page 46, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive, and G.

DESERT OASIS PROPERTY
(a portion of which is FKA COURTYARD UNIT ONE)

Lots 1 through 196, inclusive, and Lots 238 through 322, inclusive, of Sun City Grand-Desert Oasis, as shown on that certain Final Plat recorded on July 17, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 420, Page 4, and,

Lots 197 through 237, inclusive, of Sun City Grand-Desert Oasis, as shown on that certain Final Plat recorded on July 17, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 420, Page 4, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through C, inclusive, and Tracts J through K, inclusive.

DESERT PALMS PROPERTY
(a portion of which is FKA COURTYARD UNIT THREE)

Lots 1 through 113, inclusive, of Sun City Grand-Desert Palms, as shown on that certain Final Plat recorded on September 6, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 422, Page 35, and,

Lots 114 through 140, inclusive, of Sun City Grand-Desert Palms, as shown on that certain Final Plat recorded on September 6, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 422, Page 35, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive.

DESERT SAGE PROPERTY

Lots 1 through 56, 64 through 89, 93 through 157, and 196 through 462, inclusive, of Sun City Grand-Desert Sage, as shown on that certain Final Plat recorded on October 23, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 426, Page 21, and Lots 158 through 184, inclusive, of Sun City Grand-Resubdivision of Desert Sage, as shown on that certain Final Plat recorded on March 27, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 437, Page 38.

DESERT SAGE II PROPERTY

Lots 1 through 313, inclusive, of Sun City Grand-Desert Sage II, as shown on that certain Final Plat recorded on October 14, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 482, Page 28, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through B, inclusive. Lot 160 is designated as utility easement and Lots 236 through 241 were eliminated.

DESERT TRAILS I PROPERTY

Lots 1 through 193, inclusive, as shown on that certain Final Plat recorded on November 2, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 515, Page 45, as amended by that Certificate of Correction recorded on November 12, 1999, in the Official Records of the County Recorder of Maricopa County, Arizona, at Instrument Number 99-1035855, and the real property and improvements shown on the aforesaid Final Plat and Certificate of Correction as Tracts A through H.

DESERT TRAILS II PROPERTY (a portion of which is FKA COTTAGE UNIT ONE)

Lots 1 through 208, inclusive, as shown on that certain Final Plat recorded on August 14, 2000 in the Office of the County Recorder of Maricopa County, Arizona, in Book 540, Page 12, and the real property and improvements shown on the aforesaid Final Plat as Tracts A, B, G, H, I, and J, inclusive, and,

Lots 209 through 257, inclusive, of Sun City Grand® - Desert Trails II, as shown on that certain Final Plat recorded on August 14, 2000, in the Office of the County Recorder of Maricopa County, Arizona, in Book 540, Page 12.

DESERT VISTA I and II PROPERTY (a portion of which is FKA GARDEN VILLA UNIT TWO)

Lots 1 through 199, and 249 through 303, inclusive and Common Area Tracts A, B, C, D, E, G, H, I, J, K, and L, inclusive, of Sun City Grand®-Desert Vista I and II, as shown on that certain Final Plat recorded on March 5, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 462, Page 49, and,

Lots 200 through 248, inclusive, of Sun City Grand®-Desert Vista I and II, as shown on that certain Final Plat recorded on March 5, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 462, Page 49.

Resubdivision of Lots 62 through 71 for Desert Vista I and II recorded on July 12, 2001, in the Office of the County Recorder of Maricopa County, Arizona in Book 567, Page 25, and Instrument Number 2001-0624264. Lots 69-71 were eliminated, and Lot 45 designated as Tract F.

DURANGO PROPERTY

Lots 1 through 200, inclusive, as shown on that certain Final Plat recorded on July 29, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 645, Page 34, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive.

(THE) ENCLAVE PROPERTY

Lots 1 through 101, inclusive, as shown on that certain Final Plat recorded on July 24, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 644, Page 43, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through H, inclusive and Tracts J through L, inclusive.

ESCALANTE PROPERTY

Lots 1 through 156, inclusive, as shown on that certain Final Plat recorded on May 14, 2004 in the Office of the County Recorder of Maricopa County, Arizona, in Book 685, Page 33, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive, and Certificate of Correction to Final Plat recorded June 23, 2004 in Instrument Number 2004-0715001, Office of the County Recorder of Maricopa County, Arizona.

ESPERANZA PROPERTY

Lots 1 through 107, inclusive, as shown on that certain Final Plat recorded on August 23, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 602, Page 33, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive.

ESTANCIA PROPERTY

Lots 1 through 166, inclusive, as shown on that certain Final Plat recorded on February 2, 2004 in the Office of the County Recorder of Maricopa County, Arizona, in Book 669, Page 22, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive.

THE FALLS
FKA VACATION GETAWAYS II PROPERTY
(a portion of which is FKA GARDEN VILLA UNIT FIVE)

Lots 1 through 11, inclusive; Lots 60 through 67, inclusive; and Lots 88 through 108, inclusive, as shown on that certain Final Plat recorded on May 15, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 470, Page 6, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive, and,

Lots 12 through 59, inclusive and Lots 68 through 87, inclusive, as shown on that certain Final Plat recorded on May 15, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 470, Page 6.

GRANITE FALLS I PROPERTY
(a portion of which is FKA GARDEN VILLA UNIT FOUR)

Lots 1 through 117, inclusive, of Sun City Grand®-Granite Falls I, as shown on that certain Final Plat recorded on October 27, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 483, Page 28, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through J, inclusive, and,

Lots 118 through 161, inclusive, of Sun City Grand®-Granite Falls I, as shown on that certain Final Plat recorded on October 27, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 483, Page 28.

GRANITE FALLS II PROPERTY

Lots 1 through 157, inclusive, of Sun City Grand-Granite Falls II, as shown on that certain Final Plat recorded on February 22, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 494, Page 18, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive.

HACIENDA PROPERTY

Lots 1 through 99, inclusive, as shown on that certain Final Plat recorded on August 10, 2001 in the Office of the County Recorder of Maricopa County, Arizona, in Book 569, Page 44, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through E, inclusive.

HAVASU PROPERTY

Lots 1 through 117, inclusive, as shown on that certain Final Plat recorded on February 24, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 624, Page 13, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through C, inclusive.

IRONWOOD PROPERTY

Lots 1 through 131, inclusive, as shown on that certain Final Plat recorded on April 9, 2001 in the Office of the County Recorder of Maricopa County, Arizona, in Book 559, Page 35, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through E, inclusive.

JASPER POINT PROPERTY

Lots 1 through 115, inclusive, of Sun City Grand-Jasper Point, as shown on that certain Final Plat recorded on September 21, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 480, Page 23, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through M, inclusive.

LAGO VISTA PROPERTY
FKA MODEL AREA PROPERTY
(a portion of which is FKA MODEL AREA II PROPERTY

LAGO VISTA I
Lots 45 through 61, inclusive, of Sun City Grand-Model Area, as shown on that certain Final Plat recorded on April 16, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 414, Page 9, and,

LAGO VISTA II
Lots 12 through 26, inclusive, of Sun City Grand®-Model Area, as shown on that certain Final Plat recorded on April 16, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 414, Page 9, and the real property and improvements shown on the aforesaid Final Plat as Tracts A, B, D and E, and,

Lots 7 through 9, inclusive, of Sun City Grand®-Resubdivision of Model Area, as shown on that certain Final Plat recorded on August 1, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 447, Page 2, as amended by Certificate of Correction recorded on May 14, 1998, in the Official Records of the County Recorder of Maricopa County, Arizona, at Instrument No. 98-0401678, and,

Lots 1, 2, 3, 5 and 6 of Sun City Grand®-Resubdivision of Model Area No. 2, as shown on that certain Final Plat recorded on December 10, 1997 in the Office of the County Recorder of Maricopa County, Arizona, in Book 456, Page 36 and together with the real property and improvements shown on the aforesaid plat as Tract A, and,

Lots 10 and 11 of Amended Final Plat of Sun City Grand® -Resubdivision Model Area, shown on that certain Final Plat recorded on June 23, 2000, in the Office of the County Recorder of Maricopa County, Arizona in Book 536, Page 26.

LAGO VISTA III
Lots 1 through 39, inclusive, of Sun City Grand® -Resubdivision of Model Area, as shown on that certain Final Plat recorded on November 16, 2000 in the Office of the County Recorder of Maricopa County, Arizona, in Book 548, Page 25 and the real property and improvements shown as Tracts A through D, inclusive, of the aforesaid plat.

(THE) MANORS PROPERTY

Lots 1 through 77, inclusive, as shown on that certain Final Plat recorded on February 24, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 624, Page 14, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through K, inclusive.

MISSION PROPERTY

Lots 1 through 147, inclusive, as shown on that certain Final Plat recorded on April 3, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 589, Page 4, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive, and the Certificate of Correction to the Final Plat recorded on October 31, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Instrument Number 2002- 1146561.

MOUNTAIN VIEW I PROPERTY

Lots 1 through 242, inclusive, of Sun City Grand-Mountain View I, as shown on that certain Final Plat recorded on June 18, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 472, Page 45, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through I, inclusive.

Resubdivision of Lots 105 through 110 of Mountain View I recorded on July 12, 2001, in the Office of the County Recorder of Maricopa County, Arizona in Book 567, Page 29, and Instrument Number 2001-0624325. Eliminated Lots 109 and 110.

MOUNTAIN VIEW II PROPERTY (a portion of which is FKA GARDEN VILLA UNIT THREE)

Lots 1 through 110, 132 through 138, and 161 through 205, inclusive, of Sun City Grand®-Mountain View II, as shown on that certain Final Plat recorded on July 16, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 475, Page 12, and,

Lots 111 through 131, and 139 through 160, inclusive, of Sun City Grand®-Mountain View II, as shown on that certain Final Plat recorded on July 16, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 475, Page 12.

OCOTILLO PROPERTY

Lots 1 through 142, inclusive, as shown on that certain Final Plat recorded on February 24, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 624, Page 15, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive.

PALM VIEW PROPERTY (a portion of which is FKA COTTAGE UNIT TWO)

Lots 1 through 57, inclusive, of Sun City Grand® - Palm View, as shown on that certain Final Plat recorded on August 10, 2001 in the Office of the County Recorder of Maricopa County, Arizona, in Book 569, Page 42, and,

Lots 58 through 100, inclusive, of Sun City Grand® - Palm View, as shown on that certain Final Plat recorded on August 10, 2001 in the Office of the County Recorder of Maricopa County, Arizona, in Book 569, Page 42, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive.

PARK PLACE PROPERTY

Lots 1 through 166, inclusive, as shown on that certain Final Plat recorded on August 15, 2001 in the Office of the County Recorder of Maricopa County, Arizona, in Book 570, Page 18, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through F, inclusive.

PATAGONIA PROPERTY

Lots 1 through 119, inclusive, as shown on that certain Final Plat recorded on March 18, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 587, Page 27, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through E, inclusive.

(THE) PEAK PROPERTY

Lots 1 through 90, inclusive, as shown on that certain Final Plat recorded on October 29, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 515, Page 41, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through D, inclusive.

PIMA PROPERTY

Lots 1 through 96, inclusive, as shown on that certain Final Plat recorded on April 22, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 590, Page 21, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through E, inclusive.

(THE) PINNACLE PROPERTY

Lots 1 through 72, inclusive, of Sun City Grand-The Pinnacle, as shown on that certain Final Plat recorded on February 13, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 461, Page 16, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through L, inclusive.

(THE) POINT PROPERTY

Lots 1 through 76, inclusive, as shown on that certain Final Plat recorded on March 27, 2000 in the Office of the County Recorder of Maricopa County, Arizona, in Book 528, Page 08, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through K, inclusive.

QUAIL RUN PROPERTY

Lots 1 through 249, inclusive, as shown on that certain Final Plat recorded on August 31, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 510, Page 42, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through I, inclusive.

REGENT PROPERTY

Lots 1 through 63, inclusive, as shown on that certain Final Plat recorded on April 17, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 631, Page 23, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through H, and J, inclusive, and the Certificate of Correction to the Final Plat recorded on June 2, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Instrument Number 2003- 0699199.

(THE) RESERVE PROPERTY

Lots 1 through 59, inclusive, as shown on that certain Final Plat recorded on December 11, 2001 in the Office of the County Recorder of Maricopa County, Arizona, in Book 579, Page 47, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through I, inclusive.

RINCON PROPERTY

Lots 1 through 216, inclusive, as shown on that certain Final Plat recorded on September 6, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 651, Page 12, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through E, inclusive.

SAGUARO PROPERTY

Lots 1 through 84, inclusive, as shown on that certain Final Plat recorded on February 24, 2003 in the Office of the County Recorder of Maricopa County, Arizona, in Book 624, Page 12, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through E, inclusive.

SANTA FE PROPERTY

Lots 1 through 140, inclusive, as shown on that certain Final Plat recorded on April 3, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 589, Page 3, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through E, inclusive.

SIERRA PROPERTY

Lots 1 through 86, inclusive, as shown on that certain Final Plat recorded on May 22, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 593, Page 16, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through F, inclusive.

SKYVIEW PROPERTY

Lots 1 through 175, inclusive, as shown on that certain Final Plat recorded on November 16, 2000 in the Office of the County Recorder of Maricopa County, Arizona, in Book 548, Page 26, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive.

STARRY NIGHT PROPERTY

Lots 1 through 102, inclusive, as shown on that certain Final Plat recorded on January 26, 2000 in the Office of the County Recorder of Maricopa County, Arizona, in Book 522, Page 46, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through H, inclusive.

SUMMERWIND PROPERTY (a portion of which is FKA GARDEN VILLA UNIT SIX)

Lots 1 through 105, inclusive; Lot 124; Lot 125; and Lots 138 through 167, inclusive, of Sun City Grand®-Summerwind, as shown on that certain Final Plat recorded on December 17, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 519, Page 41, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through G, inclusive, and,

Lots 106 through 123, inclusive, and Lots 126 through 137, inclusive, of Sun City Grand®-Summerwind, as shown on that certain Final Plat recorded on December 17, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 519, Page 41.

(THE) SUMMIT PROPERTY

Lots 1 through 97, inclusive, of Sun City Grand-The Summit, as shown on that certain Final Plat recorded on November 3, 1998 in the Office of the County Recorder of Maricopa County, Arizona, in Book 484, Page 16, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through K, inclusive.

SUNRISE VISTA PROPERTY

Lots 1 through 137, inclusive, as shown on that certain Final Plat recorded on September 29, 2000 in the Office of the County Recorder of Maricopa County, Arizona, in Book 543, Page 28, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through H, inclusive.

TAOS PROPERTY

Lots 1 through 94, inclusive, as shown on that certain Final Plat recorded on April 3, 2002 in the Office of the County Recorder of Maricopa County, Arizona, in Book 589, Page 2, and the real property and improvements shown on the aforesaid Final Plat as Tracts A through F, inclusive.

TRANQUIL CANYON
FKA VACATION GETAWAYS PROPERTY
(AKA COURTYARD UNIT FOUR)

Lots 1 through 123, inclusive, of Sun City Grand®-Vacation Getaways, as shown on that certain Final Plat recorded on April 16, 1996 in the Office of the County Recorder of Maricopa County, Arizona, in Book 4 Page 10, and the real property and improvements shown on the aforesaid Final Plat as Tracts Y through CC, inclusive.

WILLOW GROVE PROPERTY

Lots 1 through 195, inclusive, of Sun City Grand-Willow Grove, as shown on that certain Final Plat recorded on April 8, 1999 in the Office of the County Recorder of Maricopa County, Arizona, in Book 498, Page 28, and Certificate of Correction recorded on May 27, 1999 in the Office the County Recorder of Maricopa County, Arizona in Instrument No. 99-0507886, and the real

property and improvements shown on the aforesaid Final Plat as Tracts A through L, inclusive.

EXHIBIT "B”

[INTENTIONALLY DELETED]

EXHIBIT "C"

Use Restrictions

(1) General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, offices for any property manager retained by the Association or business offices for the Declarant or the Association consistent with this Declaration and any Supplemental Declaration), subject to applicable laws. Any Supplemental Declaration or additional covenants imposed on the property within any Neighborhood may impose stricter standards than those contained in this Declaration and the Association shall have standing and the power to enforce such standards.

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

(a) Posting of signs of any kind, including posters, circulars, campaign signs, political signs, and billboards, except those required by law and except as permitted by the Design Guidelines or the Declaration, on any Lot, Common Area, or right-of-way;

(b) Subdivision of a Lot into two or more Lots after a subdivision plat including such Lot has been approved and filed with the appropriate governmental authority, or changing the boundary lines of any Lot, except that the Declarant and Builders, with Declarant's consent, shall be permitted to subdivide or change the boundary lines of Lots which they own;

(c) Active use of lakes, ponds, streams, or other bodies of water within the Properties, including any golf course, except that the Association and its agents shall have the exclusive right and easement to retrieve golf balls from bodies of water within the Common Areas. The Association shall not be responsible for any loss, damage, or injury to any Person or property arising out of the authorized or unauthorized use of lakes, ponds, streams, or other bodies of water within or adjacent to the Properties;

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

(e) Occupancy of a Dwelling Unit by more than two persons per bedroom in the Dwelling Unit;

(f) Capturing, trapping or killing wildlife within the Properties, except (i) in circumstances posing an imminent threat to the safety of persons or pets using the Properties; (ii) when authorized and supervised by the Board in accordance with a game management program; or (iii) as otherwise specifically allowed by the Board. The Association shall have the right to remove water fowl from any golf course. The use of "live" rabbit traps is allowed under conditions

specified in the Residential Design Guidelines;

(g) Activities which materially disturb or destroy the vegetation, wildlife, or air quality within the Properties or which result in unreasonable levels of sound or light pollution;

(h) Disposal of any oil, gas, or lubricants, and the storage or disposal of other hazardous materials (as may be determined in the Board's reasonable discretion arid as defined by applicable law) anywhere within the Properties;

(i) Discharge of firearms or explosives within the Properties. The term "firearms" includes "B-B" guns, pellet guns, and other firearms of all types, regardless of size;

(j) Parking of any vehicle (including, but not limited to, any car, truck, motorcycle, boat, or trailer) containing or displaying a "for sale" sign, or other indication of being "for sale," in any driveway or other portion of any Lot, or on any street or any portion of the Common Area; and

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

The leasing of a Dwelling Unit shall not be considered a business or trade within the meaning of this subsection. "Leasing," for purposes of this Declaration, is defined as regular, exclusive occupancy of a Dwelling Unit by any person other than the Owner, for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. Dwelling Units may be leased only in their entirety. No fraction or portion may be leased. No structure on a Lot other than the primary residential Dwelling Unit shall be leased or otherwise occupied for residential purposes; provided, each Lot may contain an Ancillary Unit which is attached to or detached from the primary Dwelling Unit and is used for ancillary residential purposes (and is not available for independent sale or leasing). There shall be no subleasing of Dwelling Units or assignment of leases unless prior written approval is obtained from the Board. All leases shall be in writing.

No transient tenants may be accommodated in a Dwelling Unit, and all leases shall be for an initial term of no less than 30 days, except: (i) with the prior written consent of the Board. Notice of any lease, together with such additional information as may be required by the Board shall be given to the Board, including, but not limited to, proof that at least one of the lessee occupants is an Age-Qualified Occupant (55 years or older) and there are no children under the

age of 19 occupying the Dwelling Unit by the Lot Owner within ten (10) days of execution of the lease. The Owner must make available to the lessee copies of the Governing Documents. The Board may adopt reasonable rules regulating leasing and subleasing by Owners other than the Declarant.

The above paragraphs (a), (g), and (k) shall not apply to any activity conducted by the Declarant, or a Builder approved by the Declarant, with respect to the development and sale of Lots within the Properties, Declarant's use or operation of timeshare, or similar programs, or Declarants use of any Lots which it owns within the Properties, including the construction and maintenance of model homes.

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

(l) Except as may otherwise be provided in the Design Guidelines, exterior antennas, aerials, satellite dishes, or other apparatus for the transmission or reception of television, radio, satellite, telephone, or other electric currents, power, or signals of any kind unless completely contained within the Lot so as not to be visible from other Lots, Common Area, or Private Amenities by any Person, six feet in height, standing at foundation level on any Lot, Common Area or Private Amenity (hereafter, "Visible From Neighboring Property") or otherwise approved pursuant to Article X; provided, the Declarant and the Association shall have the right, but not the obligation, to erect or install and maintain such apparatus, even if Visible From Neighboring Property, for the benefit of all or a portion of the Properties;

(m) Walls, dog runs, animal pens, or fences of any kind on any Lot except as approved in accordance with Article X;

(n) Open garage doors. Garage doors shall remain closed at all times except when entering and exiting the garage, or as otherwise authorized by the Board;

(o) Stand-alone flagpoles in front yard (permitted only in rear yard within specifications of the Residential Design Guidelines), clotheslines, or other outside facilities for drying or airing clothes;

(p) Detached garages;

(q) Excessive exterior lighting on any Lot, including lighting which causes unreasonable glare, unless necessary for public safety purposes on, or lighting of, Private Amenities or Common Area. The Board, or its designee shall determine whether any exterior lighting is excessive;

(r) Tents, shacks, or temporary structures on any Lot except as approved in accordance with Article X or as may be authorized by the Declarant during initial construction within the Properties. Temporary structures used during the construction or repair of a Dwelling Unit or other improvements shall be removed immediately after the completion of construction or repair;

(s) Temporary or permanent storage buildings or sheds, whether prefabricated, metal or of any other construction whatsoever, which are Visible From Neighboring Property. No furniture, fixtures, firewood, appliances, machinery, equipment, or other goods or chattels which are not in active use shall be stored in any building or any Lot or Common Area in such a manner as to be Visible from Neighboring Property; provided, however, this restriction shall not apply to the property of the Association, the Declarant, or any Builder (to the extent approved by the Declarant). Notwithstanding the foregoing, an Owner may be permitted to construct or place a gazebo, pergola, or similar structure within the rear yard of a Lot if in conformance with the Design Guidelines and all applicable zoning ordinances and otherwise approved pursuant to Article X;

(t) Outdoor playground equipment (except within any Common Area); and

(u) Designs in landscaping softscape or hardscape that appear unnatural or cause a distraction or are otherwise limited or prohibited by the Design Guidelines; (e.g., words, initials, or images). All landscaping shall be maintained in accordance with the Community-Wide Standard.

(4) Rules Regarding Pets. Raising, breeding, or keeping of animals, insects, or poultry of any kind is prohibited in the Properties except in accordance with the following:

(v) Occupants of Dwelling Units may keep a total of three cats and/or dogs and a reasonable number of other usual and common household pets on a Lot;

(w) Pets shall be confined to the Lot or kept on a leash at all times;

(x) Owners of pets shall be responsible for the immediate removal and disposal of all solid animal waste of such owners' pets;

(y) No pet shall be allowed to make objectionable noises or an unreasonable amount of noise (as determined in the reasonable discretion of the Board);

(z) Pets which are permitted to roam free, make objectionable or excessive noise, leave waste in the Properties, endanger the health or safety of occupants of other Dwelling Units, or constitute a nuisance or inconvenience to occupants of other Dwelling Units shall be removed upon request of the Board. If the pet owner fails to honor the request, the Board may remove the pet; and

(aa) A maximum of three (3) hummingbird feeders in the landscaped area. No other type of bird feeders are permitted, i.e., quail blocks, seed feeders, etc. No birdhouses are permitted.

This Section (4) shall not apply to prohibit the Declarant or the Association from permitting, tolerating, or encouraging use of the Properties, including bodies of water within the

Properties, by animals, birds, or other wildlife.

(5) Nuisances. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot so as to render any such property or any portion thereof or activity thereon, unsanitary, unsightly, offensive, or detrimental to any other portion of the Properties. Woodpiles or other material shall be stored in a manner so as not to be Visible From Neighboring Property and so as not to be attractive to native rodents, snakes, and other animals and to minimize the potential danger from fires. No other nuisance shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other portion of the Properties. Without limiting the generality of any of the foregoing provisions, the Board shall be permitted to establish and enforce reasonable restrictions and guidelines with respect to noise levels originating from a Lot and with respect to the placement and use of noisemaking apparatus on any Lot. No activities shall be conducted upon or adjacent to any Lot or within improvements constructed thereon which are or might be unsafe or hazardous to any Person or property. No open fires shall be lighted or permitted on the Properties, except in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace. No odors shall be permitted to arise or emit from any Lot, which are offensive or detrimental to any neighboring property, as determined in the discretion of the Board.

Normal construction activities and parking in connection with the building of improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction consistent with the Community-Wide Standard. During construction periods, trash and debris shall not be permitted to accumulate and shall be removed or placed in appropriate trash containers on a daily basis. Supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved in accordance with Article X. In addition, any construction equipment and building materials stored or kept on any Lot during construction of improvements may be kept only in areas approved in accordance with Article X, which may also require screening of the storage areas. The Declarant, for so long as it owns any property described in Exhibit "A," and, thereafter, the Board, in its sole discretion, shall have the right to determine the existence of any such nuisance.

(6) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or Common Area except in covered containers of a type, size and style which are approved in accordance with Article X and the Design Guidelines In no event shall such containers be Visible From Neighboring Property except to be available for collection and then only for the shortest time reasonably necessary for such collection. All rubbish, trash, or garbage shall be removed from the Lots and Common Area and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot All trash containers shall be in-ground containers as provided by Del Webb. All replacement containers are the responsibility of the homeowner. No other trash containers will be allowed. Trash outside the approved in-ground containers may not be placed outside the house before 6:00 p.m. the day before the scheduled pick-up.

(7) Trucks, Trailers, Recreational Vehicles, Campers and Boats. No motor vehicle classed by manufacturer rating as exceeding one ton, recreational vehicle, mobile home, travel

trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer, or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any Lot, Common Area, or on any street within the Properties; provided, however, that the provisions of this subsection shall not apply to cleaning, loading or unloading and short-term parking which shall be permitted for a cumulative period not to exceed 72 hours in any calendar month. The provisions of this subsection shall not apply to: (a) pickup trucks of one ton or less capacity with camper, shells not exceeding seven feet in height measured from ground level and mini-motor homes and/or passenger vans not exceeding seven feet in height and eighteen feet in length, which are used on a regular and recurring basis for basic transportation, are parked in a garage or enclosed shelter permitted by this Declaration, constructed as an integral part of the Lot, and maintained in the same manner as all other parts of the Dwelling Unit constructed thereon; and (b) trucks, trailers and campers parked in areas designated for parking in non-residential land use classifications in connection with permitted commercial activities conducted in such non-residential land use classifications. None of the vehicles described above, or any other vehicle, may be used as a living area or otherwise occupied while located on the Properties.

(8) Motor Vehicles. No automobile, motorcycle, motorbike, or other motor vehicle shall be constructed, reconstructed, or repaired upon any Lot, Common Area or street within the Properties, and no inoperable vehicle may be stored or parked on any Lot so as to be Visible From Neighboring Property; provided, however, that the provisions of this subsection shall not apply to emergency vehicle repairs. The provisions of this subsection shall not apply to motor vehicles arid equipment owned or operated by the Declarant, Builders (to the extent approved by Declarant) or the Association and parked in designated maintenance areas.

(9) Parking. It is the intent of the Declarant to restrict on-street parking as much as possible. Vehicles of all occupants of Dwelling Units and of their guests are to be kept in garages, carports, and residential driveways, and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles on a Lot; provided, however, this subsection shall not be construed to permit the parking in the above described areas of any vehicle whose parking within the Properties is otherwise prohibited or the parking of any inoperable vehicle.

(10) Diseases and Insects. Owners shall not permit any thing or condition to exist upon any Lot that is likely to induce, breed, or harbor infectious plant diseases or noxious insects.

(11) Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise encroach upon any sidewalk, street, pedestrian pathway, golf cart path, or other area from ground level to a height of eight feet without prior approval in accordance with Article X.

(12) Swimming Pools. In addition to any requirements set forth by the Declarant or the Board or in the Design Guidelines, no swimming pool, spa, pond, or other man-made body of water may be constructed, installed, or maintained on any Lot in violation of any applicable local government pool ordinances, including, but not limited to, the Maricopa County Swimming Pool and Protective Enclosure criteria. This shall include compliance with any requirements as to the

construction and maintenance of walls or fences.

EXHIBIT "D"
[INTENTIONALLY DELETED]