When recorded, return to

Gary Oxley
3694 Kicking Horse Court
Lake Havasu City, Arizona 86404

CERTIFICATE OF CORRECTION RELATING TO DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

HAVASU FOOTHILLS ESTATES

This Certificate of Correction Relating to Declaration of Covenants, Conditions, and Restrictions for Havasu Foothills Estates is made this 28 day of September, 2005, by KKO Development, LLC, an Arizona limited liability company ("Declarant").

RECITALS

A. Declarant executed and caused to be recorded a Declaration of Covenants, Conditions and Restrictions for Havasu Foothills Estates, which was recorded May 25, 2005, at Book 5619, page 264, Instrument Number 2005-055626, in the official records of the Mohave County, Arizona Recorder ("Declaration"); other capitalized terms used in this Certificate without definition shall have the meanings given them in the Declaration.

B. Declarant desires to correct certain typographical errors and to fill in information left blank or incomplete in the Declaration.

THEREFORE, Declarant hereby states and certifies as follows:

DECLARATION

1. Section 1.24 was inadvertently omitted. The correct, complete language of Section 1.24 is as follows:

> 1.24 "Improvement" means: (a) any Residential Unit, building, fence or wall; (b) any swimming pool, tennis court, basketball court, road, driveway, parking area or satellite dish; (c) any trees, plants, shrubs, grass or other landscaping improvements of every type and kind; (d) any statuary, fountain, artistic work, craft work, figurine, ornamentation or embellishment

of any type or kind (whether or not affixed to a structure or permanently attached to a Lot or Parcel); and (e) any other structure of any kind or nature.

2. As a result of a typographical error, the date set forth in the first sentence of Section 2.4 of the Declaration incorrectly reads "December 31, 202512"; the correct date is, and shall be, "December 31, 2025."

3. As a result of a typographical error, the date in the second sentence of Section 6.3.1(b) was left partially incomplete; the correct date is, and shall be, "December 31, 2005."

IN WITNESS WHEREOF, Declarant has executed this instrument as of the date first set forth above.

KKO Development, LLC, an Arizona limited liability company

By _____
Its Member

STATE OF ARIZONA)
) ss.
County of Mohave)

Acknowledged before me this 28 day of September, 2005, by Gary Oxley, the Member of KKO Development, LLC, an Arizona limited liability company, on behalf of the limited liability company.

_____
Notary Public

My Commission Expires:

_____

OFFICIAL SEAL
DONNA K. IMHAUSEN
Notary Public - State of Arizona
MOHAVE COUNTY
My Commission Expires Feb. 5, 2006

60

When recorded, return to: Gary Oxley
3694 Kicking Horse Court
Lake Havasu City, AZ 86404

2005055626 BK 5619 PG 264
OFFICIAL RECORDS OF MOHAVE COUNTY
JOAN MC CALL, MOHAVE COUNTY RECORDER
05/25/2005 10:41A PAGE 1 OF 60
STATE TITLE AGENCY INC
RECORDING FEE 69.00

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

HAVASU FOOTHILLS ESTATES

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR HAVASU FOOTHILLS ESTATES

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

HAVASU FOOTHILLS ESTATES

This Declaration of Covenants, Conditions, and Restrictions for Havasu Foothills Estates is executed as of _May 9_____, 2005, by _KKO Development, LLC_____, a(n) _Arizona Limited Liability Co._____.

ARTICLE 1

DEFINITIONS

1.1 "Additional Property" means: (a) the real property, together with all Improvements located thereon, described on Exhibit B; and (b) any other real property, together with the Improvements located thereon, located not more than two miles from property described on Exhibit A or Exhibit B.

1.2 "Annual Assessments" means the Assessments levied pursuant to Section 6.2.

1.3 "Articles" means the articles of incorporation of the Association, as amended from time to time.

1.4 "Assessable Property" means each Lot or Parcel, except for Exempt Property.

1.5 "Assessment" means an Annual Assessment or a Special Assessment.

1.6 "Assessment Lien" means the lien created and imposed by Article 6.

1.7 "Assessment Period" means the period set forth in Section 6.6.

1.8 "Association" means Havasu Foothills Estates Community Association, an Arizona nonprofit corporation, and its successors and assigns.

1.9 "Association Land" means all land, together with all Improvements situated thereon, which the Association at any time owns in fee or in which the Association has a leasehold interest, easement or license for as long as the Association is the owner of the fee or holds such leasehold interest, easement or license.

1.10 "Association Rules" means the rules adopted by the Board pursuant to Section 5.3, as amended from time to time.

1.11 "Board" means the board of directors of the Association.

1.12 "Bylaws" means the bylaws of the Association, as amended from time to time.

1.13 "Common Area". Although it is not contemplated, as of the date of this Declaration that there will be any material "Common Area," for purposes of this Declaration the term "Common Area" means: (a) all Association Land; (b) all land, and the Improvements situated thereon, within the Project which the Declarant indicates on a Recorded subdivision plat, Tract Declaration or other Recorded instrument is to be conveyed to the Association for the benefit and use of the Members; (c) all land, and the Improvements situated thereon, which is situated within the boundaries of a Lot or Parcel and which is designated on a Recorded subdivision plat Recorded

by the Declarant or approved by the Declarant or the Association as land which is to be improved, maintained, repaired and replaced by the Association; (d) all land, and the Improvements situated thereon, within or adjacent to the Project which the Declarant indicates on a Recorded subdivision plat, Tract Declaration or other Recorded instrument is to be used for landscaping, drainage or water retention or flood control for the benefit of the Project or the general public; (e) all real property, and the Improvements situated thereon, within or adjacent to the Project located within dedicated rights-of-way with respect to which neither Lake Havasu City nor Mohave County has accepted responsibility for the maintenance thereof, but only until such time as either Lake Havasu City or Mohave County has accepted all responsibility for the maintenance, repair and replacement of such areas, and only if the specific areas to be maintained, repaired and replaced by the Association pursuant to this clause (e) have been expressly approved by either the Declarant or the Board; and (f) all land, and the Improvements situated thereon, which is designated in a Tract Declaration or a Recorded amendment to this Declaration as Parcel Assessment Area.

1.14 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.15 "Declarant Affiliate" means any Person directly or indirectly controlling, controlled by or under common control with the Declarant, and shall include, without limitation, any general or limited partnership, limited liability company, limited liability partnership or corporation in which the Declarant (or another Declarant Affiliate) is a general partner, managing member or controlling shareholder.

1.16 "Declarant" means __KKO Development_____, a(n) _Arizona Limited Liability Co._____, its successors and any Person to whom it may expressly assign any or all of its rights under this Declaration.

1.17 "Declaration" means this Declaration of Covenants, Conditions and Restrictions, as amended from time to time.

1.18 "Design Guidelines" means the rules and guidelines adopted by the Design Review Committee pursuant to Section 5.11, as amended or supplemented from time to time.

1.19 "Design Review Committee" means the committee established pursuant to Section 5.11.

1.20 "Developer" means any Person (other than the Declarant) who is in the business of developing, selling or leasing real property and who acquires one or more Lots or Parcels in connection with, and in the course of, such business, for the purpose of developing, selling or leasing such Lots or Parcels.

1.21 "Development Plan" means the Development Plan for the Project and other property adopted by the Declarant, as amended by the Declarant from time to time.

1.22 "Exempt Property" means: (a) all land and improvements owned by, or dedicated to and accepted by, the United States, the State of Arizona, Lake Havasu City or Mohave County, or any political subdivision of any of them, for as long as such entity or political subdivision is the owner thereof or for as long as said dedication remains effective; (b) all Association Land; (c) all Neighborhood Common Area; and (d) any portions of a Non-Residential Parcel designated as Exempt Property in the Tract Declaration Recorded with respect to that Parcel pursuant to Article 11.

1.23 "First Mortgage" means a Mortgage Recorded against a Lot or Parcel which has priority over all other Mortgages Recorded against that Lot or Parcel.

other landscaping improvements of every type and kind; (d) any statuary, fountain, artistic work, craft work, figurine, ornamentation or embellishment of any type or kind (whether or not affixed to a structure or permanently attached to a Lot or Parcel); and (e) any other structure of any kind or nature.

1.25 "Lessee" means the lessee or tenant under a lease, oral or written, of any Lot or Parcel (or part thereof), including an assignee of the lessee's or tenant's interest under a lease.

1.26 "Lot" means a portion of the Project intended for independent ownership and residential use and designated as a lot on any Neighborhood Plat and, where the context indicates or requires, shall include any Residential Unit, building, structure or other Improvements situated on the Lot.

1.27 "Maximum Membership Assessment" shall have the meaning given such term in Section 6.3.1(b).

1.28 "Member" means any Person who is a Member of the Association as provided in Section 5.7.

1.29 "Membership Assessment" shall have the meaning given such term in Section 6.3.1(a).

1.30 "Membership" means a membership in the Association.

1.31 "Mortgage" means a deed of trust or a mortgage Recorded against a Lot or Parcel.

1.32 "Mortgagee" means a beneficiary under a deed of trust, or a mortgagee under a mortgage, Recorded against a Lot or Parcel, and "First Mortgagee" means such a beneficiary or mortgagee under a First Mortgage.

1.33 "Neighborhood Association" means any homeowners association or similar association formed or organized pursuant to any Neighborhood Declaration.

1.34 "Neighborhood Common Area" means all real property, and all Improvements located thereon, owned or leased by a Neighborhood Association for the common use and benefit of the members of the Neighborhood Association.

1.35 "Neighborhood Declaration" means any declaration of covenants, conditions and restrictions or similar instrument, other than this Declaration or a Tract Declaration, Recorded against any part of the Project.

1.36 "Neighborhood Plat" means any subdivision plat Recorded against any portion of the Project with the intent of, or which has the effect of, subdividing such portion into Lots (together with any related Common Area, Neighborhood Common Area and public rights-of-way), together with all amendments, supplements and corrections to such plat.

1.37 "Non-Residential Parcel" means any Parcel designated as such in a Tract Declaration Recorded against that Parcel pursuant to Article 11.

1.38 "Occupant" means any Person other than an Owner who occupies or is in possession of a Lot or Parcel, or any portion thereof or building or structure thereon, whether as a Lessee or otherwise, other than on a merely transient basis (and shall include, without limitation, a Resident).

1.39 "Owner" means the Person or Persons who individually or collectively own fee title to a Lot or Parcel (as evidenced by a Recorded instrument), provided that: (a) the Declarant (and not the fee title holder) shall be deemed to be the "Owner" of each Lot or Parcel with respect to which fee title is held by a Declarant Affiliate or by a trustee (other than the trustee of a deed of trust) for the benefit of the Declarant or a Declarant Affiliate; (b) in

the event that, and for so long as, the Declarant or a Declarant Affiliate has, pursuant to a written agreement, an existing right or option to acquire any one or more Lots or Parcels (other than by exercise of a right of first refusal or right of first offer), the Declarant shall also be deemed to be the "Owner" of each Lot or Parcel with respect to which the Declarant or a Declarant Affiliate has such right or option; and (c) in any case where fee title to a Lot is vested in a trustee under a deed of trust pursuant to Chapter 6.1 of Title 33 of the Arizona Revised Statutes, the owner of the trustor's interest under the deed of trust shall be deemed to be the "Owner" of that Lot. Where reference is made in this Declaration to Lots or Parcels "owned by" a Person, such phrase shall be deemed to refer to Lots or Parcels of which that Person is the Owner, as determined pursuant to this Section.

1.40 "Parcel" means each area of real property in the Project, and all Improvements situated thereon, shown as a separate parcel of land on the Development Plan, provided, however, that in the event a Parcel is split in any manner into portions under separate ownership (other than by subdivision of the Parcel by Recordation of a subdivision plat into Lots, each of which constitutes or may have constructed thereon only one Residential Unit), each portion under separate ownership shall thereafter constitute a separate Parcel. If two or more contiguous parcels of land are owned by the same Person, they shall be considered one Parcel for purposes of this Declaration. A Parcel shall cease to be a Parcel when it has been fully subdivided into Lots (together with Common Area and Neighborhood Common Area, if any). If a portion of a Parcel is subdivided into Lots (and Common Area and Neighborhood Common Area, if any), the subdivided portion shall cease to be a Parcel, but each remaining unsubdivided portion shall be a Parcel if it otherwise meets the requirements of the definition set forth in this Section.

1.41 "Period of Declarant Control" means the period commencing on the date of the Recording of this Declaration and ending (subject to Section 5.8.2) on the earlier of: (a) one hundred twenty (120) days after the number of votes entitled to be cast by Owners other than the Declarant exceeds the number of votes entitled to be cast by the Declarant; (b) December 31, 2025; or (c) the date the Declarant Records a written instrument terminating the Period of Declarant Control.

1.42 "Person" means a natural person, corporation, business trust, estate, trust, partnership, association, limited liability company, limited liability partnership, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.43 "Project Documents" means this Declaration, all Tract Declarations, the Articles, the Bylaws, the Association Rules and the Design Guidelines.

1.44 "Project" or "Property" means the real property described on Exhibit A, together with all Improvements located thereon, and all real property, together with all Improvements located thereon, which is annexed and subjected to this Declaration pursuant to Section 2.3, but excluding any real property, together with all Improvements thereon, which is withdrawn pursuant to Section 2.4.

1.45 "Purchaser" means any Person, other than the Declarant, who by means of a voluntary transfer becomes the Owner of a Lot or Parcel, except for: (a) a Person who purchases a Lot or Parcel and then leases it to the Declarant for use as a model in connection with the sale or lease of other Lots or Parcels; or (b) a Person who, in addition to purchasing a Lot or Parcel, is expressly assigned any or all of the Declarant's rights as the Declarant under this Declaration; or (c) a Developer.

1.46 "Record", "Recording", "Recorded" and "Recordation" means placing or having placed an instrument of public record in the official records of Mohave County, Arizona.

1.47 "Resident" means each individual who resides in any Residential Unit.

1.48 "Residential Unit" means any building, or portion of a building, situated upon a Lot or Parcel and designed and intended for separate, independent use and occupancy as a residence.

1.49 "Special Assessment" means any Assessment levied pursuant to Section 6.5.

1.50 "Tract Declaration" means a declaration Recorded pursuant to Section 2.2.

1.51 "Vehicles" includes cars, trucks and vans of all sizes, motorcycles, motorbikes, mopeds, mini-bikes, motor scooters, all-terrain vehicles, off-road vehicles, motorhomes, recreational vehicles, trailers, travel trailers, tent trailers, camper shells, detached campers, boats, boat trailers, mobile homes, or other similar machinery or equipment, whether motorized or not, whether wheeled or not and whether or not in operating condition.

1.52 "Visible From Neighboring Property" means, with respect to an object, that the object is or would be visible to a six-foot tall person standing at ground level on any part of neighboring property, except where the object is visible solely through a wrought iron fence and would not be visible if the wrought iron fence were a solid fence.

End of Article 1

ARTICLE 2

PLAN OF DEVELOPMENT

2.1 Property Initially Subject to the Declaration. This Declaration is being Recorded to establish a general plan for the development and use of the Project in order to protect and enhance the value and desirability of the Project. All of the property within the Project shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each Person, for himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, herself or itself, and his, her or its heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration. In addition, each such Person by so doing acknowledges that this Declaration sets forth a general scheme for the development and use of the Property and evidences his, her or its intent that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, Purchasers, assignees, Lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and all Owners.

2.2 Tract Declarations. The Declarant reserves the right, but not the obligation, to Record one or more Tract Declarations with respect to Lots and Parcels within the Project (and with respect to portions of the Additional Property, in connection with, or subsequent to, the annexation and subjection of such portions to this Declaration pursuant to Section 2.3). A Tract Declaration must be executed by the Declarant and by the Owner (at the time of execution) of the Parcel or Lots subject to such Tract Declaration, if other than the Declarant. A Tract Declaration may: (a) designate Common Area and/or Neighborhood Common Area; (b) establish land uses for property subject thereto; (c) reserve or grant easements to such Persons and for such purposes as the Declarant may deem appropriate; (d) impose such additional covenants, conditions and restrictions as the Declarant may deem appropriate for the property subject to the Tract Declaration; (e) annex and subject the property covered thereby to this Declaration (subject to the provisions of Section 2.3); and (f) designate a Parcel as a Non-Residential Parcel and, in such case, contain such additional provisions as permitted or contemplated by Article 11. Except as otherwise expressly provided in the Tract Declaration itself, a Tract Declaration may only be amended by a written instrument executed by all of the following: (i) Owners holding at least sixty-seven percent (67%) of the votes in the Association held by the Owners of all of the Lots and Parcels subject to that Tract Declaration (or in the case of a Non-Residential Parcel, by Owners of at least sixty-seven percent (67%) of the net square footage of such Parcel); (ii) the Association; and (iii) the Declarant so long as the Declarant owns any Lot or Parcel in the Project.

2.3 Annexation of Additional Property.

2.3.1 At any time on or before December 31, 2025, the Declarant shall have the right to annex and subject to this Declaration all or any portion of the Additional Property without the consent of any other Owner or Person (other than the Person who owns the property to be annexed, if other than the Declarant). The annexation of all or any portion of the Additional Property shall be effected by the Declarant Recording a written instrument (which may be, but shall not be required to be, a Tract Declaration) setting forth the legal description of the Additional Property being annexed and stating that such portion of the Additional Property is annexed and subjected to the Declaration.

2.3.2 The Additional Property may be annexed as a whole, at one time or in one or more portions at different times, or it may never be annexed, and there are no limitations upon the order of annexation or the boundaries thereof. Property annexed by the Declarant pursuant to this Section 2.3 need not be contiguous with other property in the Project, and the exercise of the right of annexation as to any portion of the Additional Property

shall not bar the further exercise of the right of annexation as to any other portion of the Additional Property. The Declarant makes no assurances as to which, if any, part of the Additional Property will be annexed.

2.4 Withdrawal of Property. At any time on or before December 31, 202512, the Declarant shall have the right to withdraw property from the Project without the consent of any other Owner or Person (other than the then-Owner of such property, if other than the Declarant), except as otherwise expressly provided in the Tract Declaration with respect to such property. The withdrawal of all or any portion of the Project shall be effected by the Declarant Recording a written instrument setting forth the legal description of the property being withdrawn. Upon the withdrawal of any property from the Project pursuant to this Section, such property shall no longer be subject to any of the covenants, conditions and restrictions set forth in this Declaration.

2.5 Disclaimer of Representations. The Declarant makes no representations or warranties whatsoever that: (a) the Project will be completed in accordance with the plans for the Project as they exist on the date this Declaration is Recorded; (b) any property subject to this Declaration will be committed to or developed for a particular use or for any use; (c) any property not now subject to this Declaration will be subjected to the provisions hereof; or (d) the use of any property subject to this Declaration will not be changed in the future. Nothing contained in this Declaration and nothing which may be represented to a purchaser by real estate brokers or salesmen representing the Declarant or any Developer shall be deemed to create any covenants or restrictions, implied or express, with respect to the use of any property subject to this Declaration or of any part of the Additional Property.

2.6 Development Plan. Notwithstanding any other provision of this Declaration to the contrary, the Declarant, without obtaining the consent of any other Owner or Person, shall have the right to make changes or modifications to the Development Plan with respect to any property owned by the Declarant in any way which the Declarant desires including, but not limited to, changing the density of all or any portion of the property owned by the Declarant or changing the nature or extent of the uses to which such property may be devoted.

End of Article 2

ARTICLE 3

PERMITTED USES AND RESTRICTIONS

3.1 Land Uses. The purposes for which property within the Project may be used shall be as established by a Tract Declaration covering the property, and may include, without limitation: (a) "single family detached" residential use; (b) townhouse, multi-family or cluster residential use; (c) educational or religious use; (d) Common Area; (e) Neighborhood Common Area; (f) park, conservation area or open space (any part of which may or may not be Common Area or Neighborhood Common Area); (g) such other residential or related uses as may be set forth in any Tract Declaration; and (h) such non-residential uses as may be set forth in a Tract Declaration Recorded by Declarant pursuant to Article 11. In the event of any conflict or inconsistency between a Tract Declaration and statements or notations on any Neighborhood Plat or on the Development Plan with respect to the uses which may be made of property within the Project, the provision of the Tract Declaration for the Lot or Parcel shall prevail. Each Tract Declaration shall be construed as a supplement to this Declaration and shall be enforceable as if all of the provisions of the Tract Declaration were set forth in this Declaration. A Tract Declaration may define and specify the permitted and prohibited uses of, and may impose further covenants, conditions, restrictions and easements on, the property subject to the Tract Declaration.

3.2 Architectural and Design Control; Approved Builders

3.2.1 All Improvements constructed within the Project shall be of new construction, and no buildings or other structures shall be removed from other locations to the Project (except for construction and sales trailers or similar facilities approved in advance by the Design Review Committee).

3.2.2 No devegetation, excavation or grading work shall be performed within the Project without the prior written approval of the Design Review Committee.

3.2.3 No Improvement shall be constructed or installed within the Project without the prior written approval of the Design Review Committee.

3.2.4 No addition, alteration, repair, change or other work which in any way alters the exterior appearance (including but without limitation, the exterior color scheme) of any property within the Project, or any Improvements located thereon, shall be made or done without the prior written approval of the Design Review Committee, nor shall any Lot be split, divided or further subdivided in any manner without the prior written approval of the Design Review Committee.

3.2.5 Any Owner or other Person desiring approval of the Design Review Committee for the construction, installation, addition, alteration, repair, change or replacement of any Improvement which would alter the exterior appearance of his, her or its Lot, Parcel or other portion of the Project, or any Improvements located thereon, shall submit to the Design Review Committee a written request for approval specifying in detail the nature and extent of the construction, installation, addition, alteration, repair, change, replacement or other work which such Owner or other Person desires to perform. Any Owner or other Person requesting the approval of the Design Review Committee shall also submit to the Design Review Committee any additional information, plans and specifications which the Design Review Committee may reasonably request. In the event that the Design Review Committee fails to approve or disapprove an application for approval within sixty (60) days after the application, together with all supporting information, plans and specifications required by the Design Guidelines or reasonably requested by the Design Review Committee, have been received by the Design Review Committee (as evidenced by a signed U.S. Postal Service return receipt for certified mail or other appropriate signed receipt), approval will not be required and this Section will be deemed to have been complied with by the Owner or other Person who submitted such application for approval.

3.2.6 The approval by the Design Review Committee of any construction, installation, addition, alteration, repair, change, replacement or other work pursuant to this Section shall not be deemed a waiver of the Design Review Committee's right to withhold approval of any similar construction, installation, addition, alteration, repair, change, replacement or other work subsequently submitted for approval.

3.2.7 Upon receipt of approval from the Design Review Committee for any construction, installation, addition, alteration, repair, change, replacement or other work, the Owner or other Person who has requested such approval shall proceed to perform, construct or make the installation, addition, alteration, repair, change or other work approved by the Design Review Committee as soon as practicable and shall diligently pursue such work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Design Review Committee.

3.2.8 Any change, deletion or addition to the plans and specifications approved by the Design Review Committee must be approved in writing by the Design Review Committee.

3.2.9 The Design Review Committee shall have the right to charge a reasonable fee for reviewing requests for approval of any construction, installation, alteration, addition, repair, change, replacement or other work pursuant to this Section, which fee shall be payable at the time the application for approval is submitted to the Design Review Committee. Such fee, if established and charged by the Design Review Committee, shall be set at such reasonable level as the Design Review Committee may estimate will be necessary to defray the reasonable costs and expenses of the Design Review Committee in reviewing and evaluating any such request or application, and may include, if the Design Review Committee deems it reasonably necessary under the circumstances, an amount to cover the reasonable costs of professional consultation to the Design Review Committee by an architect or engineer.

3.2.10 The provisions of this Section do not apply to, and approval of the Design Review Committee shall not be required for, any construction, installation, addition, alteration, repair, change, replacement or other work by, or on behalf of, the Declarant.

3.2.11 In reviewing plans and specifications for any construction, installation, alteration, addition, repair, change, replacement or other work, the Design Review Committee may consider any and all factors which the Design Review Committee, in its sole and absolute discretion, determines to be relevant including, but not limited to: (a) the harmony of the proposed Improvements with existing Improvements in the Project or with Improvements previously approved by the Design Review Committee but not yet constructed; (b) the location of the proposed Improvements in relation to existing topography, finished grade elevations, roads, Common Area and other structures; (c) the exterior design, finish materials and color of the proposed Improvements; and (d) compliance of the proposed Improvements with this Declaration and the Design Guidelines. The Design Review Committee may disapprove plans and specifications for any construction, installation, alteration, addition, repair, change, replacement or other work even though the plans and specifications may be in substantial compliance with this Declaration and the Design Guidelines if the Design Review Committee, in its sole and absolute discretion, determines that the proposed construction, installation, alteration, addition, repair, change, replacement or other work, or some aspect or portion thereof, is undesirable or unattractive. Decisions of the Design Review Committee may be based on purely aesthetic considerations. Each Owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and attractiveness of certain Improvements. Each Owner agrees that the decision of the Design Review Committee shall be final on all matters submitted to it pursuant to this Declaration.

3.2.12 The approval required of the Design Review Committee pursuant to this Section shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation, or under any other Recorded instrument. The Design Review Committee may condition its approval of any application, plans or other items submitted to it on delivery to the Design Review

Committee of evidence satisfactory to the Design Review Committee that the Owner or other Person seeking its approval has also made appropriate applications for (and prior to commencing work shall have obtained) any and all such other approvals or permits. The Design Review Committee shall cooperate reasonably with any other approving authorities or entities, provided, however, that the Design Review Committee shall not be bound by any approvals, permits or other decisions of any other such approving authority or entity.

3.2.13 The Design Review Committee, acting on behalf of and at the expense of the Association, shall have the right, power and authority to order that any Improvement or other work which the Design Review Committee determines was or is commenced, undertaken, performed or completed, or is being performed, in violation of this Section 3.2 be immediately stopped, halted and/or removed (as directed at the sole and absolute discretion of the Design Review Committee) by the Owner of the applicable Lot, Parcel or other portion of the Project, and to take such actions as the Design Review Committee deems necessary to cause the same to be stopped, halted and/or removed (including, without limitation, commencement of legal action, whether for injunctive relief or otherwise, and/or entry upon the applicable property for purposes of removing or correcting the violation); all expenses incurred by the Association and/or the Design Review Committee in taking such actions (including, without limitation, court costs and attorneys' fees) shall be the responsibility of the applicable Owner, shall be paid by such Owner to the Association and/or the Design Review Committee immediately upon demand (with interest at the rate established by the Board for delinquent Assessments pursuant to Section 6.8.1 from the date incurred until fully paid), and shall be secured by the Assessment Lien against all property in the Project owned by such Owner.

3.2.14 The Design Review Committee may condition its approval of plans and specifications upon the agreement by the Owner submitting such plans and specifications to furnish to the Association a bond or other security acceptable to the Design Review Committee in an amount determined by the Design Review Committee to be reasonably sufficient to: (a) assure the completion of the proposed Improvements or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement, and (b) repair any damage which might be caused to any Common Area as a result of such work. Provided there is no damage caused to any Common Area by the Owner or its agents or contractors, any such bond shall be released or security shall be fully refundable to the Owner upon the completion of the Improvements in accordance with the plans and specifications approved by the Design Review Committee, and the Owner's written request to the Design Review Committee.

3.2.15 In order to promote and provide for harmonious development of the Project, no Owner or other Person shall use any builder for the development and construction on any Lot within the Project of any Residential Unit or related structure unless (a) such builder has been specifically approved by the Declarant, in advance and in writing, in response to the written request for such approval by the Owner or other Person seeking to use such builder; or (b) such builder is included on the then-current list of builders approved by the Declarant for the construction of Residential Units and related structures within the Project. Approval or disapproval of any builder shall be in the sole and absolute discretion of the Declarant. Approval by the Declarant of a builder for the construction of a Residential Unit or other structure on one Lot shall not constitute approval by the Declarant of the same builder for the construction of a Residential Unit or other structure on any other Lot (unless such builder is listed on the then-current list of builders approved by the Declarant for construction within the Project). The Declarant shall have the right to prepare such a list of builders it has approved for construction of Residential Units or related structures within the Project and, from to time, to revise such list, either to delete one or more builders therefrom or to add one or more builders thereto, or both, all in the Declarant's sole and absolute discretion and without liability or responsibility to any Owner or other Person (including, without limitation, any builder). At any time and from time to time, the Declarant may delegate any or all of its rights and responsibilities under this Subsection 3.2.15 to the Design Review Committee (subject to any conditions on such delegation as the Declarant may impose, in its sole and absolute discretion) and, having made any such delegation, may at any time and from time to time wholly or partially revoke such delegation (or impose, alter, modify or revoke any conditions on such delegation, in its sole and absolute discretion). It shall be the responsibility of each Owner or other Person seeking

to use a builder for the development and construction of any Residential Unit or other structure within the Project to first obtain from the Declarant or the Design Review Committee the then-current list of approved builders contemplated by this Subsection 3.2.15. Any violation of, or non-compliance with, this Subsection 3.2.15 by any Owner or other Person shall be deemed a violation of this Declaration, and shall subject such Owner or other Person to all remedies as may be available hereunder or at law or equity for violation of this Declaration; without limiting the generality of the foregoing, the Declarant or the Design Review Committee (or both) shall also have the right to take such legal action as either or both of them may see fit under the circumstances in connection with such violation, which may include, without limitation, an action for an injunction or other equitable relief (including, without limitation, a preliminary injunction or similar temporary relief while the matter is subject to litigation) to halt any construction or related activities by the applicable Owner or other Person (including, without limitation, any unapproved builder), regardless of the stage of construction at the time such action is taken. Any and all costs incurred by the Declarant or the Design Review Committee (or both) in seeking to enforce the provisions of this Subsection 3.2.15 (including, without limitation, court costs, filing fees, and attorneys' fees and costs) shall be paid by the Owner of the Lot in question (unless, as a result of the enforcement action, it is finally determined by a court of competent jurisdiction, after exhaustion of any and all appeals, that there was no violation with respect to such Lot of this Subsection 3.2.15).

3.3 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings, trailers or other structures used during the construction of Improvements approved by the Design Review Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailers or other structures be maintained or kept on any property for a period in excess of twelve months without the prior written approval of the Design Review Committee.

3.4 Maintenance of Landscaping. Each Owner of a Lot or Parcel shall properly maintain and keep neatly trimmed, properly cultivated and free of trash, weeds and other unsightly material all shrubs, trees, hedges, grass and plantings of every kind (collectively, "Landscaping") located on: (a) his, her or its Lot or Parcel; (b) any public right-of-way or easement area which abuts or adjoins the Owner's Lot or Parcel and which is located between the boundary line of his, her or its Lot or Parcel and the paved area of any street, sidewalk, bike-path or similar area (unless otherwise directed by the Board); and (c) any non-street public right-of-way or easement area adjacent to his, her or its Lot or Parcel (unless otherwise directed by the Board); provided, however, that such Owner shall not be responsible for maintenance of any area over which: (i) the Association assumes the responsibility in writing; (ii) the Association has been given such responsibility by a Tract Declaration; or (iii) Lake Havasu City, Mohave County or any other municipality or other governmental agency or entity having jurisdiction over such property assumes responsibility, for so long as Lake Havasu City, Mohave County or such other municipality or other governmental agency or entity assumes or has responsibility. For purposes of this Section 3.4, proper maintenance of Landscaping shall include, without limitation, removal and replacement of dead Landscaping, subject to the Design Guidelines.

3.5 Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, Parcel or other property, and no odors, loud noises or loud music shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist or operate upon or adjacent to any Lot, Parcel or other property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Normal construction activities and parking in connection with the building of Improvements on a Lot, Parcel or other property shall not be considered a nuisance or otherwise prohibited by this Declaration, but during construction periods, Lots, Parcels and other property shall be kept in a neat and tidy condition, trash and debris shall not be permitted to accumulate, supplies of brick, block, lumber and other building materials shall be piled only in such areas as may be approved in writing by the Design Review Committee, and no loud music shall be

permitted. In addition, any construction equipment and building materials stored or kept on any Lot, Parcel or other property during the construction of Improvements may be kept only in areas approved in writing by the Design Review Committee, which may also require screening of the storage areas. The Design Review Committee in its sole discretion shall have the right to determine the existence of any such nuisance. The provisions of this Section shall not apply to construction activities of the Declarant.

3.6 Diseases and Insects. No Person shall permit any thing or condition to exist upon any Lot, Parcel or other property which shall induce, breed or harbor infectious diseases or noxious insects.

3.7 Repair of Building. No Residential Unit, building, structure or other Improvement on any Lot, Parcel or other property shall be permitted to fall into disrepair and each such Residential Unit, building, structure and other Improvement shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any Residential Unit, building, structure or other Improvement is damaged or destroyed, then, subject to the approvals required by Section 3.2, such Residential Unit, building, structure or other Improvement shall be immediately repaired or rebuilt or shall be demolished.

3.8 Antennas, Poles, Towers and Dishes. Except as otherwise provided by applicable law, no television, radio, shortwave, microwave, satellite or other antenna, pole, tower or dish shall be placed, constructed or maintained upon any Lot, Parcel or other part of the Property unless such antenna, pole, tower or dish is fully and attractively screened or concealed so as not to be Visible From Neighboring Property, which means of screening or concealment shall be subject to the regulation and prior approval of the Design Review Committee. Notwithstanding the foregoing, subject to the provisions of applicable Arizona law, the Design Review Committee may adopt a rule or regulation permitting an Owner or Occupant to install and maintain a flagpole upon the Owner's or Occupant's Lot or Parcel, provided that the location and size of such flagpole (and the number and size of any flag(s) mounted thereon) may be regulated by the Design Review Committee and may, if so provided in such rule or regulation, be made subject to the prior approval thereof by the Design Review Committee. Nothing in this Section shall be deemed to prohibit the Declarant or any Developer from installing and maintaining flagpoles on, at or adjacent to model homes within the Project. Poles to which basketball backboards, goals and related equipment are affixed shall be governed by Section 3.30.

3.9 Mineral Exploration. No Lot, Parcel or other property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind, except for the drilling, operation and maintenance of any testing, inspection or other water wells approved by the Declarant.

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

3.11 Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot, Parcel or other property so as to be Visible From Neighboring Property.

3.12 Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot, Parcel or other property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Design Review

Committee. No provision of this Declaration shall be deemed to forbid the erection of temporary power or telephone structures for emergency purposes or incident to the construction of buildings or structures approved by the Design Review Committee. Notwithstanding the foregoing, utility meters and related panels and similar equipment may be placed on outside building walls exposed to view from a street in order to comply with any requirements, regulations, orders, conditions or specifications of any public, quasi-public or private utility or any governmental agency or body, provided that reasonable efforts shall be made to avoid placing any such meter, panel or other equipment on the outside front wall of a residence or other building facing the street running directly in front of such residence.

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

3.14 Health, Safety and Welfare. In the event additional uses, activities or facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners, Lessees and Occupants, the Board may make rules restricting or regulating their presence in the Project as part of the Association Rules or may direct the Design Review Committee to make rules governing their presence on Lots, Parcels or other property as part of the Design Guidelines.

3.15 Model Homes. Any provisions of this Declaration, Tract Declarations or Neighborhood Declarations which prohibit non-residential use of Lots and certain Parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes or other model Residential Units of any kind (including, without limitation, any used in whole or in part as sales offices) (collectively, "Models") by Persons engaged in the construction of Residential Units in the Project, or parking incidental to the visiting of such Models, so long as the construction, operation and maintenance of such Models and parking otherwise comply with all of the provisions of this Declaration. The Design Review Committee may also permit Lots and other areas to be used for parking in connection with the showing of Models. Any homes or other structures constructed as Models shall cease to be used as Models at any time the Owner thereof is not actively engaged in the construction and sale of Residential Units in the Project, and no home or other structure shall be used as a Model for the sale of homes or other structures not located in the Project. This Section shall not apply to model apartment units in an apartment building or apartment complex on a Parcel for which such use is permitted by the Tract Declaration Recorded with respect to that Parcel. Neither the provisions of this Section nor the provisions of any other Section of this Declaration or of any Tract Declaration or Neighborhood Declaration shall restrict or prohibit the right of the Declarant or a Declarant Affiliate to construct, operate and maintain Models in the Project.

3.16 Incidental Uses. The Design Review Committee may approve uses of property within a particular land use which are incidental to the full enjoyment of the Owners and Occupants of the property within that land use. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Design Review Committee may wish to impose, in its sole discretion, for the benefit of the Project as a whole.

3.17 Residential Use and Trades or Businesses. All Lots and Residential Units shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or Parcel or in or from any Residential Unit, except that an Owner or other Resident may conduct a business activity in a Residential Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residential Unit; (b) the business activity conforms to all applicable zoning ordinances or requirements; (c) the business activity does not involve the door-to-door solicitation of Owners or other Residents in the Project; (d) the use of the Residential Unit for trade or business shall in no way destroy or be incompatible with the residential character of the Residential Unit or the surrounding neighborhood; (e) the trade or business shall be conducted only inside the Residential Unit or inside an accessory building or garage, and shall not involve the viewing, purchase or taking delivery of goods or merchandise at, to, from or in any Residential Unit; (f) the

trade or business shall be conducted by a Resident or Residents of the Residential Unit with no more than one (1) employee working in or from such Residential Unit who is not a Resident thereof; (g) no more than twenty percent (20%) of the total floor area of the Residential Unit shall be used for trade or business; (h) the Residential Unit used for trade or business shall not be used as a storage facility for a business conducted elsewhere; (i) the volume of vehicular or pedestrian traffic or parking generated by such trade or business shall not result in congestion or be in excess of what is customary in a residential neighborhood; (j) a trade or business shall not utilize flammable liquids or hazardous materials in quantities not customary to a residential use; and (k) a trade or business shall not utilize large vehicles not customary to a residential use. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required for such activity. The leasing of a Residential Unit by the Owner thereof shall not be considered a trade or business within the meaning of this Section. Further, nothing in this Section shall be deemed to prevent or limit the construction, operation and maintenance of an apartment building or apartment complex on a Parcel for which such use is permitted by the Tract Declaration Recorded with respect to that Parcel, or the use and operation of apartment units therein as model units in connection with rental or leasing operations for such building or complex, or the operation on that Parcel of rental, leasing, marketing or management offices for such building or complex. Notwithstanding the foregoing, except as otherwise expressly permitted in a Tract Declaration applicable to the Lot or Parcel in question, no Lot or Parcel shall be subjected to or used for any timesharing, cooperative, weekly, monthly or any other type or revolving or periodic occupancy by multiple owners, cooperators, licensees or timesharing participants.

3.18 Animals. Except as otherwise permitted by a Tract Declaration applicable to the Lot or Parcel in question: (a) no animal, livestock, poultry or fowl of any kind, other than a reasonable number of house pets, shall be maintained on or in any Lot or Parcel and then only if they are kept or raised thereon solely as domestic pets and not for commercial purposes; (b) no house pets shall be permitted to make an unreasonable amount of noise or create a nuisance; and (c) no structure for the care, housing or confinement of any pet shall be Visible From Neighboring Property. Notwithstanding the foregoing, no pets may be kept on or in any Lot or Parcel which, in the opinion of the Board, result in an annoyance to other Owners or Occupants in the vicinity. All pets shall be leashed when not on property owned by the pet's owner or on which the pet's owner is a Resident or guest, and persons walking any pet shall promptly and properly remove and dispose of the pet's waste.

3.19 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot or Parcel, except: (a) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures or other Improvements; and (b) that which the Declarant or the Association may permit or require for the development, operation and maintenance of the Project.

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

3.20.1 Signs required by legal proceedings.

3.20.2 Residence identification signs provided the size, color, content and location of such signs have been approved in writing by the Design Review Committee.

3.20.3 Signs of Developers approved from time to time by the Design Review Committee as to number, size, color, design, message content, location and type.

3.20.4 Such construction job identification signs, business identification signs and subdivision identification signs which are in conformance with the requirements of Lake Havasu City, Mohave County or any other municipality or governmental agency having jurisdiction over the property and which have been approved in writing by the Design Review Committee as to number, size, color, design, message content and location.

3.20.5 Temporary "Open House" signs indicating that a Residential Unit is available for inspection by interested parties, but such signs may only be erected or maintained during the hours of 10:00 A.M. through 6:00 P.M. on Saturdays, Sundays, legal holidays or other days designated by the Design Review Committee.

3.20.6 Temporary "for sale" signs, which shall be subject to any limitations as to such signs adopted by the Design Review Committee, and which shall not be allowed to remain on a Lot or Parcel for more than a total of one hundred eighty (180) days during any 365-day period.

3.21 Required Approvals for Further Property Restrictions.

3.21.1 All proposed site plans and subdivision plats for any Lot or Parcel, or any portion thereof, must be approved in writing by the Design Review Committee prior to Recordation thereof or commencement of construction on the applicable Lot or Parcel. No Lot, or portion thereof, shall be further subdivided, and no portion less than all of any such Lot, or any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Design Review Committee, provided that nothing in this Subsection 3.21.1 shall be deemed to prohibit sales by the Declarant or a Developer of Lots into which a Parcel is divided, so long as the plat(s) and other items required to be approved pursuant to this Section 3.21 have been so approved.

3.21.2 No Neighborhood Declaration or further covenants, conditions, restrictions, or easements shall be Recorded against any Lot or Parcel, or portion thereof, without the prior written approval of the Design Review Committee.

3.21.3 No applications for rezoning, variances or use permits, or for waivers of or modifications to existing variances, use permits, zoning stipulations or similar restrictions, shall be filed with any governmental authority or agency without the prior written approval of the Design Review Committee, and then only if such proposed zoning, variance or use, or waiver or modification, is in compliance with this Declaration, any applicable Tract Declaration, any applicable Neighborhood Declaration and the Development Plan.

3.21.4 No subdivision plat, Neighborhood Declaration, easement, declaration of further covenants, conditions, restrictions or easements or other instrument which is to be Recorded and which is required by this Section 3.21 to be approved by the Design Review Committee shall be effective unless the required approval is evidenced on such instrument by the signature of an authorized representative of the Design Review Committee.

3.21.5 No site plan, subdivision plat, Neighborhood Declaration or further covenants, conditions, restrictions or easements, and no application for rezoning, variances or use permits shall be submitted to Lake Havasu City, Mohave County or any other governmental authority or agency unless the same has first been approved in writing by the Design Review Committee as provided in this Section 3.21; further, no changes or modifications shall be made in any such documents, instruments or applications once the same have been approved by the Design Review Committee hereunder (whether requested by Lake Havasu City, Mohave County or otherwise) unless such changes or modifications have first been approved by the Design Review Committee in writing.

3.21.6 Notwithstanding the foregoing, the Declarant shall not be required to seek or obtain any of the approvals or consents otherwise required under this Section 3.21 as to any Lot or Parcel, or any portion of either, of which the Declarant is the Owner.

3.22 Vehicles.

3.22.1 Except as otherwise provided in this Section, all Vehicles owned or leased by an Owner or Occupant must be parked, kept, maintained, stored, constructed, reconstructed or repaired only within a fully-enclosed garage, approved by the Design Review Committee pursuant to Section 3.2, on such Owner's or Occupant's Lot or Parcel.

3.22.2 Notwithstanding anything to the contrary in Subsection 3.22.1: (a) automobiles, minivans and other primarily passenger Vehicles of Owners or Occupants of a Lot, or of guests or visitors of Owners or Occupants of a Lot, may be parked outside on a driveway on such Lot (and, subject to such rules and regulations as may be adopted by the Board, on adjacent streets or roadways on a short-term basis during daylight and evening hours, and, on an occasional basis only, automobiles, minivans and other primarily passenger Vehicles of guests or visitors of Owners or Occupants of a Lot may be parked on adjacent streets or roadways on a short term basis overnight, provided that the Board may adopt rules or regulations relating to the number or frequency of guest or visitor Vehicle parking, if it determines, in its discretion, that such rules or regulations are necessary); (b) service, repair or delivery vehicles may be parked on a Lot or Parcel, but only for the period reasonably required to effect the needed service, repair or delivery; and (c) a temporary construction trailer may be placed and maintained on a Lot or Parcel in connection with construction of Improvements on that Lot or Parcel, but only if that temporary construction trailer, its location on the Lot or Parcel and the period during which it will be permitted to remain on the Lot or Parcel are approved in writing by the Design Review Committee.

3.22.3 Notwithstanding anything to the contrary in Subsection 3.22.1, recreational vehicles, motor homes and similar Vehicles owned or leased by an Owner or Occupant which exceed 7 feet in height and/or exceed 18 feet in length may be parked in the driveway on a Lot for the purpose of loading or unloading, but in no event shall such recreational vehicle, motor home or similar vehicle be parked in the driveway for more than twenty-four (24) consecutive hours or for more than forty-eight (48) hours within any seven (7) day period.

3.22.4 No Vehicle of any kind may be stored on a Lot or other portion of the Property except in a garage, and no Vehicle of any kind may be stored on the Common Area. For purposes of this Section, a Vehicle shall be deemed stored if it is covered by a car cover, tarp or other material, whether or not such Vehicle is operable. Notwithstanding the foregoing or Subsection 3.22.1 to the contrary, a recreational vehicle, motor home or similar Vehicle may be parked or stored in a side yard on a Lot so long as it is screened from view in a manner approved in writing, in advance, by the Design Review Committee and so long as, in the opinion of the Design Review Committee, neither it nor such screening obstructs or interferes with views from other Lots within the Project.

3.22.5 Except for emergency repairs, no Vehicle shall be repaired, constructed or reconstructed on the Property except within a fully enclosed garage. Except as expressly provided in this Section 3.22, no Vehicle shall be parked on any roadway or street within or adjacent to the Property. The Design Review Committee may adopt, and from time to time amend, rules governing parking within the Property of Vehicles used in connection with the construction or reconstruction of Improvements on any Lot or Parcel (including, without limitation, Vehicles used by construction workers for transportation to and from the job site); the provisions of this Section 3.22 shall not be deemed to prohibit the Design Review Committee from adopting or amending such rules, nor from adopting such rules which may, under such circumstances as the Design Review Committee deems appropriate in its discretion, waive or modify the provisions of this Section 3.22 for limited periods of time during periods of construction or reconstruction of Improvements on Lots or Parcels within the Property.

3.23 Towing of Vehicles. The Board has the right, without notice, to have any Vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Project Documents towed away at the sole cost and expense of the owner of the Vehicle. Any expense incurred by the Association in connection with the towing of any Vehicle must be paid to the Association upon demand by the owner of the Vehicle. If the Vehicle is owned by an Owner or Occupant, any amounts payable to the Association will be secured by the Assessment Lien against that Owner's or Occupant's Lot, and the Association may enforce collection of those amounts in the same manner provided for in this Declaration for the collection of Assessments.

3.24 Variances. The Design Review Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in this Article 3 or in any Tract Declaration if the Design Review Committee determines in its discretion that: (a) a restriction would create an unreasonable hardship or burden on an Owner or Occupant or a change of circumstances since the recordation of this Declaration had rendered such restriction obsolete; and (b) the activity permitted under the variance will not have any substantial adverse effect on Owners and Occupants and is consistent with the high quality of life intended for residents of the Project.

3.25 Change of Use of Common Area. Upon: (a) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Common Area is no longer in the best interests of the Owners; and (b) the approval of such resolution by Members casting more than fifty percent (50%) of the votes entitled to be cast by Members who are present in person or by proxy at a meeting duly called for such purpose and who are entitled to use such Common Area under the terms of this Declaration or any Tract Declaration, the Board shall have the power and right to change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provided such new use shall be consistent with any zoning regulations restricting or limiting the use of the Common Area. This Section 3.25 shall not apply to, or be deemed to limit in any way, the right and power of the Association pursuant to Section 4.1.1(a) to grant easements over, under or through portions of the Common Area, or to dedicate portions of the Common Area, to public, quasi-public or private utility companies, municipalities or other governmental agencies or entities, in connection with or at the time of development of property within or adjacent to the Project, where required or requested by any municipality or other governmental agency or entity, or any public, quasi-public or private utility company.

3.26 Drainage. No Residential Unit, structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere with or change the direction or flow of water in accordance with the drainage plans for the Project, or any part thereof, or for any Lot or Parcel as shown on the drainage plans on file with the county or municipality in which the Project is located.

3.27 Garages and Driveways. The interior of all garages shall be maintained in a neat, clean and sightly condition. Garages shall be used only for parking vehicles and storage, and shall not be used or converted for living or recreational activities.

3.28 Rooftop HVAC Equipment Prohibited. No heating, ventilating, air conditioning or evaporative cooling units or appurtenant equipment may be mounted, installed or maintained on the roof of any Residential Unit or other building so as to be Visible From Neighboring Property without the express, prior written consent of the Design Review Committee.

3.29 Solar Collecting Panels or Devices. The Declarant recognizes the benefits to be gained by permitting the use of solar energy as an alternative source of electrical power for residential use. At the same time, the Declarant desires to promote and preserve the attractive appearance of the Property and the Improvements thereon, thereby protecting the value generally of the Property and the various portions thereof, and of the various Owners' respective investments therein. Therefore, subject to prior approval of the plans therefor by the Design Review Committee, solar collecting panels and devices may be placed, constructed or maintained upon any Lot within the Property so long as such solar collecting panels and devices are placed, constructed and maintained in

such location(s) and with such means of screening or concealment as the Design Review Committee may reasonably deem appropriate to limit, to the extent possible, the visual impact of such solar collecting panels and devices when viewed from any street or from any other property (whether within or outside the Property). Notwithstanding any other provision of this Declaration to the contrary, the Declarant (during the Period of Declarant Control) or the Board (after the expiration or termination of the Period of Declarant Control) shall have the right, without the consent or approval of any Owner or other Person, to amend this Section (which amendment may, without limitation, impose additional or different restrictions on solar collecting panels and devices) as the Declarant or the Board (as applicable) deems appropriate in the event that, after the date this Declaration is Recorded, Section 33-439 of the Arizona Revised Statutes (or any successor thereto) is amended, repealed or replaced.

3.30 Basketball Goals or Play Structures. No basketball goal, backboard or similar structure or device shall be placed or constructed: (a) on the front wall or other front surface of any Residential Unit or other structure on any Lot (including, without limitation, over any garage door); or (b) without the prior written approval of the Design Review Committee (including, without limitation, approval as to appearance and location), on any other portion of a Lot. No swingsets or other play structures shall be placed or constructed on any portion of a Lot without the prior written approval of the Design Review Committee (including, without limitation, approval as to appearance and location).

3.31 Tanks. No tanks of any kind (including tanks for the storage of fuel) shall be erected, placed or maintained on any Lot or Parcel unless such tanks are buried underground. Nothing herein shall be deemed to prohibit use or storage upon any Lot or Parcel of an aboveground propane or similar fuel tank with a capacity of twenty (20) gallons or less used in connection with a normal residential gas barbecue, grill or fireplace or a spa or "hot tub," so long as any such tank either: (a) has a capacity of twenty (20) gallons or less; or (b) is appropriately stored, used and/or screened, in accordance with the Design Guidelines or as otherwise approved by the Design Review Committee, so as not to be Visible From Neighboring Property.

3.32 Exterior Lighting. Exterior lighting shall be permitted on a Lot or Parcel so long as: (a) the source of such lighting is not Visible From Neighboring Property; (b) such lighting is limited to that which is reasonably necessary for the safety and convenience of the Occupants of such Lot or Parcel; and (c) such lighting conforms to such other requirements as may be imposed by the Design Review Committee. Notwithstanding the foregoing, but subject to reasonable regulation by the Design Review Committee, Owners or Occupants of Lots or Parcels may display temporary holiday lighting during the period from November 1, through the immediately following January 31, and during the period beginning one (1) week before and ending one (1) week after any nationally recognized holiday not falling within such November 1 through January 31 period.

3.33 Declarant's Exemption. Nothing contained in this Declaration or in any Tract Declaration or Neighborhood Declaration shall be construed to prevent the construction, installation or maintenance by the Declarant, any Declarant Affiliate or any agents or contractors thereof, during the period of development, construction and sales on the Property, of Improvements, landscaping or signs deemed necessary or convenient by the Declarant, in its sole discretion, to the development or sale of property within the Property.

End of Article 3

ARTICLE 4

EASEMENTS

4.1 Utility Easement. There is hereby created an easement upon, across, over and under the Common Area, Lots, Parcels and other property for reasonable ingress, egress, installation, replacement, repair or maintenance of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to install and maintain the necessary equipment on the Common Area, Lots, Parcels and other property but no sewers, electrical lines, water lines or other utility or service lines may be installed or located on the Common Area, Lots, Parcels and other property except as initially designed, approved and/or constructed by the Declarant or as approved by the Board (and, in the case of a Lot or Parcel, by the Owner of such Lot or Parcel). If any utility company requests that a more specific easement be granted in its favor in substitution for the blanket easement hereby established with respect to the Common Area, the Association shall have the power and authority, without the need for any consent by the Owners or any other Person, to grant the more specific easement on such terms and conditions as the Board deems appropriate.

4.2 Declarant's Use and Easements.

4.2.1 The Declarant shall have the right and an easement (which, in its discretion, it may delegate to and/or share with one or more Developers, upon and subject to such terms and conditions as the Declarant may deem appropriate) to maintain sales or leasing offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Area and Neighborhood Common Area with respect to the sales of Lots, Parcels or other property in the Project or within any of the Additional Property. The Declarant reserves the right (which, in its discretion, it may delegate to and/or share with one or more Developers, upon and subject to such terms and conditions as the Declarant may deem appropriate) to place models, management offices and sales and leasing offices on any Lots, Parcels or other property owned by the Declarant (or by such Developer(s), as applicable) and on any portion of the Common Area and Neighborhood Common Area in such number, of such size and in such locations as the Declarant deems appropriate.

4.2.2 The Declarant shall have the right and an easement on and over the Common Area to construct all Improvements the Declarant may deem necessary and to use the Common Area and any Lots, Parcels and other property owned by the Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project and property adjacent to the Project.

4.2.3 The Declarant shall have the right and an easement upon, over and through the Common Area and Neighborhood Common Area as may be reasonably necessary for the purpose of exercising the rights granted to or reserved by the Declarant in this Declaration.

4.3 Easement in Favor of Association. The Lots, Parcels and Neighborhood Common Area are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

4.3.1 For inspection during reasonable hours of the Lots, Parcels and Neighborhood Common Area in order to verify the performance by Owners or other Persons of all items of maintenance and repair for which they are responsible;

4.3.2 For inspection, maintenance, repair and replacement of portions of the Common Area accessible only from such Lots, Parcels or Neighborhood Common Area;

4.3.3 For correction of emergency conditions on one or more Lots, Parcels or Neighborhood Common Area or on portions of the Common Area accessible only from such Lots, Parcels or Neighborhood Common Area;

4.3.4 For the purpose of enabling the Association, the Board, the Design Review Committee or any other committees appointed by the Board to exercise and discharge during reasonable hours their respective rights, powers and duties under the Project Documents;

4.3.5 For inspection during reasonable hours of the Lots, Parcels and Neighborhood Common Area in order to verify that the Owners and Occupants, and their guests, tenants and invitees, are complying with the provisions of the Project Documents.

End of Article 4

ARTICLE 5

THE ASSOCIATION; ORGANIZATION; MEMBERSHIP AND VOTING RIGHTS

5.1 Formation of Association. The Association shall be a nonprofit Arizona corporation charged with the duties and vested with the powers prescribed by law and set forth in the Articles, the Bylaws and this Declaration. In the event of any conflict or inconsistency between this Declaration and the Articles, Bylaws, Association Rules or Design Guidelines, this Declaration shall control.

5.2 Board of Directors and Officers. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. Unless the Project Documents specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Board may appoint various committees at its discretion. The Board may also appoint or engage a manager to be responsible for the day-to-day operation of the Association and the Common Area; the Board shall determine the compensation to be paid to any such manager. During the Period of Declarant Control, the members of the Board shall be appointed by, and serve at the pleasure of, the Declarant; after the Period of Declarant Control, the members of the Board shall be elected by the Members in accordance with the Articles and Bylaws, for the terms specified therein. During the Period of Declarant Control, the Declarant may, at its option and in its sole discretion, allow the Members to elect one or more members of the Board for such period and on such other terms as the Declarant may impose, but in such case, notwithstanding any other provision of the Project Documents to the contrary, during the Period of Declarant Control, the Declarant may nevertheless remove as a member of the Board any individual so elected by the Members, without the consent or approval of the members, the individual so removed or any other member of the Board.

5.3 Association Rules. The Board may, from time to time, and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations pertaining to: (a) the management, operation and use of the Common Area; (b) minimum standards for any maintenance of Common Areas, Lots and Parcels within the Project; or (c) any other subject within the jurisdiction of the Association. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail.

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

5.5 Implied Rights. The Association may exercise any right or privilege given to the Association expressly by the Project Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association by the Project Documents or reasonably necessary to effectuate any such right or privilege.

5.6 Neighborhood Declarations and Associations. No Neighborhood Declaration (nor any amendment to any such declaration) shall be Recorded by any Person other than the Declarant (and, if Recorded, such Neighborhood Declaration or amendment shall not be effective) unless it has been expressly approved, in a written, Recorded instrument (which may be attached to or part of such Neighborhood Declaration or amendment) by: (a)

the Declarant, so long as the Declarant or any Declarant Affiliate owns any Lot or Parcel in the Project or any portion of the Additional Property; or (b) the Board, if at the time neither the Declarant nor any Declarant Affiliate any longer owns any Lot or Parcel in the Project or any portion of the Additional Property. Likewise, no articles of incorporation, bylaws or similar formative or governing documents (or any amendment thereto) of a Neighborhood Association formed by any Person other than the Declarant shall be filed or effective unless they have been expressly approved in writing by: (a) the Declarant, so long as the Declarant or any Declarant Affiliate owns any Lot or Parcel in the Project or any portion of the Additional Property; or (b) the Board, if at the time neither the Declarant nor any Declarant Affiliate no longer owns any Lot or Parcel in the Project or any portion of the Additional Property.

5.7 Membership in the Association. Every Owner of a Lot or Parcel which is Assessable Property shall be a Member of the Association, and the Declarant shall be a Member of the Association so long as it owns any part of the Project or of the Additional Property (unless and until the Declarant expressly relinquishes in writing its status as a Member). Each such Owner shall have the following number of Memberships in the Association:

5.7.1 An Owner shall have one (1) Membership for each Lot owned by that Owner.

5.7.2 Where an Owner owns a Parcel subject to a Tract Declaration which (a) is applicable only to that Parcel, and (b) assigns a specific number of Memberships to such Parcel, such Owner shall have, with respect to that Parcel, the number of Memberships so assigned.

5.7.3 Where an Owner owns a Parcel subject to a Tract Declaration which applies to other Assessable Property in addition to that Parcel, and which assigns a specific aggregate number of Memberships to all property subject to that Tract Declaration (the "Total Tract Memberships"), then, unless the Tract Declaration specifically provides otherwise (and unless and until that Parcel is subdivided into Lots), the number of Memberships attributable to that Parcel shall be determined as follows:

(a) if the other Assessable Property covered by that Tract Declaration consists only of Lots, the number of Memberships attributable to that Parcel shall equal the Total Tract Memberships less the total number of such Lots;

(b) if the other Assessable Property consists only of one or more other Parcels, the number of Memberships attributable to each of the Parcels subject to the Tract Declaration shall be determined by allocating the Total Tract Memberships among such Parcels proportionately based on their respective sizes (measured in net acres), as reasonably determined and allocated by the Declarant; and

(c) if the other Assessable Property consists of Lots and one or more other Parcels, the number of Lots shall first be subtracted from the Total Tract Memberships, and the remaining number of Memberships shall be allocated among all Parcels subject to the Tract Declaration in the manner provided in paragraph (b) above.

5.7.4 In the case of a Parcel with respect to which no Tract Declaration has yet been Recorded, the Owner of the Parcel shall have one Membership for each Residential Unit permitted on such Parcel under then-current zoning. Total Memberships attributable to a Parcel with respect to which no Tract Declaration has yet been Recorded shall, upon Recordation of a Tract Declaration, be adjusted and re-determined in accordance with the provisions of this Section 5.7. Further, as to any Parcel which is subdivided into Lots, upon such subdivision the Memberships attributable to such Lots shall be adjusted and re-determined in accordance with Section 5.7.1 (and, as to any portion of such Parcel which is not subdivided and therefore itself constitutes a Parcel, the total Memberships attributable to such "new" Parcel shall be adjusted and re-determined in accordance with this Section 5.7).

5.7.5 If, at any time when the Declarant is a Member of the Association but would have no Memberships pursuant to Sections 5.7.1, 5.7.2, 5.7.3 or 5.7.4, the Declarant shall nevertheless be deemed to have one (1) Membership, provided, however, that the number of votes held by the Declarant shall be determined pursuant to Section 5.8.

5.8 Votes in the Association.

5.8.1 Each Owner other than the Declarant shall be entitled to one (1) vote for each Membership held by such Owner.

5.8.2 Until the expiration or termination of the Period of Declarant Control, the Declarant shall be entitled to the number of votes equal to one thousand two hundred (1,200) minus the total number of outstanding votes held at the time by Owners other than the Declarant. After the expiration or termination of the Period of Declarant Control, the Declarant shall have one (1) vote for each Membership held by the Declarant. Notwithstanding anything to the contrary in this Declaration: (a) until expiration or termination of the Period of Declarant Control, Declarant shall be deemed to hold and be entitled to cast all votes attributable to Lots or Parcels owned by any Developer or Declarant Affiliate which, so long as Declarant is deemed to hold and be entitled to cast same, shall be deemed to be Class B votes; and (b) if at any time (either before or after expiration or termination of the Period of Declarant Control) property is annexed to the Property as permitted by the provisions of this Declaration, and the additional votes in the Association held (or deemed held) by Declarant with respect to such annexed property would, when added to other votes in the Association then held (or deemed held) by Declarant (such new and existing votes being referred to, in aggregate, as the "New Declarant Total Votes"), exceed the total of all votes in the Association other than the New Declarant Total Votes, the Declarant shall have the right, at its option and exercisable by written notice to the Board, to reinstate the Period of Declarant Control (and with it the Class B Membership), in which event the Period of Declarant Control (and Class B Membership) shall resume and continue until it shall thereafter expire in accordance with the terms of this Declaration, taking into account the additional votes added by such annexation, and subject to possible further reinstatement in accordance with this Section 5.8.1 in the case of any one or more additional annexations to the Property.

5.8.3 Until the expiration or termination of the Period of Declarant Control: (a) the Association shall be deemed to have two classes of Members, Class A and Class B; (b) the Declarant shall be the Class B Member, and all votes held by the Declarant shall be Class B votes; (c) all Owners other than the Declarant shall be Class A Members, and all votes held by such Owners shall be Class A votes. Following expiration or termination of the Period of Declarant Control, the Association shall be deemed to have a single class of Members and votes. Notwithstanding the foregoing, however, except as otherwise expressly provided in this Declaration or in any of the other Project Documents, any issue put to a vote at a duly called meeting of Members at which a quorum is present shall be decided by a simple majority of all votes represented in person or by valid proxy at such meeting, regardless whether such votes are otherwise deemed to be Class A votes or Class B votes.

5.9 Voting Procedures. A change in the ownership of a Lot or Parcel shall be effective for voting purposes from the time the deed or other instrument effecting such change is Recorded; the Board shall thereafter be given written notice of such change and provided satisfactory evidence thereof. The vote for each such Lot or Parcel must be cast as a unit, and fractional votes shall not be allowed. In the event that a Lot or Parcel is owned by more than one Person and such Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Lot or Parcel, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Lot or Parcel unless objection thereto is made at the time the vote is cast. In the event more than one Owner attempts to cast the vote or votes for a particular Lot or Parcel, the vote or votes for that Lot or Parcel shall be deemed void and shall not be counted.

5.10 Transfer of Membership. The rights and obligations of any Member other than the Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot or Parcel, and then only to the transferee of ownership of the Lot or Parcel. A transfer of ownership of a Lot or Parcel may be effected by deed, intestate succession, testamentary disposition, foreclosure or such other legal process as is now in effect or as may hereafter be established under or pursuant to applicable law. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Lot or Parcel shall operate to transfer the Membership appurtenant to said Lot or Parcel to the new Owner thereof. Each Purchaser of a Lot or Parcel shall notify the Association of his, her or its purchase of a Lot or Parcel. The Association may require the Purchaser of a Lot or Parcel to pay to the Association a transfer fee in an amount to be set by the Board, and the transfer fee shall be secured by the Assessment Lien.

5.11 Design Review Committee.

5.11.1 The Association shall have a Design Review Committee to perform the functions assigned to it as set forth in this Declaration. So long as the Declarant owns any Lot, Parcel or other property within the Project, or any portion of the Additional Property, the Design Review Committee shall consist of three (3) members, each of whom shall be appointed by, and serve at the pleasure of, the Declarant. At such time as the Declarant no longer owns any Lot, Parcel or other property within the Project, or any portion of the Additional Property, the Design Review Committee shall consist of such number of members as the Board may deem appropriate from time to time (but in no event less than three (3) nor more than seven (7) members, each of whom shall be appointed by, and serve at the pleasure of, the Board. The Declarant may at any time voluntarily surrender in writing its right, as the Declarant, to appoint and remove the members of the Design Review Committee pursuant to this Section 5.11.1, and in that event the Declarant may require, for so long as the Declarant owns any Lot, Parcel or other property within the Project, or any portion of the Additional Property, that specified actions of the Design Review Committee, as described in a Recorded instrument executed by the Declarant, be approved by the Declarant before they become effective. If at any time no members have been appointed to the Design Review Committee, or due to resignations, removals or other causes there are no members then serving on the Design Review Committee, the Board shall constitute the Design Review Committee. There shall be no prohibition or restriction on any one or more members of the Board serving on the Design Review Committee.

5.11.2 The Design Review Committee shall promulgate architectural design guidelines and standards (including, but not limited to, color palettes and plant materials) to be used in rendering its decisions. The decision of the Design Review Committee shall be final on all matters submitted to it pursuant to this Declaration. As provided in Section 3.2.9, the Design Review Committee may establish a reasonable fee to defer the costs of considering any requests for approvals submitted to the Design Review Committee, which fee shall be paid at the time the request for approval is submitted.

5.11.3 No member of the Design Review Committee shall be personally liable to any Owner, the Association or any other Person for any mistake of judgment or for any other acts or omissions of any nature whatsoever (including, without limitation, any mistake in judgment, negligence, malfeasance or nonfeasance) except for willful or intentional misconduct or fraud. The Association shall indemnify and hold harmless the members of the Design Review Committee, and their respective heirs and legal representatives, against all contractual and other liabilities to others arising out of: (a) contracts made by the Design Review Committee, within the scope of and in the course of performing its duties hereunder; (b) acts or omissions of such members of the Design Review Committee; or (c) their status as members of the Design Review Committee; provided, however, that such indemnification shall not be applicable where any such contract, act or omission constitutes willful or intentional misconduct or fraud. The foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, reasonable attorneys' fees and disbursements, amounts of judgments paid and settlement amounts) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such member of the Design Review Committee may be involved by virtue of being or having been a member of the Design Review

Committee; provided, however, that such indemnity shall not be operative with respect to: (i) any matter as to which a member of the Design Review Committee shall have finally been adjudged in such action, suit or proceeding to be liable for willful or intentional misconduct or fraud in the performance of his or her duties as such member of the Design Review Committee; or (ii) any matter settled or compromised, unless, in the opinion of independent counsel selected by the Board, there is no reasonable ground for such member of the Design Review Committee being adjudged liable for willful or intentional misconduct or fraud in the performance of his or her duties as a member of the Design Review Committee.

5.11.4 Subject to the provisions of Section 5.11.3, neither the Association, the Board, nor the Design Review Committee, nor any of the members of any of them, shall be liable in damages or otherwise to anyone submitting plans and specifications for approval or to any Owner affected by this Declaration by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications. Further, the design and construction of any Improvement shall be the sole responsibility of the Owner and any recommendation, requirement or condition with respect to any plans or specifications or the means or method of construction made by the Design Review Committee or any member thereof shall not alter the Owner's responsibility for the safe and proper design and construction of said Improvement, nor shall it give rise to any claim by anyone against the Association, the Board or the Design Review Committee or any member of any of them for any defect in design or construction of any Improvement

End of Article 5

ARTICLE 6

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

6.1 Creation of Lien and Personal Obligation of Assessments. The Declarant, for each Lot and Parcel, hereby covenants and agrees, and each Owner, other than the Declarant, by becoming the Owner of a Lot or Parcel, is deemed to covenant and agree, to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. The Assessments, together with interest, late charges and all costs, including but not limited to reasonable attorneys fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot or Parcel and shall be a continuing lien upon the Lot or Parcel against which each such Assessment is made. Each Assessment, together with interest and all costs, including but not limited to reasonable attorneys fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of each Person who was an Owner of the Lot or Parcel at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them (unless title is transferred to one or more such successors for purposes of avoiding payment of any Assessment or is transferred to a Person controlling, controlled by or under common control with the Owner transferring title) , but the lien created by this Declaration against the applicable Lot shall continue to secure payment of such delinquent Assessments (including, but not limited to, any and all interest and late charges) until the same are fully paid.

6.2 Annual Assessment.

6.2.1 In order to provide for the operation and management of the Association and to provide funds for the Association to pay all Common Expenses and to perform its duties and obligations under the Project Documents, the Board, for each Assessment Period beginning with the fiscal year ending December 31, 2006, shall assess an Annual Assessment against each Lot and Parcel which is Assessable Property; Annual Assessments for the fiscal year ending December 31, 2005 are hereby established as provided in Section 6.3.1.

6.2.2 Beginning with the 2006 Assessment Period, the Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days prior to the beginning of each Assessment Period, but the failure to give prior notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will become, inadequate to meet all Common Expenses for any reason, including, without limitation, nonpayment of Assessments by Members, it may increase the Annual Assessment for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Board (provided, however, that the total Annual Assessment for such Assessment Period shall not exceed the maximum amount determined pursuant to Section 6.3 nor any maximum imposed by applicable law).

6.3 Rate of Assessment.

6.3.1 The amount of the Annual Assessment against each Lot or Parcel shall be determined as follows:

(a) The term "Membership Assessment" shall mean: (i) for the fiscal year ending December 31, 2005, Two Hundred Dollars ($200.00); and (ii) for each subsequent fiscal year, the amount determined for each such year by the Board, based upon the budget for such year and subject to any limitations or provisions of this Declaration and applicable law.

(b) Except for Lots and Parcels subject to assessment pursuant to paragraphs (c) and (d) of this Subsection 6.3.1 and except for Lots and Parcels owned by the Declarant which are exempt from

assessment under paragraph (c) of this Subsection 6.3.1, each Lot and Parcel shall be assessed an Annual Assessment in an amount equal to the number of Memberships attributable to such Lot or Parcel pursuant to Section 5.7 of this Declaration multiplied by the Membership Assessment. Notwithstanding any provision of this Declaration to the contrary, beginning with the fiscal year ending December 31, 200__, the Membership Assessment provided for herein shall not for any fiscal year of the Association exceed the Maximum Membership Assessment, as determined in accordance with this paragraph (b). For the fiscal year ending December 31, 2005, the Maximum Membership Assessment shall be Two Hundred Forty Dollars ($240.00). Thereafter, unless a greater increase is approved by the affirmative vote of two-thirds (2/3) of the votes of each class of Members represented in person or by valid proxy at a meeting of Members duly called for such purpose, the Maximum Membership Assessment for any fiscal year (the "New Year") shall be equal to the Maximum Membership Assessment for the immediately preceding fiscal year (the "Prior Year") increased at a rate equal to the greater of: (i) the percentage increase in the CPI from the Base Month to the Index Month (as each of those terms is defined below); or (ii) ten percent (10%). Nothing herein shall obligate the Board to establish, in any fiscal year, a budget which results in Membership Assessments, as calculated pursuant to paragraph (a) above, to be in the full amount of the Maximum Membership Assessment for such fiscal year, and the election by the Board not to establish a budget which would result in the Membership Assessment, as calculated pursuant to paragraph (a) above, to be in the full amount of the Maximum Membership Assessment for any fiscal year shall not prevent the Board from establishing a budget in subsequent fiscal years such that the Membership Assessment for such subsequent fiscal year, as calculated pursuant to paragraph (a) above, is in the full amount of the Maximum Membership Assessment for such subsequent fiscal year (as determined in accordance with this paragraph (b)). For purposes hereof: (x) the term "CPI" means the Consumer Price Index – All Urban Consumers – All Items (1993-1995 Average = 100 Base) published by the Bureau of Labor Statistics of the U.S. Department of Labor (or its successor governmental agency), or, if such index is no longer published by said Bureau or successor agency, in the index most similar in composition to such index; (y) the term "Index Month" means the month of July immediately prior to the beginning of the New Year; and (z) the term "Base Month" means the month of July immediately prior to the beginning of the Prior Year; provided, however, that if the Board changes the Assessment Period pursuant to Section 6.5, the Board shall have the right to change the calendar month used for purposes of clauses (y) and (z) (so long as the same calendar month in successive years is used for both clauses).

(c) Each Lot shall be assessed an Annual Assessment at the Reduced Rate (as defined below) until the earliest of: (i) the completion of a Residential Unit on the Lot; (ii) six (6) months from the commencement of construction of a Residential Unit on the Lot; or (iii) the third anniversary of the date of the Recording of the Tract Declaration applicable to the Lot (or to the Parcel from which the Lot was created). Thereafter the Annual Assessment for the Lot shall be an amount equal to the Membership Assessment. For purposes hereof, the term Reduced Rate shall mean: (a) for the one (1) year period beginning on the date of the Recording of the Tract Declaration applicable to the Lot (or to the Parcel from which the Lot was created) and expiring on the first anniversary of such Recording date, an amount equal to twenty-five percent (25%) of the Membership Assessment; (b) for the one (1) year period expiring on the second anniversary of the date of the Recording of such Tract Declaration, an amount equal to fifty percent (50%) of the Membership Assessment; and (c) for the one (1) year period expiring on the third anniversary of the date of the Recording of such Tract Declaration, an amount equal to seventy-five percent (75%) of the Membership Assessment.

(d) A Parcel which is (i) subject to a Tract Declaration limiting such Parcel to residential uses, or (b) subject to a Tract Declaration which does not include limitations on its use but which is limited by then-current zoning to residential uses, shall be assessed an Annual Assessment equal to the number of Memberships attributable to such Parcel under Section 5.7 of this Declaration multiplied by the Reduced Rate (as defined in Subsection 6.1.3(c)) until the third anniversary of the date of the Recording of the Tract Declaration for the Parcel. Thereafter, the Parcel shall be assessed an Annual

Assessment equal to the number of Memberships attributable to such Parcel under Section 5.7 of this Declaration multiplied by the Membership Assessment.

(e) Notwithstanding any other provision of this Declaration to the contrary, no Annual Assessment shall be levied against Lots and Parcels owned by the Declarant. During the Period of Declarant Control, the Declarant and the Developers shall pay and contribute to the Association such funds as may be necessary, when added to the Assessments levied by the Association, to pay all Common Expenses of the Association as they become due. The payment of any such amounts shall be allocated between the Declarant and the Developers on a pro rata basis according to the number of Memberships attributable to Lots and Parcels owned by the Declarant and each Developer as of the date the payment is requested by the Board, but with each Developer being given appropriate credit for any Annual Assessments theretofore paid by such Developer for the applicable fiscal year of the Association. The Board may require the payment of such funds by the Declarant and the Developers from time to time as the Board deems necessary by giving written notice thereof to the Declarant and the Developers. Each such notice shall state the total amount of funds required and the calculation of the pro rata share of such funds to be paid by the Declarant and each Developer, determined as provided above. In no event shall the Declarant or a Developer be obligated to pay money to the Association in excess of the amount of Assessments that would have been payable by the Declarant or the Developer if the Lots or Parcels owned by the Declarant or the Developer had been assessed full Membership Assessments as if owned by Owners other than Declarant or the Developer, as the case may be. Notwithstanding the foregoing, the Declarant may, at its option, make any contributions required of the Declarant under this paragraph (e) in the form of cash or in the form of "in-kind" contributions of goods or services, or in any combination of the foregoing, and any such contributions made by the Declarant in the form of "in-kind" contributions of goods or services shall be valued at the fair market value of the goods or services contributed.

6.3.2 For purposes of this Section, construction of a Residential Unit or other building shall be deemed to commence on the earlier of: (a) the date on which the excavation of the foundation footings is completed; or (b) the date on which a building permit for the Residential Unit or other building is issued by Lake Havasu City or Mohave County. For purposes of this Section, a Residential Unit or other building shall be deemed completed when, in the opinion of the Board, the building is ready for occupancy.

6.3.3 If the rate of assessment for any Lot or Parcel changes during any Assessment Period pursuant to the provisions of Subsection 6.3.1, the Annual Assessment attributable to such Lot or Parcel shall be prorated between the applicable rates upon the basis of the number of days in the Assessment Period that the Lot or Parcel was assessed under each rate.

6.3.4 Notwithstanding any provision of this Declaration to the contrary, increases from year to year in the Membership Assessment shall be subject to any limitations imposed by applicable Arizona law.

6.4 Special Assessments. The Association may levy against each Lot and Parcel which is Assessable Property, in any Assessment Period, a Special Assessment in such amount and for such purpose or purposes as are approved by Members holding at least two-thirds (2/3) of the votes entitled to be cast, in person or by proxy, at a meeting duly called for such purpose.

6.5 Assessment Period. The period for which the Annual Assessments and Parcel Assessments are to be levied (the "Assessment Period") shall be the calendar year. The Board in its sole discretion from time to time may change the Assessment Period.

6.6 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a monthly basis or such other basis as may be selected by the Board. Special Assessments may be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for

the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement that the Assessment or any installment thereof is or will be due and of the amount owing (subject to any applicable law). The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot or Parcel changes during an Assessment Period; successor Owners of Lots or Parcels shall be given credit for prepayments, on a prorated basis, made by prior Owners.

6.7 Effect of Nonpayment of Assessments; Remedies of the Association.

6.7.1 Any Assessment, or any installment of an Assessment, not paid within fifteen (15) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date at the rate established from time to time by the Board. In addition, the Board may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within fifteen (15) days after such payment was due.

6.7.2 The Association shall have a lien on each Lot and Parcel for all Assessments levied against the Lot or Parcel and for all other fees and charges payable to the Association by the Owner of the Lot or Parcel pursuant to this Declaration. Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. The Association may, at its option, Record a notice of lien setting forth the name of the delinquent Owner as shown in the records of the Association, the legal description or street address of the Lot or Parcel against which the notice of lien is Recorded and the amount claimed to be past due as of the date of the Recording of the notice, including interest, lien recording fees and reasonable attorneys' fees.

6.7.3 The Assessment Lien shall have priority over all liens or claims except for (a) tax liens for real property taxes; (b) assessments in favor of any municipal or other governmental body; and (c) the lien of any First Mortgage. Regardless whether the Assessment Lien has, or is deemed to have, priority over liens securing assessments levied pursuant to a Neighborhood Declaration, foreclosure of the Assessment Lien with respect to a Lot or Parcel shall not impair, extinguish or otherwise affect such other assessment liens or relieve or release any obligations for such other assessments secured by such Lot or Parcel.

6.7.4 The Association shall not be obligated to release any Recorded notice of lien until all delinquent Assessments, interest, lien fees, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Lot or Parcel have been paid in full.

6.7.5 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys fees and any other sums due to the Association in any manner allowed by law including, but not limited to: (a) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien securing the delinquent Assessments; or (b) bringing an action to foreclose the Assessment Lien against the Lot or Parcel in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots or Parcels purchased at such sale.

6.8 Evidence of Payment of Assessments. Upon receipt of a written request by a Member or any other Person, the Association, within a reasonable period of time thereafter, shall issue to such Member or other Person a written certificate stating (in addition to any other statements required by applicable Arizona law): (a) that all Assessments, interest and other fees and charges have been paid with respect to any specified Lot or Parcel as of the date of such certificate; or (b) if all Assessments have not been paid, the amount of such Assessments, interest, fees

and charges due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matters therein stated as against any bona fide Purchaser of, or lender on, the Lot or Parcel in question.

6.9 Purposes for Which Association's Funds May be Used. The Association shall apply all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Project and the Owners and Occupants by devoting said funds and property, among other things, to the performance and exercise by the Association of the duties and rights imposed on, or granted to, the Association by this Declaration, and to such other facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable or beneficial to the general common interests of the Project, the Owners and the Occupants, and to the establishment and funding of reasonable reserves for replacements and contingencies.

6.10 Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

6.11 Notice and Quorum for Certain Meetings. Notwithstanding any other provision hereof or of the Articles, Bylaws or Association Rules, written notice of any meeting called for the purpose of: (a) approving the establishment of any Special Assessment, as required by Section 6.4 hereof; or (b) approving any increase in the Maximum Membership Assessment greater than that permitted by Section 6.3.1(b), shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days prior to the date of said meeting. At the first meeting thus called to consider the particular Special Assessment or increase in the Maximum Membership Assessment, a quorum shall consist of sixty percent (60%) of the votes in each class of Members (whether represented in person or by valid proxy), provided, however, that if a quorum, as so determined, is not present at said first meeting, a second meeting may be called (subject to the same notice requirements as set forth above) to consider the same issue, and a quorum at said second meeting shall be one-half (1/2) of the required quorum at the first meeting, as described above. Such second meeting may not be held more than sixty (60) days after the first meeting. The requirements of this Section are in addition to, and not intended to be in substitution for, the provisions of any applicable Arizona law.

End of Article 6

ARTICLE 7

MAINTENANCE

7.1 Common Area and Public Right of Way.

7.1.1 The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Common Area and all Improvements located thereon (subject to Section 7.1.3), except the Association shall not be obligated to maintain areas which any governmental entity or any utility company is maintaining or is obligated to maintain.

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

7.1.3 In the event any subdivision plat, Tract Declaration, deed restriction or this Declaration permits the Board to determine whether or not Owners of certain Lots or Parcels will be responsible for maintenance of certain Common Area or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Occupants for the Association or an individual Owner to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Association to contract to provide maintenance service to Owners of Lots and Parcels having such responsibilities in exchange for the payment of such fees as the Association and Owner may agree upon.

7.2 Lots and Parcels. Each Owner of a Lot or Parcel shall be responsible for maintaining, repairing or replacing his, her or its Lot or Parcel, and all buildings, Residential Units, landscaping or other Improvements situated thereon, except for any portion of the Lot or Parcel which is Common Area (unless otherwise required by the Board pursuant to Section 7.1.3). All buildings, Residential Units, landscaping and other Improvements shall at all times be kept in good condition and repair. Landscaping shall be maintained as required by Section 3.4. All Lots and Parcels upon which no Residential Units or other Improvements have been constructed shall be maintained in a weed free and attractive manner.

7.3 Installation of Landscaping. The Owner of a Lot shall install (if not already installed) grass, trees, plants and other landscaping improvements (together with an irrigation system sufficient to adequately water any grass, trees, plants and other landscaping improvements): (a) in the front yard of the Lot and in any side or back yard of the Lot which is not fully enclosed by a solid fence or wall at least five (5) feet high, not later than ninety (90) days after the date on which the Residential Unit on the Lot is completed; and (b) in any side or back yard of the Lot which is fully enclosed by a solid fence or wall at least five (5) feet high, not later than three hundred sixty-five (365) days after the date on which the Residential Unit on the Lot is completed. All landscaping must be installed in accordance with plans approved in writing by the Design Review Committee. If landscaping and an irrigation system are not installed on a Lot in the manner and by the applicable dates provided for in this Section, the Association shall have the right, but not the obligation, to enter upon such Lot to install such landscaping improvements as the Association deems appropriate (together with an irrigation system sufficient to adequately water the same), and the cost of any such installation shall be paid to the Association by the Owner of the Lot, upon demand from the Association. Any amounts payable by an Owner to the Association pursuant to this Section shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of Assessments.

7.4 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of the Common Area or any other area maintained by the Association is caused through the

willful or negligent act of any Member, his family, tenants, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Member and the Member's Lot or Parcel is subject and shall be secured by the Assessment Lien. Any charges or fees to be paid by the Owner of a Lot or Parcel pursuant to this Section in connection with a contract entered into by the Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment and shall be secured by the Assessment Lien.

7.5 Improper Maintenance and Use of Lots and Parcels. In the event any portion of any Lot or Parcel is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots and Parcels or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot or Parcel is being used in a manner which violates this Declaration or any Tract Declaration or Neighborhood Declaration applicable thereto, or in the event the Owner of any Lot or Parcel is failing to perform any of its obligations under the Project Documents or any Tract Declaration or Neighborhood Declaration applicable thereto, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fifteen (15) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said 15-day period the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot or Parcel is subject and shall be secured by the Assessment Lien.

7.6 Improper Maintenance of Neighborhood Common Area. If any Neighborhood Common Area is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots and Parcels or other areas of the Project which are substantially affected thereby or related thereto, or if any portion of the Neighborhood Common Area is being used in a manner which violates this Declaration, any Tract Declaration or Neighborhood Declaration applicable thereto or if the Neighborhood Common Area is not maintained in the manner required by this Declaration, or any Tract Declaration or Neighborhood Declaration applicable thereto, the Board may make a finding to such effect specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the Neighborhood Association responsible for the maintenance of such Neighborhood Common Area that unless corrective action is taken within fifteen (15) days the Board may cause such action to be taken at the Neighborhood Association's expense. If at the expiration of such 15-day period, the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be payable to the Association by the Neighborhood Association within fifteen (15) days after demand therefor is made by the Association.

End of Article 7

ARTICLE 8

INSURANCE

8.1.1 Scope of Coverage. The Association shall maintain property insurance, liability insurance, workmen's compensation insurance and other insurance in such amounts and covering such risks as the Board shall determine from time to time to be appropriate to protect the Association or the Owners, or to comply with applicable law. Each insurance policy purchased by the Association shall, to the extent reasonably available, contain the following provisions:

(a) The insurer issuing such policy shall have no rights of subrogation with respect to claims against the Association or its agents, servants or employees, or with respect to claims against Owners or Occupants;

(b) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or adversely affect recovery on the policy;

(c) The coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners, Occupants or Mortgagees;

(d) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner or Occupant because of the negligent acts of the Association or other Owners or Occupants;

(e) Statement naming the Association as the insured;

(f) For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify any Mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

8.2 Certificates of Insurance. An insurer which has issued an insurance policy under this Article shall issue a certificate or a memorandum of insurance to the Association and, upon request, to any Owner or Mortgagee. Any insurance obtained pursuant to this Article shall not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association and to each Owner and each Mortgagee to whom certificates of insurance have been issued.

8.3 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to this Declaration shall be included in the budget of the Association and shall be paid by the Association.

8.4 Payment of Insurance Proceeds. With respect to any loss to the Common Area covered by property insurance obtained by the Association, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any Mortgagee. Subject to the provisions of Section 8.5, the proceeds shall be disbursed for the repair or restoration of the damage to the Common Area.

8.5 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Common Area which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners representing at least eighty percent (80%) of the total votes in the Association vote not to rebuild. The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid by the Association. If the entire Common Area is not repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute

or ordinance and the remainder of the proceeds shall either: (i) be retained by the Association as an additional capital reserve; or (ii) be used for payment of operating expenses of the Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the votes in the Association.

End of Article 8

ARTICLE 9

GENERAL PROVISIONS

9.1 Enforcement.

9.1.1 Enforcement by the Association. The Association may enforce the Project Documents in any manner provided for in the Project Documents or at law or equity, including, but not limited to:

(a) imposing reasonable monetary fines after notice and an opportunity to be heard is given to the Owner or other violator. An Owner shall be responsible for payment of any fine levied or imposed against a Lessee or Occupant of the Owner's Lot or by any guest or invitee of the Owner or any Lessee or Occupant;

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

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

(d) suspending any services provided by the Association to an Owner or the Owner's Lot if the Owner is more than 15 days delinquent in paying any Assessment or other charge owed to the Association;

(e) exercising self-help or taking action to abate any violation of the Project Documents in a non-emergency situation;

(f) requiring an Owner, at the Owner's expense, to remove any structure or Improvement on such Owner's Lot in violation of this Declaration and to restore the Lot to its previous condition and, upon failure of the Owner to do so, the Board or its designee shall have the right to enter the property, remove the violation and restore the property to substantially the same condition as previously existed and any such action shall not be deemed a trespass;

(g) without liability to any Person, prohibiting any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Declaration or the Design Guidelines from continuing or performing any further activities in the Project;

(h) towing vehicles which are parked in violation of this Declaration or the Association Rules;

(i) filing a suit at law or in equity to enjoin a violation of the Project Documents, to compel compliance with the Project Documents, to recover fines or money damages or to obtain such other relief as to which the Association may be entitled; and

(j) recording a notice of violation by any Owner, Lessee or Occupant of any restriction or other provision of the Project Documents. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (i) the name of the Owner, Lessee or Occupant violating, or responsible for the violation of, the Project Documents; (ii) the legal description of the Lot against which the notice is being Recorded; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Owner or Occupant to cure the violation. Recording of a notice of violation shall serve as notice to the Owner and Occupant, and any subsequent purchaser of the Lot, that there is such a violation. Failure by the Association to Record a notice of violation shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular Lot or constitute a waiver of any right of the Association to enforce the Project Documents. The Association shall not be obligated to take any enforcement

action if the Board determines, in its sole discretion, that because of the strength of the Association's possible defenses, the time and expense of litigation or other enforcement action, the likelihood of a result favorable to the Association, or other facts deemed relevant by the Board, enforcement action would not be appropriate or in the best interests of the Association.

9.1.2 Enforcement by Owners. Each Owner shall have the right to enforce the Declaration in any manner available at law or in equity.

9.1.3 Miscellaneous. All rights and remedies of the Association under the Project Documents or at law or in equity are cumulative, and the exercise of one right or remedy shall not waive the Association's right to exercise another right or remedy. The failure of the Association or an Owner to take enforcement action with respect to a violation of the Project Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Project Documents in the future. If any lawsuit is filed by the Association or any Owner to enforce the provisions of the Project Documents or in any other manner arising out of the Project Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorney fees incurred by the prevailing party in the action.

9.2 Term; Method of Termination. Unless terminated in accordance with this Section, this Declaration shall continue in full force and effect for a term of twenty (20) years from the date this Declaration is Recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. This Declaration may be terminated at any time if such termination is approved by the affirmative vote or written consent, or any combination thereof, of Members holding ninety percent (90%) or more of the votes in the Association. If the necessary votes and consents are obtained, the Board shall cause to be Recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to applicable law.

9.3 Amendments.

9.3.1 Except for amendments made pursuant to Subsections 9.3.2 or 9.3.3 of this Declaration, this Declaration may only be amended by the written approval or the affirmative vote, or any combination thereof, of Members holding not less than sixty-seven percent (67%) of the votes in the Association.

9.3.2 Either the Board or the Declarant may amend this Declaration, without obtaining the approval or consent of any Owner, Mortgagee or other Person, in order to conform this Declaration to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project or the Project Documents is required by law or requested by the Declarant.

9.3.3 So long as the Declarant is entitled to cast at least sixty-seven percent (67%) of the votes in the Association, the Declarant may amend this Declaration without the consent or approval of any other Owner or other Person.

9.3.4 So long as the Declarant or any Declarant Affiliate owns any Lot, Parcel or other portion of the Property, or any portion of the Additional Property, no amendment to this Declaration shall be effective unless approved in writing by the Declarant (or unless the Declarant expressly waives in writing its right to approve such amendments).

9.3.5 Any amendment approved pursuant to Subsection 9.3.1 of this Declaration or by the Board pursuant to Subsection 9.3.2 of this Declaration shall be signed by the President or Vice President of the

Association and shall be Recorded. Any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Declarant pursuant to Subsections 9.3.2 or 9.3.3 of this Declaration shall be executed by the Declarant and shall be Recorded.

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

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

9.6 Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of the person holding the office of President of the United States on the date this Declaration is Recorded.

9.7 Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

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

9.9 Laws, Ordinances and Regulations.

9.9.1 The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other Persons to obtain the approval of the Board or the Design Review Committee with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other Person from the obligation also to comply with all applicable laws, ordinances and regulations.

9.9.2 Any violation of any state, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be in violation of this Declaration and subject to any or all of the enforcement proceedings set forth herein.

9.10 References to this Declaration in Deeds. Deeds to and instruments affecting any Lot or Parcel or any other part of the Project may contain the covenants, conditions and restrictions herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any deed or instrument, each and all of the provisions of this Declaration shall be binding upon the grantee-Owner or other Person claiming through any instrument and his, her or its heirs, executors, administrators, successors and assigns. Any and all conveyances made to the Association or any Owner shall be conclusively deemed to incorporate the reservations of rights and easements, and all other provisions, contained in this Declaration,, whether or not set forth in such grants. The easements granted and reservations made to the Declarant, any Declarant Affiliate or a Developer in this Declaration shall not terminate or merge and shall continue to run with the land, notwithstanding the common law doctrine of merger and the common ownership of all the Property by the Declarant. Upon written request of the

Declarant, the Association and each Owner shall from time to time sign, acknowledge and deliver to the Declarant such further assurances of these reservations of rights and easements as may be requested

9.11 Gender and Number. Wherever the context of this Declaration so requires, any word used in the masculine, feminine or neuter genders shall include each of the other genders, words in the singular shall include the plural, and words in the plural shall include the singular.

9.12 Captions and Title; Section References; Exhibits. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the meaning or intent thereof. References in this Declaration to numbered Articles, Sections or Subsections, or to lettered Exhibits, shall be deemed to be references to those paragraphs or Exhibits so numbered or lettered in this Declaration, unless the context otherwise requires. Any Exhibits referred to in this Declaration are hereby incorporated herein by reference and fully made a part hereof.

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

9.14 Indemnification. The Association shall indemnify each and every officer and director of the Association, each and every member of the Design Review Committee, and each and every member of any committee appointed by the Board (including, for purposes of this Section, former officers and directors of the Association, former members of the Design Review Committee, and former members of committees appointed by the Board) (collectively, "Association Officials" and individually an "Association Official") against any and all expenses, including attorneys' fees, reasonably incurred by or imposed upon an Association Official in connection with any action, suit or other proceeding (including settlement of any suit or proceeding, if approved by the Board serving at the time of such settlement) to which he or she may be a party by reason of being or having been an Association Official, except for his or her own individual willful misfeasance, malfeasance, misconduct or bad faith. No Association Official shall have any personal liability with respect to any contract or other commitment made by them or action taken by them, in good faith, on behalf of the Association (except indirectly to the extent that such Association Official may also be a Member of the Association and therefore subject to Assessments hereunder to fund a liability of the Association), and the Association shall indemnify and forever hold each such Association Official free and harmless from and against any and all liability to others on account of any such contract, commitment or action. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any Association Official may be entitled. If the Board deems it appropriate, in its sole discretion, the Association may advance funds to or for the benefit of any Association Official who may be entitled to indemnification hereunder to enable such Association Official to meet on-going costs and expenses of defending himself or herself in any action or proceeding brought against such Association Official by reason of his or her being, or having been, an Association Official. In the event it is ultimately determined that an Association Official to whom, or for whose benefit, funds were advanced pursuant to the preceding sentence does not qualify for indemnification pursuant to this Section 9.14 or otherwise under the Articles, Bylaws or applicable law, such Association Official shall promptly upon demand repay to the Association the total of such funds advanced by the Association to him or her, or for his or her benefit, with interest (should the Board so elect) at a rate not to exceed ten percent (10%) per annum from the date(s) advanced until paid.

9.15 No Partition. No Person acquiring any interest in the Property or any part thereof shall have a right to, nor shall any person seek, any judicial partition of the Common Area, nor shall any Owner sell, convey, transfer,

assign, hypothecate or otherwise alienate all or any of such Owner's interest in the Common Area or any funds or other assets of the Association except in connection with the sale, conveyance or hypothecation of such Owner's Lot or Parcel (and only appurtenant thereto), or except as otherwise expressly permitted herein. This Section shall not be construed to prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring or disposing of title to real property (other than disposition of title to the Common Area, which shall be subject to Section 4.1) which may or may not be subject to this Declaration.

9.16 Property Held in Trust. Except as otherwise expressly provided in this Declaration, any and all portions of the Property (and of the Additional Property) which are now or hereafter held in a subdivision or similar trust or trusts (or similar means of holding title to property), the beneficiary of which trust(s) is the Declarant or a Declarant Affiliate, shall be deemed for all purposes under this Declaration to be owned by the Declarant or such Declarant Affiliate, as applicable, and shall be treated for all purposes under this Declaration in the same manner as if such property were owned in fee by the Declarant or such Declarant Affiliate, as applicable. No conveyance, assignment or other transfer of any right, title or interest in or to any of such property by the Declarant or any such Declarant Affiliate to any such trust (or the trustee thereof) or to the Declarant or any such Declarant Affiliate by any such trust (or the trustee thereof) shall be deemed for purposes of this Declaration to be a sale of such property or any right, title or interest therein.

9.17 Number of Days. In computing the number of days for purposes of any provision of this Declaration or the Articles or Bylaws, all days shall be counted including Saturdays, Sundays and holidays; provided however, that if the final day of any time period falls on a Saturday, Sunday or legal holiday, then the final day shall be deemed to be the next day which is not a Saturday, Sunday or legal holiday.

9.18 Notice of Violation. The Association shall have the right to Record a written notice of a violation by any Owner or Occupant of any restriction or provision of the Project Documents. The notice shall be executed and acknowledged by an officer of the Association and shall contain substantially the following information: (a) the name of the Owner or Occupant; (b) the legal description of the Lot or Parcel against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken by the Owner or Occupant to cure the violation. Recordation of a notice of violation shall serve as a notice to the Owner and Occupant, and to any subsequent purchaser of the Lot or Parcel, that there is such a violation. If, after the Recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall Record a notice of compliance which shall state the legal description of the Lot or Parcel against which the notice of violation was recorded, the Recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or, if such be the case, that it did not exist. Notwithstanding the foregoing, failure by the Association to Record a notice of violation shall not constitute a waiver of any existing violation or evidence that no violation exists.

9.19 Disclaimer of Representations. Notwithstanding anything to the contrary herein, neither the Declarant nor any Declarant Affiliate makes any warranties or representations whatsoever that the plans presently envisioned for the complete development of the Project can or will be carried out, or that any real property now owned or hereafter acquired by the Declarant or by any Declarant Affiliate is or will be subjected to this Declaration, or that any such real property (whether or not it has been subjected to this Declaration) is or will be committed to or developed for a particular (or any) use, or that if such real property is once used for a particular use, such use will continue in effect. While neither the Declarant nor any Declarant Affiliate believes that any of the restrictive covenants contained in this Declaration is or may be invalid or unenforceable for any reason or to any extent, neither the Declarant nor any Declarant Affiliate makes any warranty or representation as to the present or future validity or enforceability of any such restrictive covenant. Any Owner acquiring a Lot or Parcel in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by accepting a deed to the Lot or Parcel agrees to hold the Declarant and all Declarant Affiliates harmless therefrom.

9.20 Amendments Affecting Declarant Rights. Notwithstanding any other provision of this Declaration to the contrary, no provision of this Declaration (including but not limited to, this Section) which grants to or confers upon the Declarant or upon any Declarant Affiliate any rights, privileges, easements, benefits or exemptions (except for rights, privileges, easements, benefits, or exemptions granted to or conferred upon Owners generally) shall be modified, amended or revoked in any way, so long as the Declarant, any Declarant Affiliate or a trustee for the benefit of the Declarant or any Declarant Affiliate owns any portion of the Property, without the express written consent of the Declarant.

End of Article 9

ARTICLE 10

FHA/VA PROVISIONS

10.1 Approvals During Period of Declarant Control. Notwithstanding any other provision of this Declaration or of any of the other Project Documents to the contrary, during the period: (a) commencing with the earlier of: (i) the date FHA or VA first approves any subdivision in the Project for single family residential loan insurance or guarantee programs offered by FHA or VA; or (ii) the date FHA or VA first insures or guarantees a loan on any Lot within the Project; and (b) ending with the expiration or termination of the Period of Declarant Control:

10.1.1 property which is not included within the Additional Property shall not be annexed to the Property without the prior approval of either FHA or VA (except to the extent such annexation involves only minor adjustments to boundaries of the Property);

10.1.2 neither the Common Area nor any part thereof shall be dedicated without the prior approval of either FHA or VA except for: (a) minor adjustments to the boundaries of any Common Area or any other portion of the Property; (b) dedications or grants of easements to the public, to any municipal or other governmental agency or entity, or to any public, quasi-public or private utility company as permitted by Section 4.1.1(a); (c) grants of easements pursuant to Section 4.2; and (d) grants of easements with respect to, or dedications of, Common Area situated within the boundaries of a Non-Residential Parcel, if granted, made or approved by the Board.

10.1.3 no amendment to this Declaration or to the Articles or Bylaws shall be effective without the prior approval of either FHA or VA (except to make clerical or technical corrections); and

10.1.4 the Association shall not be dissolved, or merged or consolidated with any other entity, without the prior approval of FHA or VA.

10.2 Obtaining Approvals. As to any action required by this Article 10 to be approved by FHA or VA before becoming effective or before being taken, such action shall be submitted to FHA or VA for approval, and if the agency whose approval is requested does not disapprove the same, by written notice to the Association, the Declarant or other Person requesting such approval, within thirty (30) days after delivery to such agency of the request for approval, the action in question shall be deemed approved by such agency.

10.3 Definitions. For purposes of this Article 10, the term "FHA" means the Federal Housing Administration (or its successor federal agency), and the term "VA" means the Veterans Administration (or its successor federal agency).

End of Article 10

ARTICLE 11

NON-RESIDENTIAL PARCELS

11.1 Annexation of Non-Residential Parcels. The Declarant shall have the right, at its option, exercisable from time to time at any time prior to December 31, 2025, to annex to the Property one or more portions of the Additional Property pursuant to Section 2.3 but, in the written instrument annexing the same to the Property, or in a separate Tract Declaration Recorded at the time of such annexation or thereafter, to designate the property so annexed as a Non-Residential Parcel. Any Non-Residential Parcel so annexed to the Property shall be deemed to be fully a part of the Property, and such Non-Residential Parcel and each Owner and Occupant thereof shall be deemed to be fully subject to this Declaration and all of the Project Documents, except as provided in this Article 11 and except as provided in a Tract Declaration Recorded with respect to such Non-Residential Parcel in accordance with this Article 11. The Declarant shall have no obligation to annex to the Property any portions of the Additional Property (including, without limitation, any portions thereof which are used, or in the future may be used, for non-residential purposes), and the Declarant has made no representation or warranty that it will do so. Portions of the Additional Property may be developed and used for any purposes permitted by applicable law and applicable zoning (including, but not limited to, non-residential purposes) without being annexed to the Property or otherwise subjected to this Declaration or other Project Documents. Without limiting the generality of the provisions of this Section 11.1, it is the Declarant's intent, in reserving to itself the rights, options and privileges in this Article 11, to permit itself the latitude and flexibility to include within the Property parcels devoted to non-residential uses and purposes where, in the Declarant's judgment, doing so would promote the consistent development and maintenance of property in and about the Project, including without limitation Common Areas, drainage channels and facilities, and other open space and greenbelt areas, while at the same time limiting, to the extent appropriate in the Declarant's judgment, the effect on such Parcels of provisions of this Declaration and of the other Project Documents more suited for application to residential properties.

11.2 Application of Project Documents. The Declarant may, in the Tract Declaration Recorded with respect to a Non-Residential Parcel, fully exempt that Non-Residential Parcel from such provisions of this Declaration and the other Project Documents as the Declarant sees fit, or modify the effect on that Non-Residential Parcel of one or more provisions of this Declaration and the other Project Documents in such manner and to such extent as the Declarant sees fit. Further, and without limiting the generality of the foregoing, except as and to the extent otherwise expressly provided in the Tract Declaration Recorded with respect to a Non-Residential Parcel, the provisions of Sections 3.2 through 3.34, inclusive, and Articles 5, 6 and 7 of this Declaration shall not apply to that Non-Residential Parcel. The Declarant may, at its option, provide in the Tract Declaration Recorded with respect to a Non-Residential Parcel for alternative, substitute or modified use restrictions, architectural controls and other provisions relating to the use and development of that Non-Residential Parcel. The Declarant may also, in the Tract Declaration Recorded with respect to a Non-Residential Parcel, establish the types and amounts, if any, of Assessments to which such Parcel and its Owner(s) will be subject (or the formula by which such Assessments will be determined, and any formula with respect to, or limits on, increases in such Assessments), and may also, in that Tract Declaration, establish the number of Memberships and votes (if any) to which the Owner(s) of that Parcel will be entitled (and any limitations or restrictions on the right of such Owner(s) to cast such votes). In addition, the Declarant may, in the Tract Declaration Recorded with respect to a Non-Residential Parcel, impose additional or alternative restrictions or limitations on the rights of the Owner(s) or Occupant(s) of that Non-Residential Parcel (and their respective guests, invitees, employees and customers) to use and enjoy the Common Area or any portion(s) thereof.

End of Article 11

ARTICLE 12

DISPUTE NOTIFICATION AND RESOLUTION PROCEDURE

12.1 Dispute Notification and Resolution Procedure. All actions or claims (i) by the Association against any one or more of the Declarant Parties (as defined below), (ii) by any Owner(s) against any one or more of the Declarant Parties, or (iii) by both the Association and any Owner(s) against any one or more of the Declarant Parties, arising out of or relating to the Project, including, but not limited to, this Declaration or any other Project Documents, the use or condition of the Project or the design or construction of or any condition on or affecting the Project, including, but not limited to, construction defects, surveys, soils conditions, grading, specifications, installation of Improvements (including, but not limited to, Units) or disputes that allege negligence or other tortious conduct, fraud, misrepresentation, breach of contract or breach of implied or express warranties as to the condition of the Project or any Improvements (collectively, "Dispute(s)") shall be subject to the provisions of this Section 12.1. Declarant and each Owner acknowledge that the provisions set forth in this Section 12.1 shall be binding upon current and future Owners of the Project and upon the Association, whether acting for itself or on behalf of any Owner(s). Nothing in this Declaration is intended to limit, expand or otherwise modify the terms of any limited warranty provided by Declarant to Owners pursuant to a purchase agreement. For purposes of this Article 12, "Declarant Party" or "Declarant Parties" means collectively Declarant, its members and the affiliates and subsidiaries of Declarant and its members, the officers, directors and employees of all of the foregoing, and to the extent such Persons agree to be bound by this Article 12, any contractors, subcontractors, suppliers, architects, engineers, brokers and any other Person providing materials or services in connection with the construction of any Improvement upon or benefiting the Property or any portion thereof.

12.1.1 Notice. Any Person (including, but not limited to, the Association) with a Dispute claim shall notify the applicable Declarant Party (the "Notified Declarant Party") in writing of the claim, which writing shall describe the nature of the claim and any proposed remedy (the "Claim Notice").

12.1.2 Right to Inspect and Right to Corrective Action. Within a reasonable period after receipt of the Claim Notice, which period shall not exceed sixty (60) days, the Notified Declarant Party and the claimant shall meet at a mutually acceptable place within the Project to discuss the claim. At such meeting or at such other mutually agreeable time, Notified Declarant Party and the Notified Declarant Party's representatives shall have full access to the property that is the subject of the claim and shall have the right to conduct inspections, testing and/or destructive or invasive testing in a manner deemed appropriate by the Notified Declarant Party (provided the Notified Declarant Party shall repair or replace any property damaged or destroyed during such inspection or testing), which rights shall continue until such time as the Dispute is resolved as provided in this Subsection 12.1.2. The parties shall negotiate in good faith in an attempt to resolve the claim. If the Notified Declarant Party elects to take any corrective action, the Notified Declarant Party and the Notified Declarant Party's representatives and agents shall be provided full access to the Project and the property that is the subject of the claim to take and complete corrective action.

12.1.3 No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in Subsection 12.1.2 shall be construed to impose any obligation on the Notified Declarant Party to inspect, test, repair or replace any item of the Project for which the Notified Declarant Party is not otherwise obligated under applicable law or any limited warranty provided by Declarant to a Unit Owner in connection with the sale of a Unit and/or the Improvements constructed thereon. The right of the Notified Declarant Party to enter, inspect, test, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in Recordable form, executed and Recorded by the Notified Declarant Party.

12.1.4 Mediation. If the parties to the Dispute fail to resolve the Dispute pursuant to the procedures described in Subsection 12.1.2 above within ninety (90) days after delivery of the Claim Notice, the matter shall be submitted to mediation pursuant to the Construction Industry mediation Rules of the American

Arbitration Association (except as such procedures are modified by the provisions of this Subsection 12.1.4) or such other mediation service selected by the Notified Declarant Party. The Person who delivered the Claim Notice shall have until one hundred twenty (120) days after the date of delivery of the Claim Notice to submit the Dispute to mediation. If the Person who delivered the Claim Notice fails to timely submit the Dispute to mediation, then the claim of the Person who delivered the Claim Notice shall be deemed waived and abandoned and all applicable Declarant Parties shall be relieved and released from any and all liability relating to the Dispute. No person shall serve as a mediator in any dispute in which the person has any financial or personal interest in the result of the mediation, except by the written consent of all parties. Prior to accepting any appointment, the prospective mediator shall disclose any circumstances likely to create a presumption of bias or to prevent a prompt commencement of the mediation process. No litigation or other action shall be commenced against the Notified Declarant Party or any Declarant Party without complying with the procedures described in this Subsection 12.1.4.

(i) Position Memoranda; Pre-Mediation Conference. Within ten (10) days of the selection of the mediator, each party shall submit a brief memorandum setting forth its position with regard to the issues that need to be resolved. The mediator shall have the right to schedule a pre-mediation conference and all parties shall attend unless otherwise agreed. The mediation shall be commenced within ten (10) days following the submittal of the memoranda and shall be concluded within fifteen (15) days from the commencement of the mediation unless the parties mutually agree to extend the mediation period. The mediation shall be held in the county in which the Project is located or such other place as is mutually acceptable by the parties.

(ii) Conduct of Mediation. The mediator has discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a settlement of the Dispute, consistent with the Construction Industry Mediation Rules of the American Arbitration Association. The mediator is authorized to conduct joint and separate meetings with the parties and to make oral and written recommendations for settlement. Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the parties agree and assume the expenses of obtaining such advice. The mediator does not have the authority to impose a settlement on the parties.

(iii) Exclusion Agreement. Any admissions, offers of compromise or settlement negotiations or communications at the mediation shall be excluded in any subsequent dispute resolution forum.

(iv) Parties Permitted at Sessions. Persons other than the parties, the representatives and the mediator may attend mediation sessions only with the permission of both parties and the consent of the mediator. Notwithstanding the foregoing, applicable contractors, subcontractors, suppliers, architects, engineers, brokers and any other Person providing materials or services in connection with the construction of any Improvement upon or benefiting the Project designated by a Notified Declarant Party may attend mediation sessions and may be made parties to the mediation. Confidential information disclosed to a mediator by the parties or by witnesses in the course of the mediation shall be confidential. There shall be no stenographic record of the mediation process.

(v) Expenses. The expenses of witnesses for either side shall be paid by the party producing such witnesses. All other expenses of the mediation, including, but not limited to, the fees and costs charged by the mediator and the expenses of any witnesses or the cost of any proof or expert advice produced at the direct request of the mediator, shall be borne equally by the parties unless they agree otherwise. Each party to the mediation shall bear its own attorneys' fees and costs in connection with such mediation.

12.1.5 Arbitration. Should mediation pursuant to Subsection 12.1.4 above not be successful in resolving any Dispute, then the Person who delivered the Claim Notice shall have ninety (90) days after the date of termination of the mediation to submit the Dispute to binding arbitration. If timely submitted, such claim or dispute shall be resolved by binding arbitration in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association as modified or as otherwise provided in this Subsection 12.1.5. If the Person

who delivered the Claim Notice fails to timely submit the Claim to arbitration within the ninety (90) day period, then the claim of the Person who delivered the Claim Notice shall be deemed waived and abandoned and all applicable Declarant Parties shall be relieved and released from any and all liability relating to the Dispute. A Person with any Dispute may only submit such Dispute in arbitration on such Person's own behalf. No Person may submit a Dispute in arbitration as a representative or member of a class, and no Dispute may be arbitrated as a class action. All Declarant Parties and any Person(s) submitting a Claim Notice, together with any additional Persons who agree to be bound by this Section 12.1, such as contractors, subcontractors, suppliers, architects, engineers, brokers and any other Person providing materials or services in connection with the construction of any Improvement upon or benefiting the Project (collectively, the "Bound Parties"), agree that all Disputes that are not resolved by negotiation or mediation shall be resolved exclusively by arbitration conducted in accordance with this Subsection 12.1.5, and waive the right to have the Dispute resolved by a court, including the right to file a legal action as the representative or member of a class or in any other representative capacity. The parties shall cooperate in good faith to attempt to cause all necessary and appropriate parties to be included in the arbitration proceeding. Subject to the limitations imposed in this Subsection 12.1.5, the arbitrator shall have the authority to try all issues, whether of fact or law.

(i) Place. The proceedings shall be heard in the county in which the Project is located.

(ii) Arbitration. A single arbitrator shall be selected in accordance with the rules of the American Arbitration Association from panels maintained by the Association with experience in relevant real estate matters or construction. The arbitrator shall not have any relationship to the parties or interest in the Project. The parties to the Dispute shall meet to select the arbitrator within ten (10) days after service of the demand for arbitration on all respondents named therein.

(iii) Commencement and Timing of Proceeding. The arbitrator shall promptly commence the proceeding at the earliest convenient date in light of all of the facts and circumstances and shall conduct the proceeding without undue delay.

(iv) Pre-hearing Conferences. The arbitrator may require one or more pre-hearing conferences.

(v) Discovery. The parties shall be entitled only to limited discovery, consisting of the exchange between the parties of only the following matters: (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the Dispute, including, but not limited to, destructive or invasive testing; and (vi) hearing briefs. The parties shall also be entitled to conduct further tests and inspections as provided in Subsection 12.1.2 above. Any other discovery shall be permitted by the arbitrator upon a showing of good cause or based on the mutual agreement of the parties. The arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

(vi) Motions. The arbitrator shall have the power to hear and dispose of motions, including, but not limited to, motions to dismiss, motions for judgment on the pleadings and summary judgment motions, in the same manner as a trial court judge, except the arbitrator shall also have the power to adjudicate summarily issues of fact or law, including, but not limited to, the availability of remedies, whether or not the issue adjudicated could dispose of an entire cause of action or defense.

(vii) Arbitration Award. Unless otherwise agreed by the parties, the arbitrator shall render a written arbitration award within thirty (30) days after conclusion of the arbitration hearing. The arbitrator's award may be enforced as provided for in the Uniform Arbitration Act, A.R.S. § 12-1501, et seq., or such similar law governing enforcement of awards in a trial court as is applicable in the jurisdiction in which the arbitration is held, or as applicable, pursuant to the Federal Arbitration Act (Title 9 of the United States Code).

12.1.6 WAIVERS.

NOTICE: BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY PORTION OF THE PROJECT, EACH PERSON, FOR HIMSELF, HIS HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS, TRANSFEREES AND ASSIGNS, AGREES TO HAVE ANY DISPUTE RESOLVED ACCORDING TO THE PROVISIONS OF THIS SECTION 12.1 AND WAIVES THE RIGHT TO PURSUE ANY DISPUTE IN ANY MANNER OTHER THAN AS PROVIDED IN THIS SECTION 12.1. SPECIFICALLY, AND WITHOUT LIMITATION, EACH SUCH PERSON WAIVES THE RIGHT TO SUBMIT A DISPUTE IN ARBITRATION AS A REPRESENTATIVE OR MEMBER OF A CLASS AND TO HAVE SUCH DISPUTE ARBITRATED AS A CLASS ACTION AND WAIVES ALSO THE RIGHT TO HAVE THE DISPUTE RESOLVED BY A COURT, INCLUDING THE RIGHT TO FILE A LEGAL ACTION AS THE REPRESENTATIVE OR MEMBER OF A CLASS OR IN ANY OTHER REPRESENTATIVE CAPACITY. THE ASSOCIATION, EACH OWNER AND DECLARANT ACKNOWLEDGE THAT BY AGREEING TO RESOLVE ALL DISPUTES AS PROVIDED IN THIS SECTION 12.1, THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY. THE ASSOCIATION, EACH OWNER AND DECLARANT FURTHER WAIVE THEIR RESPECTIVE RIGHTS TO AN AWARD OF PUNITIVE AND CONSEQUENTIAL DAMAGES RELATING TO A DISPUTE. BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY PORTION OF THE PROJECT, EACH OWNER HAS VOLUNTARILY ACKNOWLEDGED THAT HE IS GIVING UP ANY RIGHTS HE MAY POSSESS TO PUNITIVE AND CONSEQUENTIAL DAMAGES OR THE RIGHT TO A TRIAL BEFORE A JURY RELATING TO A DISPUTE.

12.1.7 Statutes of Limitation or Repose. Nothing in this Section 12.1 shall be considered to toll, stay, reduce or extend any applicable statute of limitation or repose.

12.1.8 Unanimous Consent to Modify. Neither this Section 12.1 nor Section 12.2 below may be amended after the Period of Declarant Control without the unanimous consent of all Owners.

12.2 Required Consent of Owners for Legal Action. Any action or claim instituted by the Association (which action or claim shall be subject to the terms of Section 12.1) against any one or more of the Declarant Parties, arising out of or relating to the Project, including, but not limited to, the Declaration or any other Project Documents, the use or condition of the Project or the design or construction of or any condition on or affecting the Project, including, but not limited to, construction defects, surveys, soils conditions, grading, specifications, installation of Improvements (including, but not limited to, Residential Units) or disputes that allege negligence or other tortious conduct, fraud, misrepresentation, breach of contract or breach of implied or express warranties as to the condition of the Project or any Improvements, shall have first been approved by Owners representing at least seventy-five percent (75%) of the votes in the Association who are voting in person or by proxy at a meeting duly called for such purpose.

12.2.1 Notice to Owners.

(i) Prior to obtaining the consent of the Owners in accordance with Section 12.2, the Association must provide written notice to all Owners which notice shall (at a minimum) include (a) a description of the nature of any action or claim (the "Claim"), (b) a description of the attempts of Declarant to correct such Claim and the opportunities provided to Declarant to correct such Claim, (c) a certification from an engineer licensed in the State of Arizona that such Claim is valid along with a description of the scope of work necessary to cure such Claim and a resume of such engineer, (d) the estimated cost to repair such Claim, (e) the name and

professional background of the attorney proposed to be retained by the Association to pursue the Claim against Declarant and a description of the relationship between such attorney and member(s) of the Board (if any), (f) a description of the fee arrangement between such attorney and the Association, (g) the estimated attorneys' fees and expert fees and costs necessary to pursue the Claim against Declarant and the source of the funds that will be used to pay such fees and expenses, (h) the estimated time necessary to conclude the action against Declarant, and (i) an affirmative statement from the Board that the action is in the best interest of the Association and its Members.

(ii) In the event the Association recovers any funds from Declarant (or any other Person) to repair a Claim, any excess funds remaining after repair of such Claim shall be paid into the Association's reserve fund.

12.2.2 Notification to Prospective Purchasers. In the event that the Association commences any action or claim, all Owners must notify prospective purchasers of such action or claim and must provide such prospective purchasers with a copy of the notice received from the Association in accordance with Subsection 12.2.1.

End of Article 12

IN WITNESS WHEREOF, the Declarant has executed this instrument as of the date first set forth above.

KKO Development, LLC,
a(n) Arizona Limited Liability Co

By Jim Kornick
Its manager

STATE OF ARIZONA)
Mohave) ss.
County of ~~Maricopa~~)

Acknowledged before me this 10 day of May, 2005, by Jim Kornick, the manager of KKO Development, LLC, a(n) Arizona Limited Liability, for and on behalf thereof.

Notary Public

OFFICIAL SEAL
DONNA K. IMHAUSEN
Notary Public - State of Arizona
MOHAVE COUNTY
My Comm. Expires Feb. 5, 2006

My Commission Expires:

EXHIBIT A

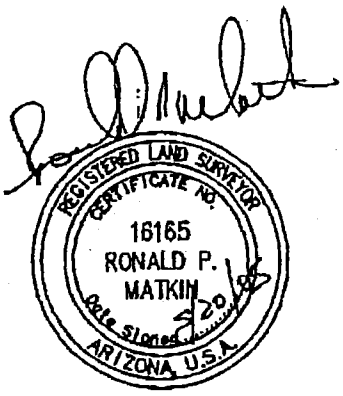
Land Description
West Side
Section 33, T 14 N, R 19 W
(Less Tract 2367)

That Part of Section 33, T 14 N, R 19 W, Gila, and Salt River Meridian, Lake Havasu City, Mohave County, Arizona, describes as follows:

Commencing at the southwest corner, a found 5/8"revar with an aluminum cap, L.S. 31588, of said Section 33; and being the TRUE POINT OF BEGINNING;

Thence S 89° 38' 30" E, along the south section line of said Section 33, a distance of 1614.76 feet;
Thence N 35° 00' 12" E, a distance of 61.44 feet;
Thence N 63° 34' 04" E, a distance of 523.15 feet;
Thence N 40° 58' 56" E, a distance of 184.73 feet;
Thence N 78° 34' 12" E, a distance of 73.41 feet;
Thence N 11° 25' 48" W, a distance of 281.71 feet;
Thence along a curve to the left, having a central angle of 32° 43' 57" and a radius of 470.00 feet, a distance of 268.51 feet;
Thence N 44° 09' 45" W, a distance of 7.64 feet;
Thence along a curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet;
Thence N 44° 09' 45" W, a distance of 60.00 feet;
Thence along a non-tangent curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet
Thence N 44° 09' 45" W, a distance of 74.21 feet;
Thence along a curve to the left, having a central angle of 27° 40 58" and a radius of 470.00 feet, a distance of 227.08 feet;
Thence N 71° 50' 43" W, a distance of 301.04 feet;
Thence along a curve to the right, having a central angle of 31° 09 51" and a radius of 555.00 feet, a distance of 301.87 feet;
Thence along a reverse curve to the left, having a central angle of 82° 13' 49" and a radius of 25.00 feet, a distance of 35.88 feet;
Thence N 37° 12' 44" W, a distance of 60.17 feet;
Thence along a non-tangent curve to the left, having a central angle of 87° 37' 05" and a radius of 25.00 feet, a distance of 38.23 feet (Chord bearing, N 13° 16' 47" E, Chord Distance, 34.61 feet);
Thence N 30° 31' 46" W, a distance of 332.77 feet;
Thence along a curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet;
Thence N 30° 31' 46" W, a distance of 60.00 feet;
Thence along a non-tangent curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet (Chord bearing, N 14° 28' 14" E, Chord Distance, 35.36 feet);
Thence N 30° 31' 46" W, a distance of 127.03 feet;

Thence along a curve to the left, having a central angle of 85° 40 55" and a radius of 35.00 feet, a distance of 52.34 feet;
Thence S 63° 47' 19" W, a distance of 413.99 feet;
Thence along a curve to the right, having a central angle of 25° 13 16" and a radius of 542.00 feet, a distance of 238.58 feet
Thence S 89° 00' 35" W, a distance of 114.78 feet;
Thence along a curve to the left, having a central angle of 19° 23 54" and a radius of 458.00 feet, a distance of 155.06 feet to the west section line of said Section 33;
Thence S 00° 19' 12" W, along said west section line, a distance of 1775.35 feet to the TRUE POINT OF BEGINNING; containing 77.40 acres more or less,



Land Description
East Side
Section 33, T 14 N, R 19 W
(Less Tract 2367)

That Part of Section 33, T 14 N, R 19 W, Gila, and Salt River Meridian, Lake Havasu City, Mohave County, Arizona, describes as follows:

Commencing at the southwest corner, a found 5/8"rebar with an aluminum cap, L.S. 31588, of said Section 33; Thence N 00° 19' 12" E, along the west section line of said Section 33, a distance of 1864.18 feet to the TRUE POINT OF BEGINNING.

Thence along a non-tangent curve to the right having a central angle of 16° 04' 33" and a radius of 542.00 feet, a distance of 152.07 feet (Chord bearing, N 80° 58' 18" E, Chord distance, 151.57 feet);
Thence N 89° 00' 35" E, a distance of 114.78 feet;
Thence along a curve to the left, having a central angle of 25° 13' 16" and a radius of 458.00 feet, a distance of 201.61 feet;
Thence N 63° 47' 19" E, a distance of 418.36 feet;
Thence along a curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet;
Thence N 63° 47' 19" E, a distance of 60.00 feet;
Thence along a non-tangent curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet (Chord bearing, S 71° 12' 41" E Chord distance, 35.36 feet);
Thence N 63° 47' 19" E, a distance of 16.00 feet;
Thence S 26° 12' 41" E, a distance of 84.00 feet;
Thence N 63° 47' 19" E, a distance of 377.62 feet;
Thence along a curve to the left, having a central angle of 20° 44' 29" and a radius of 542.00 feet, a distance of 196.21 feet;
Thence N 43° 02' 50" E, a distance of 375.74 feet;
Thence along a curve to the right, having a central angle of 27° 40' 12" and a radius of 458.00 feet, a distance of 221.18 feet;
Thence N 70°43' 02" E, a distance of 145.31 feet;
Thence S 43° 39' 22" E, a distance of 171.55 feet;
Thence S 11° 48° 25" W, a distance of 171.14 feet;
Thence S 55° 06' 16" W, a distance of 195.67 feet;
Thence S 02° 31' 13" E, a distance of 110.39 feet;
Thence S 24° 16' 59" W, a distance of 39.26 feet;
Thence S 72° 26' 30" W, a distance of 226.76 feet;
Thence N 45° 00' 09" W, a distance of 113.92 feet;
Thence S 46° 08' 51" W, a distance of 240.51 feet;
Thence S 88° 03' 10" W, a distance of 203.65 feet;
Thence S 24° 16' 52" W, a distance of 253.98 feet;
Thence S 67° 13' 59" E, a distance of 480.64 feet;
Thence S 32° 53' 09" W, a distance of 132.15 feet;
Thence along a non-tangent curve to the right, having a central angle of 12° 57' 06" and a radius of 530.00 feet, a distance of 119.81 feet;
Thence S 44° 09' 45" E, a distance of 74.00 feet;

Thence along a curve to the left, having a central angle of 92° 21' 15" and a radius of 25.00 feet, a distance of 40.30 feet;
Thence S 42° 30' 29" E, a distance of 60.12 feet;
Thence along a non-tangent curve to the left, having a central angle of 88° 22' 32" and a radius of 25.00 feet, a distance of 38.56 feet (Chord bearing, S 00° 01' 31" W Chord Distance, 34.85 feet);
Thence S 44° 09' 45" E, a distance of 7.78 feet;
Thence along a curve to the right, having a central angle of 31° 43' 57" and a radius of 530.00 feet, a distance of 302.78 feet;
Thence S 11° 25' 48" E, a distance of 342.70 feet;
Thence along a curve to the right, having a central angle of 10° 48' 51" and a radius of 530.00 feet, a distance of 100.03 feet;
Thence along a Reverse Curve to the left, having a central angle of 84° 18' 46" and a radius of 25.00 feet, a distance of 36.79 feet;
Thence S 06° 17' 29" W, a distance of 60.00 feet;
Thence along a non-tangent curve to the left, having a central angle of 42° 50' 00" and a radius of 25.00 feet, a distance of 18.69 feet (Chord bearing, S 73° 39' 16" W, Chord Distance, 18.26 feet);
Thence along a reverse Curve to the right, having a central angle of 08° 13' 21" and a radius of 50.00 feet, a distance of 7.18 feet;
Thence along a non-tangent curve to the right, having a central angle of 23° 28' 14" and a radius of 530.00 feet, a distance of 217.11 feet (Chord bearing, S 21° 15' 35" W, Chord Distance, 215.59 feet) to the south section line of said Section 33;
Thence S 89° 38' 30" E, along said south section line, a distance of 331.88 feet to the south ¼ corner, a found marked stone, of said section 33;
Thence S 89° 41' 01" E, a distance of 2638.88 feet to the southeast corner, a found marked stone, of said section 33;
Thence N 00° 18' 16" E, a distance of 2640.76 feet to the east ¼ corner, a 5/8" rebar with an aluminum cap, L.S. 16165, of said Section 33;
Thence N 00° 18' 16" W, a distance of 2640.76 feet to the northwest corner, a 5/8" rebar with an aluminum cap, L.S. 16165, of said Section 33;
Thence N 89° 38' 23" W, a distance of 2637.89 feet to the north ¼ corner, a found GLO brass cap, of said Section 33;
Thence N 89° 42' 21"W, a distance of 2638.53 feet to the northwest corner, a 5/8" rebar with an aluminum cap, L.S. 16165, of said Section 33;
Thence S 00° 19' 42" W, a distance of 2637.69 feet to the west ¼ corner, a found GLO brass cap, of said Section 33;
Thence S 00° 19' 12" W, along said west section line of said Section 33, a distance of 778.72 feet to the TRUE POINT OF BEGINNIG; containing ~~124.00~~ acres more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
16165
RONALD P.
MATKIN
Date Signed 5-20-05
ARIZONA, U.S.A.

EXHIBIT B

Land Description
Havasu Foothills Estates
Tract 2367

That part of Section 33, T 14 N, R 19 W, Gila and Salt River Meridian, Lake Havasu City, Mohave County, Arizona, Described as follows:

COMMENCING at the southwest corner, a found 5/8" rebar with an aluminum cap, L.S. 31588 of said Section 33; Thence N 00° 19' 12" E, along the west section line of said Section 33, a distance of 1775.35 feet to the TRUE POINT OF BEGINNIG;

Thence continuing N 00° 19' 12" E, along said section line, a distance of 88.83 feet;
Thence along a non-tangent curve to the right having a central angle of 16° 04' 33" and a radius of 542.00 feet, a distance of 152.07 feet (Chord bearing, N 80° 58' 18" E, Chord distance, 151.57 feet);
Thence N 89° 00' 35" E, a distance of 114.78 feet;
Thence along a curve to the left, having a central angle of 25° 13' 16" and a radius of 458.00 feet, a distance of 201.61 feet;
Thence N 63° 47' 19" E, a distance of 418.36 feet;
Thence along a curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet;
Thence N 63° 47' 19" E, a distance of 60.00 feet;
Thence along a non-tangent curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet (Chord bearing, S 71° 12' 41" E, Chord distance, 35.36 feet);
Thence N 63° 47' 19" E, a distance of 16.00 feet;
Thence S 26° 12' 41" E, a distance of 84.00 feet;
Thence N 63° 47' 19" E, a distance of 377.62 feet;
Thence along a curve to the left, having a central angle of 20° 44' 29" and a radius of 542.00 feet, a distance of 196.21 feet;
Thence N 43° 02' 50" E, a distance of 375.74 feet;
Thence along a curve to the right, having a central angle of 27° 40' 12" and a radius of 458.00 feet, a distance of 221.18 feet;
Thence N 70°43' 02" E, a distance of 145.31 feet;
Thence S 43° 39' 22" E, a distance of 717.55 feet;
Thence S 11° 48° 25" W, a distance of 171.14 feet;
Thence S 55° 06' 16" W, a distance of 195.67 feet;
Thence S 02° 31' 13" E, a distance of 110.39 feet;
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Thence S 72° 26' 30" W, a distance of 226.76 feet;
Thence N 45° 00' 09" W, a distance of 113.92 feet;
Thence S 46° 08' 51" W, a distance of 240.51 feet;
Thence S 88° 03' 10" W, a distance of 203.65 feet;
Thence S 24° 16' 52" W, a distance of 253.98 feet;
Thence S 67° 13' 59" E, a distance of 480.64 feet;

Thence S 32° 53' 09" W, a distance of 132.15 feet;
Thence along a non-tangent curve to the right, having a central angle of 12° 57' 06" and a radius of 530.00 feet, a distance of 119.81 feet;
Thence S 44° 09' 45" E, a distance of 74.00 feet;
Thence along a curve to the left, having a central angle of 92° 21' 15" and a radius of 25.00 feet, a distance of 40.30 feet;
Thence S 42° 30' 29" E, a distance of 60.12 feet;
Thence along a non-tangent curve to the left, having a central angle of 88° 22' 32" and a radius of 25.00 feet, a distance of 38.56 feet (Chord bearing, S 00° 01' 31" W, Chord Distance, 34.85 feet);
Thence S 44° 09' 45" E, a distance of 7.78 feet;
Thence along a curve to the right, having a central angle of 32° 43' 57" and a radius of 530.00 feet, a distance of 302.78 feet;
Thence S 11° 25' 48" E, a distance of 342.70 feet;
Thence along a curve to the right, having a central angle of 10° 48' 51" and a radius of 530.00 feet, a distance of 100.03 feet;
Thence along a reverse curve to the left, having a central angle of 84° 18' 46" and a radius of 25.00, a distance of 36.79 feet;
Thence S 06° 17' 29" W, a distance of 60.00 feet;
Thence along a non-tangent curve to the left, having a central angle of 42° 50' 00" and a radius of 25.00 feet, a distance of 18.69 feet (Chord bearing, S 73° 39' 16" W, Chord Distance, 18.26 feet);
Thence along a reverse curve to the right, having a central angle of 08° 13' 21" and a radius of 50.00 feet, a distance of 7.18 feet;
Thence along a non-tangent curve to the right, having a central angle of 23° 28' 14" and a radius of 530.00 feet, a distance of 217.11 feet (Chord bearing, S 21° 15' 35" W, Chord Distance, 215.59 feet) to the south section line of said Section 33;
Thence N 89° 38' 30" W, along said south section line, a distance of 692.74 feet;
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Thence N 44° 09' 45" W, a distance of 60.00 feet;
Thence along a non-tangent curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet;
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Thence along a curve to the left, having a central angle of 27° 40 58" and a radius of 470.00 feet, a distance of 227.08 feet;
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Thence along a non-tangent curve to the left, having a central angle of 90° 00' 00" and a radius of 25.00 feet, a distance of 39.27 feet (Chord bearing, N 14° 28' 14" E, Chord Distance, 35.36 feet);
Thence N 30° 31' 46" W, a distance of 127.03 feet;
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Thence S 89° 00' 35" W, a distance of 114.78 feet;
Thence along a curve to the left, having a central angle of 19° 23 54" and a radius of 458.00 feet, a distance of 155.06 feet to the TRUE POINT OF BEGINNING; containing 17.60 acres more or less.

REGISTERED LAND SURVEYOR
CERTIFICATE NO.
16165
RONALD P.
MATKIN
Date signed 5/20/05
ARIZONA, U.S.A.