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44 Stutz Bearcat Drive
Sedona, Arizona 86336
Attention: John Finn

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**CAPTION HEADING: AMENDED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS FOR
GLENEAGLES GOLF ESTATES**

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AMENDED

DECLARATION OF COVENANTS, CONDITIONS

AND RESTRICTIONS FOR

GLENEAGLES GOLF ESTATES

DATED: July 15, 2003

A DEVELOPMENT BY
SEDONA HAVASU, LLC
An Arizona Limited
Liability Company

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**AMENDED DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
GLENEAGLES GOLF ESTATES**

This Declaration provides for an extensive degree of control in the Declarant, including, but not limited to (i) control of the Association, the type and design of improvements which may be built upon Building Envelopes, with fines for non-compliance, and the use, and limitations upon use, of the Common Areas (some of which Common Areas may continue to be owned by the Declarant until sale of the last Building Envelope (as hereinafter defined in this Declaration); (ii) the right to amend this Declaration; and (iii) substantial flexibility in developing the Project. This control may, under the terms of this Declaration, possibly extend until the sale of the last Building Envelope. This Declaration contains a limitation on the liability of the Declarant, and provides for numerous special rights and privileges of the Declarant, including exemptions from the payment of assessments.

Each Owner, by accepting title to a Building Envelope, and each Member, by accepting a membership, acknowledges, agrees to and accepts the Declarant's control of the Project and the limited liability of the Declarant as provided in this Declaration. Such control is an integral part of this Declaration and the general scheme of development and operation of the Project. Capitalized terms used in this paragraph are defined in this Declaration.

KNOWN ALL MEN BY THESE PRESENTS:

The Sedona Havasu, LLC, an Arizona Limited Liability Company (the "Declarant"), is the owner of certain real property situated in the City of Lake Havasu, State of Arizona, more particularly described on the Plat for Gleneagles Golf Estates, Lots 1 through 59, a subdivision of Mohave County, Arizona, recorded April 16, 2003 at Fee No. 2003-28836 of Maps and Plats, in the offices of the County Recorder of Mohave County.

NOW, THEREFORE, Declarant hereby declares that all of the real property described on the Plat shall be held, sold and conveyed subject to the following covenants, conditions, charges, liens, restrictions, easements and reservations (hereinafter collectively sometimes called "restrictions" or referred to as this "Declaration"), all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property, and all of which are hereby declared to be for the benefit of the binding upon all of the property described herein and the owners thereof, their heirs, successors, grantees and assigns. These restrictions shall run with the title of such property, and each and every part and parcel thereof, shall be binding on all parties having or acquiring any right, title and interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

This declaration hereby establishes a general plan for the development of such property, the individual ownership of real property estates, consisting of a single-family dwelling and membership in a non-profit corporation which shall own certain Tracts of

land, as shown on the Plat, which Tracts, as provided herein, shall be referred to as "Common Areas". Every conveyance of any single family dwelling, Building Envelope or other portion of the subject property shall be and is subject to these covenants, conditions, charges, liens, restrictions, easements and reservations.

ARTICLE I DEFINITIONS

As used herein, unless context otherwise requires:

Section 1. "Articles" shall mean the Articles of Incorporation for the Association, which are to be filed in the office of the Corporation Commission of the State of Arizona, as the same may be amended from time to time.

Section 2. "Assessments" shall mean the Regular, Special and Individual Assessments levied and assessed pursuant to this Declaration.

Section 3. "Assessment Lien" shall mean the lien imposed against any Building Envelope for collection of the sums described in Article VII of this Declaration.

Section 4. "Association" shall mean and refer to GLENEAGLES GOLF ESTATES HOMEOWNERS ASSOCIATION, Inc. an Arizona non-profit corporation, and its successors and assigns.

Section 5. "Association Rules" shall mean the rules and regulations adopted by the Association pursuant to the provisions of this Declaration, as such rules and regulations may be amended from time to time.

Section 6. "Board" shall mean and refer to the Board of Directors of the Association.

Section 7. "Building Envelope" shall be synonymous with the term "Lot" and shall mean and refer to the separately designated and numbered plots of land shown upon the recorded subdivision Plat of the Properties, together with the Improvements thereon.

Section 8. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 9. "Gleneagles Golf Estates Design Guidelines" or "Design Guidelines" shall mean the rules and building guidelines adopted by the Design Review Committee, as the same may be amended from time to time.

Section 10. "Common Areas" shall mean all real property and improvements located thereon, and all other real property now or hereafter owned by the Association or existing for the common use and enjoyment of the Members of the Association,

including, but not limited to, all land shown on the Plat, except the land specifically designated as Building Envelopes. Common Areas include the pavements, streets, parking areas, landscaping, pipes, wires, conduits and other public utility lines within the Properties and including, in particular, all easement areas and streets and roads providing legal access to each Building Envelope, and the four foot perimeter masonry wall along the golf course on the north property line and the six foot retaining wall between Gleneagles and Stonebridge.

Section 11. “Common Expenses” shall mean the actual and estimated costs of maintenance, management, operation, repair and replacement of the Common Areas and the Improvements thereon; costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers and other employees, accountants, attorneys and agents; the costs of utilities, street maintenance and repair, gardening, landscaping, costs of security guards, if any, and the operation of the gates and/or key gates at the entrances of the Property, and any other security systems, including without limitation, perimeter fences or any other security fences installed by the Declarant or by the Association for the benefit of the property and other services benefiting the Property; costs incurred in maintaining the landscaping for each Building Envelope as provided in Article V below and as further outlined in the Gleneagles Golf Estates Design Guidelines; the cost of fire, casualty, liability, worker’s compensation and other insurance covering the Common Areas or other Association property and other insurance costs authorized herein, reasonable reserves as deemed appropriate by the Board; the costs of insurance binders for the members of the Board, officers of the Association and members of any committee established by the Board pursuant to the terms hereof; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Areas or portions thereof; and the costs of any other item or items designated by, or incidental to other expenses incurred by the Association for any reason whatsoever which in the good faith judgment of the Board are incurred in connection with the Common Areas, pursuant to the Articles or the Bylaws, in the furtherance of the purposes of the Association, or in the discharge of any obligations imposed on the Association by this Declaration.

Section 12. “Declarant” shall mean Sedona Havasu, LLC, an Arizona limited liability company (the “Declarant”), and its successors or assigns to whom the rights of Declarant are assigned by separate recorded instrument. Any rights of the Declarant hereunder may be exercised by the beneficiary of Declarant. The term “Declarant” shall also include any holder of a first mortgage upon the Properties and who has succeeded by foreclosure or deed in lieu thereof to all or substantially all of the Properties, or who has foreclosed its interest in any assignment of Declarant’s rights given as security.

Section 13. “Declaration” shall mean this Declaration of Covenants, Conditions and Restrictions for Gleneagles Golf Estates as the same may be amended or supplemented from time to time.

Section 14. “Default Rate” shall mean an annual rate of interest equal to the prime rate as published by Bank One Arizona NA, a national banking association located in Phoenix, Arizona, from time to time while interest is accruing (with interest hereunder adjusted as and when said prime rate is adjusted) plus four (4) percentage points, but never less than eighteen percent (18%) per annum. Notwithstanding anything herein to the contrary, if, during any periods, the highest lawful rate of interest, which may be paid by the person required to pay the Default Rate is less than the Default Rate, the interest payable by such person during said periods, shall be the highest lawful rate. If Bank One Arizona, NA should cease doing business or no longer announce its prime rate as described above, the Board may specify the rate, in lieu of said prime rate, for the purposes of computing the Default Rate.

Section 15. “Design Review Committee” shall mean the committee to be established by the Board pursuant to the provisions hereof.

Section 16. “Dwelling Unit” shall mean any building or portion of a building situated upon a Building Envelope and intended for use and occupancy as a single-family residence.

Section 17. “Improvement” shall mean any Dwelling Unit, building, patio, deck, pool, walkway, driveway, roadways, parking area, sign, fence, wall, sanitation and sewage facilities, pipes, wires, conduits and other public utility lines within the Project, and any hedge, planting, tree, shrub or other structure or landscaping improvement of any kind or type.

Section 18. “Individual Assessment” shall mean any assessment levied against an individual owner pursuant to the provisions hereof, and any other charges, fines, penalties, costs or other amounts assessed against an individual owner pursuant to the terms of this Declaration, the Association Rules or Gleneagles Golf Estates Design Guidelines, except for Regular Assessments and Special Assessments.

Section 19. “Member” shall mean and refer to every person or entity who holds membership interest in the Association.

Section 20. “Owner” shall mean the record holder of legal title to the fee interest in any Building Envelope regardless of whether such owner actually resides therein, or the equitable Owner of record under a contract of sale. “Owner” shall also include each person who owns title to a Building Envelope in joint tenancy, tenancy in common, as community property, or any other form of joint ownership. “Owner” is not intended to include persons who hold an interest in any Building Envelope merely as security for the performance of an obligation, the seller under a contract of sale or a lessee or tenant of a Unit. “Owner” shall include Declarant so long as Declarant owns any Building Envelopes within the Properties.

Section 21. “Plat” shall mean that certain Plat of Gleneagles Golf Estates, Building Envelopes 1 through 59, a subdivision of Mohave County, Arizona, recorded on

April 16, 2003 at Fee No. 2003-28836 in the offices of the County Recorder of Mohave County, Arizona, as the same may be modified or amended from time to time.

Section 22. “Project”, “Properties”, “Property”, or “Premises” shall mean the Gleneagles Golf estates subdivision, including all improvements thereon and all detached single-family dwelling, which have or will be developed therein.

Section 23. “Regular Assessment” shall mean the charge levied and assessed each year against each Building Envelope pursuant to Article VII, Section 3 herein below.

Section 24. “Restrictions” shall mean the covenants, conditions, restrictions, assessments, easements and liens set forth in this Declaration.

Section 25. “Special Assessment” shall mean any assessment levied and assessed pursuant to Article VII, Section 4 herein below.

Section 26. “Turnover Date” shall be the first to occur (i) the day on which title to the last residential Building Envelope or Lot in the Properties owned by Declarant, is conveyed to a third party purchaser for value, other than as security for performance of an obligation (and other than a sale to an assignee of Declarant, or to an affiliate or partner of Declarant or to an entity in which Declarant or its members or partners are affiliated as partners, shareholders, or members, and other than a sale of all or substantially all of the Properties then owned by Declarant to a person or entity to whom Declarant has in writing assigned its rights as Declarant hereunder) or (ii) such date as Declarant allows the Class A members to cast votes. Declarant shall have the right, however, to allow the Class A members to cast votes, while at the same time reserving unto the Declarant, so long as it owns a single Building Envelope, the exclusive right to appoint or remove the Board of the Association and the Design Review Committee, and may further reserve the right to amend this Declaration. Regardless of whether Declarant has allowed the Class A members to cast votes so long as Declarant owns a single Building Envelope, Declarant shall continue to have and may enjoy all other rights and privileges of the Declarant hereunder.

ARTICLE II ASSOCIATION

Section 1. General. The Association is a non-profit corporation organized under the laws of the State of Arizona for the general welfare and benefit of the owners. The Association, through its Board, officers and committees, shall take the appropriate action to manage, maintain, repair, replace and improve the Common Areas, together with all Improvements located thereon (except as otherwise provided herein), to perform related activities, and to perform all other functions and duties assigned to the Association by this Declaration, by the Articles or Bylaws, or properly delegated to it by its Members.

Section 2. Membership. Membership in the Association, except for membership of the incorporators, the Declarant and any Board members elected prior to the Turnover Date, shall be limited to the Owners of Building Envelopes within the Property. Such membership shall be subject to all the provisions of this Declaration, the Articles and Bylaws. Each grantee of Declarant, by the acceptance of a deed of conveyance, or each purchaser under any agreement of sale, or each person at any time owning or acquiring any interest in any Building Envelope, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration, and all rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed, and shall be a member of the Association subject to the Articles, Bylaws, Association Rules, and the Gleneagles Golf Estates Design Guidelines, and any other rules and regulations adopted by the Association.

Every owner of a Building Envelope, including Declarant, shall automatically, upon becoming the owner of the Building Envelope, be a Member of the Association, and shall remain a Member of the Association until such time as his ownership for any reason ceases, at which time his membership in the Association shall automatically cease. Membership shall be appurtenant to and may not be separated from ownership of any Building Envelope. A membership in the Association shall not be transferred, pledged or alienated in any way except on the sale of such Building Envelope and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record, or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association.

The record owner of a Building Envelope shall be entitled to one membership in the Association, and there shall be no more than one membership for each Building Envelope. In the event any Building Envelope is owned by two or more persons or entities, the single membership for that Building Envelope shall be joint and shall be issued in the names of all Owners. The Owners shall designate to the Association, in writing the owner who shall have the power to vote said membership, and in the absence of such designation, the Board may designate the Owner who shall have the power to vote the membership.

In the event any Owner casts a ballot representing a certain Building Envelope, it will be conclusively presumed for all purposes that such owner was acting with the authority and consent of all other owners of the same Building Envelope. In the event more than one ballot is cast for a particular Building Envelope, none of said votes shall be counted. Said votes shall be deemed void, and said Building Envelope will not be counted for purposes of determining whether the voting requirements hereunder have been met.

At the discretion of the Board, certificates of membership may be issued, but if certificates are not issued, membership shall be evidenced solely by an official list of

Members kept by the Secretary of the Association or such other person designated by the Board.

In the event of any conflict between the provisions hereof and the provisions of the Articles or Bylaws, the provisions of the Declaration shall always control.

Section 3. Voting Rights. The Association shall have two classes of voting membership.

Class A. Class A Members shall be all owners of Building Envelopes, other than Declarant. Each Class A Member shall be entitled to one (1) vote for each Building Envelope owned, except that notwithstanding any other provision hereof, no Class A Member shall have any votes or be entitled to exercise any voting rights until the Turnover Date, and no meetings of Class A Members shall be required.

Class B. The Class B Member shall be the Declarant, who shall hold one Class B Membership for each Building Envelope owned and shall be entitled to three (3) votes for each such Class B Membership. The Declarant may cast said votes in such proportions on any matter as Declarant determines. Notwithstanding the occurrence of the Turnover Date, Declarant shall continue to have three (3) votes for each Building Envelope owned.

In addition, notwithstanding the occurrence of the Turnover Date, so long as Declarant owns a single Building Envelope or Building Envelope, Declarant shall have the right to maintain absolute control over the Association by, without limitation, appointing or removing the Board without the necessity of a vote or meeting of members, appointing or removing the officers of the Association, appointing or removing the members of the Design Review Committee and amending this Declaration subject to the provisions hereof.

Section 4. Board of Directors. The affairs of the Association shall be conducted by the Board and such officers and committees as the Board may elect or appoint in accordance with this Declaration or the Articles and Bylaws. The Board shall consist of not less than three (3) members and not more than (7) members, but never an even number, who shall be elected at each annual meeting of the Members of the Association or at any special meeting of the Members of the Association called for such purpose, all as more particularly set forth in the Articles and Bylaws.

Prior to the Turnover Date, members of the Board do not have to be Owners; however, all members of the board elected after the Turnover Date shall be Owners (or the spouses of Owners, or if an owner is a corporation, partnership or trust, an officer, director, partner, agent, trustee or beneficiary) unless a sufficient number of Owners (or related persons as described in the foregoing parenthetical) are unable or unwilling to serve as directors, in which event individuals who are not Owners (or related persons) may be elected as directors.

Prior to the Turnover Date (and afterwards if Declarant has reserved such right while the owner of at least one Building Envelope), the Declarant may appoint the directors of the Association without the necessity of a meeting of members as hereinabove provided.

Section 5. Suspension of Voting Rights. In the event any owner shall be in arrears in the payment of any amount due under any of the provisions of this Declaration for a period of fifteen (15) days after the date specified on the billing therefore, or shall be in default in the performance of any of the terms of the Declaration for a period of fifteen (15) days after notice from the Association thereof, said owner's right to vote as a Member of the Association, if any such right exists, shall be automatically suspended and shall remain suspended until all payments are brought current and all defaults cured.

Section 6. Association Rules. Subject to the provision of this Declaration, the Board may adopt, amend and repeal rules and regulations (as amended from time to time, the "Association Rules"). The Association Rules may restrict and govern the use of any area or Common Areas by any Owner, or by any family members, guests, invitees, licensees or lessees of such owner and may establish reasonable admission charges or other fees for the use of any recreational or other common facilities situated upon the Common Areas; provided, however, that the Association Rules may not discriminate among owners and shall not be inconsistent with this Declaration, the Articles or the Bylaws.

Without limiting the generality of the foregoing, the Association Rules may establish and fix fines to be levied for failure to comply with this Declaration or the Association Rules, and any fines so levied shall constitute Individual Assessments hereunder subject to the Assessment Lien. Any such fine shall only be imposed after the offending Owner has been given written notice of the default in question, and has further been given an opportunity to meet with the directors, or their representative, to discuss the matter in questions. No fine shall exceed \$500.00 for any single infraction, except that a continuing violation shall be subject to additional incremental fines of \$500.00 to \$1000.00 (depending upon the Board's evaluation of the seriousness of the violation) for each thirty days the violation continues, and interest at the Default Rate shall accrue thereon.

A copy of the Association Rules, as they may from time to time be adopted, amended or repealed, shall be available for inspection by the Members at reasonable times. Upon adoption, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

In no case may the Design Guidelines be amended by the Board or without the Declarant's consent while Declarant has retained the right to appoint the members of the Design Review Committee.

Section 7. Availability of Property Documents. The Association shall maintain current copies of this Declaration, the Articles, Bylaws, Association Rules,

Gleneagles Golf Estates Design Guidelines, the Association's own books, records, and income and expense reports available for inspection during normal business hours by an owner or any holder of a first mortgage or deed of trust on any Building Envelope.

ARTICLE III COMMON AREA PROPERTY RIGHTS

Section 1. Perpetual Easement. Declarant hereby grants to the Association, and to each and every Member thereof, a nonexclusive perpetual easement of use and enjoyment in and to the Common Areas, which easement is appurtenant to and shall run with the title to each and every Building Envelope for the mutual benefit and protection of all owners of the Building Envelopes. Such right and easement of use and enjoyment shall nevertheless be subject to the Association Rules.

Except as otherwise provided herein, no use or disturbance of any of the Common Areas shall be made, other than for ingress and egress over streets and roads constructed within the Properties and approved by the Association or Design Review Committee, for the installation and maintenance by each Owner of residential address signs, for utilities sewer facilities subject to the provision hereof.

Section 2: Delegation of Use. Any Member may delegate, in accordance with the Association Rules, his right of enjoyment of the Common Areas to the members of his family, his tenants, guests or contract purchasers who reside in his Dwelling Unit. However, if an Owner has leased or rented his Dwelling Unit, the Owner, members of the owner's family, owner's guests, employees, and invitees shall not be entitled to use and enjoy any of such rights, and can delegate the rights of use and enjoyment in the same manner as if such tenant were an owner during the period of his occupancy.

Each Owner shall notify the Association in writing of the names of any tenants of such Owner's Dwelling Unit. Each Owner or tenant also shall notify the Association in writing of the names of all persons to whom such Owner or tenant has delegated any rights of use and enjoyment and the relationship that each persons bears to the Owner or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as are the rights of Owners. No such delegation shall relieve an Owner from liability to the Association or to other Owners for payment of Assessments or performance of the provisions contained in this Declaration.

Any lease or rental agreement entered into between an Owner and a tenant of a Dwelling Unit shall require compliance by the tenant with all of the provisions contained in this Declaration, which provision shall be for the express benefit of the Association and each owner. The Association and each Owner shall have a right of action directly against any tenant of an Owner, as well as against the Owner, for non-performance of any of the provisions of this declaration to the same extent that such right of action exists against such Owner.

No Dwelling Unit may be leased for a term less than thirty days, and not less than an entire Dwelling Unit may be leased and occupied by any tenant.

Section 3. Title to Common Areas. At such time as Improvements to the Common Areas have been completed and the Association has been formed and is able to operate and maintain the Common Areas, Declarant shall convey title to the Common Areas to the Association. The method of conveyance shall be by Deed and Declarant shall not be required to purchase a title insurance policy upon transfer.

Section 4. Rights of Association and Declarant Relating to Common Area. The Common Areas and the rights of the Members therein shall at all times be subject to:

(a) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Area and, with written consent of the Members entitled to vote two-thirds (2/3) of the votes of each class of Membership, to mortgage said property as security for any such loan;

(b) The right of the Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure;

(c) The right of the Association to promulgate and publish rules and regulations with which each Member shall strictly comply;

(d) The right of the Association, as provided herein or in its Articles and Bylaws, to levy reasonable monetary fines and to suspend a Member's voting rights for any period during which any Assessment against his Building Envelope remains unpaid and/or any period Member is not in compliance with the terms of the Association's Governing Documents.

(e) The right of the Association with the written consent of the Declarant to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as it may determine, provided that after the occurrence of the Turnover Date, any such dedication must be approved with the written consent of the Members entitled to vote two-thirds (2/3) of the votes of each class Membership.

Notwithstanding the foregoing, the granting of permits, licenses, and easements for roads, ingress and egress or for public utilities and/or for other purposes, including purposes deemed proper by the Board, shall not be deemed a transfer within the meaning of this Subsection (e) and, provided further, that this provision in no way limits Declarant's reserved rights hereunder;

(f) The right of the Association, without any abatement of Assessments, to close or limit the use of the Common Area while maintaining, repairing, and making replacements in the Common Area;

(g) Easements for ingress, egress and utilities reserved hereby, and including any easements necessary to be granted to Owners of Building Envelopes having access across Common Areas;

(h) The right of the Association to sell and convey all or part of the Common Area, provided that after the occurrence of the Turnover Date, any such dedication must be approved with the written consent of the Members entitled to vote two-thirds (2/3) of the votes of each class of Membership, and provided that the Association Board

determines that the transfer is consistent with the general scheme of development of the Properties.

Notwithstanding the foregoing, and without limitation, the Association may transfer or quitclaim minor insignificant portions of the Common Area necessitated by incidental construction encroachments or scrivener's error without any vote or consent of the Members.

ARTICLE IV RESIDENCE CONSTRUCTION, ARCHITECTURAL CONTROL AND SWIMMING POOLS

Section 1. Residence Construction. All Dwelling Units and Improvements shall be consistent in quality of design and construction with the Gleneagles Golf Estates Design Guidelines, as from time to time amended, and with the provisions hereof. It is expressly understood that no contractor, in its capacity as a contractor constructing improvements or Dwelling Units within the Properties, shall in any way be deemed an agent, partner, or representative of Declarant. Each Owner, by acceptance of a deed to any Building Envelope, acknowledges and agrees that neither Declarant nor its members, agents, partners, representatives nor employees shall have any responsibility, obligation or liability whatsoever relating in any way to or arising out of the construction of Improvements or Dwelling Units upon the Properties or upon any Building Envelope. Such matters, and any liability relating thereto, shall be solely between the Owner and the contractor.

Each Owner shall be required to use competent contractors and subcontractors for the construction of Improvements upon any Building Envelope, and shall also employ the services of an architect or other qualified professional designer or draftsman authorized to prepare plans and architectural renderings necessary for submittal to the Design Review Committee. The Design Review Committee may in its discretion refuse to approve construction proposed by a contractor who has demonstrated poor quality work and substandard performance, and may also disapprove of plans prepared by an architect or designer in cases where such architect or designer has similarly performed in a substandard manner.

Section 2. Architectural Control. No Improvements, alterations, repairs, excavations, grading, landscaping or other work which in any way alters the exterior appearance of the property or Building Envelope, or the Improvements thereon, from its natural or improved state shall be made or done without the prior approval, in writing, of the Design Review Committee. No building, wall, fence, yard, ornament or decoration or other structure of any nature whatsoever shall be commenced, erected, maintained, improved, altered, placed or made on the Property or any Building Envelope without prior written consent of the Design Review Committee.

In connection therewith, any Owner requesting such approval shall follow the submittal and approval process outlined in the Gleneagles Golf Estates Design

Guidelines, as from time to time amended, including, without limitation, detailed plans and specifications showing all construction details, including the nature, sharp, height, color, materials, floor plans, location, and approximate cost thereof and such other matters as may be requested by the Design Review Committee. The entire scope, nature and character of all construction, landscaping, alteration, modification, repainting, rebuilding, repairing, and all other Improvement shall be evidenced by the plans submitted. All subsequent additions to or changes or alterations in any building, Dwelling Unit, fence, wall or other structure or Improvement shall be subject to the submittal and approval process outlined in the Gleneagles Golf Estates Design Guidelines, as from time to time amended, including, without limitation, the exterior color scheme and all changes in the grade of Building Envelopes. No changes or deviations in or from the plans and specifications, once approved by the Design Review Committee, may be made without the prior written approval of the Design Review Committee, and all construction must be completed in accordance with the approved plans and specifications.

The Design Review Committee shall have the right from time to time to enter upon any Building Envelope to inspect the progress of the improvements and may, without obligation, suspend or revoke approval if the improvements are not in conformance with the approved plans, in which case all construction shall cease until such non-complying items have been corrected or remedied by the Owner or his contractors and agents. Should the Association be required to conduct more than the usual number of inspections, (presently three in number), contemplated by the Gleneagles Golf Estates Design Guidelines, an additional inspection fee established by the Design Review Committee shall be paid by the Owner to the Association. The Association may bring an action at law or in equity to enjoin the erection of non-complying structures or the installation of non-complying landscaping or other improvements, and all costs and attorneys fees incurred, shall be paid by the Owner to the Association, and the Association shall have a lien therefore upon the Building Envelope in question.

Notwithstanding the foregoing, Declarant shall not be required to obtain Design Review Committee approval with respect to the building of homes, or any Improvements, alterations, repairs, excavations, grading, landscaping, additions or changes installed or made by Declarant with respect to the Property.

As more particularly set out in the Gleneagles Golf Estates Design Guidelines, incorporated herein by reference and as from time to time amended, the Design Review Committee shall have the right to deny approval of any plans or specifications which are not, in its opinion, suitable or desirable for aesthetic or any other reasons, and shall have the right to take into consideration the harmony and conformity of the proposed Improvements with the surrounding buildings, the materials to be used and the compatibility of the same with the surrounding area, and the effect of such proposed Improvements as seen from adjacent or neighboring properties. All decisions of the Design Review Committee shall be final, and no Owner or other parties shall have recourse against the Design Review Committee for its refusal to approve any such plans and specifications. All structural Improvements must also be in conformance with the

City and/or County building code requirements as per approved plans and an issued building permit. All construction shall be prosecuted diligently from commencement until completion. The construction period shall in no case be longer than twelve months unless authorized and approved in writing by the Board.

Approval of the plans and specifications shall be evidenced, if at all, by the written endorsement of the Design Review Committee made on the plans and specifications. No changes or deviations in or from the plans and specifications shall be made without the written approval of the Design Review Committee. After construction is completed, no further change, including any change of exterior color, shall be made without the written permission of the Design Review Committee.

For purposes of this Article, architecture and Improvements shall be deemed to include, but not limited to, buildings, fixtures, radio antennae, television antennae, satellite stations or dishes, walls, fences, street address signs, coping, awnings, sunshades, or any similar structures and any landscaping and any and all other related matters.

Section 3. Alterations and Modifications-Discretion of Design Review Committee. In reviewing plans for alterations, modifications, additions or other changes to a structure upon a Building Envelope, the Design Review Committee shall exercise its discretion in deciding whether or not an alteration or modification is in harmony with the overall scheme of subdivision development. The Design Review Committee shall have the right to deny alterations or modifications for aesthetic reasons if the Design Review Committee considers the alteration or modification to be unattractive in relation to the overall scheme of development, or if the Committee considers the alteration or modification to be a nuisance or upset of design, or if the Design Review Committee considers the alteration or modification to be in contrast to or out of harmony with the style of existing structures, or if the physical views of the Properties will be disrupted by the alteration or modification. The Design Review Committee may elicit the opinion of other Owners, including the neighbors of the Owner submitting the plan for alteration or modification, as to the conformity and harmony of the proposed plan with the overall scheme of development, and the effect that the proposed plan might have on the physical views of other Owners. After eliciting these opinions, the Design Review Committee may, but need not, take them into account in making its final decision of approval or disapproval of an alteration or modification to an existing structure. While the opinion of no single Building Envelope Owner will control a decision of the Design Review Committee, within its own discretion, the Design Review Committee may, but need not, attach whatever significance it deems sufficient to the statements of residents and/or neighbors of the resident submitting the proposed alteration or modifications to an existing structure.

Section 4. Swimming Pool Option. Subject to the limitations set forth hereinafter and in the Gleneagles Golf Estates Design Guidelines, the owner of any Building Envelope may make application to the Board for the right, in accordance with the provisions of this Section, to construct, within his Building Envelope, a swimming pool or Jacuzzi whirlpool for the exclusive use and benefit of such Owner. The Owner

shall submit to the Board and the Design Review Committee such plans and specifications for the construction of the pool as deemed necessary by the Board and the Design Review Committee to enable them to determine whether to allow construction of the pool. The Board, after consultation with the Design Review Committee, may disapprove the proposed pool if, because of the size, location, visibility or any other factor, the construction of that particular pool would have an adverse impact on the Properties or upon the Association, any other Owner, or the general plan of development for Gleneagles Golf Estates.

If the Board authorizes construction of the pool, the owner shall submit to the Board and Design Review Committee a complete set of all work drawings, plans and specifications, a copy of all permits required by any governmental authority for the construction of the pool and a bond, in such form and amount acceptable to the Board, guaranteeing, at the discretion of the Board, one or both of the following: (i) the completion of construction of the pool within a reasonable time; or (ii) the restoration of the property prior to commencement of construction of the Pool. The construction of the pool shall comply with all applicable governmental regulations.

Upon receiving approval from the Board and after submitting all required materials to the Board and the Design Review Committee, the Owner shall diligently proceed with the construction of the pool. If construction is not completed within four months after commencement of construction, the Board may elect to either cause the pool to be completed or cause the property to be restored to its former condition, and the owner shall have no right to proceed with the construction. Any costs incurred by the Association in connection therewith, including court costs and attorneys fees, shall be immediately due and payable from such Owner to the Association and may be assessed by the Association against such owner as an Individual Assessment hereunder subject to the Assessment Lien.

In the event that the Owner fails to maintain the pool in a safe and sanitary condition and in accordance with such rules and regulations as may be adopted by the Board, the Board may elect to maintain the pool and assess the costs thereof against the Owner as an Individual Assessment subject to the Assessment Lien.

The Owner shall provide liability insurance, in such form and amount acceptable to the Board, relating to the construction and use of the pool.

Each Owner shall indemnify and save Declarant and the Association harmless for, from and against any claim arising out of any act, omission or negligence of an Owner or Owner's agents or employees with respect to the pool, or arising from any accident, injury or damage to any person or property occurring in, on or about the pool and against all costs, including attorneys fees, expenses and liabilities incurred in connection with any such proceeding.

Section 5. Organization, Power of Appointment and Removal of Design Review Committee Members. The Association shall establish a Design Review

Committee to perform the functions set forth in this Declaration with respect to architectural control and other controls contained in the Gleneagles Golf Estates Design Guidelines. The Design Review Committee shall be organized as follows:

(a) Committee Composition. The Design Review Committee shall consist of three (3) members and two (2) alternate members. No such members shall be required to be an architect or to meet any other particular qualifications for membership. The Design Review Committee may employ a consulting architect initially designated by Declarant. A member need not be, but may be, a member of the Board or an officer of the Association. In the event one or two of the regular members are absent or disabled, the remaining Design Review Committee member or members, even though less than a quorum, may designate either or both of the alternate members to act as substitutes and such alternates shall then assume the full authority of regular members for that meeting. The consulting architect shall have no voting rights on the committee, and the members of the committee (but not the consulting architect) shall serve without compensation. An alternative consulting architect may be appointed by Declarant (or by the Design Review Committee after Declarant no longer possesses its right of appointment of the members of the committee) in the event the consulting architect is unavailable or should have a conflict of interest.

(b) Initial Members. The initial members and alternates of the Design Review Committee shall be appointed by the Declarant.

(c) Terms of office. The term of office for each Design Review Committee member shall be two (2) years or until the appointment of a successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's un-expired term. Any member who has resigned, been removed or whose term has expired may be reappointed if such member accepts reappointment.

(d) Appointment and Removal. The right to appoint and remove members of the Design Review Committee at any time so long as Declarant owns a single Building Envelope shall be and is hereby vested solely in the Declarant or its nominee. Notwithstanding the foregoing, Declarant may at any time relinquish the right to appoint and remove members of the Design Review Committee by so notifying the Association in writing. Upon such early relinquishment by Declarant of its right to appoint the members of the Design Review Committee, the Board shall then have the power to appoint and remove Design Review Committee members; provided, however, that no member may be removed from the Design Review Committee by the Board except by a majority vote of all members of the Board. Appointments or removals of members of the Design Review Committee, as set forth herein, shall be evidenced on the books and records of the Association.

It is understood that Declarant reserves the exclusive right to appoint or remove the members of the Design Review Committee until Declarant no longer owns a single Building Envelope within the Properties.

(e) **Resignations.** Any member of the Design Review Committee may at any time resign from said committee by giving written notice to Declarant or to the Board, whichever then has the right to appoint Design Review Committee members.

Section 6. Duties. It shall be the right and duty of the Design Review Committee (and not the Board) to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof and of the Gleneagles Golf Estates Design Guidelines, to adopt Design Review Committee Rules, to perform other duties delegated to it by the Board and to carry out all other duties imposed upon it by this Declaration. Without in any way limiting the generality of the foregoing provisions of this Section, the Design Review Committee or any member thereof may, but is not required to, consult with or hear the view of the Association or any Owner with respect to any plans, drawings, specifications or other proposals submitted to the Design Review Committee.

Section 7. Meetings. The Design Review Committee shall meet from time to time as necessary to perform its duties hereunder, shall appoint a committee chairman, and shall prepare Minutes of Meetings for inclusion in the Association Minute Book. The vote of any two members at a meeting shall constitute the act of the Design Review Committee unless the unanimous decision of the Design Review Committee is otherwise required.

Section 8. Design Review Committee Rules. The Design Review Committee may, from time to time, adopt, amend and repeal rules and regulations (as amended from time to time, the Gleneagles Golf Estates Design Guidelines" or Design Guidelines"). The Design Review Committee shall interpret and implement this Declaration by setting forth the standards and procedures for design review and the guidelines for architectural design, landscaping, color schemes, exterior window coverings, exterior finishes and materials and similar features which are recommended or required for use within the Property (the Gleneagles Golf Estates Design Guidelines). The Gleneagles Golf Estates Design Guidelines may, without limitation, establish minimum square footage requirements for Dwelling Units, requirements for the establishment of parking spaces for residents and guests, as well as driveway construction standards, the fencing or other protection of landscaping, standards for roofs, chimneys and lighting equipment, standards for natural area or open spaces within each Building Envelope, the imposition of fines, builder and contractor regulations and guidelines, height regulations, excavation, grading and clearing limitations, and other requirements or standards designed to protect and enhance the Properties.

The Gleneagles Golf Estates Design Guidelines shall at all times be a part of the Association's records and shall be binding on all Owners, Members or other persons. The Design Guidelines may not conflict with the provisions hereof.

Section 9. Waiver. The approval by the Design Review Committee of any plans, drawings or specifications for any work done or proposed, or of any other matter requiring the approval of the Design Review Committee under this Declaration, shall not

be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification or matter subsequently submitted for approval.

Section 10. Liability. Neither the Design Review Committee, nor Declarant, nor any member thereof shall be liable to the Association, any Owner or any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings or specifications, whether or not defective, or the inspection or failure thereof of any aspect of construction; (b) the construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications; (c) the development or non-development of any portion of the Property; or (d) the execution and filing of any, estoppel certificate, whether or not the facts therein are correct; provided, however, that with respect to the liability of a Member, such Member has acted in good faith on the basis of such information as may be possessed by him.

Section 11. Time for Approval. Subject to the other provisions contained herein, in the event the Design Review Committee fails to approve or disapprove any design and location within thirty (30) business days after said plans and specifications have been submitted to it (or within such later time as the Association may establish by the Design Guidelines), approval will not be required and the Owner will have been deemed to have complied with this Article. Notwithstanding the foregoing, in the event the Design Review Committee shall notify the requesting owner within such time period that it is necessary to obtain independent advice from a licensed architect, professional designer, or other construction or engineering consultant, then the time period for approval or disapproval of said plans and specifications shall be extended a reasonable amount of time, but in no event to exceed an additional sixty (60) days.

Section 12. Processing Fee. With respect to any requests made to the Design Review Committee to review any plans, drawings or specifications for any work done or proposed, the Design Review Committee may, consistent with the Gleneagles Golf Estates Design Guidelines, establish processing fees for such requests or actions. The payment of such fees shall be a condition precedent to any Design Review Committee action on such request or other item, and the nonpayment of such fee shall be deemed to toll the time for approval of such items set forth in Section 11 of this Article IV.

Section 13. Indemnification. To the fullest extent permitted by law, every director and officer of the Association, every member of the Design Review Committee, and Declarant and its members, agents, employees, and representatives (to the extent a claim may be brought by reason of any matter having to do with the Board or 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, may in the discretion of the Board, be indemnified by the Association, against all expenses and liabilities, including without limitation attorneys fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Association (or in

the case of Declarant by reason of having appointed, removed or controlled or failed to control members of the Board or the Design Review Committee), or any settlement thereof, 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, provided that the Board shall determine, in good faith, that such officer, director, member of the Design Review Committee or other person, or Declarant, did not act, fail to act, or refuse to act with gross negligence or fraudulent or criminal intent in the performance of, his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such persons may be entitled at law or otherwise.

Section 14. Non-Liability of Officials. To the fullest extent permitted by law, neither Declarant, the Board, the Design Review Committee or any other committees of the Association or any member thereof, nor any directors or officers of the Association or of Declarant, 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 drawings or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which Declarant, the President, the Board, or such committees or persons reasonably believed to be within the scope of their respective duties.

ARTICLE V MAINTENANCE OF COMMON AREAS

Section 1. Maintenance by Association. The Association, or its duly delegated representative, shall:

(a) maintain and otherwise manage all Common Areas, including, but not limited to, the landscaping, parking areas, streets, masonry wall on the north side adjacent to the golf course and the retaining wall along the west side between Stonebridge and Gleneagles. The maintenance costs of the entry gate off Acoma Blvd., the island landscape between the entry gate and Acoma and the landscape along Acoma between the street and wall in front of the Senior Center and the maintenance of the Gleneagles Drive from Acoma Blvd up to the entry gate are to be shared equally between Gleneagles Golf estate Homeowners Association and Gleneagles Condominium Association.

(b) place and maintain upon any Common Areas such signs and markers as the Board may deem appropriate for the proper identification, use and regulation thereof, subject to the approval of the Design Review Committee, except that all private address monuments and signs shall be maintained by the Owner thereof; pay all electrical, Common Area water, and other utility charges or fees for services furnished to the Common Areas as the same become due and payable.

(c) maintain and repair such easements as may exist outside the Properties which may be necessary for ingress, egress or utilities serving the Properties; and

(d) do all such other and further acts which the Board deems necessary to maintain and preserve the Common Areas, and the beauty thereof, in accordance with the general purposes specified in this Declaration;

In addition, and without limitation, the Association shall be responsible for:

(a) the maintenance of the common streets, roads, and sidewalks (if applicable) located within the Common Areas and entry way features and landscaping leading into the Properties, including decorative structures, walls, etc.;

(b) the maintenance of the landscaped portions of the Common Areas and other areas to be maintained by the Association;

(c) the operation, maintenance (including insurance) and, if necessary, the replacement, restoration or reconstruction of street signs, walls, fences, and other improvements originally constructed by Declarant on the Common Areas;

(d) the payment of ad valorem real estate taxes, assessments and other charges on those portions of the Common Areas owned by the Association;

(e) the insurance of all Improvements which the Association is obligated to maintain against damage by casualty with such companies and with such limits as the Association deems appropriate;

(f) the hiring, firing, supervision and paying of employees and independent contractors, including, but not limited to, workmen, landscapers, attorneys, accountants, architects and contractors to carry out the obligations set forth herein;

(g) the maintenance of such liability insurance as the Association deems necessary to protect the Members and the Board of Directors of the Association from liability for conditions existing and events occurring on or about the Common Areas, including, but not limited to, errors and omissions insurance for the Board of Directors of the Association.

(h) The maintenance of workmen's compensation insurance for the employees, if any, of the Association;

(i) The purchase of all goods, supplies, labor and services reasonably necessary for the performance of the obligations set forth herein;

(j) The enforcement, in its sole discretion, of the provisions of this Declaration, including, but not limited to, the Use Restrictions provided for herein;

(k) The establishment and maintenance of such cash reserves as the Association in its sole discretion deems reasonably necessary for the maintenance and repair of the improvements for which it is responsible and for unforeseen contingencies;

(l) Entering into of such agreements and the taking of such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth above and the operation and maintenance of the Common Areas and facilities located thereon.

(m) The maintenance upon any Common Areas, of such signs and markers as the Board may deem appropriate for the proper identification, use and regulation thereof, subject to the approval of the Design Review Committee; and

(n) Such other and further acts which the Board deems necessary to maintain and preserve the Common Areas, and the beauty thereof, in accordance with the general purposes specified in this Declaration.

The Board shall be the sole judge as to the appropriate landscape maintenance of all Common Areas.

Notwithstanding any other provision hereof, Declarant shall in no way be required to establish or maintain any amount or level of reserves for the Association, nor shall Declarant be required to repair, refurbish, rebuild or improve any portion of the Common Areas following development thereof, at the time of the Turnover Date, or at any other time.

Section 2. Real Property Taxes. Real property taxes, assessments and other governmental charges, which are attributable to the Common Areas shall be the responsibility of the Association and shall be deemed a Common Expense.

Section 3. Privacy of Streets. Although there exists private streets and an entry gate, neither the Declarant, the Association, nor any committee of the Association, nor any officer, employee, agent or representative of same shall be liable for any loss, damage, injury or death caused or allegedly caused as a result of a breach of privacy, or as a result of any criminal or wrongful act, it being understood that neither the Declarant nor the Association, nor any other person or entity can be responsible to avert such injury or loss. Each Owner, and all guests, invitees, tenants and other occupants of the Properties acknowledge and assume the risk of injury or loss, and recognize that security services such as limited access roads and gated entries are merely deterrents and not absolute measures that prevent loss or injury.

ARTICLE VI OTHER MAINTENANCE

Section 1. Maintenance by Owners. Each Owner shall be responsible for the upkeep and maintenance of their respective Building Envelope, the exterior and interior of such Owner's Dwelling Unit and for the upkeep of all other areas, features or parts of his Dwelling Unit including, but not limited to, windows, doors and locks, roofs, trim, exterior walls and exterior painting.

All fixtures, equipment and driveways within a Building Envelope, commencing at a point where the utility lines, pipes, wires, conduits, or systems enter the Building Envelope, shall be maintained and kept in repair by the Owner thereof. The Owner shall also have the responsibility to maintain and repair any appliances, such as air conditioning units, located on the exterior of his Dwelling Unit and shall also be responsible for any modifications to the exterior structure of such Dwelling Unit. Termite and insect control shall be the responsibility of the Owner. An Owner shall not permit any act or work to be performed that will impair the structural soundness or integrity of the Dwelling Unit or impair any easement or hereditament, nor do any act nor

allow any condition to exist which will adversely affect the other Building Envelopes or their owners.

Section 2. Right of Association to Enter Upon Dwelling Units. In the event that any owner shall fail to maintain and repair his Building Envelope, Dwelling Unit and Improvements as required by this Declaration, the Association, following thirty (30) days' notice to the Owner (except in emergency situations where such notice is not practical), in addition to all other remedies available to it hereunder or by law or in equity, and without waiving any of its said alternative remedies, shall have the right, through its agents and employees, to enter upon said Building Envelope, Dwelling Unit or Improvements at any reasonable time and in any reasonable manner, and to repair, maintain, and restore the Building Envelope, Dwelling Unit or Improvements. Each owner, by acceptance of a deed for his Building Envelope, hereby covenants and agrees to repay to the Association the cost thereof immediately upon demand, and the Association may enforce collection of such amounts as provided herein below for the collection of Individual Assessments.

Section 3. Landscaping and Maintenance of Building Lots. Each Owner shall be solely responsible for the maintenance and landscaping of his or her Building Envelope.

ARTICLE VII COVENANT FOR ASSESSMENTS

Section 1. Authority to Levy and Purpose for Assessments. Except as otherwise provided herein, the Board shall levy assessments against each Building Envelope to collect the funds necessary to cover the costs and expenses incurred by the Association together with the adequate reserve funds determined by the Board, in its sole and absolute discretion, to be appropriate. The Assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety and welfare of the Owners within the Project, enhancing the quality of life within the Project and enhancing and protecting the value, desirability and attractiveness of the Project, including maintenance of all Common Areas and Building Envelopes, services and facilities, insurance, taxes on the Common Areas or the Association's property, expenses of operation and management, and the discharge of the Association's duties under this Declaration and other agreements to which the Association is a party

Section 2. Creation of the Lien and Personal Obligation of Assessments. Each Owner of the Building Envelope with the Project (other than Declarant), by acceptance of a deed or other conveyance, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments, Special Assessments and Individual Assessments (collectively, "Assessments"), such Assessments to be fixed, established and collected from time to time as hereinafter provided. All Assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien (the "Assessment Lien") upon the Building Envelope

against which each such Assessment is made. Each such Assessment, together with such interest, costs and reasonable attorneys fees incurred in the collection thereof, shall also be the personal obligation of the Owner of such Building Envelope at the time when the Assessment fell due. The personal obligation and liability of the Owner shall not be deemed to limit or discharge the charge against the land and the continuing lien upon the Building Envelope against which such Assessment is made. No Owner of a Building Envelope may exempt himself from liability for the Assessments by waiver of the use or enjoyment of the Common Areas or by the abandonment of his Building Envelope.

Section 3. Regular Assessments. The amount and time of payment of Regular Assessments shall be determined by the board after giving due consideration to the current maintenance costs and future needs of the Association. Not later than thirty (30) days prior to the beginning of each fiscal year, or as soon thereafter as the Board may determine, the Board shall prepare a budget containing an estimate of the total Common Expenses to be incurred for the forthcoming fiscal year and set the amount of the Regular Assessment for each Building Envelope. The amount of the Regular Assessments, including reserves, if any, shall be in the sole discretion of the Board. Written notice of the Regular Assessments shall be sent to every Owner. Each Owner shall thereafter pay to the Association his Regular Assessment in such manner and such times or installments as are established by the Board. In the event the Board determines that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of such inadequacy, issue a supplemental estimate of the total Common Expenses and the revised Regular Assessments, and give written notice thereof to every Owner. If the Board determines that the amount collected or to be collected through Regular Assessments is in excess of the Association's needs for the current year and reserves appropriate for future needs, the Board, in its sole discretion, may refund to the owners who paid such Assessments all or a portion of such excess, reduce the amount of the regular Assessments or abate collection of Regular Assessments as it deems appropriate. In no event shall a reduction in the amount of or abatement in the collection of Regular Assessments pursuant to this Section result in a quality of services diminished from those upon which the Common Expense budget was based.

With the exception of such increase in the Regular Assessment as may be necessary to pay real property taxes, insurance and utilities, the Board shall not increase the Regular Assessment by more than twenty percent (20%) above the amount of the Regular Assessment levied for the previous fiscal year of the Association; provided, however, that the Board may so increase the Regular Assessment without regard to said limitation should the Owners of greater than 67 percent (67%) of the Building Envelopes agree to such increase in writing or vote to approve such increase at a regular or special meeting of Members called for such purpose.

Section 4. Special Assessment. The Board shall have the right and power to levy a Special Assessment for the purpose of defraying in whole or in part the cost of the construction of additional common facilities and other capital improvements, the alteration, reconstruction, demolition or removal of existing common facilities and capital

improvements, or for the purpose of defraying any other extraordinary expenses. Following the Turnover Date, any such Special Assessment the amount of which is equal to or greater than the amount of thirty percent (30%) of the total amount of the then current amount of the annual Regular Assessments for the Project shall require ratification and approval by the affirmative vote of at least seventy-five percent (75%) of the Members present at a duly called meeting at which a quorum is present (in person or by proxy). The provisions of this Section are not intended to preclude or limit the assessment, collection or use of Regular Assessments for such purposes.

Section 5. Individual Assessments.

(a) If the need for maintenance or repair of any Common Area, or other area of Association responsibility is caused through the willful or negligent act of any Owner, by his family, guests, invitees, licensees or lessees, or by any other person or resident using the Common Areas with the permission of the Owner, or is caused by special conditions of a Building Envelope owned by a particular Owner, the cost of such maintenance or repairs shall be paid by the respective Owner upon demand and shall constitute an Individual Assessment against such Owner and against each Building Envelope owned by such Owner and shall be secured by an Assessment Lien against each Building Envelope owned by the Owner. If any portion of any Building Envelope or Dwelling Unit is maintained so as to present a public or private nuisance or to substantially detract from the appearance or quality of the surrounding Building Envelopes, Common Areas, or other areas of the Property, or if any portion of a Building Envelope or Dwelling Unit is being used in a manner which violates this Declaration, or if the Owner of any Building Envelope is failing to perform any of its obligations under this Declaration or to abide by any of the provisions of this Declaration, the Board may, by resolution, make a finding to such effect. The resolution of the Board shall specify the particular condition or conditions which exist and shall fix a reasonable period of time which the Owner shall have to correct such condition or conditions (which period shall be no less than three (3) days and no more than fourteen (14) days after the Owner receives notice of the Board's action). Notice shall be given to the Owner of the subject Building Envelope that unless corrective action is taken within the time period fixed by the Board, the Board may cause such action to be taken at the Owner's cost or the Board may commence appropriate legal action, whether at law or in equity, to compel compliance with this Declaration. If, at the expiration of such period, the requisite corrective action has not been taken, the Board shall have the right to cause corrective action to be taken and/or to commence appropriate corrective legal action and all costs thereof, including court costs and attorneys' fees, shall bear interest from the date incurred until paid at the Default Rate and shall be an Individual Assessment against the offending Owner and against each Building Envelope owned by the owner and shall be secured by an Assessment Lien against each Building Envelope of the Owner.

(b) In addition to the foregoing, in the event the Association undertakes to provide materials or services which benefit individual Building Envelope and/or Dwelling Units, and which can be accepted or not by individual Owners, such Owners, in accepting such materials or services, shall be deemed to have agreed that

statements therefore from the Association shall be an Individual Assessment, shall be due upon presentation, and if not paid, shall bear interest at the Default Rate.

Section 6. Certificate of Payment. The Association shall, upon demand, furnish to any Member a certificate in writing, signed by an officer or authorized agent of the Association, stating whether the Assessments on such Owner's Building Envelope have been paid, the amount of delinquency, if any, and whether any other violations pursuant to this Declaration exist and the nature of such violations. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of the Assessment therein stated to have been paid.

Section 7. Date of Commencement of Regular Assessments. Except as otherwise provided herein, each Building Envelope shall become subject to the assessment provisions of this Article VII as of the first day of the calendar month following the conveyance of the Building Envelope by Declarant to another purchaser, and until the first full fiscal year of the Association following the sale of the first Building Envelope by Declarant, the Association may prepare an interim budget and estimate and levy the necessary Assessments required for the remainder of year in question.

Section 8. No Offsets. Assessments shall be payable in the amount specified by the notice of Assessment, and no offsets against such amount shall be permitted for any reasons including, without limitation, a claim that the Association is not properly exercising its duties and responsibilities under Declaration.

Section 9. Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the delinquency date, a late charge of Ten Dollars (\$10.00) per month, or such other amount as the Board shall from time to time determine, shall be levied, and the Assessment shall bear interest from the date of delinquency at the Default Rate. The Association may, at its option, bring an action at law against the Owner personally obligated to pay the same and/or foreclose the Assessment Lien against the Building Envelope in accordance with the then prevailing law of the State of Arizona relating to the foreclosure of liens upon real property. There shall be added to the amount of such Assessment any late charges, interest, recording fees, expenses and costs incurred in filing an Assessment Lien and in collecting the amounts due and the reasonable attorneys fees incurred in connection with such collection efforts, regardless of whether or not a legal suit is commenced. Each Member vests in the Association or its agents the right and power to bring all actions at law or in equity or lien foreclosure remedies against such Member for the collection of such delinquent Assessments. The lien provided for in this section shall be in favor of the Association and shall be for the benefit of all other Owners. Any action to foreclose the lien of any Assessment may be commenced and prosecuted in the same fashion as for the foreclosure of a mortgage pursuant to Arizona law. At any foreclosure sale of a Building Envelope, the Association shall have the power to bid on such Building Envelope at such foreclosure sale, using Association funds or funds borrowed for that purpose, and to acquire and hold, lease, mortgage and convey the same.

Section 10. Recorded Assessment Liens. With respect to any delinquent Assessment, the Association is legally authorized and the Owners hereby are deemed to have granted the right and irrevocably given consent for the Association to record a Notice of Assessment Lien in the Office of the Mohave County Recorder, appropriately describing the Building Envelope and the amount of the delinquent Assessments and other charges, to impose a lien of record against the Building Envelope for the amounts specified herein. A copy of the Notice of Assessment Lien may, at the sole election of the Board, be posted on the affected Building Envelope. Upon payment of all amounts due, including interest, late fees, fines, and attorneys fees, the Association shall record an appropriate satisfaction and release of the Assessment Lien. Each Owner, other than Declarant, by acceptance of a deed to any Building Envelope, agrees that the Association and its employees, officers, agents, directors and all affiliates shall be absolutely immune from any and all liability relating in any way to the recording of a Notice of Assessment.

Section 11. Cumulative Remedies. The Assessment Lien and the rights to foreclosure thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and at law or in equity, including a suit to recover a money judgment for unpaid Assessments.

Section 12. Exempt Property. The Common Areas and all property dedicated for public thoroughfares and utilities services shall be exempt from the Assessments created herein; provided, however, in the event any change in ownership of any such property results in all or any part thereof becoming assessable in any year, such property shall be subject to assessment (prorated as of the date it becomes assessable) and shall be subject to all of the provisions herein relating to Assessments.

Section 13. Declarant's Exemption. Anything in this Declaration to the contrary notwithstanding, the Declarant shall not be liable for and shall not be required to pay Assessments of any nature upon Building Envelopes owned by Declarant, nor shall Declarant be obligated to pay or fund any reserves for the Association. Declarant shall not be liable for the payment of any assessments for any Building Envelope that, having been previously sold to a purchaser, has been deeded back to the Declarant by foreclosure or deed in lieu of foreclosure.

Section 14. Uniform Rate of Assessment. Except for Building Envelopes owned by Declarant, Regular and Special Assessments shall be fixed at a uniform rate for each Building Envelope. It is understood that at no time, either before or after the Turnover Date, shall any Building Envelopes owned by Declarant be subject to Regular Assessments, Special Assessments, or Individual Assessments, nor for any fines or other charges. Building Envelopes owned by Declarant are exempt from all Assessments of any nature.

Section 15. Declarant's Right. It is understood that Declarant in its sole discretion may employ contractors to maintain certain portions of the Properties or may contribute funds to the Association to help defray the Common Expenses of the

Association during periods of initial development within the Properties. The amounts and levels of the initial Assessments established by the Association may take into account such voluntary and discretionary contributions, but Declarant shall in no event be required to make or to continue such contributions, it being understood that the Association shall be required to pay all Common Expenses and to accomplish same from Assessment revenues upon the individual Building Envelopes owned by third party purchasers from Declarant.

Section 16. Subordination of Assessment Lien to First Mortgage or Deed of Trust; Priority, of Assessment Lien. Any Assessment Lien of any nature shall be subordinate to any first mortgage or deed of trust on the affected Building Envelope. The Assessment Lien shall also be subordinate to liens for taxes and other public charges, which by applicable law are expressly made superior. Except as above provided, the priority of any Assessment Lien relates back to the date of recordation of this Declaration and each Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed on any Building Envelope. Sale or transfer of any Building Envelope shall not affect the Assessment Lien unless the sale or transfer is pursuant to foreclosure of a first mortgage or first deed of trust or pursuant to any trustee's sale or any proceeding in lieu thereof. In that case, the purchaser at the mortgage foreclosure or deed of trust sale or any grantee taking by deed in lieu of foreclosure shall take the Building Envelope and Improvements free of the Assessment Lien for all Assessments that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure. Such purchaser or grantee, however, shall be liable for all Assessments and associated Assessment Liens accruing subsequent to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure.

ARTICLE VIII CONDEMNATION

Section 1. Taking Defined. The term "taking" as used in this Article, shall mean condemnation by eminent domain or sale under threat of condemnation.

Section 2. Taking of Common Areas. In the event of a threatened taking of all or any portion of the Common Areas, the Members hereby appoint the Board members and such persons as the Board may delegate to represent all of the Members in connection with the taking. The Board 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. Any awards received on account of the taking shall be paid to the Association. In the event of a total taking, the Board may elect either to retain any award in the general funds of the Association for use in meeting the Common Expenses or to refund to the owners of all of the Building Envelopes proportionately, including Declarant, all or a portion of such award.

ARTICLE IX INSURANCE

Section 1. Insurance obtained by Association. The Association shall, so long as such coverages are reasonably available, obtain a broad form public liability policy (of at least \$1,000,000 combined limits) and full replacement cost fire and extended coverage insurance (in amounts to be determined by the Board) covering all Common Areas and facilities and all damage or injury caused by the act or omission of the Association or any of its officers, directors, committee members or agents. Premiums for all such insurance shall be Common Expenses. In addition, the Board may obtain such other types of insurance as may be required or as the Board may deem appropriate to protect the Association, its property or the Owners, including, without limitation, workman's compensation insurance and directors' and officers' liability insurance for the directors, officers and committee members of the Association and for such other Association Members or employees as the Board may deem appropriate, with due consideration to all Association responsibilities.

Section 2. Restoration. In the event of damage or destruction by fire or other casualty to the Common Areas or any property located thereon, the Association shall, upon receipt of the insurance proceeds, contract with a licensed contractor to rebuild or repair such damaged or destroyed property. All such insurance proceeds shall be deposited in the accounts of a bank or other financial institution, which are insured by a federal government agency.

In the event the insurance proceeds, together with uncommitted capital reserves of the Association, are insufficient to pay all the costs of repairing and/or rebuilding such property, but equal to at least seventy-five (75%) percent of the cost thereof, the Association shall levy a Special Assessment against all Owners to reconstruct and restore the same.

In the event the insurance proceeds, together with uncommitted capital reserves of the Association, equal less than seventy-five (75%) percent of the cost of reconstruction, restoration and repair of the Common Areas, the Association shall levy a Special Assessment against all Owners to reconstruct and repair same unless the holders of seventy-five (75%) percent of the votes of each class of members, at a special meeting called for such purpose, determine not to repair and reconstruct the Common Areas. Notwithstanding the foregoing, a Special Assessment shall be levied if the Common Areas are necessary for ingress or egress, or for the safety of the Properties, and in all other cases any unrestored Common Areas shall be restored to a safe and clean condition.

Section 3. Insurance for Dwelling Units and Building Envelopes.

(a) All Owners shall at their own expense obtain insurance for their Dwelling Units and Building Envelopes, insuring against fire, accident and casualty, which insurance shall be in an amount sufficient to cover the full replacement cost of any repaired re-construction work in the event of any such loss or losses.

In the event of damage or destruction by fire or other casualty to any Dwelling Unit, Building Envelope or other property covered by insurance written in the name of an individual owner, said owner shall, upon receipt of the insurance proceeds, contract to repair or rebuild such damage or destroyed portions of the dwelling Unit or Building Envelope in a good workmanlike manner in conformance with the original plans and specifications of said Dwelling Unit and Building Envelope (except for changes thereto required by then current building codes). In the event such Owner refuses or fails to so repair and rebuild any and all such damage to the Dwelling Unit or Building Envelope within thirty (30) days or such longer time as may be permitted by the Association, the Association, by and through its Board, may, and is hereby irrevocably authorized by such Owner to, repair and rebuild any such Dwelling Unit or Building Envelope in a good and workmanlike manner in conformance with the original plans and specifications for the Dwelling Unit and Building Envelope. The Owner shall then, within ten (10) days following the owner's receipt of a written statement of the costs incurred from the Association, repay the Association the amount actually expended for such repairs. Said amounts shall bear interest at the Default Rate from the date due until paid. If such amounts are not repaid as provided for herein, said amounts shall constitute an Individual Assessment against said Owner's Building Envelope and shall constitute an Assessment Lien until fully paid.

NOT WITHSTANDING ANY OTHER PROVISION OF THIS DECLARATION, PROPERTY DAMAGE INSURANCE COVERAGE ON INDIVIDUAL BUILDING ENVELOPES, DWELLING UNITS, AND IMPROVEMENTS THEREON, SHALL BE THE SOLE RESPONSIBILITY OF EACH OWNER. EACH OWNER SHALL BE PERSONALLY LIABLE TO REPAIR, REBUILD AND RESTORE THE IMPROVEMENTS ON THE BUILDING ENVELOPE AND SHALL EXPEND HIS PERSONAL FUNDS IF NECESSARY TO ACCOMPLISH SAME, AND THE ASSOCIATION SHALL HAVE A LIEN UPON THE BUILDING ENVELOPE TO ASSURE COMPLIANCE WITH THE PROVISIONS HEREOF.

Section 4. Fidelity Bonds. The Association shall obtain fidelity coverage to the extent the same is reasonably available, against dishonest acts on the part of directors, officers, managers, trustees, agents, employees or volunteers responsible for handling funds belonging to or administered by the Association. The fidelity bond or insurance shall name the Association as the insured and shall be written to provide protection which is in no event less than the greater of: (i) one and one-half times (1 1/2) the Association's estimated annual operating expenses and reserves or, (ii) the sum of three (3) months' Assessments on all Building Envelopes then within the Project plus the reserve funds held by the Association. 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 should not otherwise cover volunteers.

Section 5. Policy Requirements. The insurance policies purchased by the Association shall, to the extent possible, contain the following provisions:

(a) The coverage afforded by such policies shall not be brought into contribution or proration with any insurance which may be purchased by Owners or first mortgagees. The conduct of any one or more Owners shall not constitute grounds for avoiding liability on any such policies;

(b) There shall be no subrogation with respect to the Association, its agents or employees, Owners and members of their household and their employees, and each mortgagee of all or any part of the property or of any Dwelling Unit or Building Envelope, or the policy(ies) should name said persons as additional insureds and each policy must contain a waiver of any defenses based on coinsurance or on invalidity arising from the acts of the insured;

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

(d) For policies of hazard insurance, a standard mortgagee clause shall provide that the insurance carrier shall notify the first mortgagee named at least thirty (30) days in advance of the effective date of any reduction in or cancellation of the policy;

(e) Any "no other insurance" clause shall exclude insurance purchased by owners or first mortgagees;

(f) Coverage must not be prejudiced by (i) any act or neglect of owners when such act or neglect is not within the control of the Association or (ii) any failure of the Association regarding any portion of the property over which the Association has no control; and

(g) Coverage may not be canceled or substantially modified without at least 30 days' prior written notice to any and all insureds including first mortgagees their successors and assigns.

Section 6. Arbitration. In the event of a dispute between an Owner and the Association with respect to the cause of damage, the extent of repairs necessitated, the cost thereof or the responsibility for the repairs or replacements necessitated thereby, then upon written request of either party addressed to the other party, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association or the Board. If no such rules have been adopted, then the matter shall be submitted to three arbitrators, one chosen by the Board, one chosen by the Owner, and those two arbitrators shall then choose a third arbitrator. If the two arbitrators cannot agree as to the selection of the third arbitrator, then the third arbitrator shall be chosen by any Judge of the Superior Court of Mohave County, Arizona. A determination by any two of the arbitrators shall be binding upon the Owner and the Association. The prevailing party in the arbitration proceedings shall be entitled to be reimbursed for all of its costs, including reasonable attorneys fees associated with the proceedings, from the losing party, and the losing party shall bear the entire cost and expense of the arbitration proceedings. In the event one party fails to choose an arbitrator within ten (10) days after receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators.

ARTICLE X USE RESTRICTIONS

Section 1. Building Envelope Restrictions, Lighting, Window Coverings, Roofline Restrictions, Dwelling Unit Size, Etc. Each separate Building Envelope shall be limited in use to one single family Dwelling Unit, the height and size of which shall conform to the Gleneagles Golf Estates Design Guidelines incorporated herein by reference, as from time to time amended by the Design Review Committee. Without limitation, mobile homes, prefabricated and manufactured housing shall be strictly prohibited within the Properties

All building or structures erected upon each Building Envelope shall be of new construction and no buildings or structures shall be moved from other locations onto a Building Envelope. Except for Improvements upon the Common Areas, proposed sidewalks, roadways, tennis courts, and any outdoor recreational facilities shall not be lighted, and all exterior residential lighting shall be shielded so as to prevent direct rays from shining onto adjacent dwellings and properties.

Any exterior window coverings, including, without limitations, interior window coverings that are visible from the exterior of a Dwelling Unit, shall be compatible with the Design Guidelines for the Project and shall be subject to the prior approval of the Design Review Committee in accordance with the terms hereof. There shall be no utilities, solar improvements, air conditioning units or other Improvements above the roofline of this Project. The Dwelling Unit on each Building Envelope shall have an enclosed living area, exclusive of porches, garages and patios, of not less than 2000 square feet.

Section 2. Temporary Structures. No structures of a temporary character, trailer, basement, tent, shack, barn or other outbuilding shall be constructed, erected, placed or used on any portion of the Property at any time for any purpose whatsoever, whether temporarily or permanently. Notwithstanding the foregoing, a contractor may, to the extent reasonably necessary, place and properly maintain a portable, temporary toilet facility on any Building Envelope during the construction of a Dwelling Unit hereon; provided, however, that such facility shall be placed in the least obtrusive location on the respective Building Envelope, taking into account the grading of the Building Envelope and the visibility thereof to other Building Envelopes and other areas within the Project, and provided further that such facility shall only be maintained on the respective Building Envelope for such time as is reasonably necessary to complete the construction of the Dwelling Unit and Improvements.

Section 3. Animals. No cattle, sheep, goats, pigs, rabbits, poultry, or other livestock shall be bred, raised or kept on the Properties, nor shall dogs, cats or other animals be kept in kennels or similar enclosures on the Properties. This restriction shall not be construed, however, as prohibiting the keeping of ordinary domestic pets as long as such pets are kept confined to the Building Envelope. When domestic pets, which are allowed to be kept on the Properties, are taken off of an Owner's Building Envelope, the

domestic pet(s) shall be on a leash and the Owner shall be required to pick up immediately any animal feces. No animals may be kept for commercial purposes, and in no event may any Owner maintain more than the number of pets than is permitted by the Association Rules or Design Guidelines.

Section 4. Exterior Storage and Trash. No clotheslines, equipment, service yards, woodpiles or storage piles are allowed on the Premises. Each Building Envelope or Dwelling Unit shall have a sufficient number of lidded garbage containers in such size, shape and quantity as may be prescribed by the Board from time to time or as may be required by any governmental entity providing rubbish removal service. To the extent feasible, all rubbish, trash or garbage shall be kept in such containers and not allowed to accumulate on the Premises. Rubbish, garbage or trash not capable of being kept in said containers shall be kept in other appropriate containers and screened from view of neighboring Building Envelopes and streets until the date of pickup by a trash collection service. No rubbish, trash or garbage shall be burned on the Premises. Incinerators of every kind are prohibited.

Section 5. Utilities. Gas, electric, power, telephone, water, sewer, cable television and other utility or service lines (used for the general benefit of the Dwelling Unit owners) and other utility type wires or lines now or hereafter invented or used shall be placed and kept underground up to the walls of the buildings on the Properties (except to the extent, if any, such underground placement may be prohibited by law or, by the nature of the service to be rendered, such underground placement prevents the lines from being functional). This restriction shall apply to the service and utility lines for each and every Dwelling Unit and Building Envelope, as well as to the distribution lines located in the streets or elsewhere within the Properties. However, the foregoing shall not prohibit service pedestals and above ground switch cabinets and transformers, which may be required.

Section 6. Antennas. No exterior antennas, satellite dish stations, or other devices for the transmission or reception of television or radio signals shall be erected or maintained on any Building Envelope (except as initially designed or installed by Declarant or its assigns), without prior written authorization of the Design Review Committee, and the Design Review Committee may require screening and other measures to assure that the antenna or dish is concealed or is below the parapet wall of the roof (or is otherwise acceptable due to limited visibility, screening or other factors indicating that the overall aesthetics of the Properties will not be damaged). The Design Review Committee may prohibit or limit the installation of such Improvements based upon visibility, whether such Improvements are visible from within or from without the Properties.

Section 7. Signs. No sign of any nature whatsoever, whether permanent or temporary, shall be permitted on any Building Envelope. During the construction and sale of buildings, the Declarant may erect such signs as it deems appropriate in connection with such construction and sale. This restriction shall not apply to the activities of the Association in the furtherance of its powers and purposes as herein set

forth. This restriction does not apply to the temporary placement upon any Building Envelope or Dwelling Unit of building or other permits as may be required to be placed upon such Dwelling Unit or Building Envelope during the period of construction of any Improvements thereon by any applicable governmental agency. This paragraph shall not apply to Declarant, nor to any activity of Declarant incidental to the development or improvement of the Properties, nor to any activities of Declarant incident to the marketing and sale of Building Envelopes, nor shall this provision prohibit street address signs and monuments.

Section 8. Private Tennis Courts and Basketball Hoops. No tennis courts or basketball backboards, hoops or similar structures shall be allowed on any Building Envelope within the Property.

Section 9. Rental. No portion of a Dwelling Unit or Building Envelope may be rented, other than the entire Dwelling Unit, and then only to a single family and for periods of time not less than thirty days. Any Lessee will abide by the Restrictions set forth in this Declaration and any rules promulgated by the Board.

Section 10. Vehicles. No trucks, buses, trailers, horse trailers, boats, campers, recreational vehicles or vehicles other than passenger automobiles or pickup trucks and vans equal to or less than 3/4 ton shall be permitted on any Building Envelope, Common Area or any other portion of the Property, other than in the course of making deliveries or for loading or unloading for a reasonable time, unless kept within a completely enclosed garage with the doors closed.

Section 11. Conformity to Building Codes. All structural and design work shall be accomplished in accordance with the Uniform Building Code as adopted by the City of Lake Havasu or other competent jurisdiction. To the extent applicable, electrical and mechanical work shall conform to all applicable local and national codes. All buildings, fences, ledges, Improvements or appurtenances or other structures of any nature shall be in compliance with the setback requirements of the City of Lake Havasu or other competent jurisdiction, including but not limited to, the front, side and rear setbacks; the same must be approved by the Design Review Committee before the commencement of any construction.

Section 12. Screening. Mechanical and electrical equipment to be installed by an Owner shall, within reason, be concealed from the view of any adjoining street front or Building Envelope. Included within this restriction are air conditioning, evaporative coolers, and pool pump or heating equipment. No such equipment shall be permitted to remain exposed at the side or rear of any Building Envelope unless reasonably concealed by planting or fence.

Section 13. No Business Use. No business use shall be made of any Building Envelope, and no building or structure intended for or adapted to business purpose, and no apartment house, duplex, lodging house, rooming house, hospital, sanitarium or doctor's office, multiple family dwelling or other similar structure or use shall be erected,

placed, permitted or maintained on Properties on any part thereof. No Building Envelope may be rented for a hotel or transient purpose, which shall be construed to mean for a period of less than thirty (30) days, nor shall any lot be rented to other than a single family. The foregoing restrictions shall not apply to the business activities or the construction and maintenance of buildings by the Declarant, its agents, successors and assigns during the construction period and sale of Building Envelopes by the Declarant, and provided further that the foregoing restrictions shall not apply to any actions of the Association in furtherance of its powers and purposes as herein set forth.

Part-time, occasional home occupations shall be permitted only if there is no solicitation to or from any Dwelling Unit, no traffic to or from any Dwelling, and no interference with the peaceful enjoyment of the Properties, and only if there is no advertisement or solicitation in connection therewith, no parking in the private streets, and no noise, commotion, or external evidence of such activity. The Board shall be the sole judge of whether such activity poses a nuisance or creates a disturbance in violation of the provisions hereof.

Section 14. Other Buildings. No garage or other building or structure shall be erected, placed or maintained on any Building Envelope until the construction and completion of the principal residence thereon, except that the necessary outbuildings, garage or other structures relating to the principal residence may be simultaneously constructed, and nothing herein shall be construed to prevent the incorporation and construction of a garage in and as part of such residence. The Design Review Committee may require that any garages and other accessory buildings be incorporated as a part of and attached to the Dwelling Unit, in a manner approved by the Design Review Committee rather than located apart from the Dwelling Unit.

Section 15. Design Review Committee Approval. No building or landscaping of any nature shall be moved to or removed from the Properties or to any Building Envelope within the Properties without the consent of the Design Review Committee.

Section 16. Nuisances, Rubbish, Etc. No Building Envelope shall be used in whole or part for the storage of rubbish of any character whatsoever nor for the storage of any property or thing that will cause such Building Envelope to appear in an unclean or untidy condition or that will be obnoxious otherwise. No obnoxious or offensive activity shall be carried on upon any Building Envelope, nor shall anything be done, placed or stored thereon which may become an annoyance or nuisance to the neighborhood or occasion any noise or odor, which will or might disturb the peace, quiet, comfort or serenity of the occupants of surrounding properties. All equipment for the storage or disposal of garbage or other waste shall be kept in a clean and sanitary condition. No container shall be visible within the Properties at any time, except that on trash pick-up days, a proper trash container, specified by the Board pursuant to this Declaration, may be placed outside for pick-up.

Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action. Any violation of any State, county, municipal or local law, ordinance or regulation pertaining to the ownership, occupation or use of any portion of the Properties is hereby declared to be a violation of this Declaration and subject to any or all of the endorsement procedures set forth herein.

Section 17. Re-subdivisions. No Building Envelope, nor any portion of the Common Area, shall be re-subdivided, except for the purpose of combining the re-subdivision portions with another adjoining Building Envelope or portion of Common Area and, in any case, all such re-subdivisions shall be approved both by Declarant and by the Design Review Committee (and by Lake Havasu City, if required). Provided, however, that Declarant does hereby reserve and shall have the power to re-subdivide all or any portion of the Building Envelope, and all or any portion of the Common Areas, and shall have the right at its sole discretion, and without the necessity of any vote or approval of the Members or of the Association, to re-subdivide portions of the Common Area and to convey same as portions of adjacent Building Envelopes should Declarant believe that to do so is in the best interest of the aesthetics of the Properties due to special land features or topography, or for any other reason at the sole discretion of Declarant.

Section 18. Noise. No Owner shall engage in any activity or permit any activity to occur on the Properties which shall result in unusual, loud or obtrusive noise or sounds.

Section 19. Shrubs, Trees and Grasses. No shrubs, trees or obstructions of any kind shall be placed on corner Building Envelopes in such places as to cause a traffic hazard. All grass, trees, and other vegetation planted in the Building Envelope shall comply with local ordinances, shall have first been approved by the Design Review Committee, and shall be kept trimmed to a height which will not, in the sole judgment of the Design Review Committee, materially interfere with views from neighboring building sites. The Design Review Committee may forbid the planting or maintenance of certain plants, trees and shrubs or may restrict the propagation of such plants, trees or shrubs to native or indigenous species as provided in the Design Guidelines.

Section 20. Inoperable Vehicles and Commercial Vehicles. No inoperable, junk, or wrecked vehicles shall be placed on or stored on any Building Envelope or Common Areas, nor shall any commercial, construction, or like vehicles (except those of the Declarant or its agents) be placed on or stored on any Building Envelope or Common Areas, except as may be permitted by the Association, in writing, for limited periods of time.

Section 21. Drainage-Ways. No structure, planting or other material, except as installed by Declarant, shall be placed or permitted to remain within any drainage-way which may change the direction of flow or which may obstruct or retard the flow of water.

Section 22. Derricks, Tanks, Heating, Cooling.

(a) No structure designed for use in boring for water, oil or natural gas shall be erected, placed or permitted upon any part of the Properties, nor shall any water, oil, natural gas, petroleum, asphaltum or hydrocarbon products or substances be produced or extracted therefrom.

(b) No elevated tanks of any kind shall be erected, placed or permitted upon any part of the Properties, and any tanks for use in connection with any Dwelling Unit on the Properties, including tanks for the storage of gas and fuel oil, gasoline or oil, must be buried or walled-in to conceal them from the neighborhood Building Envelopes, roads or streets.

Section 23. Clotheslines. No clotheslines shall be visible within the Properties.

Section 24. Waivers. Any or all of the restrictions of this section are subject to waiver by the Design Review Committee, and any such waiver may apply at the option of the Design Review Committee to fewer than all of the Building Envelopes without waiver of such restriction as to any other Building Envelope or Building Envelopes.

Section 25. Inspection. During reasonable hours, any member of the Board of Directors of the Association, or any authorized representative of any of them, shall have the right to enter upon and inspect any Building Envelope within the subdivision (not including the interior of any Dwelling Units erected thereon) for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

Section 26. Exemption of Declarant. Nothing in this Declaration shall limit the right of Declarant or its agents to complete excavation, grading and construction of improvements on any Building Envelope or Common Areas within the Properties, or to alter the foregoing or to construct such additional Improvements as Declarant deems advisable so long as any Building Envelope herein remains unsold, or to use any structure in the subdivision as a model home or real estate sales, administrative or leasing office. Declarant need not seek or obtain the approval of the Board of Directors of the Association or Design Review Committee for the installation of any Improvements, including landscaping. The rights of Declarant hereunder or elsewhere in these Restrictions may be assigned.

The Declarant may designate certain Building Envelopes owned by it as "Models" and sales or administrative offices. The Declarant shall have the right to transfer the designation of a "Model" or sales and administrative offices from one Building Envelope to another within the Properties, and Declarant may designate and use any Building Envelope as a parking area or parking lot.

ARTICLE XI EASEMENTS

Section 1. Utility Easement. There is hereby created a blanket easement upon, across, over and under the Properties, for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television, cable or communication lines and systems. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on the Property and, subject to the requirements of Article X, Section 1 and 7, to affix and maintain wires and conduits in and under the roofs and exterior walls of the Dwelling Units. Notwithstanding anything to the contrary contained in this Section, no sewer, electrical lines, water lines or other utilities or service lines may be installed or relocated on the Properties except as approved by the Board.

Section 2. Encroachment Easement. Each Building Envelope and the Common Areas shall be subject to an easement for encroachments created by construction or placement of Improvements, including, without limitation, driveways and walkways, as designed or constructed by the Declarant or as constructed by or on behalf of any Owner as approved by the Board of the Design Review Committee. A valid easement for said encroachments and for the maintenance of the same is hereby created and shall continue, so long as such encroachments continue to exist.

Section 3. Declarant Easement. There is hereby created an affirmative, nonexclusive easement in favor of Declarant, and appurtenant to portions of the Properties owned by Declarant for ingress and egress over all Common Areas, including without limitation Private Streets, and for the right to go over, under and across, and to enter and remain upon all Common Areas for all purposes reasonably related to Declarant's rights and obligations hereunder and to the development, operation, maintenance, advertisement and sale or rental of the portions of the Properties owned by Declarant. The easement created in this Section shall continue until the day on which title to the last Building Envelope in the Properties owned by Declarant is conveyed to a third party for value, other than as security for performance of an obligation.

Section 4. Revegetation and Restoration Easement. There are hereby created nonexclusive easements in favor of Declarant and the Association and their contractors and employees, but without obligation (a) to go upon any Building Envelope which contains areas that prior to the date hereof were parts of roadways or paths that have been abandoned or are otherwise not in use, or that were cleared or partially cleared of vegetation in the past for some other reason, to grade, shape, level or fill said areas or portions thereof to restore them to a more natural appearing terrain, and to remove such earth or bring in such fill as Declarant or the Association deems appropriate to accomplish said restoration; and (b) to go upon any Building Envelope to plant or seed, and to provide temporary maintenance for indigenous vegetation of Declarant's choice on any areas of the Building Envelope in order to (i) replant areas that prior to the date hereof were parts of roadways or paths that have been abandoned or are otherwise not in use, or that were cleared or partially cleared of vegetation in the past for some other

reason, or (ii) maintain the aesthetic integrity of the Properties; and to provide temporary water to such vegetation at the expense of Declarant or at the expense of the Owner, as an Individual Assessment, if the area was cleared by the Owner or Occupant of such Owner's Building Envelope, or the invitee, guest, contractor, or other authorized visitor of either in violation of this Declaration or the Design Guidelines.

Section 5. Miscellaneous Easements. In addition to the blanket easements granted in herein, 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, security lines, 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, provided that any damage to a Building Envelope resulting from such grant shall be repaired by the Association at its expense.

Section 6. Drainage Easement. There is hereby created, in favor of the Association and all of the Properties, an easement for drainage of storm waters, and for the construction of storm control improvements in and over those portions of Building Envelopes 22,23,24,25,26 and 27 as shown on the Plat prepared by Todd R. Bremner, Inc. dated February 21, 2003, which is on file with the Lake Havasu City Engineering Department. No buildings, structures, or improvements shall be constructed within the easement without the prior approval of the Design Review Committee, except that the Association may, in its sole discretion, construct or install improvements designed and intended for use in controlling and directing flood and storm waters. The Owner of each of these Building Envelopes, by acceptance of a deed thereto, consents to the creation of the above easement. No lot or Building Envelope is within a flood zone as designated by FEMA.

ARTICLE XII GENERAL PROVISIONS

Section 1. Binding Effect and Enforcement. The Covenants, conditions, charges, lines, reservations, easements, and restrictions contained herein shall run with the title to the land and shall be binding upon all persons purchasing, owning, leasing, subleasing or occupying or otherwise having any interest in any Building Envelope, their heirs, personal representatives, administrators, successors, grantees and assigns. After the date on which this Declaration has been recorded, these restrictions may be enforced by any one or more of the following: (a) The Association, (b) the Declarant (so long as such entity has an interest in any part of the Property), (c) the Owner or Owners of any Building Envelope. The terms and conditions of this Declaration shall be binding upon all persons affected by its terms, regardless of whether any reference is made to this instrument in the deed or other instrument of conveyance. Enforcement shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any Restrictions either to restrain, enjoin, or abate the violation or to recover

damages. In the event the Declarant or the Association employs an attorney or attorneys to enforce any lien or to collect any moneys due pursuant to this Declaration, or to enforce compliance with or specific performance of the terms and conditions of this Declaration or otherwise seeks to enforce these restrictions, the Declarant or Association, as the case may be, shall be reimbursed by the Owner or Owners whose actions have necessitated the enforcement proceeding for all costs including attorneys fees, expended in such enforcement efforts, regardless of whether or not a civil action is actually commenced. The amount of such costs shall be assessed against such Owner or Owners as an Individual Assessment and each such Owner's Building Envelope shall be subject to an Assessment lien upon all of said Owner's Building Envelopes, subject to the provisions of Article VII hereof. Nothing herein shall be deemed to indicate that damages at law constitute an adequate remedy for violation of a Restriction herein. Notwithstanding the foregoing, the violation of these Restrictions shall not affect the lien of any mortgage or deed of trust now or hereafter placed of record.

Section 2. Waiver or Abandonment. The waiver of, or failure to enforce any breach or violation of any Restriction herein contained shall not be deemed to be a waiver or abandonment of such Restrictions, or a waiver of the right to enforce any subsequent breach or violation of such Restrictions. The foregoing shall apply regardless of whether any person affected hereby (or having the right to enforce these Restrictions) had knowledge of the breach of violation.

Section 3. Equal Treatment of Owners. Except as otherwise expressly provided herein, these restrictions shall be applied to all Owners without discrimination.

Section 4. Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs, or sections hereof shall not affect the remaining portions of this instrument or any part thereof, and in the event that one or more of the phrases, sentences, clauses, paragraphs, or sections contained herein should be invalid or should operate to render this Declaration invalid, this Declaration shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, or section of sections had not been inserted.

Section 5. Gender. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations, partnerships or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 6. Topic Headings. The marginal or topical headings of the paragraphs contained in this Declaration are for convenience only and do not define, limit or construe the contents of the sections of this Declaration.

Section 7. Amendment. Except to the extent this Declaration may be amended or revoked by Declarant at its sole option as to all or any specifically designated portion of the Properties as much particularly set forth hereinafter, these restrictions shall remain in full force and effect for a period of twenty (20) years from the date hereof.

Thereafter, they shall be deemed automatically extended and renewed for successive terms of ten (10) years each unless revoked by a written instrument signed and acknowledged by the then Owners of not less than two-thirds (2/3) of the Building Envelopes within the Properties, which instrument shall be recorded in the office of the Recorder of Mohave County, Arizona, at any time after the expiration of the twenty year period.

Amendment of this Declaration shall require the written consent of the Declarant, if Declarant then holds any interest in any portion of the Properties, and the written consent of the then Owners (including Declarant) of not less than two-thirds (2/3) of the Building Envelopes on the Properties. Any such amendment without the consent of Declarant shall be void. Any such amendment which requires the affirmative written consent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment has been so approved, and when the amendment has been recorded in the office of the County Recorder of Mohave County, Arizona.

Notwithstanding anything to the contrary contained in this Declaration, if Declarant shall determine that any amendments to this Declaration or any amendments to the Articles of Incorporation or Bylaws of the Association shall be necessary in order for existing or future mortgages, deeds of trust or other security instruments to be acceptable to the Veterans Administration, the Federal Housing Administration of the U.S. Department of Housing and Urban Development, the Government National Mortgage Association, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation, then Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of any Owners, First Mortgagees, or any other person or entity.

In addition, Declarant shall have the right, without any vote or consent of members, to record such amendments to this Declaration as may be necessary to conform to any resubdivision plat recorded with respect to the Properties, and shall further have the right to change the name of the subdivision.

Section 8. Declarant's Right to Amend. The provisions of Section 7 of this Article XII notwithstanding, Declarant hereby reserves the right to amend this Declaration as may be necessary or appropriate in its sole discretion at any time while Declarant owns a single Building Envelope. Any amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder of Mohave County, Arizona. No amendment made by Declarant shall be deemed void or unenforceable merely because such amendment affected the Properties in a non-uniform manner. Declarant's right of amendment pursuant to this Section 8 (based upon Declarant's ownership of at least one Building Envelope) is intended to allow such amendments as may in Declarant's sole discretion be necessary to eliminate ambiguities, correct errors, clarify the scope and intent of the provisions hereof (including, but not limited to, the elimination of hazards and detriments to the Properties), avoid undue

hardship caused by unforeseen topographical or soils problems, or to better enable the Association to administer the Properties. Should Declarant determine that such amendments are necessary or advisable then no other consent or approval shall be required.

Section 9. Personal Liability. No member of the Board, nor any committee of the Association, including the Design Review Committee, nor any office of the Association, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error or negligence of the Association, the Board, any manager or any other representative or employee of the Association, the Design Review Committee or any other committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

Section 10. Interpretation of the Covenants. Except for judicial construction or construction by an arbitration panel, if required hereunder, following the Turnover Date, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction or construction by an arbitration panel, if required hereunder, the Association's construction or interpretation of the provisions of this Declaration shall be final, conclusive and binding as to all persons and property benefitted or bound by the provisions of this Declaration. Prior to the Turnover Date, Declarant shall determine such matters.

Section 11. Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the rule against perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest. The "lives in being" for computing the period of perpetuities shall be (a) those which would be used in determining the validity of the challenged interest, plus (b) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

Section 12. Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions of circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

Section 13. Limitation on Declarant's Liability. Notwithstanding, anything to the contrary herein, it is expressly agreed that from and after the date of this Declaration, neither Declarant, nor any of its partners, agents, employees, members, or officers shall have any personal liability to the Association, or to any Owner or other person, arising under, in connection with, or resulting from this Declaration. Further, it is acknowledged that Declarant is not a builder or contractor, and neither Declarant nor any of its partners, agents, employees, members, or officers shall have any liability or

responsibility with respect to construction of Improvements of any nature within the Properties.

Section 14. Exemption of Declarant from Restrictions. Notwithstanding anything to the contrary in this Declaration, none of the covenants, conditions, restrictions, easements or other provisions in this Declaration shall be construed or deemed to limit or prohibit any act of Declarant of its employees, agents and contractors, or parties designated by them in connection with the sale or leasing of Building Envelopes, the Properties, Gleneagles Golf Estates, or any part thereof.

Section 15. Arbitration. In the event of any dispute involving any Owner, the Association, the Declarant, or any of their officers, members, agents, employees, representatives, partners or affiliates, relating in any way to this Declaration or, without limitation, to any right, obligation, or privilege hereunder, or relating in any way to the operation or management of the Association, the maintenance or use of Common Areas, or to the construction of improvements upon the Properties, or to any representations made or allegedly made by any person, each Owner and Member, the Association, and Declarant, for themselves and their agents and contractors, agree that such dispute shall not be litigated in any court or judicial tribunal, but rather shall be arbitrated in accordance with the applicable rules of the American Arbitration Association. At least three arbitrators shall preside in any case involving a claim in excess of \$100,000.00, unless otherwise agreed in writing by the parties. Any arbitration shall take place in the State of Arizona, and not elsewhere. Judgment upon a final award may be rendered by any court of competent jurisdiction.

Notwithstanding the foregoing, the Association shall not be required or arbitrate any matter relating to the imposition of any fire, assessment, Assessment Lien, or the foreclosure of any Assessment Lien, nor shall the Association be precluded from seeking injunctive relief in court to enforce compliance with the provisions hereof.

Section 16. Rights of the Declarant. Any and all rights of the Declarant hereunder may be exercised by and shall be for the benefit of the Declarant and its sole beneficiary, Sedona Havasu, LLC, an Arizona Limited Liability Company.

Section 17. Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration or the Articles of Bylaws may be delivered either personally or by mail. If by mail, such notice or documents shall be deemed to have been delivered forty-eight (48) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows:

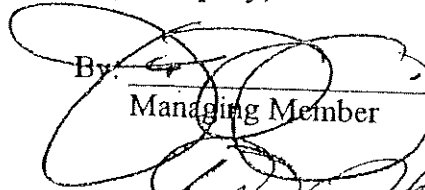
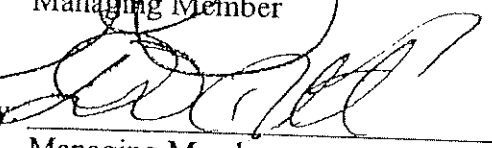
(a) If to the Association or the Design Review Committee:
Gleneagles Golf Estates Homeowner's Association, Inc., 911 N. Lake Havasu Avenue,
Suite 604, Lake Havasu, Arizona 86403

(b) If to Declarant: Sedona Havasu, LLC, 44 Stutz Bearcat Drive,
Sedona, Arizona 86336

(c) If to an Owner, to the address of any Building Envelope owned

by him or to any other address last furnished by an Owner to the Association. Any such address may be cleaned at any time by the Association, Design Review Committee, or Declarant, by recording a written notice of change of address and delivering a copy thereof to the Association, or by an owner by filing the correct mailing address of said owner with the Association. Each Owner shall promptly, notify the Association in writing of any subsequent change of address.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be duly executed this 17 day of July, 2003.
SEDONA HAVASU, LLC an Arizona Limited Liability Company,

By: 
Managing Member
By: 
Managing Member

When Recorded Return to:
Kelley, Moss & Williams
P.O. Box 20189
Bullhead City, AZ 86439-0189

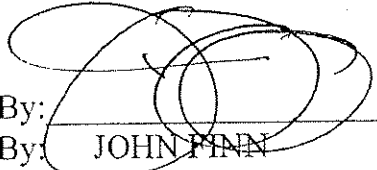
CONFORMED COPY
FEE # 2005-067384
DATE 06-21-05
BOOK 5671
PAGES 988-989

**ASSIGNMENT OF RIGHTS, TITLE AND INTEREST
UNDER EASEMENT AND MAINTENANCE AGREEMENT**

SEDONA-HAVASU, LLC, an Arizona limited liability company (Sedona-Havasus), the developer of Gleneagles Golf Course Condominiums, hereby assigns, transfers and conveys all its rights, title, interest, obligations and duties under that certain Easement and Maintenance Agreement, recorded at Book 4530, page 297, Official Records of Mohave County, Arizona, by and between Gleneagles Condominium Association and Sedona-Havasus to Gleneagles Golf Condominium Association, the owners' association for the owners of units in Gleneagles Golf Condominiums. This Assignment of Rights is executed to confirm of public record the automatic assignment in paragraph 10 of the Easement and Maintenance Agreement by Sedona-Havasus to Gleneagles Golf Condominium Association. The effective date of this assignment shall be May 16, 2005.

Dated this 16 day of May, 2005

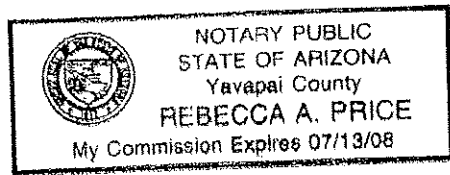
SEDONA-HAVASU, LLC
an Arizona limited company

By: 
By: JOHN FINN
Its: Authorized Member

STATE OF ARIZONA)
 YAVAPAI) SS
COUNTY OF MOHAVE)

On this 16TH day of MAY, 2005, before me appeared JOHN FINN, to me personally known who, being duly sworn, did say that such person is the Authorized Member of SEDONA-HAVASU, LLC, an Arizona limited company, and that said instrument was signed on behalf of said limited liability company by authority of its Authorized Member and said Officer acknowledges said instrument to be the free act and deed of said limited liability company.

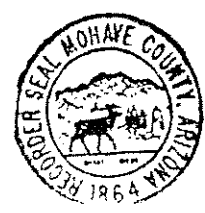
Rebecca A. Price
Notary Public
Print Name: REBECCA A. PRICE
My Commission Expires: 7-13-08



149

MICROFILM

When recorded return to:
Ekmark & Ekmark
6720 N. Scottsdale Road, Suite 261
Scottsdale, Arizona 85253



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OFFICIAL RECORDS OF MOHAVE COUNTY
JOAN MC CALL, MOHAVE COUNTY RECORDER
06/06/2003 12:14P PAGE 1 OF 14
EKMARK & EKMARK LLC
RECORDING FEE 23.00

EASEMENT AND MAINTENANCE AGREEMENT

THIS EASEMENT AGREEMENT is made this 16th day of May, 2003, by and between Gleneagles Condominium Association, Inc., an Arizona non-profit corporation (hereinafter referred to as "Association") and Sedona Havasu, L.L.C., an Arizona Limited Liability Company (hereinafter referred to as "Sedona").

RECITALS:

A. Association I is given the power, pursuant to the Declaration of Covenants, Conditions and Restrictions for Gleneagles Condominium and Gleneagles Condominium Association, Inc. ("Declaration I"), recorded at recording number 91-11257, records of Mohave County, Arizona, at Book 1862, Page 24 and following, and all amendments thereto, to maintain and otherwise manage the common areas of Gleneagles Condominium, and to exercise such rights, powers and duties as may be reasonably necessary to effectuate the objectives and purposes of the Association;

B. Sedona is the owner of the land legally described on Exhibit A attached hereto, and, as the owner, has the right to bind the subsequent owners of the property to obligations as set forth in this Agreement;

C. Declaration I governs and controls the use of the property within Gleneagles Condominium, which property is described on the plat maps recorded at Fee No. 91-7746 in the office of the Recorder, Mohave County, Arizona, and more particularly described in Declaration I, as amended (hereinafter referred to as "Gleneagles Condominium");

NOW, THEREFORE, Association I and Sedona hereby declare, covenant and agree to enter into the following agreement for the mutual benefit of both parties:

AGREEMENT

In consideration of the mutual covenants set forth herein, Association I and Sedona agree as follows:

1. Incorporation of Recitals.

The Recitals set forth above are hereby incorporated into and made a part of this Agreement.

2. Definitions.

a. Areas of Joint Responsibility: The areas which require the joint maintenance responsibilities of Association I and Sedona, as set forth in Paragraph 3 of this Agreement. The Areas of Joint Responsibility are part of the Common Areas of Gleneagles Condominium.

b. Association I: Gleneagles Condominium Association, Inc., an Arizona non-profit corporation.

c. Sedona: Sedona/Sedona L.L.C., an Arizona Limited Liability Company.

d. Gleneagles Condominium: The real property described on the plat maps recorded at Fee. No. 91-7746, in the office of the Recorder, Mohave County, Arizona, as more particularly described in Declaration I, as amended.

e. Sedona Property: The real property legal described on Exhibit A.

f. Declaration I: The Declaration of Covenants, Conditions and Restrictions for Gleneagles Condominium and Gleneagles Condominium Association, Inc., recorded at recording number 91-11257, records of Mohave County, Arizona, at Book 1862, Page 24 and following, and all amendments thereto.

g. Sedona Areas of Responsibility: The areas within the Sedona Property that may be subject to joint maintenance responsibilities by the Parties in the future, as set forth in Paragraph 4(b)(2).

h. Joint Maintenance Committee: The committee established pursuant to Paragraph 5 of this Agreement, also referred to as the "Committee."

i. Joint Reserve Fund: The fund established pursuant to Paragraph 4 of this Agreement for the purpose of funding the capital improvements to the Areas of Joint Responsibility.

j. Miscellaneous: If a term is not specifically defined herein, it shall be defined according to the Definitions set forth in Declaration I.

3. Easement.

Association I hereby grants to Sedona an easement over Gleneagles Condominium for ingress and egress of Sedona's members and guests ("Easement"). Sedona members shall have the right to use the Areas of Joint Responsibility located within Gleneagles Condominium for purposes of ingress and egress and for normal purposes associated with the use of the common areas. "Normal purposes" for the use of the roads shall include the operation of licensed, motorized vehicles operated by licensed drivers and the operation of non-motorized vehicles, but shall not include the use of non-licensed motorized vehicles. This right extends to public and emergency vehicles, and to all of Sedona members' occupants, tenants, guests, invitees and persons lawfully conducting business in Sedona Property. This right shall run with the land, and shall extend to and bind all heirs, assigns, subsequent purchasers or purchasers of any portion of any of the parcels herein described. This right may not be revoked without the approval of Sedona and the majority approval of the Board of Directors of Association I, as evidenced by the signatures of the President and Secretary of the Board of Directors for Association I and the signature of Sedona. Pursuant to this right, Sedona members shall abide by the reasonable rules and regulations established by Association I governing the use of the common areas.

Sedona hereby grants to Association I an easement over Sedona Property for ingress and egress of the Association's members, guests, agents, and employees ("Easement"). Such Easement shall only become effective if a road is added within the Sedona Property that would allow Association I's members another means of access into Gleneagles Condominium. If such Easement becomes effective, Association I members shall have the right to use the roads located within the Sedona Property for purposes of ingress and egress and for normal purposes associated with the use of roads. "Normal purposes" for the use of the roads shall include the operation of licensed, motorized vehicles operated by licensed drivers and the operation of non-motorized vehicles, but shall not include the use of non-licensed motorized vehicles. This right extends to public and emergency vehicles, and to all of Association I members' occupants, tenants, guests, invitees and persons lawfully conducting business in Gleneagles Condominium. This right shall run with the land, and shall extend to and bind all heirs, assigns, subsequent purchasers or purchasers of any portion of any of the parcels herein described. This right may not be revoked without the majority approval of the members of Association I and Sedona, as evidenced by the signatures of the President and Secretary of the Board of Directors for Association I and Sedona. Pursuant to this right, Association I members shall abide by the reasonable rules and regulations established by Sedona governing the use of the roads.

In addition, Sedona hereby grants to Association I, its agents and employees, and specifically to the owners of Patio Home Units 1049, 1050, 1051, and 1052, Gleneagles Condominium, their agents and guests, an easement over Sedona Property for ingress and egress. This right shall run with the land, and shall extend to and bind all heirs, assigns, subsequent purchasers or purchasers of any portion of any of the parcels herein described. Pursuant to this right, Association I members shall abide by the reasonable rules and regulations established by Sedona governing the use of the roads.

4. Maintenance.

Association I and Sedona shall each contribute into a Joint Account for the purpose of maintaining and repairing Areas of Joint Responsibility.

- a. Said contributions shall be determined as follows:
 - (1) Association I shall be responsible for fifty-one percent (51%) of all maintenance costs and reserve amounts.
 - (2) Sedona shall be responsible for forty-nine percent (49%) of all maintenance costs and reserve amounts.

- b. The Areas of Joint Responsibility shall include, but are not limited to, the following:
 - (1) All of the following areas within Gleneagles Condominium:
 - a. All of Gleneagles Drive located within Gleneagles Condominium.
 - b. All gates located on Gleneagles Drive within Gleneagles Condominium.
 - c. The front entry area of Gleneagles Condominium, which includes all land located outside of the gates on Gleneagles Drive that is visible from Gleneagles Drive.
 - d. All islands on Gleneagles Drive.
 - e. The guardhouse and planted area north and easterly of the guardhouse up to Unit 1001.
 - f. The monument sign for Gleneagles Condominium, located adjacent to Gleneagles Drive.
 - g. All landscape between Acoma Boulevard and the wall of the Senior Center running parallel with Acoma on the north and Stonebridge Condominiums on the south.
 - (2) If a manner of access is created in the Sedona Property, all of the following areas within the Sedona Property shall be included in the Areas of Joint Responsibility:

- a. The road that provides access to the members of Association I through the Sedona Property.
 - b. All gates located within the Sedona Property.
- (3) The perimeter wall adjacent to the London Bridge Golf Course that is located along the north side of Association I and the Sedona Property and starts at Acoma and runs to the end of the Sedona Property.

5. Establishing Accounts.

Association I and Sedona shall establish two (2) accounts: (1) Joint Maintenance Account, and (2) Joint Reserve Account.

a. Association I and Sedona shall each deposit their respective amount of funds into the Joint Maintenance Account for the general maintenance and operating expenses.

b. Association I and Sedona shall deposit their respective amount of funds into the Joint Reserve Account for the long-term maintenance and capital improvement of the Areas of Joint Responsibility.

1. The amount to be contributed into the Joint Reserve Account on an annual basis shall be determined by the Joint Committee.
2. Any funds remaining in either the Joint Maintenance Account or the Joint Reserve Account for more than thirty days shall be deposited into an interest bearing account or money market account.

6. Joint Maintenance Committee.

Association I and Sedona shall establish a Joint Maintenance Committee ("Committee"). The purpose of the Committee shall be to determine the budget for the Areas of Joint Responsibility, to provide for the management and maintenance of the Area of Joint Responsibility, and to control the use of the Reserve Fund.

6.1 Members of Committee. The Committee shall be comprised of the following members:

a. The Board of Directors of Association I shall appoint three (3) members. At least two (2) of said members must be either current or past members of the Board of Directors of Association I. The Board of Directors of Association I has the right to remove its members at any time and appoint new members to the Committee. The Board of Directors of Association I shall appoint the Chairperson from its three (3) members for the Committee in years ending with an odd number (for example, 2003, 2005, etc.).

b. Sedona shall appoint two (2) members. Sedona has the right to remove its members at any time and appoint new members to the Committee. Additionally, Sedona shall appoint the Chairperson for the Committee from its two (2) members in years ending with an even number (for example, 2004, 2006, etc.).

c. The Committee will meet on a regular basis to conduct business, preferably monthly. Notice shall be given to all Committee members of all meetings by mail, facsimile, e-mail, telephone, or any other reasonable means of communication at least forty-eight (48) hours prior to the meeting.

d. The Committee shall keep minutes of all meetings, and provide Association I and Sedona with a copy of said minutes.

e. A quorum shall be required for the Committee to conduct business. A quorum shall consist of three (3) persons. All decisions of the Committee shall require the approval of a majority vote of the Committee members present at any meeting at which a quorum is present.

f. The Committee may conduct business by a telephone vote when a prompt resolution needs to be made. Any matters decided by a telephone vote shall be documented and included as a part of the next meeting's minutes.

6.2 Duties of the Committee. The Committee shall have the following duties:

a. The Committee shall prepare an annual budget by November 1st of every year to establish both the maintenance costs for the Areas of Joint Responsibility and the monthly contributions of Association I and Sedona for maintenance and capital improvements of the Areas of Joint Responsibility. Said budget may include, but is not limited to, costs for maintenance and repair of Gleneagles Drive, operation and maintenance of the gates, landscaping of relevant areas, related water, electricity and telephone, maintenance of the guardhouse, and liability insurance.

b. The Committee shall establish a Joint Reserve Fund for the capital improvements of the Areas of Joint Responsibility. It shall approve any expenditures to be made from the Joint Reserve Fund.

c. The Committee shall establish policies for investing the Joint Reserve Fund, to be approved by the Board of Directors for Association I and Sedona. Once said policies have been approved by both Boards, it shall invest the funds according to the policies established.

d. The Committee shall establish procedures for making requests to the Committee to alter or make additions to the Areas of Joint Responsibility. No alterations or additions to the Areas of Joint Responsibility shall be made without the prior written approval of the Committee and the approval of the Board of Directors for Association I and Sedona.

e. The Committee shall provide for the maintenance and management of the Areas of Joint Responsibility and incur such expenses as are necessary and/or appropriate within the limits established by the budget.

f. The Committee shall establish a procedure for dealing with emergency situations concerning the Areas of Joint Responsibility. Such emergency procedures must be approved by the Board of Directors for Association I and Sedona. Once such emergency procedures are established, the Board of Directors for Association I and Sedona shall comply with the established emergency procedures, and shall pay the appropriate percentage of the costs to cover the emergency procedures.

g. The Committee (or the Property management company employed by the Committee) shall provide Association I and Sedona with a financial statement at least quarterly comparing the budgeted amounts with the actual expenditures for the Areas of Joint Responsibility.

h. The Committee may appoint various sub-committees from time to time. The sub-committees shall serve at the discretion of the Committee, and will have no spending authority.

7. Responsibilities.

a. Association I and Sedona shall pay a quarterly budgeted amount for the maintenance of the Areas of Joint Responsibility to the Joint Maintenance Fund at the address designated by the Committee. The amount of the quarterly assessment shall be adjusted annually based on the budget established by the Committee. The Committee shall examine the budgeted amounts versus the actual expenditures for the year by February 15 of the following year. If the actual expenditures for maintenance items exceeded the budgeted amounts or were less than the budgeted amounts for the year, the Committee shall notify Association I and Sedona of this difference, and the amount owed for the subsequent year shall be adjusted accordingly.

b. Association I and Sedona shall pay a quarterly budgeted amount for the capital improvements of the Areas of Joint Responsibility into the Joint Reserve Fund. The amount of the quarterly assessment shall be adjusted annually based on the budget established by the Committee.

c. Association I and Sedona shall pay additional costs to cover emergency situations according to policies established by the Committee.

8. Responsibility for Entering into Contracts.

Association I and Sedona shall each assign one (1) member of the Committee as an authorized signer on any contracts entered into governing the Areas of Joint Responsibility. The

Committee shall have the authority to enter into contracts on behalf of Association I and Sedona for the Areas of Joint Responsibility so long as the contract amount is within the budget and the contract is signed by the authorized signers for Association I and Sedona. No contract entered into shall be for longer than three (3) years in length.

9. Access.

If an access is created in Sedona Property, Sedona shall provide Association I Members with all rights of access through the roads and gated entries owned by Sedona in the same manner as Sedona Members, including any required codes or other security devices to access through any gates or security devices installed by Sedona or the Committee. Such security devices or codes shall be provided to Association I Members by providing the same to the Board of Directors for Association I.

Association I shall provide Sedona Members with all rights of rights of access through the roads and gated entries owned by Sedona in the same manner as Association I Members, including any required codes or other security devices to access through any gates or security devices installed by Sedona, Association I, or the Committee. Such security devices or codes shall be provided to Sedona Members by providing the same to Sedona.

10. Assignment of Sedona's Rights and Responsibilities

Sedona intends to form a homeowners association for the governance of the Sedona Property. Upon the formation of the homeowners association, all rights and responsibilities of Sedona under this agreement shall be automatically assigned to the homeowners association created by Sedona. Any decisions required to be made by Sedona shall thereafter be made by the board of directors for the homeowners association.

11. Execution.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, with the same force and effect as if all signatures were appended to one instrument.

12. Notice.

All notices provided for herein shall be in writing and shall be delivered to Association I at the following address: Board of Directors, Gleneagles Condominium Homeowners Association, 470 S. Acoma, #1014, Lake Havasu City, Arizona, 86406, and to Sedona at the following address: 44 Stutz Bearcat Drive, Sedona, Arizona 86336. Except for the quarterly payment of required contributions, notices shall be sent by certified mail, return receipt requested, or personally delivered and receipted. If either Association I or Sedona wish to change the address to which notices shall be sent, said party shall send notification to the other party, via certified

U.S. mail, return receipt requested, of the new address. Notices shall be sent to the other party to the address indicated in said notification.

13. Default.

The failure by either Association I or Sedona to fully perform this Agreement in a manner complying with this Agreement shall entitle either party to take all such actions against the defaulting party as shall be provided by law. All costs, attorneys' fees, and other expenses incurred enforcing the Agreement shall be paid to the prevailing party by the losing party.

14. Term.

This Agreement shall be recorded against both Gleneagles Condominium and Sedona Property, and shall run with the land, and shall be binding upon all heirs and assigns. This Agreement shall remain in full force and effect for a period of ten (10) years from the date hereof. Thereafter, this Agreement shall be deemed to have been renewed for successive terms of five (5) years, unless revoked or amended at any time as specified in paragraph 15 of this Agreement.

15. Amendments.

Except as otherwise specified in this Agreement, this Agreement may be amended or revoked by the approval of Sedona and the Board of Directors for Association I. Said amendment or revocation shall be signed and executed by Sedona and by the President and Secretary of Association I, confirming that said amendment or revocation has been approved by Association I and Sedona. Any amendment or revocation shall become effective upon recordation with the Mohave County Recorder's Office.

16. Miscellaneous

a. If any provision of this Agreement is held to be illegal, invalid or unenforceable, any such illegality, invalidity or unenforceability shall not affect the remaining provisions of this Agreement, unless the terms held to be illegal, invalid or unenforceable make it impractical for the Associations to continue to maintain and manage the Areas of Joint Responsibility through the Committee. In that event, either Board shall have the right to terminate this Agreement without regard to the provisions of Paragraph 14.

b. This Agreement shall be binding upon and inure to the benefit of the Associations and their successors in interest, provided, however, that neither party may assign, delegate or transfer any of its obligations under this Agreement without the prior written consent of the other party.

c. The parties represent and warrant to each other that all necessary corporate consents have been obtained, and that each person executing this Agreement on behalf of his or her Association has authority to do so.

d. This Agreement is to be governed by, and interpreted pursuant to, Arizona law.

IN WITNESS WHEREOF, the parties have hereunto set their hands this 15 day of May, 2003, at Sedona Havasu Arizona.

Gleneagles Condominium Association, Inc.,

By Loretta Thleme
President
[Title]

Sedona Havasu, L.L.C.,

By [Signature]
Managing Member
[Title]



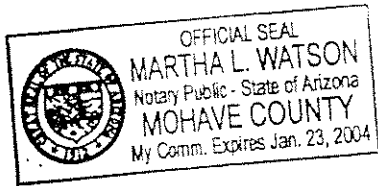
STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

On this 16th day of May, 2003, before me, the undersigned officer, personally appeared Loretta Thleme, President, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument, who acknowledged before me that he/she is the President of Gleneagles Condominium Association, Inc., and that he/she, in such capacity, being authorized so to do, executed the foregoing instrument, for the purposes therein stated, on behalf of the Association, and that the instrument is the act of the Association for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Martha L. Watson
Notary Public

My Commission Expires:
January 23, 2004



STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

On this 16th day of May, 2003, before me, the undersigned officer, personally appeared John Finn, known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the foregoing instrument, who acknowledged before me that he/she is the person with the power to bind Sedona/Sedona, L.L.C., and that he/she, in such capacity, being authorized so to do, executed the foregoing instrument, for the purposes therein stated, on behalf of Sedona Havasu, L.L.C., and that the instrument is the act of Sedona Havasu, L.L.C. for the purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Martha L. Watson
Notary Public

My Commission Expires:

January 23, 2004

F:\HQA\GenEagles\General Counsel\Annexation of additional property\Documents\Easement Agreement modified LMK 5-9-03.doc

Exhibit A

Portions of GLENEAGLES CONDOMINIUMS lying within Section 13, Township 13 North, Range 20 West of the Gila and Salt River Meridian at Fee No. 91-7746 Official Records of Mohave County, Arizona, specifically:

PARCEL NO. 1:

Units 101 through 130, 201, 203, 204, 206, 207, 209, 210, 212, 219, 221, 222, 224, 225, 227, 228 and 230 of TROON VILLAGE, GLENEAGLES CONDOMINIUM TRACT 2350, a condominium as created by Declaration recorded in Book 1862 of Official Records, Page 24, as amended and restated in Book 2410 of Official Records, Page 882, and First Amendment thereto recorded in Book 2410 of Official Records, Page 1000 and as amended in Book 3522 of Official Records, Page 193 and as shown on the plat of said condominium recorded February 14, 1991 at Fee No. 91-7746 in the Office of the Recorder, Mohave County, Arizona

TOGETHER with all appurtenant common areas and common elements.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found in or under said land and all underground water in, under or flowing through said land and water rights appurtenant thereto, as reserved by mesne deeds of record, except an undivided 1/16th of all oil, gases and other hydrocarbon substances, coal or stone, metals, minerals, fossil, and fertilizer of every name and description, together with all uranium, thorium or any other material which is or maybe determined by the laws of the United States, the state of Arizona or decisions of the courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved by the state of Arizona 37-231, c., A.R.S., and in patent of record.

PARCEL NO. 2:

Units 101 through 144, 201, 203, 204, 206, 207, 209, 210, 212, 225, through 233, 235, 236 and 238 of PRESTWICK VILLAGE, GLENEAGLES CONDOMINIUM TRACT 2350, a condominium as created by Declaration recorded in Book 1862 of Official Records, Page 24, as amended and restated in Book 2410 of Official Records, Page 882, and First Amendment thereto recorded in Book 2410 of Official Records, Page 1000 and as amended in Book 3522 of Official Records, Page 193 and as shown on the plat of said condominium recorded February 14, 1991 at Fee No. 91-7746 in the Office of the Recorder, Mohave County, Arizona

TOGETHER with all appurtenant common areas and common elements.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found in or under said land and all underground water in, under or flowing through said land and water rights appurtenant thereto, as reserved by mesne deeds of record, except an undivided 1/16th of all oil, gases and other hydrocarbon substances, coal or stone, metals, minerals, fossil, and fertilizer of every name and description, together with all uranium, thorium or any other material which is or maybe determined by the laws of the United States, the state of Arizona or decisions of the courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved by the state of Arizona 37-231, c., A.R.S., and in patent of record.

PARCEL NO. 3:

Units 113 through 146, 225 through 237, 239, 240 and 242 through 246 of MONTROSE VILLAGE, GLENEAGLES CONDOMINIUM TRACT 2350, a condominium as created by Declaration recorded in Book 1862 of Official Records, Page 24, as amended and restated in Book 2410 of Official Records, Page 882, and First Amendment thereto recorded in Book 2410 of Official Records, Page 1000 and as amended in Book 3522 of Official Records, Page 193 and as shown on the plat of said condominium recorded February 14, 1991 at Fee No. 91-7746 in the Office of the Recorder, Mohave County, Arizona.

(EXCEPT the portion of Unit 113 and 118, MONTROSE VILLAGE, lying within the Excepted Property described in Deed recorded in Book 2668 of Official Records, Page 634.)

TOGETHER with all appurtenant common areas and common elements.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found in or under said land and all underground water in, under or flowing through said land and water rights appurtenant thereto, as reserved by mesne deeds of record, except an undivided 1/16th of all oil, gases and other hydrocarbon substances, coal or stone, metals, minerals, fossil, and fertilizer of every name and description, together with all uranium, thorium or any other material which is or maybe determined by the laws of the United States, the state of Arizona or decisions of the courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved by the state of Arizona 37-231, c., A.R.S., and in patent of record.

PARCEL NO. 4

Units 1023 through 1048, PATIO HOMES, GLENEAGLES CONDOMINIUM TRACT 2350, a condominium as created by Declaration recorded in Book 1862 of Official Records, Page 24, as amended and restated in Book 2410 of Official Records, Page 882, and First Amendment thereto recorded in Book 2410 of Official Records, Page 1000 and as amended in Book 3522 of Official Records, Page 193 and as shown on the plat of said condominium recorded February 14, 1991 at Fee No. 91-7746 in the Office of the Recorder, Mohave County, Arizona

(EXCEPT that portion of Unit 1023, PATIO HOME, lying within the Excepted Property described in Deed recorded in Book 2668 of Official Records, Page 634.)

TOGETHER with all appurtenant common areas and common elements.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found in or under said land and all underground water in, under or flowing through said land and water rights appurtenant thereto, as reserved by mesne deeds of record, except an undivided 1/16th of all oil, gases and other hydrocarbon substances, coal or stone, metals, minerals, fossil, and fertilizer of every name and description, together with all uranium, thorium or any other material which is or maybe determined by the laws of the United States, the state of Arizona or decisions of the courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved by the state of Arizona 37-231, c., A.R.S., and in patent of record.

PARCEL NO. 5:

Units 101 through 112, 201, 203, 204, 206, 207, 209, 212, and 220 of MONTROSE VILLAGE, GLENEAGLES CONDOMINIUM TRACT 2350, a condominium as created by Declaration recorded in Book 1862 of Official Records, Page 24, as amended and restated in Book 2410 of Official Records, Page 882, and First Amendment thereto recorded in Book 2410 of Official Records, Page 1000 and as amended in Book 3522 of Official Records, Page 193 and as shown on the plat of said condominium recorded February 14, 1991 at Fee No. 91-7746 in the Office of the Recorder, Mohave County, Arizona.

TOGETHER with all appurtenant common areas and common elements.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found in or under said land and all underground water in, under or flowing through said land and water rights appurtenant thereto, as reserved by mesne deeds of record, except an undivided 1/16th of all oil, gases and other hydrocarbon substances, coal or stone, metals, minerals, fossil, and fertilizer of every name and description, together with all uranium, thorium or any other material which is or maybe determined by the laws of the United States, the state of Arizona or decisions of the courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved by the state of Arizona 37-231, c., A.R.S., and in patent of record.

PARCEL NO. 6:

Units 137 through 142, 237, 239, 240 and 242 of TURNBERRY VILLAGE, GLENEAGLES CONDOMINIUM TRACT 2350, a condominium as created by Declaration recorded in Book 1862 of Official Records, Page 24, as amended and restated in Book 2410 of Official Records, Page 882, and First Amendment thereto recorded in Book 2410 of Official Records, Page 1000 and as amended in Book 3522 of Official Records, Page 193 and as shown on the plat of said condominium recorded February 14, 1991 at Fee No. 91-7746 in the Office of the Recorder, Mohave County, Arizona.

TOGETHER with all appurtenant common areas and common elements.

EXCEPT all oil, gas, coal and minerals whatsoever already found or which may hereafter be found in or under said land and all underground water in, under or flowing through said land and water rights appurtenant thereto, as reserved by mesne deeds of record, except an undivided 1/16th of all oil, gases and other hydrocarbon substances, coal or stone, metals, minerals, fossil, and fertilizer of every name and description, together with all uranium, thorium or any other material which is or maybe determined by the laws of the United States, the state of Arizona or decisions of the courts to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved by the state of Arizona 37-231, c., A.R.S., and in patent of record.

PARCEL NO. 7:

Lot THREE (3), Block ONE (1) and Lot ONE (1), Block FOUR (4), GLENEAGLES TRACT 2350, according to the plat thereof, recorded January 4, 1991, at Fee No. 91-452, records of Mohave County, Arizona.

EXCEPTING from Parcel No. 1 and Parcel No. 2 all oil, gas, coal and minerals whatsoever already found, or which may hereafter be found, upon or under said lands, as reserved in Deed recorded in Book 79 of Deeds, Page 461, but only from a depth of 500 feet below the surface thereof as Quit Claimed in Book 305 of Official Records, Page 102, and

EXCEPTING therefrom all underground water in, under or flowing through said land and water rights appurtenant thereto, and

EXCEPTING all oil, gases and other hydrocarbon substances, coal, stone metals, minerals, fossils and fertilizers or every name and description, together with all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value.