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**AMENDMENT TO DECLARATION**

**AMENDED AND RESTATED**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

**OF**

**OWNERS ASSOCIATION OF BOULDERS SCOTTSDALE**

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**AMENDMENT TO DECLARATION**

**AMENDED AND RESTATED  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
OF  
OWNERS ASSOCIATION OF BOULDERS SCOTTSDALE**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (herein called the "Declaration") is made and entered into as of the day hereinafter set forth, by the OWNERS ASSOCIATION OF BOULDERS SCOTTSDALE (herein called the "Association").

DECLARATION:

WHEREAS, Boulders Joint Venture, an Arizona general partnership, recorded a Master Declaration of Covenants, Conditions and Restrictions for The Boulders Carefree on September 30, 1985, at Instrument No. 85-464536, in the official records of Maricopa County, Arizona, an Amendment to Declaration for The Boulders Carefree on August 27, 1993, at Instrument No. 93-575921, in the official records of Maricopa County, Arizona, an Amendment to Declaration Master Declaration of Covenants, Conditions and Restrictions for The Boulders Carefree on November 17, 1993, at Instrument No. 93-793437, in the official records of Maricopa County, Arizona, and an Amendment to Master Declaration of Covenants, Conditions and Restrictions for The Boulders Scottsdale on January 16, 1996, at Instrument No. 96-029541, in the official records of Maricopa County, Arizona, and the Association recorded a Certificate of Amendment to Master Declaration of Covenants, Conditions and Restrictions for The Boulders Scottsdale on March 29, 2011, at Instrument No. 2011-265919, in the official records of Maricopa County, Arizona (collectively, the "Original Declaration");

WHEREAS, the Original Declaration governs the real property in Maricopa County, Arizona described on Exhibit "A" attached hereto and by reference made a part hereof, (the "Property");

WHEREAS, the Property was either initially included in the Original Declaration or annexed by one or more of the supplemental declarations identified on Exhibit "B" attached hereto and by reference made a part hereof;

WHEREAS, the Association, by and through its Members, wishes to completely amend and restate the Original Declaration as set forth herein;

NOW, THEREFORE, the Association, for the purposes above set forth, declares that the Property shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights hereinafter set forth, all of which are declared to be in furtherance of a plan to promote and protect the Property and all of which shall run with the land and be binding upon the Property and all parties having or acquiring any right, title or interest in or to the Property, or any part

thereof, irrespective of whether or not referenced in a deed or other applicable instrument of conveyance, and shall inure to the benefit of each owner thereof, the Association and each member of the Association.

ARTICLE 1

DEFINITIONS

Unless the context clearly requires otherwise, the following terms used in this Declaration are defined as follows. Defined terms appear throughout this Declaration with the initial letter of such term capitalized.

1.1 “Annexation Property” means any additional real property which is annexed to the Property, thereby becoming a part thereof and subject to this Declaration, in accordance with Article 13.

1.2 “Articles” means the Articles of Incorporation of the Association, as such may be amended from time to time, or of any successor thereto.

1.3 “Assessments” shall include Regular Assessments, Individual Assessments, Special Assessments, and Reconstruction Assessments, all as provided in this Declaration.

1.4 “Association” means OWNERS ASSOCIATION OF BOULDERS SCOTTSDALE, an Arizona non-profit corporation, its successors and assigns.

1.5 “Association Rules” means the rules and regulations adopted by the Association pursuant to Section 4.5.

1.6 “Board” means the Board of Directors of the Association.

1.7 “Building Envelope” means that area which may be designated on each Lot to be used for a home by the Design Review Committee within which the residential dwelling unit, garages, structures and other improvements may be constructed by an Owner.

1.8 “Bylaws” means the bylaws of the Association adopted in accordance with the Articles, as such Bylaws may be amended from time to time.

1.9 “Clubhouse Facilities” means the clubhouse and other related facilities which are privately owned and operated in conjunction with the Golf Course.

1.10 “Common Areas” means all real property, easements, licenses, leaseholds, rights, rights-of-way and other interests in real property, if any, and the improvements thereon, which may from time to time be owned or leased by the Association or made available expressly for the common use and enjoyment of the Members or Owners.

1.11 “Common Expenses” means the actual and estimated costs incurred by the Association: in administering, maintaining and operating the Property, in exercising its rights and carrying out its duties pursuant to this Declaration, the Articles, Bylaws, Association Rules, Design Guidelines, and applicable law, in furtherance of the purposes of the Association, and in promoting the health, safety, and welfare of the Owners and Occupants of the Property.

1.12 “Community” means a semi-autonomous and distinctive residential development within the Property including, for example, a Condominium Property, patio homes or custom homes as provided in Article 14, entitled "Community Associations".

1.13 “Condominium Property” means a condominium established within the Property pursuant to Title 33, Chapter 9, Arizona Revised Statutes, or similar statutes of the State of Arizona.

1.14 “Condominium Unit” means any "Unit" as defined in Section 33-1202, Arizona Revised Statutes, together with its appurtenant interest in the Common Elements, located within a Condominium Property.

1.15 “Declaration” means this instrument, as from time to time amended.

1.16 “Default Rate of Interest” means an annual rate of interest equal to eighteen percent (18%) per annum.

1.17 “Design Guidelines” means the rules, regulations, restrictions, architectural standards and design guidelines from time to time adopted by the Design Review Committee pursuant to Section 11.2.

1.18 “Design Review Committee” means the committee provided for in Article 11.

1.19 “Golf Club Facilities” means the golf course and related facilities constructed abutting and/or adjacent to the Property, and all appurtenances thereto including the maintenance and other buildings, vehicles and equipment associated therewith (the "Golf Course"), together with the Clubhouse. The Golf Club Facilities are privately owned and the Owners, Association and Members shall have no right, title or legal or equitable interest therein, except that members of the golf club may have whatever rights or privileges they may have by virtue of club membership.

1.20 “Improvement” means buildings, roads, parking areas, lighting fixtures, fences, walls, fountains, sculptures, infrastructure, hedges, plantings, trees, shrubs, and all other structures or landscaping improvements of every type and kind.

1.21 “Lot” means a subdivided residential lot, a Condominium Unit or a residential dwelling unit as shown on the Plat. A "Lot" shall not include any Common Areas. A "Lot" includes a residential dwelling unit, garages, structures and other Improvements constructed thereon and, in the case of a Condominium Unit, includes the limited common elements of the Condominium Property appurtenant to the Condominium Unit.



1.22 “Majority of Members” means the Members holding more than fifty percent (50%) of the total votes entitled to be cast with respect to a given matter, and any specified fraction or percentage of the Members means the Members holding that fraction or percentage of the total votes entitled to be cast with respect to a given matter. A specified fraction or percentage "of all of the Members" means that fraction or percentage of the total votes of all Members. Unless otherwise specified, any provision herein requiring the approval of the Members means the approval of a Majority of Members.

1.23 “Member” means every Person who holds Membership in the Association pursuant to Article 3.

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

1.25 “Occupant” means any Person, other than an Owner, in rightful possession of a Lot, whether as a guest, tenant or otherwise.

1.26 “Owner” means one or more Persons, who are alone or collectively the record owner of a fee simple title, whether or not subject to any Mortgage, to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. In the case of Lots, the fee simple title to which is vested of record in a trustee pursuant to Arizona Revised Statutes, § 33-801, et seq., legal title shall be deemed for purposes of this Declaration to be in the trustor.

1.27 “Parcel” means a parcel of real property referred to in the recitals hereof and described in Exhibit "A" hereto which is not platted into residential Lots and appurtenant Common Areas.

1.28 “Person” means an individual, corporation, partnership, trustee or other entity capable of holding title to real property, and their respective heirs, successors and assigns.

1.29 “Plat” means the plat of a subdivision of any portion of the Property as may be recorded in the official records of Maricopa County, Arizona, and as thereafter from time to time amended or supplemented, together with all subsequent plats of subdivision for real property annexed to the Property.

1.30 “President” means the duly elected or appointed president of the Association.

1.31 “Private Roads” and “Private Streets” are synonymous and mean any street, roadway, drive, sidewalk, walkway, path or other right-of-way within the Property which has not expressly been dedicated to the public use, but excluding any such item which is a part of, or appurtenant to, the Golf Club Facilities.

1.32 “Property” means the real property referred to in the recitals hereof and described in Exhibit "A" hereto and any additional real property made subject to this Declaration by annexation pursuant to Article 13, together with all buildings, Improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges belonging or in any way pertaining thereto.

1.33 “Record” or “Recording” means the act of recording an instrument with, the office of the County Recorder for Maricopa County, Arizona.

1.34 “Single Family” means a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three (3) persons not all so related, who maintain a common household.

1.35 “Supplemental Declaration” means a declaration of covenants, conditions and restrictions, or similar instrument, annexing additional real property to the Property and subjecting such real property to this Declaration as provided in Article 13.

1.36 “Visible From Neighboring Property” means, with respect to any given object, that such object is or would be visible to a person six feet tall standing on neighboring property, on the level of the base of the object being viewed.

## ARTICLE 2

### RIGHTS OF ENJOYMENT

2.1 Members' Right of Enjoyment. Every Member shall have a non-exclusive easement for use and enjoyment in and to the Common Areas, which right shall be appurtenant to and shall pass with such Member's membership as herein provided, and to all of the easements, covenants, conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following provisions:

2.1.1 The right of the Association to limit the number of guests of Members and to limit the use of the Common Areas by Persons who are not Members, but who are in possession of a Lot or own a portion of, or less than the entire ownership interest of, a Lot.

2.1.2 The right of the Association to establish reasonable rules and regulations pertaining to or restricting the use of the Common Areas by Members or other Persons.

2.1.3 The right of the Association to borrow money for the purpose of improving, replacing, restoring or expanding the Common Areas or adding new Common Areas

and, in aid thereof, to mortgage said property, provided that the rights of the lender thereunder shall be subordinated to the rights of the Members.

2.1.4 The right of the Association to lease, transfer, or convey a portion of the Common Area upon the approval of a Majority of the Members.

2.1.5 The rights of the Association to suspend the right of a Member or any Person to use the Common Areas or any designated portion thereof during any time in which any Assessment respecting such Member remains unpaid and delinquent, or for a period not to exceed sixty (60) days for any single infraction of the Association Rules or breach of this Declaration by the Member or any person for whom the Member is responsible, as set forth in Section 15.11, and up to one (1) year for any subsequent violation of the same or similar provision of the Association Rules or this Declaration, and such suspension may remain in place for so long as the Member remains in violation of the Association Rules or this Declaration. Notwithstanding the foregoing, the Association shall not have the right hereunder to suspend any Member's right to use any portion of the Property or Private Roads necessary for such Member to gain access to his Lot.

2.2 Delegation of Use. Members may only delegate their right of use and enjoyment of the Common Areas to the members of their immediate family and to their guests as permitted by the Association Rules.

2.3 Waiver of Use. No Member may exempt himself, and no Member shall be exempt, from personal liability for Assessments or release any Lot owned by him from the Assessment liens and other provisions and obligations of this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, by voluntary waiver of or suspension or restriction of such Member's right to the use and enjoyment of the Common Areas, or the abandonment of such Member's Lot or membership.

2.4 Exclusive Use Rights. Certain areas of the Common Areas may be reserved by the Board for the exclusive control, possession and use of the Owner of a Lot. If such an area serves as access to and from two Lots, the Owners of the two Lots shall have joint control, possession and use of such portion of said area as reasonably serves both Lots. The exclusive use rights created herein are subject to the blanket utility easement, maintenance and architectural and landscape control provisions contained in the Declaration and to such reasonable rules and regulations with respect to possession, control, use and maintenance as the Association may from time to time promulgate. Easements are hereby created in favor of and running with each Lot having such an area for use exclusive control and use of each such area. Each Owner, by accepting title to a Lot, and each Member shall be deemed to have further ratified the easements and rights to exclusive use created by this Section 2.4.

### ARTICLE 3

#### MEMBERSHIP

3.1 Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Although all Persons who are Owners of a Lot shall be Members of the Association, only one (1) membership shall exist for a single Lot. An owner of a Parcel shall not be a Member or entitled to voting rights.

3.2 Transfer Memberships. The rights and obligations of an Owner and a membership in the Association shall not be assigned, transferred, pledged or alienated in any way, except upon the transfer of the Lot to which it appertains (and then only to such transferee), whether by sale, intestate succession, testamentary disposition, foreclosure of a Mortgage or other legal process transferring fee simple title to such Lot. Any attempt to make a prohibited transfer shall be void.

3.3 Voting Rights. All Members shall be entitled to one (1) vote for each Lot owned. When more than one Person owns a portion of the interest required for membership, the vote for each Lot shall be exercised as they themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot and fractional votes shall not be permitted. If the Owners are unable to agree among themselves how their vote(s) shall be cast, they shall lose their right to cast their vote(s) on the matter in question. If any Member casts a vote representing a certain Lot, it will thereupon conclusively be presumed for all purposes that he or she was acting with the authority and consent of all other Owners of the same Lot unless objection thereto is made prior to the deadline for casting the vote. In the event that more than one vote is cast for a particular Lot, and one or more conflicting votes are cast, then none of the votes shall be counted and all of the votes for the Lot shall be deemed void.

3.4 Articles and Bylaws. Each Member shall have such other rights, duties, and obligations as are set forth in the Articles and Bylaws.

#### ARTICLE 4

#### ASSOCIATION

4.1 Purpose of Association. The Association has been incorporated as a non-profit corporation to serve as the governing body for all of the Members for the protection, improvement, alteration, maintenance, repair, replacement, administration and operation of the Property, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds, and other matters as provided in this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines. The Association may transact any and all lawful business for which corporations may be incorporated under the laws of the State of Arizona and all funds received by the Association shall be held and applied by it for the Owners and Members in accordance with the provisions of this Declaration, the Articles and the Bylaws.

4.2 Board of Directors. The affairs of the Association shall be conducted by the Board as herein provided and in accordance with the Articles and Bylaws. Each director shall be a Member or the spouse of a Member. If a director shall cease to meet such qualifications during

his term, he will thereupon cease to be a director and his place on the Board shall be deemed vacant.

4.3 Interpretation of This Declaration. In the event of any question of interpretation or application of the provisions of this Declaration, the Articles or the Bylaws, the determination thereof by the Board shall be final and binding on each and all of such Owners except for judicial construction to the contrary.

4.4 Additional Provisions in Articles and Bylaws. The Articles and Bylaws may contain any provision relating to the conduct of the affairs of the Association and the rights and powers of its directors, officers, employees, agents and members not inconsistent with law or this Declaration.

4.5 Association Rules. The Board shall be empowered to adopt, amend, or repeal such rules and regulations as it deems reasonable and appropriate (the "Association Rules"), binding upon all Persons subject to this Declaration and governing the use and/or occupancy of the Common Areas, Lots, or any other part of the Property. The Association Rules may include the establishment of a system of fines and penalties. The Association Rules shall govern such matters in furtherance of the purposes of the Association; provided, however, that the Association Rules may not discriminate among Owners and Members except as expressly provided or permitted herein, and shall not be inconsistent with this Declaration, the Articles, Bylaws or Design Guidelines. A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal to specific portions of the Association Rules shall be delivered to each Owner and Member. After such delivery, the Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and Members, and all other Persons having any interest in, or making any use of, the Property, whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner, Member or other Person reasonably entitled thereto, upon request. In the event of any conflict between any provision of the Association Rules and any provisions of this Declaration, or the Articles, Bylaws or Design Guidelines, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles, Bylaws or Design Guidelines to the extent of any such conflict.

4.6 Indemnification. To the fullest extent permitted by law, every director and every officer of the Association, and members of the Design Review Committee shall be indemnified by the Association, and every other person serving as an employee or direct agent of the Association, or on behalf of the Association as a member of a committee or otherwise, shall be indemnified by the Association, against all expenses, liabilities and judgments, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding or any settlement thereof to which he may be a party, or in which he may become involved, by reason of his serving or having served in such capacity on behalf of the Association, whether or not he is a director, officer or member of the Design Review Committee or serving in such other specified capacity at the time such expenses are incurred. This indemnification shall be mandatory in all circumstances in which indemnification is permitted by law; provided, however,

that the Association shall have the right to refuse indemnification if the person to whom indemnification would otherwise have been applicable shall have unreasonably refused to permit the Association, at its own expense and through counsel of its own choosing, to defend him or her in the action. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such persons may be entitled at law or otherwise.

4.7 Non-Liability of Officials. To the fullest extent permitted by the Nonprofit Corporation Act (set forth at A.R.S. § 10-3101 et seq., as may be amended from time to time), neither the Board, the Design Committee or any other committees of the Association nor any member thereof, nor any directors or officers of the Association, shall be liable to any member, Owner, Occupant, the Association or any other Person for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which the Board, or such committees or persons reasonably believed to be within the scope of their respective duties (which is any decision, act, or event undertaken by the Association in furtherance of the purpose or purposes for which it is organized) unless such damage or injury was caused by willful and wanton or grossly negligent conduct of the person covered hereunder.

4.8 Easements. In addition to the blanket easements granted in Section 5.1, the Association is authorized and empowered to grant upon, across or under real property owned or controlled by the Association such permits, licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains, television cable and other similar public or private utility purposes, communications systems, roadways or other purposes as may be reasonably necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Areas or for the preservation of the health, safety, convenience and welfare of the Owners and Members, provided that any damage to a Lot resulting from such grant shall be repaired by the Association at its expense.

4.9 Accounting. The Association, at all times, shall keep, or cause to be kept, true and correct records of account in accordance with generally acceptable accounting principles, specifying in reasonable detail all expenses incurred and funds accumulated from assessments or otherwise.

4.10 Records. The Association shall, upon reasonable written request and during reasonable business hours within ten (10) business days of such request (or within other longer period allowed by law), make available for inspection by each Owner and Member or any person designated by the Member in writing as the member's representative the books, records and financial statements of the Association together with current copies, as amended from time to time, of this Declaration and the Articles, Bylaws, Association Rules and Design Guidelines. Each Owner and Member may also purchase copies of the Association records within ten (10) business days of such request for a reasonable price, as permitted by law. Notwithstanding the foregoing, the Association reserves its right, pursuant to A.R.S. 33-1805, as may be amended from time to time, to withhold certain Association records from inspection and copying by Members and Owners.

4.11 Managing Agent. All powers, duties and rights of the Association or the Board, as provided by law and herein, may be delegated to a managing agent to the extent permitted by law; however, no such delegation shall relieve the Association of its obligation to perform any such delegated duty.

4.12 Pledge of Assessment Rights as Security. The Association shall have the power to pledge the right to exercise its assessment powers and rights provided for in this Declaration as security for any obligation of the Association; provided, however, that any such pledge shall require the prior affirmative vote or written assent of a Majority of all of the Members. The Association's power to pledge its assessment power shall include, but not be limited to, the ability to make an assignment of Assessments which are then payable to, or which will become payable to, the Association, which assignment may then be immediately effective but shall allow said Assessments to continue to be paid to the Association and used by the Association as set forth in this Declaration, unless and until the Association shall default on its obligations secured by said assignment.

## ARTICLE 5

### EASEMENTS

5.1 Blanket Easements. There is hereby created a blanket easement upon, across, over and under the Property (except for any Building Envelope) for ingress and egress (over existing roadways), installing, constructing, replacing, repairing, maintaining and operating all utilities, including but not limited to water, sewer, gas, telephone, electricity, television cable, security systems, and communication lines and systems, and in addition thereto for the use of emergency vehicles of all types. Such easement shall also include the right to establish easements for drainage and the construction and maintenance of such structures as may be necessary or appropriate for such purposes. By virtue of the easement, it shall be expressly permissible for the providing utility or communications company to erect (including without limitation underground installation) and maintain the necessary facilities, wires, circuits, conduits, cables and related appurtenances, facilities and equipment on the Property; provided, however, that the utility company shall replace all vegetation and repair all damage to premises. Notwithstanding anything to the contrary contained in this Section 5, no easements shall be created nor shall any sewers, electrical lines, water lines or other facilities for utilities be installed or relocated except as initially created and approved by Boulders Joint Venture or thereafter created or approved by the Association. This provision shall in no way affect any other recorded easements on the Property.

5.2 Maintenance Easement. There is hereby reserved a blanket easement upon, over, across and under all Common Areas for the purpose of access, ingress to and egress from any portion of the Property for the purpose of performing any maintenance or other function which the Association is empowered and obligated to perform under this Declaration.

5.3 Golf Course Easement. There is hereby created an easement in favor of all Owners, invitees and social guests of Owners, upon, over, across, and through the Common

Areas to the extent necessary for ingress and egress to the Golf Course Facilities and upon, over, across and through all Lots bordering on the Golf Course Facilities for the limited purposes of retrieving golf balls and otherwise playing golf on the Golf Course Facilities. There is hereby reserved a further easement in favor of the owner of the Golf Course Facilities upon, over, across and through the Common Areas for the purpose of operating, maintaining, planting, replanting, and repairing the Golf Course Facilities.

5.4 Entrance Gates and Private Roads. Access through certain entrance gates to the Property and access to and use of the Private Roads shall be governed by the Declaration of Easement recorded on December 8, 1994 at Recording No. 1994-0860062, official records of Maricopa County, Arizona Recorder and the Amended and Restated Boulders Main Gate Security Services Agreement recorded on March 25, 2011 at Recording No. 2011-0254189, official records of Maricopa County, Arizona Recorder, as the same may be amended from time to time. The Association shall have the right to control other entrance gates to the Property not governed by the easement agreements described above; provided, however, that twenty-four (24) hour daily access shall be permitted to the Lots and parcels within the Property to permit their utilization for their intended purpose without unreasonable restrictions. Any entrance gate may be abandoned, or its hours of manned operation reduced to less than twenty-four (24) hours per day, at the discretion of the Association. To the extent not prohibited by the easement agreements described above, the Association shall have the right to impose reasonable controls and restrictions on such use, including but not limited to speed, traffic and directional controls and parking restrictions. No Community Association may restrict access or impose controls or restrictions with respect to Private Roads within such Community, except as provided by the Association.

## ARTICLE 6

### ASSESSMENTS

6.1 Creation of Lien and Personal Obligation. Each Owner and Member, by acceptance of a deed or other conveyance of an interest in a Lot or by acceptance of his membership, is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments, Individual Assessments, and Reconstruction Assessments, if applicable, (collectively and individually, "Assessments"). Such Assessments to be established and collected from time to time as provided in this Declaration. The Assessments, together with interest thereon, late charges, attorneys' fees and court costs, and other costs of collection thereof, as hereinafter provided, shall be a continuing lien upon such Owner or Member's Lot against which the Assessments are made. Each Assessment, together with such interest and other costs, shall also be the personal obligation of the Member and/or Owner to whom such Assessment relates. The personal obligation for delinquent payments shall not pass to an Owner's or Member's successor in title unless expressly assumed by him. The obligation of a Member and the Owner of the Lot to which such membership appertains for the payment of Assessments shall be joint and several.



6.2 Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety and welfare of the Owners and Members, to enhance the quality of life within the Property, to preserve the value of the Property, to pay the costs of administration of the Association and all other Common Expenses, or to otherwise further the interests of the Association.

6.3 Regular Assessments.

6.3.1 Not later than thirty (30) days prior to the beginning of each fiscal year of the Association, the Association shall make available for review by each Owner and Member a budget for the upcoming fiscal year which shall, among other things, estimate the total Common Expenses to be incurred for such fiscal year. The Association shall at that time determine the amount of the Regular Assessment to be paid by each Member and notify the Member thereof. In the event the Board fails to adopt a budget for any fiscal year prior to commencement of such fiscal year, then until and unless such budget is adopted, the budget (and the amount of the Regular Assessments provided for therein) for the year immediately preceding shall remain in effect.

6.3.2 If the Association determines that the total Regular Assessments for the current year are, or will become, inadequate to meet all Common Expenses for whatever reason, including Common Expenses in excess of the estimated Common Expenses used in preparation of the Association's budget for that year, the Board shall then immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the Common Expenses and determine the revised amount of Regular Assessments to be paid by each Member for the balance of the year, and the date or dates when due. If the estimated total Regular Assessments for the current year proves to be excessive in light of the actual Common Expenses, the Association may, at the discretion of the Board, retain such excess as additional working capital or reserves, reduce the amount of the Regular Assessments for the succeeding year, or abate collection of Regular Assessments for such period as it deems appropriate. No reduction or abatement of Regular Assessments because of any such anticipated surplus may diminish the quantity or quality of services upon which the Common Expenses for the year in question are based.

6.3.3 Notwithstanding the foregoing, in no event shall the Board increase Regular Assessments payable by Lots by more than twenty percent (20%) from one fiscal year to the next without the affirmative vote, or written consent, or any combination thereof, of a majority of all of the Members.

6.4 Individual Assessments. Individual Assessments shall be levied by the Association against a Member and/or an Owner and his Lot to reimburse the Association for:

6.4.1 Costs incurred in bringing a Member or an Owner and his Lot into compliance with or enforcing the provisions of this Declaration, or the Articles, Bylaws, Association Rules or Design Guidelines, including, but not limited to, attorneys' fees incurred by the Association in the compliance matter, regardless of whether suit is filed;

6.4.2 Any other charge designated as an Individual Assessment in this Declaration, the Articles, Bylaws or Association Rules;

6.4.3 Attorneys' fees, interest and other costs or charges provided to be paid as, or which are incurred in connection with, an Individual Assessment in accordance with this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines.

6.4.4 In the event the Association undertakes to provide materials or services which benefit individual Members or Lots and which can be accepted or not by individual Members, such Members, in accepting such materials or services agree that the costs thereof shall be an Individual Assessment.

6.5 Special Assessments. In addition to the Regular Assessments, the Association may levy a Special Assessment for any proper Association purpose, provided, however, that such Special Assessment must be approved by at least two-thirds (2/3) of the Members who are voting in person or by absentee ballot at a meeting of the Association duly called for such purpose where quorum is present.

6.6 Uniform Assessment. The Regular Assessment and Special Assessment for each Member shall be uniform.

6.7 Exempt Property. All properties dedicated to and accepted by, or otherwise owned or acquired by, a public authority shall be exempt from the Assessments created herein. All Parcels shall be exempt from the Assessments created herein, except the Association and all owner(s) of the Parcel may make a Parcel eligible for specified services of the Association and subject to Assessment by a Supplemental Declaration. The owner of a Parcel shall not be entitled to membership or voting rights. Such Supplemental Declaration may provide for a method of determining the share or amount of Assessments different than that for Lots or delegate the right to make such determination to the Board. If a Parcel becomes subject to Assessment, all the provisions of this Declaration relating to liability, the lien of Assessments, penalties, interest and collection procedures shall be applicable to such Parcel.

6.8 Time and Manner of Payment; Late Charges and Interest. Assessments shall be due and payable by the Members in such manner and at such times as the Association shall designate. If not paid within thirty (30) days after its due date, each such Assessment shall have added to it a late charge of up to fifteen dollars (\$15.00) or ten percent (10%) of the amount of Assessment, or any greater amount allowed by law, and thereafter bear interest at the Default Rate of Interest until paid. The Association may, in its discretion and without waiving the imposition of a late charge for interest in any other instance, waive the late charge and/or interest in any particular instance.

6.9 No Offsets. All Assessments shall be payable in the amount specified in the Assessment or notice of Assessment and no offset against such amount shall be permitted for any reason, including without limitation, a claim that (a) the Association, the Board or a committee is not properly exercising its duties and powers as provided in this Declaration; (b) Assessments for

any period exceed Common Expenses; or (c) a Member has made, and elects to make, no use of the Common Areas.

6.10 Homestead Waiver. Each Owner and Member, to the extent permitted by law, hereby waives, to the extent of any liens created pursuant to this Declaration, whether such liens are not in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Arizona now in effect, or in effect from time to time hereafter.

6.11 Reserves. The reserves included in the Common Expenses which are collected as part of the Regular Assessments shall be deposited by the Association in a separate bank account to be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with any other funds of the Association, except to the extent that the Association's regularly employed accountant deems it desirable to do otherwise on the basis of standard accounting principles in similar contexts or the laws, tax or otherwise, of the State of Arizona or the United States relating to non-profit corporations or homeowners associations. Such reserves shall be deemed a contribution to the capital account of the Association by the Members. The responsibility of the Board shall be only to provide for such reserves as the Board in good faith deems reasonable, and neither the Board nor any member thereof shall have any liability to any Owner or Member or to the Association if such reserves prove to be inadequate.

6.12 Subordination of Lien. Any Assessment lien is subordinate to the lien of a First Mortgage on the Lot, acquired in good faith and for value. If a First Mortgagee becomes the Owner of a Lot pursuant to the foreclosure of a First Mortgage or any proceeding in lieu thereof, the Assessment lien existing prior to such sale or transfer shall be extinguished, except for any amount of unpaid Assessments which accrue from and after the date on which a First Mortgagee becomes the Owner of a Lot (together with any interest, costs, reasonable attorneys' fees and any late charges related thereto). Any unpaid Assessments which are extinguished by a superior lien holder shall continue to be the personal obligation of the delinquent Owner and Member and may also be re-allocated by the Association among all Members as part of the Common Expenses.

6.13 Certificate of Payment. Upon receipt of a written request, the Association shall furnish to a person acquiring an interest in any Lot and a lienholder, escrow agent, Owner or person designated by an Owner a certificate from the Association setting forth the amount of due but unpaid Assessments relating to such Lot, if any. Such statement will be provided within the time period required by law. Any such person receiving a statement shall not be liable for, nor shall any lien attach to the Lot in excess of the amount set forth in the certificate, except for Assessments which occur or become due after the date thereof and any interest, costs, attorneys' fees and any late charges related to such Assessments.

6.14 Remedies for Nonpayment of Assessments. The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest thereon, late charges, attorneys' fees, court costs, and other costs of collection thereof 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 against the Lot or (b) bringing an action to foreclose its Assessment

lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. Pursuing one enforcement remedy shall in no way limit any and/or all other legal remedies that the Association may pursue. 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 purchased at such sale. Nothing herein shall be construed as requiring that the Association take any action described hereunder in any particular instance, and the failure of the Association to take such action at any time shall not constitute a waiver of the right to take such action at a later time or in a different instance.

## ARTICLE 7

### INSURANCE

7.1 Authority to Purchase. The Association shall purchase and maintain certain insurance upon the Common Areas including but not limited to the insurance described in Section 7.3. Such policies, and endorsements thereon, or copies thereof shall be deposited with the Association. The Association shall advise the Owners and Members of the coverage of said policies in order to permit the Owners and Members to determine which particular items are included within the coverage so that the Owners and Members may insure themselves as they see fit if certain items are not insured by the Association.

7.2 Member's Responsibility. Each Owner or Member may purchase and maintain insurance on his or her own Lot, the additions and Improvements thereto, furnishings and personal property therein, his or her personal property stored elsewhere within the Property, his or her personal liability to the extent not covered by the public liability insurance obtained by the Association, and such other insurance which is not carried by the Association as the Owner or Member desires. No Owner or Member shall maintain any insurance, whether on his or her Lot or otherwise, which would limit or reduce the insurance proceeds payable under the casualty insurance maintained by the Association in the event of damage to the improvements or fixtures on the Common Areas.

7.3 Coverage. The Association shall maintain and pay for policies of insurance as follows:

7.3.1 A multi-peril type policy covering all of the Common Areas providing, as a minimum, fire and extended coverage, and all other coverage in kinds and amounts customarily acquired or required for projects similar in construction, location and use, including, without limitation, perils normally covered by an "all-risk" policy, in an amount determined by the Association;

7.3.2 A policy of comprehensive public liability insurance covering all of the Common Areas in an amount determined by the Association but not less than Two Million Dollars (\$2,000,000.00) per occurrence, and umbrella coverage of at least Five Million Dollars (\$5,000,000) for personal injury or death and/or property damage. The scope of such coverage shall include all other coverage in the kinds and amounts customarily acquired or required for

projects similar in construction, location and use, including without limitation, liability for non-owned and hired automobiles, liability for property of others, liability arising in connection with the operation, maintenance or use of the Common Areas, liability assumed by contract or contractual liability, and liability arising out of any employment contracts of the Association;

7.3.3 The Association shall obtain fidelity insurance covering against dishonest acts on the part of directors, officers, managers, trustee, agents, employees or volunteers responsible for handling funds belonging to or administered by the Association. If funds of the Association are handled by a management agent, then fidelity insurance coverage shall also be obtained for the officers, employees or agents thereof handling or responsible for Association funds. The fidelity insurance must name the Association as the named insured and shall be written to provide protection in an amount not less than the lesser of (a) one-half (1/2) times the Association's estimated annual operating expenses and reserves, (b) a sum equal to three (3) months' aggregate Regular Assessments plus reserves, or (c) the estimated maximum amount of funds, including reserves, in the custody of the Association (and its management agent) at any one time. In connection with such coverage, an appropriate endorsement to the policy to cover any person who serves without compensation shall be added if the policy would not otherwise cover volunteers. Such coverage must name the Association as an obligee;

7.3.4 A workers' compensation policy, if necessary to meet the requirements of law;

7.3.5 A policy of "directors and officers" liability insurance; and,

7.3.6 Such other insurance, and in such amounts, as the Association shall determine from time to time to be desirable.

7.4 Required Provisions. The insurance policies purchased by the Association shall, to the extent reasonable and available, contain the following provisions:

7.4.1 The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by any Owner, Member or First Mortgagee.

7.4.2 The conduct of any one or more Owners or Members shall not constitute grounds for avoiding liability on any such policies.

7.4.3 There shall be no subrogation with respect to the Association, its agents or employees, Owners, Members, or members of their households or families and employees, and each Mortgagee of all or any part of the Property or of any Lot, or the policy(ies) should name said persons as additional insureds; and, each policy must contain a waiver of any defenses based on co-insurance or on invalidity arising from the acts of the insured.

7.4.4 A "severability of interest" endorsement shall be obtained which shall preclude the insurer from denying the claim of an Owner or Member because of the conduct or negligent acts of the Association and its agent or other Owners or Members.

7.4.5 Any "no other insurance" clause shall exclude insurance purchased by Owners, Members or First Mortgagees.

7.4.6 Coverage must not be prejudiced by (a) any act or neglect of Owners or Members when such act or neglect is not within the control of the Association or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

7.4.7 Coverage may not be cancelled or substantially modified without at least thirty (30) days' (or such lesser period as the Association may reasonably deem appropriate) prior written notice to the Association.

7.4.8 Any policy of property insurance which gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that such election is not exercisable without the prior written approval of the Association, or when in conflict with the insurance trust provisions contained herein, or any requirement of law.

7.4.9 A recognition of any insurance trust agreement entered into by the Association.

7.4.10 Each hazard insurance policy shall be written by a hazard insurance carrier admitted in the State of Arizona which has a financial rating as designated in A.M. Best's Key Rating Guide as "A" or better and of Class X or better, or if such rating service be discontinued, an equivalent rating by a successor thereto or a similar such rating service. Each insurance carrier must be specifically licensed or authorized by law to transact business within the State of Arizona.

7.4.11 Policies shall not be utilized where, under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Owners, Members or the Association or loss payments are contingent upon action by the carrier's board of directors, policyholders, or members.

7.5 Non-Liability of Association/Board/President. Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association nor any Board member shall be liable to any Owner, Member, Mortgagee or other Person if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner and Member to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for such additional insurance coverage and protection as the Owner or Member may desire.

7.6 Premiums and Deductibles. Premiums upon insurance policies purchased by the Association shall be paid by the Association as a Common Expense, except that the amount of increase over any annual or other premium caused by the use, misuse, occupancy or abandonment of a Lot or its appurtenances, or of the Common Areas, by an Owner or Member, shall be assessed against that particular Owner or Member. The deductible on any insurance

maintained by the Association shall be paid by the Association as a Common Expense except the deductible amount on the insurance maintained by the Association if the claim occasioned by the negligent or willful act or inaction of an Owner or Member may, in the discretion of the Board, be an Individual Assessment.

7.7 Insurance Claims. The Association is hereby irrevocably appointed and authorized, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, and to do all other acts reasonably necessary to accomplish any of the foregoing.

7.8 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of, and any proceeds of insurance received by the Association or any insurance trustee shall be held or disposed of in trust for, the Association, the Owners or the Members, as their interests may appear.

## ARTICLE 8

### DAMAGE AND DESTRUCTION OF COMMON AREAS

8.1 Duty of Association. In the event of partial or total destruction of the Common Areas, or any Improvements thereon, the Association may restore and repair the same, pursuant to this Article 8. The proceeds of any casualty insurance maintained by the Association may be used to the extent available for such purpose.

8.2 Payment of Insurance Proceeds. With respect to any loss to any Common Area covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 8.3, the proceeds shall be disbursed for the repair or restoration of the damage to the Common Area.

8.3 Vote of Members. If the amount available from the proceeds of any insurance policies for such restoration and repair (less the applicable insurance deductible), together with any uncommitted or unreserved capital of the Association, is less than the estimated cost of restoration and repair, the Association will notify Members that the Association intends to replace and restore the Common Areas unless, (a) within thirty (30) days of the date of the notice, the Members petition for a special meeting as provided in the Bylaws and (b) a Majority of Members, at such special meeting held for this purpose, disapprove of the replacement or restoration. If the Members do not disapprove the proposed replacement or restoration, the Board may levy a Reconstruction Assessment against each Owner and their Lot, and cause the damaged or destroyed Common Areas to be repaired or restored. The total Reconstruction Assessment shall be allocated among Memberships attributable to Lots that are then subject to Assessments in the same manner as Regular Assessments. Any Reconstruction Assessment shall be secured by the Assessment Lien. If the Members disapprove of the repair or restoration of the damaged or destroyed Improvements on the Common Areas as provided above, the Common

Areas so damaged or destroyed shall be cleared and restored to a safe and presentable condition for the Common Area use or other use determined by the Board.

8.4 Excess Insurance Proceeds. If any excess insurance proceeds remain after any reconstruction by the Association pursuant to this Article 8, the Board, in its sole discretion, may retain the excess in the general funds of the Association or may issue credits for all or any portion thereof to the Owners' Assessment accounts in the ratio that they would pay Regular Assessments, subject to the requirements of applicable law.

8.5 Use of Reconstruction Assessments. All amounts collected as Reconstruction Assessments shall only be used for the purposes set forth in this Article 8.

## ARTICLE 9

### EMINENT DOMAIN

9.1 Definition of Taking. The term "taking" as used in this Section 9 shall mean condemnation by eminent domain or sale under threat of condemnation of all or any portion of the Common Areas.

9.2 Representation in Condemnation Proceedings. In the event of a threatened taking of all or any portion of the Common Areas, the Owners and Members hereby appoint the Association through such persons as the Board may delegate to represent all of the Owners and Members in connection therewith. The Association shall act in its sole discretion with respect to any awards being made in connection with the taking and shall be entitled to make a voluntary sale to the condemnor in lieu of engaging in a condemnation action.

9.3 Award for Common Areas. Any awards received by the Association on account of the taking of Common Areas shall be paid to the Association. The Association may, in its sole discretion, retain any award in the general funds of the Association or distribute all or any portion thereof to the Owners or Members as their interest may appear, subject to the requirements of applicable law.

## ARTICLE 10

### MAINTENANCE, REPAIRS AND REPLACEMENTS

10.1 Owner's Responsibility. Each Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements within his own Lot, including all Improvements located on the Lot, including installing and maintaining landscaping in accordance with the standard set forth in Section 10.2 hereof and the Design Guidelines, except to the extent otherwise provided for in a Community Declaration recorded in accordance with Article 14 hereof. Each Owner shall also be responsible for keeping his Lot free of all trash,



debris, weeds and other fire hazards of any kind. Maintenance of water and sewer lines serving a single Lot, wherever located, shall be the responsibility of the Owner of the Lot.

10.2 Maintenance by Association. Except as otherwise provided herein, the Association shall maintain the Common Areas at a level of general maintenance and landscaping excellence at least equal to the standard prevailing with respect to areas of a similar nature located in residential communities commonly and generally deemed to be of the highest quality.

10.3 Improper Maintenance and Use of Lots and Common Area. In the event that any Owner fails to maintain his Lot, including all Improvements and landscaping thereon in accordance with the standards set forth in Section 10.1 herein, then the Association may, at its option, cause such maintenance to be accomplished and charge such Owner for the complete cost thereof. Furthermore, if any Lot presents a public or private nuisance or an unreasonable condition, or substantially detracts from the appearance or quality of the surrounding Lots or other areas of the Property, or in the event any portion of a Lot is being used in a manner which violates the Governing Documents, then the Association may, at its option, cause corrective action to be taken and charge such Owner for the complete cost thereof. If, due to the willful or negligent act of any Owner or Member, or a member of his family, invitee, guest or other person for whom such Owner may be responsible, or household pet, damage shall be caused to the Common Areas or to a Lot or Lots owned by others, or maintenance, repairs or replacements shall be required which would otherwise be Common Expense, then such Owner shall pay for such damage and for such maintenance, repairs and replacements as may be determined necessary or appropriate by the Association, to the extent not covered by the Association's insurance. The obligations set forth herein shall be an Individual Assessment secured by the lien provided for in Article 6. The Association will not be liable for trespass for entering on to a Lot to exercise its rights under this Section.

10.4 Right of Association to Maintain Community Homeowners' Association Common Areas. In the event that the Association determines that a Community Homeowners' Association within a particular Community is not maintaining the Common Areas or any part thereof within such Community according to the standard set forth in Section 10.2 herein, or where any Community Homeowners' Association permits any use to be established which is prohibited by this Declaration, or permits any improvement to be constructed, installed, maintained, altered, demolished or removed in violation of this Declaration, the Association shall have, in addition to any other remedy herein provided or otherwise available, the right to enter upon the affected portion of the Property and correct such problem and the costs thereof shall be an Individual Assessment against all of the Owners in that Community Association secured by the lien provided for in Article 6.

10.5 Right of Access. An authorized representative of the Association, and all contractors, repairmen or other agents employed or engaged by the Association, shall be entitled to reasonable access to each of the Lots as may be required in connection with maintenance, repairs or replacements of or to the Common Areas or any equipment, facilities or fixtures affecting or serving other Lots and the Common Areas, or to perform any of the Association's duties or responsibilities hereunder.

## ARTICLE 11

ARCHITECTURAL AND LANDSCAPE CONTROL

11.1 Appointment of Design Review Committee. The Association shall have a Design Review Committee consisting of not less than three (3) nor more than seven (7) persons, as specified from time to time by resolution of the Board. Members of the Design Review Committee shall be appointed by and may be removed by the Board, in its sole and absolute discretion.

11.2 Design Guidelines. The Design Review Committee, subject to approval by the Board in its sole discretion, shall establish reasonable procedural rules, regulations, restrictions, architectural standards and design guidelines (the "Design Guidelines") which may, from time to time, be amended, repealed or augmented. The Design Guidelines are hereby incorporated herein and shall be deemed to be a part of this Declaration and shall be binding on all Owners, Members or other Persons as if expressly set forth herein. A copy of the current Design Guidelines shall at all times be a part of the Association's records. The Design Guidelines may include, among other things, those restrictions and limitations set forth below.

11.2.1 Time limitations for the completion, within specified periods after approval, of the Improvements for which approval is required pursuant to the Design Guidelines.

11.2.2 Designation of a Building Envelope within a Lot, thereby establishing the maximum developable area of the Lot.

11.2.3 Conformity of completed improvements to plans and specifications approved by the Design Review Committee.

11.2.4 Such other limitations and restrictions as the Board or Design Review Committee in its reasonable discretion shall adopt, including, without limitation, compliance with all applicable laws and governmental regulations regarding the Improvements, the construction of uniform mailboxes for all Lots, the regulation of all landscaping (including without limitation absolute prohibitions of certain types of landscaping, trees and plants), and regulation of all construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, structure, wall or fence, including, without limitation, the nature, kind, shape, height, materials, exterior color, surface texture, and location of any such Improvement.

11.3 General Provisions.

11.3.1 The Association may assess reasonable fees in connection with its review of plans and specifications. The fee policy shall be determined by the Design Review Committee, subject to approval by the Board of Directors.

11.3.2 The Association may require a fully-refundable construction deposit or bond in connection with construction of all Improvements on a Lot, to ensure compliance with

the Declaration, compliance with the approved plans, and to protect the Association against damage to the Common Area. The amount of the deposit and the timing of its payment shall be determined by the Design Review Committee, subject to approval by the Board of Directors. When the Improvements are complete, the Owner may be eligible for refund of all or a portion of the deposit, without any interest thereon, once the Design Review Committee has confirmed that all Improvements have been completed in accordance with the plans and specifications approved by the Design Review Committee. The Owner shall have no right to demand return of the deposit and the Association shall have no obligation to pay over the deposit until thirty (30) days after the Design Review Committee has issued its final construction approval in writing. All or a portion of the deposit may be withheld for any of the following purposes: (i) to repair any Common Area damaged or destroyed by the Owner, its agents, or contractors, (ii) for additional costs and fees incurred by the Design Review Committee due to incomplete or non-compliant Improvements (including, but not limited to, follow-up inspections), (iii) to pay for fines levied for violations related to the Improvements covered by the deposit, (iv) to pay for fines levied for violations committed by vendors or contractors providing goods or services during the course of construction of the Improvement, and (v) to reimburse the Association for any delinquent Assessments owed by the Owner. The Association's costs of repairing any Common Areas beyond the construction deposit or bond shall be paid by the Owner upon demand from the Association, and any sum not paid by an Owner may be treated as an Individual Assessment, subject to lien, and collected in like manner as Assessments levied pursuant to this Declaration. The construction deposit may also be subject to forfeiture pursuant to guidelines set forth in the Design Guidelines.

11.3.3 The Design Review Committee may delegate its plan review responsibilities, except final review and approval as may be required by the Design Guidelines, to one or more of its members or architectural consultants retained by the Design Review Committee. Upon such delegation, the approval or disapproval shall be equivalent to approval or disapproval by the entire Design Review Committee.

11.3.4 The address of the Design Review Committee shall be the address established for giving notice to the Association, unless otherwise specified in the Design Guidelines. Such address shall be the place for the submittal of plans and specifications and the place where the current Design Guidelines shall be kept.

11.3.5 The establishment of the Design Review Committee and the procedure herein for architectural approval shall not be construed as changing any rights or restrictions upon Owners to maintain or repair their Lots as may otherwise be specified in this Declaration, Bylaws or Association Rules.

11.3.6 The Design Review Committee shall approve or disapprove any plans and specifications submitted to it in accordance with the Design Guidelines within such period as may be specified in the Design Guidelines.

11.4 Approval and Conformity of Plans. No excavation, fill or other alteration of the topography or drainage of any Lot shall be begun and no building, fixture, fence, wall or other structure or Improvement of whatever type shall be commenced, erected or maintained upon a

Lot, nor shall there be any addition to or change to the exterior of any residence or other structure or Improvement upon a Lot or the landscaping, grading or drainage thereof, including, without limitation, the painting of exterior walls, patio covers and fences, except in compliance with plans and specifications therefor which have been submitted to and approved by the Design Review Committee.

The Design Review Committee shall have the right to refuse to approve any grading plans or plans and specifications which are not suitable or desirable, in its sole option, for aesthetic or other reasons, and in passing upon such grading plans, plans and specifications, and without any limitation of the foregoing, it shall have the right to take into consideration the suitability of the proposed building, structure or other Improvement or landscaping within the Property as exclusive residences of southwestern architectural design, the color, texture and materials, the harmony of external design and location in relation to surrounding structures and topography and the effect of the Improvements as planned on the outlook from adjacent or neighboring Lots. No changes or deviations in or from such grading plans and plans and specifications once approved shall be made without the prior written approval of the Design Review Committee.

11.5 Non-Liability for Approval of Plans. Plans and specifications shall be approved by the Design Review Committee for style, exterior design, appearance and location, and are not approved for engineering design or for compliance with zoning and building ordinances, and by approving such plans and specifications neither the Design Review Committee, the members thereof, the Association, any Member, nor the Board assumes any liability or responsibility therefor, or for any defect in any structure constructed from such plans and specifications. Neither the Design Review Committee, any member thereof, the Association, or the Board shall be liable to any Owner or other Person for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications, (c) the development, or manner of development, of the Property or (d) the execution and filing of an estoppel certificate pursuant to the Design Guidelines, whether or not the facts therein are correct; provided, however, that such action, with the actual knowledge possessed by him, was taken in good faith. Approval of plans and specifications by the Design Review Committee is not, and shall not be deemed to be, a representation or warranty that said plans or specifications comply with applicable governmental ordinances or regulations including, but not limited to, zoning ordinances and building codes.

11.6 Inspection of Improvements. Any member or authorized consultant of the Design Review Committee, or any authorized officer, director, employee or agent of the Association, may at any reasonable time enter, without being deemed guilty of trespass, upon any Lot after reasonable notice as provided herein to the Owner in order to inspect Improvements constructed or being constructed on such Lot to ascertain that such Improvements have been or are being built in compliance with the Design Guidelines and this Declaration.

11.7 Additional Powers of the Board. The Board may promulgate as a part of the Design Guidelines such additional architectural and landscape standards, rules and regulations as it deems to be appropriate and as are not in conflict with this Declaration. WITHOUT

LIMITING THE GENERALITY OF THE PRECEDING SENTENCE, THE BOARD MAY FIX A FINE OF UP TO TEN THOUSAND DOLLARS (\$10,000.00) FOR FAILURE TO OBTAIN REQUIRED APPROVAL FROM THE DESIGN REVIEW COMMITTEE.

11.8 Varying Standards. The provisions of the Design Guidelines for Condominium Units, townhouses and patio homes may differ from those applicable to custom residences.

## ARTICLE 12

### USE AND OCCUPANCY RESTRICTIONS

12.1 Residential Use. Each Lot shall be used, improved and devoted exclusively for Single Family residential use and none other. No business or commercial building may be erected on any Lot and no gainful occupation, profession, trade or commercial enterprise or other nonresidential use may be conducted on any part of a Lot provided that an Owner or any Resident may conduct limited business activities in the residence on a Lot 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 Lot, (b) the business activity conforms to all applicable zoning requirements, (c) the business activity does not involve door-to-door solicitation of other Owners or Residents, (d) the business activity does not generate drive-up traffic or customer or client parking, and (e) the business activity is consistent with the residential character of the Property, does not constitute a nuisance or a hazardous or offensive use, and does not threaten the security or safety of other Owners or Residents, as may be determined in the sole discretion of the Board.

12.2 Violation of Law or Insurance. No Owner or Member shall permit anything to be done or kept in or on his Lot or in or upon any Common Areas which will result in the cancellation of insurance thereon or which would be in violation of any applicable law.

12.3 Signs. No sign of any kind shall be displayed to the public view or from any Lot or any Common Areas without the approval of the Board (regarding signs on the Common Area) or the Design Review Committee (regarding signs on the Lot), except: (a) such signs as may be required by legal proceedings or the prohibition of which is precluded by law; (b) no more than two (2) identification signs for individual residences located on the Lot, each with a face area of seventy-two square inches (72") or less; (c) signs and notices erected or posted on the Lot in connection with the provision of building security with a face area of seventy-two square inches (72") or less; or (d) such signs as may be required for traffic control and regulation of Common Areas.

12.4 Animals. No animals, birds, fowl, poultry, livestock or reptiles of any kind may be kept, bred or maintained in any Lot or in or upon any Common Area, except a reasonable number of commonly accepted household pets in accordance with the Association Rules. No animals shall be kept, bred or raised within the Property for commercial purposes. In no event shall any domestic pet be allowed to run free away from its Owner's Lot without a leash, make an unreasonable amount of noise or create a nuisance. No structure for the care, housing or confinement of any animal, bird, poultry or livestock shall be maintained on the exterior of any

Lot. An Owner shall be liable for any and all damage to property and injury to persons and other animals caused by his household pets. Upon written request of any Owner, the Association may conclusively determine, in its sole and absolute discretion, whether any animal as described herein is a commonly accepted household pet, whether the number of pets on the Lot is reasonable, and whether one or more pets constitutes a nuisance. The Board may require the removal of any animal that does not meet the qualifications of this Section. Any decision rendered by the Association shall be enforceable as are other restrictions contained herein.

12.5 Nuisances. No Owner or Member shall permit or suffer anything to be done or kept about or within his Lot, or on or about the Property, which will obstruct or interfere with the rights of other Owners, Members, Occupants or Persons authorized to the use and enjoyment of the Common Areas, or annoy them by unreasonable noise or otherwise, nor will he commit or permit any nuisance or commit or suffer any illegal act to be committed therein. No Owner shall permit any thing or condition to exist upon the Property which shall induce, breed or harbor infectious plant disease or noxious insects. Each Owner or Member shall comply with the Association Rules, the requirements of all health authorities and other governmental authorities having jurisdiction over the Property.

12.6 Temporary Occupancy. No boat, truck, mobile home, trailer, camper, recreational vehicle, tent, shack, barn or similar thing and no temporary building or structure of any kind may be erected, placed or maintained on any Lot or used at any time for a residence, whether temporarily or permanently, on any portion of the Property, except as expressly permitted by, and in compliance with the Association Rules or Design Guidelines.

12.7 Boats and Motor Vehicles. Except as specifically permitted by the Association Rules, no boats, trailers, buses, motor homes, campers or other vehicles shall be (a) parked or stored in or upon the Common Areas or upon a Lot except within an enclosed garage or carport as permitted by the Design Guidelines; (b) repaired or rebuilt in any Lot or upon the Common Areas; or, (c) parked on the Private Roadways except in such parking areas as may be designated by the Association. The Association may remove, or cause to be removed, any unauthorized vehicle, boat, trailer or equipment at the expense of the owner thereof in any manner consistent with law.

12.8 Lights. No spotlights, flood lights or other high intensity lights shall be placed or utilized on any Lot which in any manner will allow light to be directed or reflected on the Common Areas, or any part thereof, or any other Lots, except as may be expressly permitted by the Association Rules or the Design Guidelines.

12.9 Antennas and Satellite Dishes. No radio, television or other antennas or devices of any kind or nature, or device for the reception or transmission of television, radio, microwave or other similar signals, shall be placed or maintained upon any Lot except in compliance with the Association Rules and the Design Guidelines and except those devices covered by 47 C.F.R. § 1.400 (Over-the-Air Reception Devices Rule), as amended, repealed, or recodified, will be permitted. Any such device and accompanying wiring shall comply with the applicable antenna installation rules of the Association, shall be placed, to the extent reasonably possible, to not be Visible From Neighboring Property, and must be painted to match the color of the structure on

which it is installed, so long as the painting does not interfere with acceptable quality signal and does not void the manufacturer's warranty. The devices governed by 47 C.F.R. § 1.400 (Over-the-Air Reception Devices Rule) as of the date of the recording of this Declaration are as follows: (i) Direct Broadcast Satellite antennas one meter in diameter or less, and designed to receive direct broadcast satellite service, including direct-to-home satellite service, or receive or transmit fixed wireless signals via satellite; (ii) Multi-point Distribution Service antennas one meter or less in diameter or diagonal measurement, designed to receive video programming services (wireless cable) or to receive or transmit fixed wireless signals other than via satellite; (iii) Antennas designed to receive local television broadcast signals; and (iv) Antennas designed to receive and/or transmit data services, including Internet access. If the FCC expands the types of antennas that fall under the FCC Rule, this Section 12.9 shall encompass those antennas as well.

12.10 Flags and Flagpoles. No flags or flagpoles shall be constructed or maintained to be Visible From Neighboring Property except as must be permitted by law and as in compliance with the Association Rules and the Design Guidelines.

12.11 Garbage. No garbage, trash or debris shall be kept, maintained or contained in any Lot to be Visible From Neighboring Property except temporarily within time frames established by the Board for pickup, in containers approved by the Board. No incinerators shall be kept or maintained on any Lot and no trash, garbage or debris shall be burned by open fire or otherwise on any portion of the Property. No refuse pile, trash, garbage or unsightly objects shall be allowed to be placed, accumulated or suffered to remain anywhere on a Lot.

12.12 Exterior Coverings. No exterior screening or shade materials of any type including, but not limited to, awnings, shutters, screens and coverings affecting the exterior appearance of any Lot shall be permitted except as expressly authorized by the Association Rules or in accordance with the Design Guidelines, or as may be permitted by the Design Review Committee.

12.13 Solar Devices. Solar energy devices, including but not limited to, solar panels, solar tubes, solar hot water heaters, and electric generating devices, may only be placed, constructed or maintained on a Lot in compliance with the Association Rules and the Design Guidelines, except as must otherwise be permitted pursuant to applicable law.

12.14 Mining. No portion of the Property shall be used in any manner to explore for or remove any waste, oil or other hydrocarbons or minerals of any kind or earth substance of any kind.

12.15 Safe Condition. Without limiting any other provision in this Article 12, each Owner shall maintain and keep his Lot at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners or Members of their respective Lots or the Common Areas.

12.16 Fires. Other than barbecues in properly constructed barbeque pits or grills and fire pits in compliance with the Association Rules and the Design Guidelines, or as otherwise expressly permitted in the Association Rules, no open fire shall be permitted on the Lots nor shall any other similar activity or condition be permitted which would tend to increase the insurance rates for the Common Areas or for other Owners.

12.17 Clothes Drying Area. No portion of any Lot shall be used for drying or hanging laundry of any kind to be Visible From Neighboring Property.

12.18 No Further Subdivision. No Lot shall be divided or subdivided by any Owner and no portion less than all of any Lot nor any easement or other interest therein, shall be conveyed or transferred by any Owner without the prior written approval of the Association.

12.19 No Obstructions to Drainage. No Owner shall erect, construct, maintain, permit or allow any fence or other Improvement or other obstruction which would interrupt the normal drainage of the land or within any area designated on a Plat, or other binding document, outside the Building Envelope except that, with the prior consent of the governing municipality and the Design Review Committee, non-permanent structures, including fences, may be erected in those areas which contain only underground closed conduit storm drainage facilities.

12.20 Rental of Lots. No Owner shall lease his Lot except in accordance with the following terms and conditions: (a) all leases must be in writing; (b) the entire Lot must be leased (i.e., a guest house may not be leased separately from the main residential dwelling); (c) all leases shall provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and Association Rules, and any failure by the lessee to comply with the terms of the Declaration and Association Rules shall be a default under the lease and grounds for eviction; and, (d) a copy of the lease, along with any rental registration forms adopted by the Board, must be delivered to the Association within ten (10) days of the commencement of the lease term or renewal term. Any Community Declaration may provide for restrictions governing the duration of any lease or the number of lessees within a designated time period subject to the approval of the Association. An Owner who leases his Lot to any Person shall be responsible for assuring compliance by his lessee with all of the provisions of this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, all as amended and supplemented from time to time, and shall be jointly and severally responsible for any violations by his lessee thereof.

12.21 Prohibiting Timesharing and other Fractional Interest Plans. No Lot or building constructed thereon may be used and/or occupied by any Person pursuant to any timesharing plan, fractional ownership interest plan, fractional private residence club plan, membership residential privilege plan, or other similar type of plan or arrangement, except that this Section shall not be interpreted to prohibit rentals of Lots under a rental pool or other similar arrangement.

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



12.23 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except 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 on the Lot.

12.24 Party Walls. The rights and duties of the Owners of Lots with respect to party walls shall be as follows:

12.24.1 Each wall, including patio, terrace or carport and garage walls, any part of which is placed on the dividing line between separate Lots, shall constitute a party wall. With respect to any such party wall, each of the adjoining Owners shall assume the burdens and be entitled to the benefits of these restrictive covenants. In addition, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied.

12.24.2 In the event any party wall is damaged or destroyed through the act of the Owner of one adjoining Lot, or any of his guests, tenants, licensees, agents or members of his family or other person for whom such Owner is responsible (whether or not such act is negligent or otherwise culpable) in a way that deprives the other adjoining Lot of the full use and enjoyment of such party wall, then the Owner responsible for such damage shall forthwith at his sole expense proceed to rebuild or repair the same in as good condition as formerly existed.

12.24.3 Any Owner who by his negligent or willful act or by the negligent or willful act of any guest, tenant, licensee, agent or member of his family or other persons for whom such Owner is responsible, causes any party wall to be exposed to the elements shall at his sole expense furnish the necessary protection against such elements.

12.24.4 The right of any Owner to contribution from any other Owner under this paragraph shall be appurtenant to the land and shall pass to the successors in title of each such Owner.

12.24.5 In addition to satisfying the other requirements of this Declaration, any Owner proposing to modify, make additions to or rebuild his Lot in any manner which requires the extension or other alteration of any party wall, and any Owner proposing to create a party wall, shall first obtain the written consent of the Design Review Committee and any adjoining Owner and shall complete such alterations in accordance with the provisions of any building code or similar regulations or ordinances;

12.24.6 These covenants shall be binding upon the heirs and assigns of any Owners, but no person shall be liable for any act or omission of a previous Owner except as herein expressly provided.

12.25 Modification. The Board may modify or waive the foregoing restrictions or otherwise restrict and regulate the use and occupancy of the Property and the Lots by reasonable rules and regulations of general application adopted by the Board from time to time which shall be incorporated into the Association Rules. The Board may permit a Community Association to

adopt different restrictions and agree that such restrictions will supersede the foregoing restrictions, upon such terms and conditions and for such period of time as the Board may prescribe.

## ARTICLE 13

### ANNEXATION OF ADDITIONAL PROPERTY

13.1 Annexation of Additional Real Property. Additional real property ("Annexation Property") may be annexed to and become subject to this Declaration and subject to the jurisdiction of the Association with the approval of the Board of directors and the owner(s) of the Annexation Property, and the approval, assent or vote of the Members or any other Person shall not be necessary. Annexation shall be evidenced by recording a Supplemental Declaration covering the Annexation Property. The recordation of said Supplemental Declaration shall constitute and effectuate the annexation of the Annexation Property described therein, making said real property subject to this Declaration and subject to the functions, powers and jurisdiction of the Association, and thereafter said Annexation Property shall be part of the Property for all intents and purposes of this Declaration and all of the Owners of Lots in the Annexation Property shall automatically be Owners or Members in accordance with Article 3. Upon such recording of a Supplemental Declaration, the Board may record an amendment to this Declaration, solely for the purpose of updating the exhibits to this Declaration to reflect the inclusion of the Annexation Property, and a vote of the Members or any other Person shall not be required.

13.2 Supplemental Declarations. A Supplemental Declaration shall be a writing in recordable form which annexes the Annexation Property to the plan of this Declaration and which incorporates by reference all of the covenants, conditions, restrictions, easements and other provisions of this Declaration and shall contain such other provisions as are set forth in this Declaration relating to Supplemental Declarations. Supplemental Declarations may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the Annexation Property and as are not inconsistent with the plan of this Declaration. In no event, however, shall any such Supplemental Declaration revoke, modify or add to the covenants established by this Declaration with respect to the Property already subject to this Declaration.

## ARTICLE 14

### COMMUNITY ASSOCIATIONS

14.1 General Provisions. In accordance with Boulders Joint Venture's master plan of development for the Property, certain portions of the Property have been and may be developed as semi-autonomous and distinctive residential developments integrated within the Property (herein called a "Community"), including, for example, a Condominium Property, patio homes or custom homes. Each residential dwelling unit within the Community shall be a Lot. With the approval of the Association, the Owner(s) of all Lots within a Community may record a

declaration of covenants, conditions and restrictions (a "Community Declaration") governing the use and occupancy of Lots and the common areas within the Community. In the event of any conflict between this Declaration and any provision of a Community Declaration, this Declaration shall in all cases control. Every Community Declaration shall expressly state that it is subordinate and subject to this Declaration. The Community Association may, pursuant to the Community Declaration, adopt such rules and regulations as it deems appropriate; provided, however, that any such rule or regulation inconsistent, or in conflict, with this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines shall be deemed void to the extent of such inconsistency or conflict. The determination of the Board regarding the existence of any conflict or inconsistency between this Declaration and a Community Declaration, or any rules or regulations adopted pursuant thereto, shall be final and binding on all Persons. The common areas or amenities within a Community may, if so provided in the Community Declaration, be restricted to the use of the Owners of Lots within such Community, and the guests thereof. A Community Declaration may provide for the establishment of a homeowners association (the "Community Association") to maintain and administer the Community subject in all instances to the rights of the Association under this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines. Pursuant to the Community Declaration, the Community Association may impose assessments upon the Lots subject thereto. Such assessments shall be in addition to the Assessments provided herein. Any lien rights of the Community Association for the collection of such assessments as provided in a Community Declaration shall automatically be subordinate to the lien rights provided in Article 6 of this Declaration, regardless of the recording priority of the Community Association's lien. Notwithstanding any of the foregoing to the contrary, no Community Declaration, or the articles of incorporation or bylaws or other governing documents for a Community Association, nor any amendments thereto, shall be effective until approved by the Association.

## ARTICLE 15

### GENERAL PROVISIONS

#### 15.1 Enforcement.

15.1.1 Method of Enforcement. In the event of any default by any Owner, Member, Occupant or other Person under the provisions of this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, the Association shall have each and all of the rights and remedies which may be provided for in this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, or which may be available at law or equity, and may prosecute any action or other proceedings against such defaulting Owner, Member, Occupant or other Persons for an injunction, whether affirmative or negative, or for enforcement or foreclosure of the lien herein provided and the appointment of a receiver for the Lot, or for damages, or specific performance, or for judgment for payment of money and collection thereof, or the right to take possession of the Lot and to rent the Lot and apply the rents received to payment of unpaid Assessments and interest accrued thereon, and to sell the same or for any combination of remedies or for any other relief, all without notice and without regard to the value of the Lot or the solvency of such Owner or Member, and without waiving any rights that the Association may have. In addition, the Association shall be empowered to levy fines upon

the Owner of such Lot for each such violation and during the continuance thereof. Each Owner shall also have the right to enforce the provisions of this Declaration, except that Owners shall not have the power to enforce the provisions regarding Assessments in Article 6 herein.

15.1.2 Delegation to Design Review Committee. The Board may, in its sole and absolute discretion, delegate limited enforcement authority to the Design Review Committee.

15.1.3 Notice of Violation. The Association shall have the right to Record a written notice of a violation by any Owner or Resident of any restriction or other provision of this Declaration, the Association Rules, or the Design Guidelines. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (i) the name of the Owner or Resident violating, or responsible for the violation of, this Declaration, the Association Rules, or the Design Guidelines; (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. Recordation of a notice of violation shall serve as notice to the Owner and Resident, and any subsequent purchaser of the Lot, 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 against which the notice of violation was recorded, and 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 that the violation did not exist.

15.1.4 Expenses of Enforcement. In the event the Association acts to enforce the provisions of this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, regardless of whether suit is filed, the Association shall be entitled to recover, in addition to any other remedy, reimbursement for attorneys' fees, court costs, costs of investigation and other related expenses incurred in connection therewith including but not limited to the Association's administrative costs and fees. Said attorneys' fees, costs and expenses shall be the personal liability of the breaching Owner and shall also be an Individual Assessment secured by the Assessment Lien against said Owner's Lot. If, however, a lawsuit is filed, and the Owner is the prevailing party in such lawsuit, the Owner shall not be required to pay the Association's attorneys' fees, court costs, costs of investigation and other related expenses incurred therewith. If any lawsuit is filed by any Owner to enforce the provisions of the provisions of this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, the prevailing party in such action shall be entitled to recover from the other party all attorneys' fees incurred by the prevailing party in the action.

15.2 Amendments. Amendments to this Declaration shall be made by an instrument in writing which sets forth the entire amendment. Any proposed amendment must be approved by a majority of the Board prior to its adoption by the Owners. Except as otherwise specifically provided for in this Declaration, amendments may be adopted at a meeting of the Association upon the approval by Owners of a majority of all Lots or without any meeting if all Owners have been duly notified and if Owners of a majority of all Lots consent in writing to such amendment.

In addition, the Board may amend this Declaration without the approval of the Owners, solely for the purpose of complying with the law. In all events, the amendment when adopted shall bear the signature of the president of the Association and shall be attested to by the secretary, who shall certify that the amendment was properly adopted, and shall be acknowledged by them as officers of the Association. Amendments once properly adopted shall be effective upon recording of the amendment in the appropriate governmental offices. The Plat may be amended in the same way as an amendment to the Declaration.

15.3 Notices. Notices provided for in this Declaration, or the Bylaws or Association Rules, shall be in writing and shall be addressed to the Association at the address specified in the notice recorded from time to time in the official records of the Maricopa County, Arizona Recorder. The Association may designate a different address or addresses for notice by giving written notice of such change of address to all Owners and Members at such time. All notices to Owners shall be to their respective Lot(s) or to the last address shown on the records of the Association and to other Members at the last address shown on the records of the Association. Any Member may designate a different address or addresses for notices to him by giving written notice of his change of address to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgment of the receipt thereof.

15.4 Captions and Exhibits; Construction. Captions given to various sections herein and the table of contents for this Declaration are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein are incorporated as though fully set forth where such reference is made. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of the Property as hereinabove set forth.

15.5 Severability. If any provision of this Declaration, the Articles, Bylaws, Association Rules or Architectural Control Standards, or any section, clause, sentence, phrase or word, or the application thereof in any circumstance, is held invalid, the validity of the remainder of this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, and of the application of any such provision, section, sentence, clause, phrase or word in any other circumstances, shall not be affected thereby, and the remainder of this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines shall be construed as if such invalid part were never included therein.

15.6 Mortgage of Lots. Each Owner shall have the right, subject to the provisions hereof, to make separate Mortgages for his respective Lot. No Member shall have the right or authority to make or create or cause to be made or created any Mortgage, or other lien or security interest, on or affecting the Property or any part thereof, except only to the extent of his Lot. No breach of the covenants, conditions or restrictions herein contained, nor the enforcement of any lien provisions herein, shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any such lien holder in possession of a Lot and any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, with respect to a Lot.

15.7 Power of Attorney. The Board of Directors may exercise all powers of the Association that are not required by this Declaration, the Articles, Bylaws, Association Rules or Design Guidelines or applicable law to be exercised by the Owners.

15.8 Laws, Ordinances and Regulations. 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 a violation of this Declaration and subject to any or all of the enforcement procedures set forth herein.

15.9 Gender. Masculine, feminine and neuter references herein each shall include the others as the context requires.

15.10 References to Declaration in Deeds. Deeds to and instruments affecting any Lot or Parcel or any part of the Property may contain the provisions herein set forth by reference to the Declaration; but regardless of whether any such reference is made in any deed or instrument, all of the provisions hereof shall be binding upon the grantee-Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns as though set forth at length in such instrument.

15.11 Responsibility for Others. Owners hereby acknowledge and agree that they are fully responsible for the actions and inactions of the Owner's family, Occupants, guests, licensees, invitees, vendors, tenants, and pets. If an Owner's family, Occupant, guest, licensee, invitee, vendor, tenant, or pet commits a violation of the Declaration, the Articles, Bylaws, Association Rules or Design Guidelines, the Owner will be responsible in the same manner as if the Owner had committed such violation.

15.12 Attorneys' Fees in Administrative Proceedings. In the event the Association incurs legal expenses and costs, including but not limited to, attorneys' fees, in bringing claims against Owners or defending claims brought by Owners in an administrative action or proceeding, including but not limited to, proceedings before an Administrative Law Judge, and any appeal thereof, the Association shall be entitled to recover its attorneys' fees and costs from the Owner involved in the administrative proceeding if the Association is the prevailing party.

15.13 Golf Course and Clubhouse Facilities. The Golf Course Facilities, together with the Clubhouse Facilities used in conjunction with the Golf Course Facilities, are privately owned. They are not part of the Common Areas and are not property of the Association and Owners and Members shall have no right, title or legal or equitable interest therein. No Owner shall have any right to a membership in the Golf Course Facilities or Clubhouse Facilities by virtue of his ownership of a Lot; provided, however, that the right to use any such facility through purchase or payment of membership or user fees or other charges shall be available to all Owners on at least the same basis as is available to any other member of the public. ALL PRESENT AND FUTURE OWNERS, OCCUPANTS AND OTHER PERSONS AT ANY TIME PRESENT UPON OR HOLDING ANY INTEREST IN THE PROPERTY OR ANY PORTION THEREOF HEREBY ACKNOWLEDGE AND AGREE THAT THEY ARE FULLY AWARE OF THE FACT THAT THE ACQUISITION OF PROPERTY ADJACENT TO OR IN THE VICINITY OF A GOLF COURSE HAS CERTAIN RISKS, INCLUDING THE RISK

THAT FROM TIME TO TIME GOLF BALLS FROM THE GOLF COURSE MAY ENTER UPON OTHER PORTIONS OF THE PROPERTY AND THERE DO DAMAGE TO PERSONS AND PROPERTY. ALL SUCH PERSONS ARE HEREBY ADVISED THAT THE GOLF COURSE HAS BEEN DESIGNED WITH LIMITED BUFFERS BETWEEN PLAYING AREAS AND ADJOINING ROADWAYS AND RESIDENTIAL PROPERTIES, AND ALL SUCH PERSONS HEREBY EXPRESSLY ASSUME SUCH RISK AND ACKNOWLEDGE AND AGREE THAT NO CLAIM FOR ANY HARM, DAMAGE OR INJURY OF ANY KIND CAUSED OR OCCASIONED BY GOLF BALLS OR ANY OTHER HAZARD ASSOCIATED WITH THE MAINTENANCE, OPERATION AND USE OF THE GOLF COURSE OR TO ENJOIN THE SAME SHALL BE MADE AGAINST THE DESIGNERS, THE OWNER OR OPERATOR OF SUCH GOLF COURSE, OR ANY PLAYERS THEREON OR MEMBERS THEREOF FOR THE ASSOCIATION OR ANY OTHER OWNER OR OTHER PERSON.

## ARTICLE 16

### UNDEVELOPED NATURAL CONDITION

16.1 Restricted Property. The eight parcels of real property legally described on Exhibits A-1 through A-8 (as Parcels "I-1", "I-2", "K", "P", "Q-3", "R-2", "S" and "T", respectively), which are individually graphically depicted on each Exhibit A-1 through A-8 as well as collectively graphically depicted on Exhibit B attached hereto, are hereinafter individually referred to as a "Restricted Parcel" and hereinafter collectively referred to as the "Restricted Property".

16.2 Undeveloped Natural Condition Restriction. At least 52.85% of the aggregate total land area of the Restricted Property shall at all times either remain, or be subject to restrictions which require that it remain, in an undeveloped and natural condition ("Undeveloped Natural Condition"). For purposes of this Article 16, the term Undeveloped Natural Condition is hereby defined to mean:

The surface of a land area on which no buildings or other structures have been built and on which the vegetation is substantially consistent with the presently existing Sonoran Desert setting of the Restricted Property.

16.3 Revegetation. Any area of a Restricted Parcel may be modified or disturbed during any process of development but any area that is thereafter revegetated to put the same in an Undeveloped Natural Condition shall be included in determining compliance with the requirements of Section 16.2 above.

16.4 Subdivision/Encumbrance/Personal Covenant. The liabilities and obligations of this Article 16 shall restrict, encumber and run with ownership of the Restricted Parcels until such time as all or any portion of any Restricted Parcel is first subjected to a recorded subdivision plat, at which time the liabilities and obligations of this Article 16 shall cease to encumber, and/or run with, any portion so subdivided; provided, however, but subject to Section

16.7 below, the covenant of this Article 16 shall continue thereafter as a personal covenant of Boulders Joint Venture.

16.5 No Duty to Inquire. No Person acquiring any interest in any portion of any subdivided Restricted Parcel shall be obligated to inquire whether or not Boulders Joint Venture is in compliance with this Article 16. Nevertheless, until Boulders Joint Venture no longer owns any unsubdivided portion of the Restricted Property, Boulders Joint Venture, at its principal office, shall maintain records which will indicate, at any given time, the percentage of Restricted Property which either remains, or is subject to restrictions which require that it remain, in an Undeveloped Natural Condition. Such records shall be open for inspection, upon prior written notice and during regular business hours, by any Owner.

16.6 Release. Boulders Joint Venture (including without limitation any assignee of any interest of Boulders Joint Venture in any unsubdivided portion of the Restricted Property) shall be deemed released from the covenant of this Article 16 from and after the date Boulders Joint Venture no longer owns fee title to any unsubdivided portion of the Restricted Property.

16.7 Integration. This Article 16 supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, with respect to the subject matter hereof, and none thereof shall be used to interpret or construe this Article 16.

16.8 No Amendment. Notwithstanding the provisions of Section 15.2 of this Declaration, this Article 16 may only be amended with the approval of Boulders Joint Venture and a majority of the Members.



CERTIFICATION

IN WITNESS WHEREOF, the President of the Association hereby certifies that the provisions contained with this Amended and Restated Declaration have been approved by the Board of Directors and the required percentage of the Members.

DATED this 15 day of August, 2012

OWNERS ASSOCIATION OF BOULDERS SCOTTSDALE

By Garrett Johnson  
Its: President

STATE OF ARIZONA        )  
  ) ss.  
County of Maricopa        )

On this 15 day of August, 2012, before me personally appeared Garrett Johnson, whose identity was proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to this document, and who acknowledged that he/she signed this document.

Michele Freed  
Notary Public

Notary Seal:



**Exhibit A****Legal Description**

Lots 1 through 26 inclusive, Tract A, and Tracts G1 and G2, REPLAT OF BOULDERS CAREFREE PARCEL 'E', according to the Plat recorded in Book 346 of Maps, Page 17, records of Maricopa County, Arizona Recorder.

Units 1 through 26 inclusive, and the Common Elements, AMENDED AND RESTATED CONDOMINIUM PLAT OF THE BOULDERS CASITAS, according to the Plat recorded in Book 679 of Maps, Page 18, records of Maricopa County, Arizona Recorder.

Lots 1 through 20 inclusive, Tract A, and the private roadway, FINAL PLAT OF PARCEL 'G' AT THE BOULDERS, according to the Plat recorded in Book 356 of Maps, Page 47, records of Maricopa County, Arizona Recorder.

Lots 1 through 61 inclusive, Tract A, and Tracts R-1 through R-16 inclusive, BOULDERS CAREFREE UNIT FOURTEEN, according to the Plat recorded in Book 283 of Maps, Page 18, records of Maricopa County, Arizona Recorder.

Lots 1 through 18 inclusive, and Tracts A through D inclusive, A REPLAT OF ENCHANTRA AT THE BOULDERS, according to the Plat recorded in Book 414 of Maps, Page 18, records of Maricopa County, Arizona Recorder.

Lots 1 through 13 inclusive, and Tracts A through F inclusive, GREYTHORN II AT THE BOULDERS, according to the Plat recorded in Book 349 of Maps, Page 12, records of Maricopa County, Arizona Recorder.

Lots 1 through 5 inclusive, and Tracts A through D inclusive, REPLAT OF PUEBLO EN LAS ROCAS UNIT II, according to the Plat recorded in Book 424 of Maps, Page 16, records of Maricopa County, Arizona Recorder.

Lots 1 through 5 inclusive, and Tracts A and B, FINAL PLAT OF ALTURA, according to the Plat recorded in Book 376 of Maps, Page 16, records of Maricopa County, Arizona Recorder.

Lots 1 through 40 inclusive, and Tracts A through H inclusive, FINAL PLAT FOR GREYTHORN AT THE BOULDERS, according to the Plat recorded in Book 343 of Maps, Page 36, records of Maricopa County, Arizona Recorder.

Lots 1 through 11 inclusive, and Tracts A through E inclusive, FINAL PLAT OF PARCEL 'M' AT THE BOULDERS, according to the Plat recorded in Book 357 of Maps, Page 33, records of Maricopa County, Arizona Recorder.

Lots 1 through 49 inclusive, Lots 62 through 70 inclusive, Lots 73 and 74, Tracts B through N inclusive, Tracts P, Q, R and T, FINAL PLAT THE FIFTH GREEN PHASE I, according to the Plat recorded in Book 313 of Maps, Page 6, records of Maricopa County, Arizona Recorder.

Lots 50 through 52 inclusive, Lots 55 through 59 inclusive, Lots 71 and 72, Lots 75 through 79 inclusive, Lot 81, and Tracts A, O, S, U, V, W, X, Y, Z, REPLAT THE FIFTH GREEN PHASE I, according to the Plat recorded in Book 339 of Maps, Page 3, records of Maricopa County, Arizona Recorder.

Lots 1 through 8 inclusive, Tracts A through D inclusive, A FINAL PLAT FOR IRONWOOD AT THE BOULDERS, according to the Plat recorded in Book 428 of Maps, Page 31, records of Maricopa County, Arizona Recorder.

Lots 1 through 12 inclusive, and Tracts A through C inclusive, FINAL PLAT THE FIFTH GREEN UNIT 2 REPLAT, according to the Plat recorded in Book 344 of Maps, Page 21, records of Maricopa County, Arizona Recorder.

Lots 1 through 4 inclusive, Lots 6 through 10 inclusive, Lots 12 and 13, Lots 15 through 17 inclusive, Lots 19 through 26 inclusive, Lots 28 and 29, private roadways and drainage tract, FINAL PLAT REPLAT ADOBES DE LA TIERRA, according to the Plat recorded in Book 341 of Maps, Page 32, records of Maricopa County, Arizona Recorder.

Lots 1 through 9 inclusive, and Tract A, FINAL PLAT OF EL DESEO, according to the Plat recorded in Book 381 of Maps, Page 49, records of Maricopa County, Arizona Recorder.

Lots 1 through 16 inclusive, and Tracts A through F inclusive, FINAL PLAT OF THE RESERVE AT THE BOULDERS, according to the Plat recorded in Book 381 of Maps, Page 48, records of Maricopa County, Arizona Recorder.

Lots 2031 through 2057 inclusive, Tracts R-1 through R-4 inclusive, and the private roadways, REPLAT OF BOULDERS CAREFREE UNIT EIGHT, according to the Plat recorded in Book 331 of Maps, Page 22, records of Maricopa County, Arizona Recorder.

Lots 1 through 13 inclusive, and Tracts A through D inclusive, FINAL PLAT OF ACACIA AT THE BOULDERS, according to the Plat recorded in Book 360 of Maps, Page 50, records of Maricopa County, Arizona Recorder.

Lots 1 through 6 inclusive, and Tracts A through F inclusive, A FINAL PLAT FOR THE CROSSING AT THE BOULDERS, according to the Plat recorded in Book 449 of Maps, Page 33, records of Maricopa County, Arizona Recorder.

Lots 1 through 6 inclusive, Lots 9 through 22 inclusive, and Tract A, FINAL PLAT OF PARCEL 'Q' UNIT ONE AT THE BOULDERS COMMUNITY, according to the Plat recorded in Book 347 of Maps, Page 31, records of Maricopa County, Arizona Recorder.

Lot 7A, MINOR SUBDIVISION OF LOTS 7 & 8 OF PARCEL 'Q' UNIT ONE AT THE BOULDERS COMMUNITY, according to the Plat recorded in Book 1065 of Maps, Page 7, records of Maricopa County, Arizona Recorder.

Lots 1 through 25 inclusive, Tract G3 and the private roadway, REPLAT OF BOULDERS/CAREFREE UNIT SEVEN, according to the Plat recorded in Book 338 of Maps, Page 25, records of Maricopa County, Arizona Recorder.

Lots 1 through 3 inclusive, and the private drive, BOULDERS CAREFREE UNIT ELEVEN, according to the Plat recorded in Book 283 of Maps, Page 17, records of Maricopa County, Arizona Recorder, along with a portion of property adjacent to Lot 1, described as follows: Beginning at the Southeast corner of Lot 1 of Boulders Carefree Unit 11, recorded in Book 283 of Maps, page 17, Maricopa County.

Thence South 00 degrees 30 minutes 42 seconds East along the West right of way of Quartz Valley Court, a private drive, as shown in Plat of said Boulders Carefree Unit 11, a distance of 24.15 feet;

Thence departing said right of way North 89 degrees 03 minutes 00 seconds West, 86.28 feet to the Southwest corner of said Lot 1;

Thence North 75 degrees 12 minutes 33 seconds East, 89.00 feet along the South line of said Lot 1 to the True Point of Beginning.

Ironwood Drive (Assessor's parcel # 216-48-423E), described as follows

TH PT SE4 SEC 2 & NE4 SEC 11 T5N R4E DAF COM E4 COR SEC 11 TH WLY ALG 1400F RAD CUR WH BRS N 0D 57M E ARC DIST 104.73F TH N 84D 45M W 630.97F TH N 5D 14M E 55F TO POB TH NWLY ALG 12F RAD CUR WH BRS N 05D 14M E ARC DIST 18.49F TH N 3D 30M E 23F TH NLY ALG 36F RAD CUR CONC ELY 15.87F TO PRC TH NLY ALG 79F RAD CUR CONC WLY 34.83F TH N 3D 30M E 42.88F TH NLY ALG 1280F RAD CUR CONC ELY 23.27F TO PRC TH NWLY ALG 50F RAD CUR CONC SWLY 31.03F TO PRC TH NWLY ALG 50F RAD CUR CONC NELY 33.36F TO PCC TH NLY ALG 1300F RAD CUR CONC ELY 189.8F TH N 15D 34M E 177.6F TH NLY ALG 305F RAD CUR CONC WLY 245.38F TH N 30D 31M W 290.04F TH NWLY ALG 455F RAD CUR CONC NELY 241.26F TH N 198.24F TH NELY ALG 470F RAD CUR CONC SELY 227.07F TH N 27D 32M E 289.21F TH NLY ALG 465F RAD CUR CONC WLY 572.52F TH N 43D 0M W 366.79F TH NLY ALG 12F RAD CUR CONC ELY 19.41F TO PRC TH SWLY ALG 493F RAD CUR WH BRS N 40D 18M W ARC DIST 72.84F TO PRC TH ELY ALG 12F RAD CUR WH BRS S 31D 50M E ARC DIST 16.51F TH S 43D 0M E 375.78F TH SLY ALG 415F RAD CUR CONC WLY 510.96F TH S 27D 32M W 289.21F TH SWLY ALG 520F RAD CUR CONC SELY 251.22F TH S 198.24F TH SELY ALG 505F RAD CUR CONC NELY 267.77F TH S 30D 31M E 290.04F TH SLY ALG 255F RAD CUR CONC WLY 205.15F TH S 15D 34M W 177.6F TH SLY ALG 1350F RAD CUR CONC ELY 218.58F TO PRC TH SWLY ALG 50F RAD CUR CONC NWLY 20.62F TO PRC TH SWLY ALG 50F RAD CUR CONC SELY 22.15F TO PCC TH SLY ALG 1359F RAD CUR CONC ELY 24.71F TH S 3D 30M W 112.17F TH SWLY ALG 12F RAD CUR CONC NWLY 19.21F TH S 84D 45M E 92.04F TO POB EX TH PT LY WI/IN REPLAT ADOBES DE LA TIERRA MCR 341/32 & EX TH PT LY WI/IN FIFTH GREEN UNIT 2 REPLAT MCR 344/21

**Exhibit B**  
**Supplemental Declarations**

Supplemental Declaration for The Boulders Carefree, recorded at Instrument No. 87-0651354, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree (Unit Seven), recorded at Instrument No. 90-0066068, in the official records of Maricopa County, Arizona

Ratification of Amended Supplemental Declaration, recorded at Instrument No. 90-0192809, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree, recorded at Instrument No. 87-0661126, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree The Reserve at the Boulders, recorded at Instrument No. 94-0647182, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree El Deseo, recorded at Instrument No. 94-0647183, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree (Parcel "L" at The Boulders Community), recorded at Instrument No. 91-0218035, in the official records of Maricopa County, Arizona

Supplemental Declaration Master Declaration of Covenants, Conditions and Restrictions dated September 16, 1985, recorded at Instrument No. 04-0390586, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Scottsdale (formerly Boulders Carefree) Ironwood, recorded at Instrument No. 97-0555653, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree The Fifth Green Unit 2 Replat, recorded at Instrument No. 91-0558209, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree The Reserve at the Boulders, recorded at Instrument No. 94-0856704, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree Altura at the Boulders, recorded at Instrument No. 94-0398983, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree Acacia at the Boulders, recorded at Instrument No. 93-0276872, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree El Deseo, recorded at Instrument No. 94-0856705, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree (Parcel E), recorded at Instrument No. 91-0159152, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree (Unit Seven), recorded at Instrument No. 90-0192808, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree The Fifth Green Unit 3, recorded at Instrument No. 93-066907, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree Palo Brea II at the Boulders (Parcel Q-1), recorded at Instrument No. 93-332582, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree, recorded at Instrument No. 87-0491346, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Scottsdale (formerly Boulders Carefree) Pueblo En Las Rocas, Unit II, recorded at Instrument No. 96-0780136, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Scottsdale (formerly Boulders Carefree) Enchantra, recorded at Instrument No. 96-0780138, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree Greythorn II at the Boulders (Parcel J), recorded at Instrument No. 92-248398, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree, recorded at Instrument No. 87-0222993, in the official records of Maricopa County, Arizona

Supplemental Declaration for The Boulders Carefree Club Villas at the Boulders, recorded at Instrument No. 93-0168543, official records of Maricopa County, Arizona.