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**CERTIFICATE OF AMENDMENT AND
RESTATEMENT OF GAINNEY RANCH
MASTER DECLARATION OF COVENANTS,
CONDITIONS, RESTRICTIONS, ASSESSMENTS,
CHARGES, SERVITUDES, LIENS, RESERVATIONS
AND EASEMENTS**

CERTIFICATE OF AMENDMENT AND RESTATEMENT OF GAINNEY RANCH MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, ASSESSMENTS, CHARGES, SERVITUDES, LIENS, RESERVATIONS AND EASEMENTS

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CERTIFICATE OF AMENDMENT AND RESTATEMENT OF GAINNEY RANCH MASTER DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, ASSESSMENTS, CHARGES, SERVITUDES, LIENS RESERVATIONS AND EASEMENTS

This Certificate of Amendment and Restatement of Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Gainey Ranch (the "Certificate of Amendment") is made this 16th day of July by The Gainey Ranch Community Association, an Arizona nonprofit corporation (the "Master Association")

RECITALS

A. A Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements for Gainey Ranch (the "Initial Master Declaration") was recorded on March 29, 1984 at Recording No. 84-130211, in the records of the County Recorder of Maricopa County Arizona, establishing a general plan for the development, sale and use of the master planned community known as Gainey Ranch. The Initial Master Declaration was subsequently amended by the instruments recorded at Recording Nos. 84-553071 and 87-600774, in the records of the County Recorder of Maricopa County Arizona. The Initial Master Declaration, as amended, was amended and restated in its entirety by the Gainey Ranch Amended and Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements recorded on April 21, 1995 at Recording No. 95-0223112, in the records of the County Recorder of Maricopa County Arizona (the "Initial Amended and Restated Master Declaration"). The Initial Amended and Restated Master Declaration was subsequently amended by the Certificate of First Amendment to Gainey Ranch Amended and Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements recorded on February 28, 1996 at Recording No. 96-0131108, by the Certificate of Second Amendment to Gainey Ranch Amended and Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements recorded on September 24, 2004 at Recording No. 2004-1122840, in the records of the County Recorder of Maricopa County Arizona, and by the Certificate of Third Amendment to Gainey Ranch Amended and Restated Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements recorded on June 15, 2007 at Recording No. 2007-0695263, in the records of the County Recorder of Maricopa County Arizona (the "Amendments"). The Initial Amended and Restated Master Declaration, as amended by the Amendments, shall be referred to in this Certificate of Amendment as the "Amended and Restated Declaration".

B. Article XIV, Section 2 of the Amended and Restated Declaration provides that the Amended and Restated Master Declaration may be amended by the recording with the County Recorder of Maricopa County Arizona of a Certificate of Amendment executed by the Master Association setting forth in full the amendment adopted and certifying that at an election duly called and held pursuant to the provisions of the Articles of Incorporation and Bylaws of the

Master Association, the members of the Master Association casting seventy-five percent (75%) of the votes at the election voted affirmatively for the adoption of the amendment.

C. By executing this Certificate of Amendment, the Association certifies that the amendments to the Amended and Restated Master Declaration set forth in this Certificate of Amendment were adopted by the affirmative votes of members of the Master Association casting seventy-five percent (75%) of the votes cast at an election duly conducted by written ballot without a meeting, as permitted by the provisions of ARS §10-3708 and the provisions of the Articles of Incorporation and Bylaws of the Master Association.

D. This Certificate of Amendment shall amend and restate and shall supersede in its entirety the Amended and Restated Declaration. Upon the recording of this Certificate of Amendment with the County Recorder of Maricopa County Arizona, the Amended and Restated Master Declaration shall be of no further force and effect.

NOW, THEREFORE, the Amended and Restated Declaration is amended and restated in its entirety as follows:

ARTICLE I

DEFINITIONS

The following words, phrases or terms used in this Declaration shall have the following meanings:

A. “Annual Assessment” shall mean the charge levied and assessed each year against each Lot, Parcel or Owner pursuant to Article VII, Section 2, hereof.

B. “Architectural Committee” shall mean the committee of the Master Association to be created pursuant to Article XI below.

C. “Articles” shall mean the Articles of Incorporation of the Master Association as the same may from time to time be amended or supplemented.

D. “Assessable Property” shall mean any Lot or Parcel, except such part or parts thereof as may from time to time constitute Exempt Property.

E. “Assessment” shall mean an Annual Assessment, Special Assessment, Security Assessment, and/or Maintenance Charge.

F. “Assessment Lien” shall mean the lien created and imposed by Article VII.

G. “Assessment Period” shall mean the term set forth in Article VII, Section 7.

H. “Board” shall mean the Board of Directors of the Master Association.

I. “Bylaws” shall mean the Bylaws of the Master Association as the same may from time to time be amended or supplemented.

J. “Commercial Condominium Development” shall mean a condominium established under the laws of the State of Arizona which is limited by the Tract Declaration for such area to Commercial Office Use, Shopping Center Use and/or General Commercial Use.

K. “Condominium Unit” shall mean a unit within a Commercial Condominium Development or a Residential Condominium Development.

L. “Council of Presidents” shall mean the committee of the Master Association formed pursuant to Article V, Section 3.

M. “Covenants” shall mean the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements set forth herein.

N. “Deed” shall mean a deed or other instrument conveying the fee simple title in a “Lot” or “Parcel”.

O. “Designee” shall mean a person designated by a Member pursuant to Article VI, Section 7, to exercise certain of the rights of a Member.

P. “Dwelling Unit” shall mean any building or portion of a building situated upon a Lot or Parcel designed and intended for use and occupancy as a residence by a Single Family.

Q. “Estate Club” shall mean the facility located at 7720 Gainey Ranch Road, Scottsdale, Arizona, which includes social and recreational amenities including, but not limited to, snack and beverage service, a great room, exercise room, tennis courts, swimming pool, locker rooms and a catering kitchen. The Estate Club is part of the Master Association Land.

R. “Estate Lot” shall mean a Lot designated as such on a Tract Declaration or recorded subdivision plat.

S. “Exempt Property” shall mean the following parts of Gainey Ranch:

(1) All land and improvements owned by or dedicated to and accepted by the United States, the State of Arizona, Maricopa County, the City of Scottsdale, or any political subdivision thereof, for as long as any such entity or political subdivision is the owner thereof or for so long as said dedication remains effective; and

(2) All Master Association Land, for as long as the Master Association is the owner thereof.

T. “Gainey Ranch” shall mean the real property described on Exhibit A attached to this Master Declaration and all buildings, structures and other improvements constructed thereon.

U. “Gainey Ranch Rules” shall mean the rules for Gainey Ranch adopted by the Board pursuant to Article V, Section 4.

V. “Gainey Ranch Roadways” shall mean the roadways intended for the general benefit of the Owners, Lessees and Residents of Gainey Ranch, and the guests and invitees thereof, as shown on recorded Tract Declarations, subdivision plats, conveyances, or other maps or dedications. The term “Gainey Ranch Roadway” may include both public roads and roads conveyed to the Master Association. Roads within a Satellite Community shall be Gainey Ranch Roadways.

W. “Golf Course” shall mean the Golf Course constructed within Gainey Ranch as contemplated by the Master Development Plan. The Golf Course shall have a Land Use Classification of Golf Course Use.

X. “Land Use Classification” shall mean the classification established by a Tract Declaration recorded pursuant to Article IV, Section 1, which designates the type of improvements which may be constructed on a Lot, Parcel or Master Association Land and the purposes for which such improvements and surrounding land may be utilized.

Y. “Lot” shall mean (a) any area of real property within Gainey Ranch designated as a Lot on any recorded subdivision plat and limited by a Tract Declaration to either Single Family Residential Use or Cluster Residential Use; (b) any Residential Condominium Unit or Commercial Condominium Unit within Gainey Ranch; and (c) any Estate Lot; provided, however, the term “Lot” shall not apply to or include any area which is operated by the Owner of property having a Land Use Classification of Resort Hotel Use as a adjunct to the Resort Hotel and such areas shall be deemed a part of the area classified as Resort Hotel Use.

Z. “Maintenance Charges” shall mean any and all costs assessed against an Owner pursuant to Article X, Section 2 or 3; any compensation owing to the Master Association from the Owner of an Estate Lot pursuant to Article X, Section 4; any monetary penalties imposed upon an Owner under Article VIII, Section 1; and any other charges owing to the Master Association by an Owner pursuant to Article VIII, Section 4.

Aa. “Master Association” shall mean The Gainey Ranch Community Association, an Arizona nonprofit corporation, organized to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Master Declaration, its successors and assigns.

Bb. “Master Association Land” shall mean such part or parts of Gainey Ranch, together with the buildings, structures and improvements thereon, and other property which the Master Association may at any time own in fee or in which the Master Association may at any time have a leasehold interest, for as long as the Master Association is the owner of the fee or leasehold interest, including the Gainey Ranch Roadways owned by the Master Association.

Cc. “Master Common Area and Master Common Areas” shall mean (a) all Master Association Land; and (b) all land over which the Master Association has an easement or license; provided, however, a Satellite Common Area or other area over which the Master Association has an easement or license under a Tract Declaration or the governing documents of a Satellite Community (including ingress and egress easements) for the primary purpose of enabling the Master Association to perform maintenance and repair work for the benefit of a Satellite Community or performing other responsibilities of the Master Association for the benefit of the Satellite Community shall not be deemed to be Master Common Area.

Dd. “Master Declaration” shall mean this Certificate of Amendment and Restatement of Gainey Ranch Master Declaration of Covenants, Conditions, Restrictions, Assessments, Charges, Servitudes, Liens, Reservations and Easements, as amended or supplemented from time to time.

Ee. “Master Development Plan” shall mean the Gainey Ranch Development Plan approved by the City of Scottsdale, as the same may be from time to time amended, a copy of which shall be on file at all times in the office of the Master Association.

Ff. “Member” shall mean any person holding a Membership in the Master Association pursuant to this Declaration.

Gg. “Membership” shall mean a membership in the Master Association and the rights granted to the Owners and Declarant pursuant to Article VI to participate in the Master Association.

Hh. “Nonresidential Land Use Classifications” shall mean those Land Use Classifications which contemplate that a Lot or Parcel subject thereto will be used for other than construction and occupancy of residential non-transient dwellings. All Land Use Classifications listed in Article IV, Section 1, below, except Single Family Residential Use, Estate Lot Use, Apartment Development Use, Residential Condominium Development Use and Cluster Residential use, shall be considered Nonresidential Land Use Classifications.

Ii. “Owner” shall mean (when so capitalized) the record holder of legal title to the fee simple interest in any Lot or Parcel including contract sellers, but excluding others who hold such title merely as security. In the case of Lots or Parcels the fee simple title to which is vested of record in a trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq., legal title shall be deemed to be in the Trustor. An Owner shall include any person who holds record title to a Lot or Parcel in joint ownership with any other person or holds an undivided fee interest in any Lot or Parcel.

Jj. “Parcel” shall mean an area of real property within Gainey Ranch limited by a Tract Declaration to one of the following Land Use Classifications: Residential Condominium Development or Commercial Condominium Development (but only until the condominium is created), Shopping Center, Commercial Office, General Commercial, Well-Site, Resort Hotel, Reclamation Plant, Golf Course, Golf Clubhouse or Recreational Facility. The term Parcel shall also include an area of land within Gainey Ranch as to which a Tract Declaration has been

recorded designating the area for Single Family Residential Use or Cluster Residential use but which has not yet been subdivided into Lots and related amenities and rights-of-way, but any such area shall cease to be a Parcel upon the recordation of a subdivision plat or other instrument covering the area and creating Lots and related amenities. A Parcel shall not include a Lot, any Exempt Property or any Master Association Land but, in the case of staged developments, shall include areas not yet included in a subdivision plan, horizontal property regime or other recorded instrument creating Lots and related amenities. A Parcel with a Land Use Classification of Commercial Condominium Development, Commercial Office, Shopping Center or General Commercial area shall cease to be a Parcel if such area is converted to Condominiums.

Kk. “Reclamation Plant” shall mean the wastewater treatment plant to be constructed and operated pursuant to the Reclamation Plant Agreement.

Ll. “Reclamation Plant Agreement” shall mean that certain Agreement, dated November 30, 1981, between Declarant and the City of Scottsdale, and all amendments or modifications thereto, providing for the construction, operation and management of a wastewater treatment plant on Gainey Ranch and the allocation and purchase of effluent produced therefrom.

Mm. “Recording” shall mean placing an instrument of public record in the office of the County Recorder of Maricopa County, Arizona and “Recorded” shall mean having been so placed o public record.

Nn. “Rental Business Space” shall mean an area within a commercial office building, a shopping center or a general commercial building designed for lease to a business tenant.

Oo. “Resident” shall mean:

(1) Each buyer under a contract of sale covering any part of the Assessable Property, regardless of whether the contract is recorded, and each Tenant actually residing or conducting a business on any part of the Assessable Property; and

(2) Members of the immediate family of each Owner and of each buyer and Tenant referred to in subparagraph (1) actually living in the same household with such Owner or such buyer or tenant.

Subject to such rules and regulations as the Master Association may hereafter specify (including the imposition of special nonresident fees for use of the Master Association Land if the Master Association shall so direct), the term “Resident” also shall include the employees, guests or invitees of any such Owner, buyer or Tenant, if and to the extent the Board in its absolute discretion by resolution so directs.

Pp. “Residential Condominium Development” shall mean a horizontal property regime or condominium development established under the laws of the State of Arizona which is limited by the Tract Declaration therefore to residential use.

Qq. “Residential Land Use Classification” shall mean the Land Use Classifications specified in Article IV, Section 1, Subsections (a), (b), (c), (d) and (m) below.

Rr. “Satellite Association” shall mean a nonprofit corporation or association organized by a Satellite Community Builder or other Owners within a Satellite Community for the purpose of managing the Satellite Community Common Areas within the Satellite Community, levying and collecting the Satellite Assessments described in Article III, Section 1, below, and otherwise performing the administrative, organizational, recreational and governing functions typical of homeowner associations.

Ss. “Satellite Common Area” shall mean those areas, amenities and facilities within a Satellite Community which are intended for the general benefit of the Owners of Lots in such Satellite Community or the Residents thereof, such as community swimming pools, development landscaping, perimeter walls of the Satellite Community, the common elements of a horizontal property regime or condominium and other areas not designed for use with a single Dwelling Unit within the Satellite Community; provided, however, such term shall not include party walls between two Lots or Dwelling Units in a Satellite Community which is not a horizontal property regime or condominium unless a Tract Declaration or Recorded instrument approved by the Declarant specifically obligates the Master Association to maintain such walls.

Tt. “Satellite Community” shall mean an area within Gainey Ranch designated as a Satellite Community in the Tract Declaration for such area. A Satellite Community may consist of land within any Residential Land Use Classification.

Uu. “Satellite Community Builder” shall mean a person or entity which owns four (4) or more Lots within a Satellite Community, is or is expected to be the principal residential homebuilder or condominium developer in a Satellite Community, and is designated as a Satellite Community Builder in the Tract Declaration for a Satellite Community.

Vv. “Security Assessment” shall mean the charge and assessment levied and assessed each year against certain Lots, Parcels and Owners pursuant to Article VII, Section 5, hereof.

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

Xx. “Special Assessment” shall mean any assessment levied and assessed pursuant to Article VII, section 4.

Yy. “Special Use Fees” shall mean special fees authorized by this Master Declaration which an Owner, Resident or any other person is obligated to pay to the Master Association over, above and in addition to any Annual, Special or Security Assessments or Maintenance Charges imposed or payable hereunder.

Zz. "Tenant" shall mean any person who occupies a Dwelling Unit or other property, including but not limited to a Rental Business Space, located on Gainey Ranch under any type of rental or letting arrangement.

Aaa. "Tract Declaration" shall mean a declaration recorded pursuant to Article IV, Section 1, of this Master Declaration, as such Tract Declaration may be amended or supplemented.

Bbb. "Tri-Party Effluent Agreement and Assignment" means the Tri-Party Effluent Agreement and Assignment recorded on February 14, 1995 at Recording No. 95-0082828 in the records of the County Recorder of Maricopa County, Arizona, as amended from time to time.

Ccc. "Visible From Neighboring Property" shall mean with respect to any given object, that such object is or would be visible to a person six (6) feet tall, standing at ground level on any part of such neighboring property. The Architectural Committee may determine which properties are neighboring properties with respect to any given object on the basis of each fact situation and such properties may include rights-of-way and properties not necessarily contiguous to the Lot, Parcel or other property upon which the object is located.

ARTICLE II

PROPERTY SUBJECT TO GAINEY RANCH MASTER DECLARATION

Section 1. General Declaration Creating Gainey Ranch. All of the real property within Gainey Ranch is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Master Declaration and any recorded Tract Declarations applicable thereto, as amended or modified from time to time; provided, however, that property which is not part of a Lot or Parcel and which is dedicated to the public or a governmental entity for public purposes shall not be subject to this Master Declaration and the Covenants herein contained while owned by the public or governmental entity, although restrictions imposed in this Master Declaration upon the Owners and Residents concerning the use and maintenance of such public areas shall at all times apply to the Owners and Residents. The Master Declaration and the Tract Declarations are declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of Gainey Ranch and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of Gainey Ranch and every part thereof. All of this Master Declaration shall run with all Lots, Parcels and Master Association Land for all purposes and shall be binding upon and inure to the benefit of the Master Association, all Owners and Residents and their successors in interest.

Section 2. Master Association Bound. The Covenants shall be binding upon and shall benefit the Association.

Section 3. Satellite Communities and Satellite Associations. Each Satellite Community shall establish a Satellite Association and the President of such Satellite Association shall be a member of the Council of Presidents. Unless other provided in a Tract Declaration,

the Satellite Association shall employ the Master Association as property manager so that an approximately uniform level of Satellite Common Area maintenance in the various Satellite Communities is achieved. As property manager, the Master Association shall maintain the Satellite Common Areas, including Common Elements in a Residential Condominium Development, in each Satellite Community, and receive cost reimbursements and compensation therefor, in accordance with Article X, Section 4, Article XIII, Section 4, and Article VIII, Section 4, below. The terms of such employment shall be established by the Master Association, but the compensation payable to the Master Association shall not be greater than the general level charged by other first class property managers in the Phoenix/Scottsdale metropolitan area for similar services. The Master Association shall not attempt to make a profit from its activities with respect to Satellite Communities and Satellite Associations but, subject to the limitation set forth in the preceding sentence, shall be entitled to recover its costs for labor and materials and to recover the portion of its overhead costs allocable, on a basis approved by the Board, to the services rendered to the Satellite Communities and Satellite Associations.

ARTICLE III

EASEMENTS AND RIGHTS OF ENJOYMENT IN MASTER ASSOCIATION COMMON AREAS

Section I. Easement of Enjoyment. Every Owner, Resident and Member of the Master Association shall have a right and easement of enjoyment in and to the Master Common Areas which shall be appurtenant to and shall pass with the title to every Lot and Parcel, subject to the following provisions:

(a) The right of the Master Association to charge admission, club membership and other Special Use Fees for the use of any recreational or other facility situated upon the Master Common Areas. Special Use Fees shall be uniform among Members and Residents; provided, however, in accordance with Subsection (g) below Special Use Fees may be charged to Owners and Residents of Parcels having Nonresidential Land Use Classifications for use of the Estate Club facilities even though other Owners and Residents are not subject to such Special Use Fees.

(b) The right of the Master Association to suspend the voting rights and right to use of the recreational facilities and other Master Common Areas by any Member or Resident (i) for any period during which any Assessment against his Lot or Parcel remains delinquent; (ii) for a period not to exceed sixty (60) days for any infraction of this Master Declaration, a Tract Declaration or the Gainey Ranch Rules; and (iii) for successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period.

(c) The right of the Master Association to dedicate or transfer all or any part of the Master Common Areas to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Master Association. Unless otherwise required by zoning stipulations or agreements with the City of Scottsdale effective prior to the date hereof or specified on a recorded subdivision plat, no such dedication or transfer shall be effective unless an instrument signed by the Owners holding two-thirds (2/3) of the votes in the Association agreeing to such dedication or transfer has been recorded, except that the Board shall have

authority without such agreement to transfer to such public agencies, authorities or utilities (i) fee title to portions of the Master Common Area which are not used for recreational or social purposes and which will not have any substantial adverse affect on the enjoyment of the Master Common Areas by the Members, and (ii) easements which are intended to benefit Gainey Ranch and which do not have any substantial adverse affect on the enjoyment of the Master Common Areas by the Members.

(d) The right of the Master Association to regulate the use of the Master Common Areas through the Gainey Ranch Rules and to prohibit access to those Master Common Areas, such as landscaped right-of-ways, not intended for use by the Members and Residents. The Gainey Ranch Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Master Common Areas or the safety and convenience of the users thereof, or otherwise shall serve to promote the best interests of the Owners and Residents.

(e) The right of the Master Association to change the use of Master Common Areas in accordance with Article XII, Section 4, of this Master Declaration.

(f) The right of the Master Association to change the size, shape or location of Master Common Areas, to exchange Master Common Areas for other lands or interests therein which become Master Common Areas and to abandon or otherwise transfer Master Common Areas so long as, in each case, either (i) the Members are not materially and adversely affected, or (ii) the Owners holding two-thirds (2/3) of the votes in the Association have executed an instrument agreeing to such change in size, shape or location, exchange abandonment or other transfer.

(g) Owners of any Parcel having a Nonresidential Land Use Classification, Members whose Memberships are attributable to ownership of a Parcel having a Nonresidential Land Use Classification and Residents of any Parcel having a Nonresidential Land Use Classification shall not have the right, as a result of the rights and easements granted pursuant to this Section 1, to use any of the facilities of the Estate Club; provided, however, the Board may elect to make the facilities of the Estate Club available to some or all of the Owners and Residents of parcels having a Nonresidential Land Use Classification upon such terms and conditions and payment of such Special Use Fees, as the Board shall deem appropriate.

Section 2. Delegation of Use. Any Member may, in accordance with the Gainey Ranch Rules and the limitations therein contained in this Master Declaration (a) delegate his right of enjoyment in the Master Common Areas and facilities to the members of his family, his tenants, or his guests or invitees; or (b) designate another person to exercise all of his rights (but not liabilities or voting rights), which other person shall, during the period of such designation, have the sole right to delegate rights of enjoyment pursuant to Subsection (a) of this Section.

ARTICLE IV

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

Section 1. Land Use Classifications. As portions of Gainey Ranch were readied for development, a Tract Declaration for such property was recorded establishing the Land Use Classifications, restrictions, easements, rights-of-way, and other matters, including new or different uses and restrictions therefore and including any number of subclassifications thereof for any special uses. A Tract Declaration shall be construed as a supplement to this Master Declaration and fully a part hereof for all purposes to the same extent as if all of the provisions thereof were set forth in this Master Declaration. The Land Use Classifications for Lots, Parcels and Master Association Land established by a Tract Declaration shall not be changed except as specifically permitted by this Master Declaration. The Land Use Classifications are as follows:

- (a) Single Family Residential Use.
- (b) Estate Lot Use.
- (d) Residential Condominium Development Use;
- (e) Commercial Office Use, which shall include office properties which are included within a Commercial Condominium Development.
- (f) Shopping Center Use, which shall include retail use properties which are included within a recorded horizontal property regime or condominium.
- (g) General Commercial Use, which may include various businesses and restaurants.
- (h) Master Association Use, which may include Master Common Areas.
- (i) Golf Course Use.
- (j) Golf Clubhouse Use.
- (k) Well-Site Use, which shall apply to areas used only for the withdrawal of groundwaters.
- (l) Cluster Residential Use, which shall consist of Lots with Dwelling Units intended for Single Family occupancy and may include those types of residential housing arrangements known as townhouses, cluster housing, zero-lot line housing and similar arrangements, together with related areas intended for the use and enjoyment of the Owners and Residents of the Lots in the Cluster development.
- (m) Reclamation Plant Use.

(n) Resort Hotel Use.

Unless otherwise specifically provided in this Master Declaration, the definitions and characteristics of the above Land Use Classifications, and specific permitted and prohibited uses in such Classifications, shall be determined in the Tract Declaration. All Tract Declarations shall be subject to applicable zoning laws.

Section 2. Covenants, Conditions, Restrictions and Easements Applicable to Lots and Parcels Within All Land Use Classifications Except Resort Hotel, Shopping Center, General Commercial, Golf Clubhouse and Commercial Office. The following covenants, conditions, restrictions and reservations of easements and rights shall apply to all Lots and Parcels, the Owners thereof, and all Residents, regardless of Land Use Classifications, except that said covenants, conditions, restrictions and reservations shall not apply to any Parcels or Lots having a Land Use Classification of Resort Hotel, Shopping Center, General Commercial, Golf Clubhouse or Commercial Office Use.

(a) Architectural Control. No improvement, alterations, repairs, excavation, grading, landscaping or other work which in any way alters the exterior appearance of any property within Gainey Ranch, or the improvements located thereon, from its natural or improved state existing on the date a Tract Declaration for such property was first recorded shall be made or done without the prior approval of the Architectural Committee, except as otherwise expressly provided in this Maser Declaration. No building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered, or made without the prior written approval of the Architectural Committee. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme, and all changes in the grade of Lots or Parcels, shall be subject to the prior written approval of the Architectural Committee. No changes or deviations in or from the plans and specifications once approved by the Architectural Committee shall be made without the prior written approval of the Architectural Committee shall.

(b) Animals. No animal, bird, fowl, poultry or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Lot or Parcel and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal, bird, fowl, poultry or livestock shall be allowed to make an unreasonable amount of noise, to become a nuisance or to trespass on the Golf Course. No structure for the care, housing or confinement of any animal, bird, fowl, poultry or livestock shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner or Resident, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section, a particular animal, bird, fowl, poultry or livestock is a generally recognized house or yard pet, whether such a pet is a nuisance, or whether the number of animals or birds on any such property is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein. The Board shall also have the authority to exempt from the foregoing restrictions, or portions thereof, a pet shop in a General Commercial or Shopping Center Land Use Classification.

(c) Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of

any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any property shall be removed immediately after the completion of construction.

(d) Maintenance of Lawns and Plantings. Each Owner of a Lot or Parcel shall keep all shrubs, trees, hedges, grass and plantings of every kind located on

(i) his Lot or Parcel (including set back area and Common Areas),

(ii) public right-of-way areas between sidewalks (or bikepaths) and the street curb in front of his property, if any,

(iii) any other public right-of-way or easement area which abuts the Owner's Lot or Parcel and which is located between the boundary line of his Lot or Parcel and the paved area of any street, sidewalk, bikepath or similar area, and

(iv) any non-street public right-of-way or easement area adjacent to his Lot or Parcel, neatly trimmed, shall keep all such areas property cultivated and free of trash, weeds and other unsightly material and shall maintain all paved and concrete areas, including driveways, roadways and parking areas, in good condition and repair; provided, however, that such Owner shall not be responsible for maintenance of any area over which (A) the Master Association or any Satellite Community Association assumes the responsibility in writing; (B) the Master Association or any Satellite Community Association has been given such responsibility by a recorded instrument as provided in Article X, Section 1, or Article X, Section 4, of this Master Declaration; or (C) the City of Scottsdale assumes responsibility; for so long, in each such case, as the Master Association, Satellite Community Association or the City of Scottsdale assumes or has responsibility as provided in Subsection (A), (B) or (C).

The Board may also, in its discretion, require landscaping by the Owner of the areas described in Subsections (i)-(iv) above on or before expiration of such time periods as the Board may establish.

(e) Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or Parcel, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist or operate upon any Lot or Parcel so as to be offensive or detrimental to any other property in the vicinity thereof it to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such property. Normal construction activities and parking in connection with the building of improvements of a Lot or Parcel shall not be considered a nuisance or otherwise prohibited by this Master Declaration, but Lots and Parcels shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as

may be approved by the Architectural Committee. In addition, any construction equipment and building materials stored or kept on any Lot or Parcel during construction of improvements may be kept only in areas approved by the Architectural Committee, which may also require screening of the storage areas. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

(f) Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot or Parcel which shall induce, breed or harbor infectious plant diseases or noxious insects.

(g) Repair of Building. No building or structure on any Lot or Parcel shall be permitted to fall into disrepair and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. In the event any building or structure is damaged or destroyed, then, subject to the approvals required by Subsection (a) above, such building or structure shall be immediately repaired or rebuilt or shall be demolished.

(h) Antennas. Except for antennas, satellite dishes and other over-the-air receiving devices covered by the FCC rules governing Over-the-Air Reception Devices; Television Broadcast Service and Multi-channel Multipoint Distribution Service (the "FCC Rule"), no antenna for the transmission or reception of television or radio signals or for access to the internet shall be installed on any Lot or Parcel unless approved by the Architectural Committee. Any antenna, satellite dish or other receiving device covered by the FCC Rule may be installed on a Lot (other than a Condominium Unit) or Parcel without the prior approval of the Architectural Committee provided the antenna, satellite dish or receiving device is placed inside a Dwelling Unit or other building or is placed on the portion of the Lot which is the least Visible From Neighboring Property and which does not interfere with the viewer's ability to install, maintain or use the antenna, satellite dish or receiving device. With respect to a Commercial Condominium Development or a Residential Condominium Development: (1) no antenna for the transmission or reception of television or radio signals or for access to the internet shall be installed on any portion of the common elements of the Commercial Condominium Development or a Residential Condominium Development (other than a patio or balcony allocated as a limited common element to the exclusive use of a Condominium Unit) unless approved in writing by the Architectural Committee; (2) an antenna, satellite dish or other receiving device covered by the FCC Rule may be installed within a Condominium Unit without the approval of the Architectural Committee; (3) an antenna, satellite dish or other receiving device covered by the FCC Rule may be installed within any patio or balcony that is allocated to a Condominium Unit as a limited common element provided the antenna, satellite dish or receiving device is placed in the portion of a limited common element which is the least visible from the outside of the building but which does not interfere with the viewer's ability to install, maintain or use the antenna, satellite dish or receiving device; and (4) no antenna, satellite dish or other receiving device shall be attached to the perimeter wall of a building, and no wire for the antenna, satellite dish or other receiving device shall be run through or placed on the perimeter wall of the building. The Architectural Committee shall have the right to adopt rules and regulations with respect to the installation and placement of antennas, satellite dishes and other receiving devices; provided, however, that the Architectural Committee shall not impose or enforce any rule or regulation which is inconsistent with or prohibited by the FCC Rule.

(i) Mineral Exploration. No Lot or Parcel (other than a Parcel designated as a Well-Site) shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substance of any kind.

(j) Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot or Parcel, except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then only of the shortest time reasonably necessary to effect such collection. The Architectural Committee may also, in its discretion and at its option, designate the location on a Lot or Parcel where such containers shall be stored between collection times in order to protect adjacent properties from noise or odors emitting from the use of such containers. All rubbish, trash or garbage shall be removed from the Lots and Parcels and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Lot or Parcel. Nothing contained in this Section shall be deemed to preclude a Satellite Association from promulgating and enforcing more restrictive rules with respect to storage of trash containers.

(k) Clothes Drying Facilities. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Lot or Parcel unless they are erected, placed and maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property.

(l) Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot or Parcel except (i) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other improvements; (ii) that which Declarant or the Master Association may require for the operation and maintenance of Gainey Ranch; or (iii) that used in connection with any business permitted under a Tract Declaration.

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

(i) Signs required by legal proceedings.

(ii) Not more than two (2) identification signs for individual residences, each with a face area of seventy-two (72) square inches or less.

(iii) Signs of builders on any Lot or Parcel approved from time to time by the Architectural Committee as to number, size, colors, design, message content, location and type.

(iv) Such other signs (including but not limited to construction job identification signs, builders signs, and subdivision, shopping center, and business identification signs) which are in conformance with the requirements of the City of Scottsdale and which have

been approved in writing by the Architectural Committee as to size, colors, design, message and content and location.

(v) signs which, under applicable law, the Master Association may not prohibit from being placed or displayed on a Lot or Parcel.

(n) Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot or Parcel shall be further subdivided or separated into smaller Lots or Parcels by any Owner, and no portion less than all of any such Lot or Parcel, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Board, which approval must be evidenced on the plat or other instrument creating the subdivision, easement or other interest. No portion of a Lot but for the entire Lot, together with the improvements thereon, may be rented, and then only to a Single Family. No further covenants, conditions, restrictions or easements, and no amendment or modification to any covenants, conditions, restrictions or easements, shall be recorded by any Owner or other person against any Lot or Parcel without the provisions thereof having been first approved in writing by the Board and any covenants, conditions, restrictions or easements, or amendments or modifications thereto, recorded without such approval being evidenced thereon shall be null and void. No application for rezoning of any Lot or Parcel and no applications for variances or use permits, shall be filed with any governmental authority unless the proposed use of the Lot or Parcel has been approved by the Board and the proposed use otherwise complies with this Mater Declaration and any applicable Tract Declaration.

(o) Utility Easements. There is hereby created a blanket easement upon, across, over and under each Lot and Parcel for ingress to, egress from, and the installation, replacing, repairing and maintaining of, all utility and service lines and systems, including, but not limited to water (including effluent produced from the Reclamation Plant), sewers, gas, telephones, electricity, television cable, communication and security lines and systems, etc. as such utilities and services are installed in connection with the initial development of the Lot or Parcel and the construction of the first Dwelling Unit or other building thereon. Pursuant to this easement, a providing utility, service company, or the Master Association may install and maintain facilities and equipment on the property and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings on the Lots and Parcels. Notwithstanding anything to the contrary contained in this Subsection, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on any Lot or Parcel except as initially constructed or as approved by the Architectural Committee, or, if installed after recordation of the Tract Declaration, approved by the Owner and the Architectural Committee.

(p) Party Walls. Except as hereinafter provided, the rights and duties of Owners with respect to Party Walls between Lots and Parcels and Party Fences between Lots and Parcels shall be as follows:

(i) The Owners of contiguous Lots or Parcels who have a Party Wall or Party Fence shall both equally have the right to use such Wall or Fence, provided that

such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

(ii) In the event that any Party Wall or Party Fence is damaged or destroyed through the act of an Owner or any of his Tenants, agents, guests or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the Party Wall or Party Fence without cost to the Owner of the adjoining Lot or Parcel. Any dispute over an Owner's liability for such damage shall be resolved as provided in Subsection (v) below, but any liability imposed on an Owner hereunder shall not prevent the Owner from seeking indemnity therefor from the persons causing such damage.

(iii) In the event any Party Wall or Party Fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his Tenants, agents, guests or family, it shall be the obligation of all Owners whose Lots or Parcels adjoin such Party Wall or Party Fence to rebuild and repair such Wall or Fence at their joint expense, such expense to be allocated among the Owners in accordance with the frontage of their Lots or Parcels on the Party Wall or Party Fence.

(iv) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Wall or Party Fence without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.

(v) In the case of Party Walls and Party Fences (A) between Master Common Areas and Lots or Parcels, or (B) constructed on Master Common Areas within a Lot or Parcel, the Master Association shall be responsible for all maintenance thereof, subject to the provisions of Article X, Section 2 and 3, except that each Owner of a Lot or Parcel shall be responsible for painting the portion of any Party Fence or Party Wall facing his Lot or Parcel or the portion thereof which is not a portion of the Master Common Area, and

(vi) The provisions of this Section (p) shall not apply to any Party Wall or Party Fence which separates the interiors of two Dwelling Units and the rights of the owners of such Dwelling Units with respect to Party Walls and Party Fences shall be governed by Tract Declarations or by plats or restrictions to be recorded by the developer of the Dwelling Units.

(q) Utility Service. No lines, wire, or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in or upon any Lot or Parcel unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Committee.

(r) Overhead Encroachments. No tree, shrub or planting of any kind on any Lot or Parcel shall be allowed to overhang or otherwise to encroach upon any sidewalk street, Gainey Ranch Roadway, pedestrian way or other area from ground level to a height of eight (8) feet without the prior approval of the Architectural Committee.

(s) Trucks, Trailers, Campers and Boats. No motor vehicle classed by manufacturer rating as exceeding 3/4-ton capacity, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, boat, boat trailer or other similar equipment or vehicle may be parked, maintained, constructed, reconstructed or repaired on any Lot or Parcel or on any street so as to be Visible From Neighboring Property, the Master Common Areas or the streets; provided, however, the provisions of this Subsection shall not apply to pickup trucks of less than 3/4-ton capacity with camper shells not exceed seven (7) feet in height measured from ground level or to mini-motor homes not exceeding seven (7) feet in height and eighteen (18) feet in length which are parked as provided in Subsection (u) below are used on a regular and recurring basis for basic transportation.

(t) Motor Vehicles. Each automobile, motorcycle, motorbike or other motor vehicle operated on Gainey Ranch Roadways shall be equipped with a fully functioning muffler or similar noise control equipment and shall be driven in a manner which does not emit noises in excess of those necessary for the normal operation of the motor vehicle. No automobile, motorcycle, motorbike or other motor vehicle shall be constructed, reconstructed or repaired upon any Lot, Parcel or street, and no inoperable vehicle may be stored or parked on any such Lot, Parcel or street, so as to be Visible From Neighboring Property or to be visible from Master Common Areas or streets; provided, however, that the provisions of this sentence shall not apply to (i) emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Architectural Committee; (ii) the storage of such vehicles in an area designated for such purposes on a Tract Declaration or on a site plan approved by the Architectural Committee; or (iii) the maintenance of golf carts on a Parcel having a Land Use Classification of Golf Course or Golf Course Clubhouse.

(u) Parking. Vehicles of all Owners and Residents, and of their employees, guests and invitees, are to be kept in garages, carports, residential driveways of the Owner, and other designated parking areas wherever and whenever such facilities are sufficient to accommodate the number of vehicles at a Lot or Parcel; provided, however, this Subsection shall not be construed to permit the parking in the above described areas of any vehicle whose parking on Gainey Ranch is otherwise prohibited or the parking of any inoperable vehicle. No vehicle shall be parked in such a manner as to block any part of a sidewalk or street.

(v) Right of Entry. During reasonable hours and upon reasonable notice to the Owner or other occupant of a Lot or Parcel, one or more members of the Architectural Committee, one or more members of the Board, or any authorized representative or either of them, shall have the right to enter upon and inspect any Lot or Parcel, and the improvements thereon, except for the interior portions of any completed Dwelling Unit, for the purpose of ascertaining whether or not the provisions of this Master Declaration or any Gainey Ranch Rule

have been or are being complied with and such persons shall not be deemed guilty of trespass by reason of such entry.

(w) Health, Safety and Welfare. In the event additional uses, activities and facilities are deemed by the Board to be a nuisance or to adversely affect the health, safety or welfare of Owners or Residents, the Board may make rules restricting or regulating their presence on Gainey Ranch as part of the Gainey Ranch Rules or may direct the Architectural Committee to make rules governing their presence on Lots or Parcels as part of the architectural guidelines.

(x) Model Homes. The provisions of this Master Declaration and of Tract Declarations which prohibit nonresidential use of Lots and Parcels and regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by persons engaged in the construction of residential dwellings on Gainey Ranch and parking incidental to the visiting of such model homes so long as the location of such model homes are approved by the Architectural Committee, the opening and closing hours are approved by the Board, and the construction, operation (including means of access thereto, amount of lighting and number and appearance of signs) and maintenance of such model homes otherwise comply with all of the provisions of this Master Declaration and the Gainey Ranch Rules. The Architectural Committee may also permit Lots and other areas to be used for parking in connection with the showing of model homes so long as such parking and parking areas are in compliance with the ordinances of the City of Scottsdale and any rules of the Architectural Committee. Any homes constructed as model homes shall cease to be used as model homes at any time the Owner or Tenant thereof is not actively engaged in the construction and sale of single family residences on Gainey Ranch and no home shall be used as a model home for the sale of homes not located on Gainey Ranch.

(y) Incidental Uses. The Board may approve uses of property within a Land Use Classification which are incidental to the full enjoyment by the Owners of the property within that Land Use Classification. Such approval may be subject to such regulations, limitations and restrictions, including termination of the use, as the Board may wish to impose, in its sole discretion, for the benefit of Gainey Ranch as a whole. By way of example and not of limitation, the uses which the Board may permit are private roadways and streets within an area having a Land Use Classification of Cluster Residential Use or Condominium Development Use, tennis clubs and/or swimming clubs intended primarily for the benefit of all or certain Owners and Residents within areas having a Land Use Classification of Cluster Residential Use or Condominium Development Use, a business office for the Master Association within an area having a Land use Classification of Master Association Use, tennis courts, swimming pools, and other recreational facilities intended for usage by the Residents or Owners of more than a single Lot or Parcel within any are classified for residential use.

(z) Lots and Parcels Adjacent to Golf Course. The Owners and Residents of all Lots and Parcels adjacent to or in the vicinity of the Golf Course assume the risk of such Lot's or Parcel's proximity to the Golf Course, including the possibility of golf balls from the Golf Course entering such Lot or Parcel and causing damage to property and injury to persons. Such Owners and Residents waive all rights and claims which such Owners and Residents may

have against the Owner of the Golf Course, the operator of the Golf Course, the Master Association, the Architectural Committee, the Satellite Association (and each committee thereof), the Satellite Community Builder for the Satellite Community in which the Lot or Parcel is located, the designer and architect for the Golf Course, the officers, directors and partners of each and all of the foregoing, and all golfers using the Golf Course for damages to person or property arising from or related to the use or operation of the Golf Course and such Owners and Residents also consent to the operation of the Golf Course as located and operated adjacent to or in the vicinity of such Lot or Parcel. However, this Subsection shall not be construed as granting or creating any easement on or access to any Lot or Parcel adjacent to the Golf Course for golf course play or to retrieve or search for golf balls.

Section 3. Covenants, Conditions, Restrictions and Easements Applicable to Lots Within Single Family Residential Land Use Classification and Estate Lot Land Use Classification. The following covenants, conditions, restrictions and reservations of easements and rights shall apply only to Lots and the Owners and Residents thereof lying within an area having a Single Family Land Use Classification or an Estate Lot Land Use Classification:

(a) General. Property classified as “Single Family Residential” or “Estate Lot” under a Tract Declaration may be used only for the construction and occupancy of single family detached dwellings and typical residential activities incidental thereto, such as the construction and use of a family swimming pool and tennis court. All property within such Land Use Classifications shall be used, improved and devoted exclusively to Single Family residential use, except as specifically provided herein. No structure whatever, other than one private, single family residence, together with a private garage for not more than three (3) cars (or such greater number of cars as may be specifically approved by the Architectural Committee), a guest house and/or servant quarters, shall be erected, placed or permitted to remain on any Lot and no facilities for the preparation of food shall be provided or permitted in any guest house or servants’ quarters erected on said Lot.

(b) Tenants. The entire Dwelling Unit on a Lot may be let to a Single Family Tenant from time-to-time by the Owner, subject to the provisions of this Master Declaration and the Gainey Ranch Rules.

(c) Estate Lot Easements. Each Tract Declaration or subdivision plat recorded may grant to, or create or reserve for the benefit of, the Owner of an Estate Lot, his heirs, successors, assigns, Tenants, guests, visitors and licensees, one or more easements for access to, and egress from, an Estate Lot. Such easements shall be designed to create ingress and egress between the Estate Lot and public roadways or Gainey Ranch Roadways. Depending on the location of each Estate Lot, easements may be created to provide one or more means of access between the Estate Lot and the Gainey Ranch Roadways or public roadways.

(d) Estate Lot Variances. In addition to the variances permitted by Section 9 of this Article IV, the Architectural Committee may also, in its discretion and because of the unique size and location of an Estate Lot, grant to the Owner of an Estate Lot a variance from the restrictions set forth in Subsection (a) above if the Architectural Committee determines that such variance will not have any significant adverse effect on adjacent property and will not detract

from the basic residential character of the Estate Lot. For example, a recreational building, artist's studio and additional cottages may be permitted where ancillary to a primary residence or family compound and a garage permitting storage of more than three (3) automobiles could be constructed in approved by the Architectural Committee.

(e) Trade or Business. No trade or business of any kind may be conducted in or from any Lot having a Land Use Classification of Single-Family Residential or Estate Lot, including business uses ancillary to primary residential use, except that the Owner or Resident of a Lot having a Land Use Classification of Single-Family Residential or Estate Lot may conduct such ancillary business activities within the residence so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the residence; (ii) the business activity does not involve persons coming on to Gainey Ranch or a Satellite Community who do not reside in Gainey Ranch or the Satellite Community or door-to-door solicitation of residents of Gainey Ranch; (iii) the business activity conforms to all applicable zoning requirements; and (iv) the business activity is consistent with the residential character of the neighborhood and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other residents of Gainey Ranch, as may be determined in the sole discretion of the Board. The terms "business" and "trade" as used in this Subsection, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on any ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (A) the activity is engaged in full or part-time; (B) the activity is intended to or does generate a profit; or (C) a permit or license is required for the activity. Notwithstanding the above, the lease of a Lot having a Land Use Classification of Single Family Residential or Estate Lot to a Single Family tenant or the use of a Single Family Residential or Estate Lot by an on-site management company operating on behalf of the Master Association or a Satellite Association shall not be considered the conduct of a trade or business within the meaning of this Subsection.

Section 4. Covenants, Conditions, Restrictions and Easements Applicable to Reclamation Plant Land Use Classification and Use of Effluent. The following covenants, conditions, restrictions and reservations of easements and rights shall apply only to Parcels lying within a Reclamation Plant Land Use Classification and shall also govern the rights to, and the use of, effluent produced thereby:

(a) General. Property classified for "Reclamation Plant Use" under a Tract Declaration shall be used only for the construction, operation and maintenance of the Reclamation Plant in accordance with, and subject to, the terms and conditions of the Reclamation Plat Agreement, a copy of which shall at all time be maintained in the office of the Master Association and shall be available for inspection during regular business hours. The use of such property may be changed by the City of Scottsdale or other Owner only in accordance with the Reclamation Plant Agreement. Easements over portions of Gainey Ranch required for influent lines, effluent lines, sludge lines and the disposal of the effluent from the Reclamation Plant, as required by the Reclamation Plant Agreement or the beneficial use of water from the Reclamation Plant, shall be established by a Tract Declaration or the recordation of a subdivision plat.

(b) Reversion. Pursuant to the terms of the Reclamation Plant Agreement, title to the Reclamation Plant may revert to the Declarant under the Reclamation Plant Agreement if certain conditions occur.

(c) Use of Effluent. Effluent from the Reclamation Plant shall be used in the following order of priority:

(i) for the watering and other maintenance and operations of the Golf Course;

(ii) for the watering and other maintenance of the Master Common Areas and such other public areas on or about Gainey Ranch which the Master Association may choose to water including but not limited to landscaping in and along Doubletree Ranch Road;

(iii) for sale to the City of Scottsdale in order to water and otherwise maintain the public park located at the southeast corner of Gainey Ranch.

(b) Maintenance of Landscaping and Sprinkler Systems. The Master Association shall be responsible for the operation, maintenance, repair and replacement of all landscaping and sprinkler systems on the property having a Land Use Classification of Reclamation Plant Use, except for landscaping and sprinkler systems which the City of Scottsdale or other Owner of such property agrees, is obligated or otherwise undertakes to maintain.

Section 5. Covenants, Conditions, Restrictions and Easements Applicable to Golf Course and Golf Clubhouse Land Use Classifications. The following covenants, conditions, restrictions and reservations of easements and rights shall apply only to Parcels and the Owners and users thereof lying within Golf Course and Golf Clubhouse Land Use Classifications, as applicable:

(a) General. Property lying within an area having a "Golf Course" or "Golf Clubhouse" Land Use Classification may be used only for the construction and operation of a Golf Course and social club and activities incidental thereto, including but not limited to the operation of a restaurant and bar, the giving of parties, dances and other social functions, the conduct of golf tournaments, the operation of a pro shop, the operation of tennis courts, saunas, swimming pools and other recreational facilities designated on the Tract Declaration therefor or approved by the Board, and the use of facilities on the Parcel for social meetings and recreational activities.

(b) Restrictions on Operations. The Tract Declaration for a Parcel having a Land Use Classification of Golf Course or Golf Clubhouse Use may also establish restrictions concerning the hours during which the Golf Course and other facilities, or any of them, may be operated, the number of members in the club, the types of memberships in the club, the use of the Golf Course and other facilities by nonmembers, the use of lights, the conduct of tournaments, and the conduct of other activities which may adversely affect the other Owners or Residents of Gainey Ranch. Thereafter, the golf clubhouse and Golf Course shall be operated in accordance with the

Tract Declaration and in a manner which will not create a nuisance for other Owners and Residents. Tournaments, with related spectators and media coverage, shall not constitute a nuisance so long as they are managed to protect against unnecessary intrusions upon the remainder of Gainey Ranch.

(c) Landscaping and Structures. The Tract Declaration for the Golf Course Parcel shall establish the landscape themes for the Golf Course and the Owner of the Golf Course shall maintain the landscaping in accordance with such themes. Except for the Architectural Committee's duty to enforce such obligation, the Owner of the Golf Course shall not be required to obtain approval of the Architectural Committee for changes in the grading or landscaping on the Golf Course, including the fairways, greens or rough, or for the relocation of greens and other elements of the Golf Course, but the approval of the Architectural Committee shall be required under Article IV, Subsection 2(a), of this Master Declaration for the construction or alteration of any man-made structures on the Golf Course.

(d) Ingress and Egress Easements. In connection with the construction of any Golf Course, the Architectural Committee may designate certain areas on the Golf Course and related property to be subject to easements for ingress and egress for the benefit of the Owners and other Residents of Gainey Ranch, including but not limited to the Owners and Residents of Estate Lots.

(e) Lake and Effluent Delivery System Easement and Maintenance. The Golf Course Parcel shall be subject to an easement for (i) the location, operation, maintenance, repair and replacement of any lakes on all or any portion of the Golf Course and of an effluent delivery system, including, but not limited to, the storage lakes and effluent lines included within such effluent delivery system, which transports, stores and delivers effluent from the Reclamation Plant to the Golf Course, to the Master Common Areas, to the City of Scottsdale's park located at the southeast corner of Gainey Ranch and to other users of effluent, and (ii) effluent disposal by the City of Scottsdale in accordance with the Reclamation Plant Agreement. The Owner of the Golf Course shall be responsible for, and shall perform, all maintenance and replacement work necessary or appropriate for the proper operation and appearance of the lakes on Gainey Ranch and of the effluent delivery system (except maintenance to be performed by the City of Scottsdale under the Reclamation Plant Agreement), such maintenance to include any reservoirs located on the Parcel having a Land Use Classification of Reclamation Plant Use; provided, however, the Association shall be responsible for the maintenance of those portions of the effluent delivery lines which service only the Master Common Areas and landscaping along Doubletree Ranch Road and are installed beyond meters which measure the amount of effluent used for the Master Common Areas and landscaping along Doubletree Ranch Road.

(f) Receipt and Use of Effluent; Management of Effluent. The Owner of the Golf Course Parcel shall receive from the Reclamation Plant, through the effluent delivery system, all effluent to which the Owner of the Golf Course Parcel, the Master Association and the City of Scottsdale are entitled under the Reclamation Plant Agreement and shall pay to the City of Scottsdale the charges under the Reclamation Plant Agreement for all effluent used for the purposes described in Article IV, Subsection 4(c), clauses (i) and (ii), above. In addition, as provided in the Tri-Party Effluent Agreement, the Owner of the Golf Course shall perform the

administrative responsibility for the management of the effluent produced by the Reclamation Plant and allocated to the Owner of the Golf Course Parcel pursuant to the Reclamation Plant Agreement. The Owner of the Golf Course Parcel shall perform all the duties, and be subject to all of the obligations, imposed on such manager as described in Article X, Section 6, below. The Owner of the Golf Course shall, to the extent of its availability, use the effluent produced by the Reclamation Plant for the maintenance and watering of the Golf Course.

(g) Payments by the Master Association. In order to compensate the Owner of the Golf Course Parcel for a portion of the costs of maintaining the lakes and effluent system and for the effluent used on the Master Common Areas and the landscaping along Doubletree Ranch Road, the Master Association shall pay to the Owner of the Golf Course, for all effluent from the Reclamation Plant used for the Master Common Areas and landscaping along Doubletree Ranch Road, an amount equal to eighty-five percent (85%) of the charge which would have been made by the City of Scottsdale (or any successor entity furnishing water to Gainey Ranch for domestic uses) for the equivalent amount of water at the non-bulk rate charged by the furnishing entity for domestic water. Unless otherwise agreed by the Master Association and the Owner of the Golf Course Parcel, such payment shall take place in accordance with procedures established by the Tri-Party Effluent Agreement.

Section 6. Covenants, Conditions, Restrictions and Easements Applicable to Resort Hotel Land Use Classification. The following covenants, conditions, restrictions and reservations of easements and right shall apply only to Parcels lying within a Resort Hotel Land Use Classification.

(a) General. Property having a Land Use Classification of "Resort Hotel" shall be used only for the construction, operation and maintenance of a hotel facility and activities typically incidental thereto, including but not limited to the operation of bars and restaurants; gift shops; clothing shops; recreational facilities; travel and automobile rental facilities; meeting, banquet and convention facilities; and lounge and lounge-type entertainment facilities. Such hotel facility and related activities and facilities, including the exterior and interior of all improvements and all landscaping, grounds and other items located on the property shall be operated and maintained in the manner of a first class destination hotel and resort.

(b) Access Easement. The Declarant may record a Tract Declaration which subjects a portion of the Resort Hotel property to an easement for access to the Golf Course and the golf clubhouse. Such Tract Declaration shall be recorded at the time the Declarant conveys the Parcel classified for Resort Hotel use, shall describe the area subject to the easement and shall, among other things, establish the responsibility for, and standards for, improvement and maintenance of the easement area.

(c) Cottages and Cabanas. If permitted by the Tract Declaration for the Resort Hotel Parcel, single family Dwelling Units, such as cottages and cabanas, may be constructed on property having a Land Use Classification of Resort Hotel so long as they are operated in conjunction with the resort hotel.

Section 7. Covenants, Conditions, Restrictions and Easements Applicable to Lots and Parcels with Land Use Classifications of Residential Condominium Development Use or Cluster Residential Use. The following covenants, conditions, restrictions and reservations of easements and rights shall apply only to Lots and Parcels and the Owners and Residents thereof lying within an area having a Land Use Classification of Residential Condominium Development Use or Cluster Residential Use.

(a) General. Property classified as “Residential Condominium Development” or “Cluster Residential” under a Tract Declaration may be used only for the construction and occupancy of dwelling units intended for Single Family occupancy, including townhouses, casitas, cluster housing, zero-lot line housing, condominiums and similar arrangements, together with related areas intended for the use and enjoyment of the Owners and Residents of the dwelling units and typical residential activities incidental thereto, such as the construction and use of a swimming pool, spa, open spaces and roadways approved by the Board or the Architectural Committee. No structure whatever, except those designed for residential dwelling units and amenities consistent with and complementary to a residential lifestyle (such as recreational facilities), together with related open spaces and roadways, as approved by the Board or the Architectural Committee, shall be erected, placed or permitted to remain on any Lot or Parcel classified as Residential Condominium Development or Cluster Residential.

(b) Occupancy. Each Dwelling Unit constructed on a Lot or Parcel classified as “Residential Condominium Development” or “Cluster Residential” may be occupied only by a Single Family.

(c) Trade or Business. No trade or business of any kind may be conducted in or from any Lot or Parcel having a Land Use Classification of Residential Condominium Development or Cluster Residential, including business uses ancillary to a primary residential use, except that the Owner or Resident of a Lot or Parcel having a Land Use Classification of Residential Condominium Development or Cluster Residential may conduct such ancillary business activities within the residence so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the residence; (ii) the business activity does not involve persons coming onto Gainey Ranch or a Satellite Community who do not reside in the Gainey Ranch or the Satellite Community or door-to-door solicitation of residents of Gainey Ranch; (iii) the business activity conforms to all applicable zoning requirements; and (iv) the business activity is consistent with the residential character of the neighborhood and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other residents of Gainey Ranch, as may be determined in the sole discretion of the Board. The terms “business” and “trade,” as used in this Subsection, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on any ongoing basis which involves the provision of goods or services to persons other than the provider’s family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether; (A) the activity is engaged in full or part-time; (B) the activity is intended to or does generate a profit; or (C) a permit or license is required for the activity. Notwithstanding the above, the lease of a Lot having, or within a Parcel having, a Land Use Classification of Residential Condominium Development or Cluster Residential to a Single Family tenant or the use of a Lot having a Land

use Classification of Residential Condominium Development or Cluster Residential by an on-site management company operating on behalf of the Master Association or a Satellite Association shall not be considered the conduct of a trade or business within the meaning of this Subsection.

(d) Tenants. Any Dwelling Unit may be let to a Single Family tenant from time to time by the Owner, subject to the provisions of the Master Declaration and the Gainey Ranch Rules. The Owner of each Dwelling Unit shall, at or prior to execution of any lease, furnish to the lessee a copy of the Master Declaration, the Articles and Bylaws and the Gainey Ranch Rules (including but not limited to the Rules of the Architectural Committee and the rules applicable to the leasing of dwelling units) and obtain a receipt for such items executed by the lessee or tenant. The receipt obtained by the Owner shall be delivered to the Master Association on or before one (1) week after the lessee or tenant is entitled to occupancy of the Dwelling Unit.

(e) Window Coverings. No covering may be placed, or permitted to remain on any window of any Dwelling Unit without the prior written approval of the Architectural Committee.

Section 8. Covenants, Conditions, Restrictions and Easement applicable to Other Land Use Classifications. Covenants, conditions, restrictions and easement, if any, of particular applicability to a Lot or Parcel having a Land Use Classification not specified in Sections 2, 3, 4, 5, 6 or 7 of the Article IV may be established by a Tract Declaration.

Section 9. Timesharing and Rental Pools. In the event any developer of a Parcel or of Lots on Gainey Ranch wishes to establish one of the various time-share developments or rental pools on Gainey Ranch, such developer shall apply to the Board for permission to establish a time-sharing or rental pool development on Gainey Ranch and shall describe in such application the type of time-share or rental pool arrangement proposed, including a summary of the types of ownership possible and the occupancy rights with respect to the development. The Board shall permit such a development, subject to compliance by the developer with such requirements as the Board may impose in order to cause the status of the time-share or rental pool development, as applicable, and the rights and obligations incidental thereto, to correspond as closely as reasonably possible to the status with such development would have under this Declaration if such development were a typical development with the same Land Use Classification as the time-share or rental pool development. For example, the Board may prohibit the development from being used as a hotel or resort if it is located in a Single Family Residential Land Use Classification but may require the owners in certain time-share arrangements to exercise their rights under the Declaration as if they were tenants-in-common.

Section 10. Variances. The Board may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in Article IV of this Master Declaration or in any Tract Declaration if the Board Determines in its discretion (a) either (i) that a restriction would create a substantial hardship or burden on an Owner or Resident, or (ii) that a change of circumstances since the recordation of this Master Declaration has rendered such restriction obsolete and (b) that the activity permitted under the variance will not have any substantial adverse effect on the Owners and Residents of Gainey Ranch and is consistent with the high quality of life intended for residents of Gainey Ranch.

ARTICLE V

ORGANIZATION OF MASTER ASSOCIATION

Section 1. Formation of Master Association. The Master Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Master Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Master Declaration.

Section 2. Board of Directors and Officers. The affairs of the Master Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws as the same may be amended from time to time. The Board shall be composed of five (5) members. Four (4) members of the Board shall be elected by the vote of Memberships attributable only to Lots and Parcels having a Residential Land Use Classification, and one (1) member of the Board shall be elected by the vote of Memberships attributable to all other Land Use Classifications. The Board may also appoint various committees and appoint a Manager who shall, subject to the direction of the Board, be responsible for the day-to-day operation of the Master Association. The Board shall determine the compensation to be paid to the Manager.

Section 3. Council of Presidents. The President of the Master Association and the president of each Satellite Association shall be members of a special committee of the Master Association which shall be known as the Council of Presidents. The Council of Presidents shall act as a special committee to respond to the needs and complaints of the Satellite Associations, shall advise the Board of matters concerning the Satellite Communities and Satellite Associations and shall operate under bylaws established by the Board. In particular, the Council of Presidents shall consider any complaints filed with the Master Association or the Council of Presidents by the president of a Satellite Association concerning (a) the adequacy, extent and nature of the management and maintenance services furnished by the Master Association to the Satellite Associations and the charges therefor; (b) the Master Association's budget actions with respect to any Satellite Associations; and (c) the exercise by the Master Association of its authority with respect to any Satellite Association; and shall also consider such other matters and perform such other duties as may be referred by the Board to the Council of Presidents. The Council of Presidents shall consider all matters referred to it, shall issue reports on such matters to the Board and shall make recommendations to the Board concerning the complaints considered by it; if any one or more presidents on the Council of Presidents is dissatisfied with the decision reached by the majority of the Council of Presidents on a complaint referred to the Council of Presidents, one such president shall be permitted to address briefly the Board at the meeting of the Board which considers the complaint. The decision of the Board, after hearing a presentation from such president and a representative of the majority of the Council of Presidents, shall be final. The president of the Master Association shall preside over the meetings of the Council of Presidents.

Section 4. The Gainey Ranch Rules. By a majority vote of the Board, the Master Association may, from time to time and subject to the provisions of this Master Declaration,

adopt, amend and repeal rules and regulations to be known as the Gainey Ranch Rules. The Gainey Ranch Rules may restrict and govern the use and/or manner of use of any area within Gainey Ranch by a Member or Resident, by the family and designees of such Member or Resident, or by any invitee, licensee or Tenant of such Member or Resident and establish procedures to implement and enforce the provisions of this Master Declaration and the Gainey Ranch Rules; provided, however, the Gainey Ranch Rules shall not discriminate among Members and Residents and shall not be inconsistent with this Master Declaration, the Articles or the Bylaws. Upon adoption, the Gainey Ranch Rules shall have the same force and effect as if they were set forth in and were part of this Master Declaration. The Gainey Ranch Rules shall include the procedural rules and regulations, guidelines and standards established or adopted by or for the Architectural Committee pursuant to Article XI below.

Section 5. Personal Liability. No member of the Board or of any committee of the Master Association, no officer of the Master Association, and no Manager or other employee of the Master Association shall be personally liable to any Member or Resident, to any Satellite Association or to any other Person, including the Master Association for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the Master Association, the Board, the Manager, any representative or employee of the Master Association, or any committee, committee member or officer of the Master Association; provided, however, the limitations set forth in this Section 5 shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

Section 6. Other Ancillary Associations. In the event any homeowners or similar association, other than a Satellite Association, is to be formed by the developer of a Parcel or subdivision on Gainey Ranch, or in the event any club, group or organization is to be formed and plans to use the Master Common Areas or Satellite Common Areas as a meeting place or site for other group activities, the articles of incorporation and bylaws or other governing documents for such association shall not be effective unless the contents thereof have been approved by the Board and the governing documents specify that such association and the rights of its members are subject and subordinate to the provisions of this Master Declaration, the provisions of the Articles and Bylaws of the Master Association, and the provisions of the Gainey Ranch Rules. This Section 6 shall not apply to social clubs and other clubs and associations which may be formed for the benefit of Residents and Owners of property on Gainey Ranch but which do not perform the functions of a typical homeowners association such as maintenance of real property, the collection of assessments for activities related to the operation and maintenance of real property on Gainey Ranch, or the establishment or enforcement of restrictions and regulations affecting real property on Gainey Ranch.

ARTICLE VI

MEMBERSHIPS AND VOTING

Section 1. Owners of Lots and Parcels. Every Owner of a Lot or Parcel which is subject to assessment shall be a Member of the Master Association. Each such Owner shall have the following number of Memberships:

(a) One (1) Membership for each Lot owned by the Member, except that this Subsection (a) shall not apply to Lots in a Commercial Condominium.

(b) One (1) Membership for each acre (43,560 square feet) or fraction thereof in each Parcel owned by the Member, except any Parcel which has a Land Use Classification or Single Family Residential, Cluster Residential, Golf Course, Golf Course Clubhouse or Resort Hotel.

(c) One (1) Membership for each 5,000 square feet or fraction thereof of office space in a Commercial Office Building (including office space in a Commercial Condominium) and each 2,000 square feet of retail space in a Shopping Center or General Commercial Use building (including retail space in a Commercial Condominium) owned by the Member.

(d) In the case of the Owner of a Parcel designated for Residential Condominium Development but as to which neither a horizontal property regime nor a condominium declaration has been recorded, one (1) Membership for each Dwelling Unit permitted upon the Parcel under the Master Development Plan then in effect for Gainey Ranch or under the Tract Declaration for the Parcel, whichever is less, the number of such Dwelling Units to be determined on the assumption that the number of Dwelling Units within a Density Classification on the Master Development Plan or Tract Declaration will be spread evenly over all land within the Density Classification. If a site plan for the Parcel is subsequently approved by the Architectural Committee and the City of Scottsdale for a number of Dwelling Units different than the number of Dwelling Units assumed pursuant to the Master Development Plan or Tract Declaration the number of Memberships shall be adjusted, as to the portion of the Parcel covered by the site plan and effective as of the date of adjustment, to reflect the actual number of Dwelling Units authorized by the site plan.

(e) In the case of the Owner of a Parcel with a Land Use Classification of Single Family Residential or Cluster Residential, one (1) Membership for each Dwelling Unit permitted upon the Parcel under the Master Development Plan then in effect for Gainey Ranch or under the Tract Declaration for such Parcel, whichever is less. If a subdivision plat or other instrument creating Lots is recorded covering all or part of the area within the Parcel, then the Memberships attributable to the Lots shall be determined by Subsection 1(a) of this Article VI, the Parcel shall be reduced in size by the area so platted and the number of Memberships held by the Owner, as Owner of the remainder of the unplatted portion of the original Parcel, shall be reduced by a number equal to the number of Lots in the recorded subdivision plat or other instrument. All Memberships attributable to the Parcel shall cease when the land area ceases to be a Parcel because all of the area in the Parcel has been platted or otherwise dedicated to the public and no unplatted Single Family Residential or Cluster Residential area remains within the Parcel.

(f) In the case of the Owner of a Lot or Parcel designated for use as a Commercial Office Building, General Commercial Building, Shopping Center or Commercial Condominium Development, but as to which construction has not yet been completed, one (1) Membership for each 5,000 square feet or fraction thereof of uncompleted office space and each 2,000 square feet or fraction thereof of uncompleted retail and other business space which may be constructed under a Tract Declaration on such Parcel. If a site plan for the Parcel is subsequently approved by the City of Scottsdale for buildings having a square footage different than the maximum

square footage set forth in the Tract Declaration, the number of Memberships shall be adjusted, as to the portion of the Parcel covered by the site plan and effective as of the date of adjustment, to reflect the actual square footage of commercial office and retail or other business space authorized by the size plan.

(g) In the case the Owner of a Parcel having a Land Use Classification of Resort Hotel, Recreational Facility or Golf Clubhouse, one (1) Membership for each 5,000 square feet of fraction therein in all buildings constructed on the Parcel.

(h) In the case of the Owner of a Parcel having a Land Use Classification of Resort Hotel, Recreational Facility or Golf Clubhouse, but as to which construction has not been completed, one (1) Membership for each 5000 square feet or fraction thereof of uncompleted buildings which may be constructed under a Tract Declaration on such Parcel. If a site plan for the Parcel is subsequently approved by the City of Scottsdale for buildings having a square footage different than the maximum square footage set forth in the Tract Declaration, the number of Memberships shall be adjusted, as to the portion of the Parcel covered by the site plan and effective as of the date of adjustment, to reflect the actual square footage of buildings authorized by the site plan.

(i) Fifteen (15) Memberships for each Parcel having a Land Use Classification of Golf Course.

Each such Membership shall be appurtenant to and may not be separated from ownership of the Lot or Parcel to which the Membership is attributable. Memberships allocated to a Lot or Parcel shall be shared by any joint owners of, or owners of undivided interests in, the Lot or Parcel to which such Memberships are attributable. An Owner of a Lot or Parcel shall be entitled to the sum of all Memberships attributable to such Lot or Parcel under all Subsections of this Section 1 which are applicable to such Lot or Parcel.

Section 2. Voting. Each Owner shall be entitled to one (1) vote for each Membership held by the Owner, subject to the authority of the Board to suspend the voting rights of the Owner for violations of this Master Declaration in accordance with the provisions hereof; provided, however, a Member shall not be entitled to any votes for Memberships which are paying only a partial Assessment pursuant to Article VII, Section 3, below.

Section 3. Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Membership must be cast as a unit, and fractional votes shall not be allowed. In the event that a Membership is owned by more than one person or entity and such owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other owners of the same Membership unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast for a particular Membership, none of the said votes shall be counted and all said votes shall be deemed void.

Section 4. Cumulative Voting for Board Members. In any election of the members of the Board, every owner of a Membership entitled to vote for one or more members of the Board at such an election shall have the number of votes for each membership equal to the number of directors to be elected by the election in which the Member is entitled to participate. Each Member shall have the right to cumulate his votes for one candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes, up to the number of the Board members to be elected, shall be deemed elected.

Section 5. Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Master Declaration and such other rights, duties and obligations as are set forth in the Articles and Bylaws, as the same may be amended from time to time.

Section 6. Transfer of Membership. Except as provided in Section 7 of this Article VI, the rights and obligations of a Member in the Master Association shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership to an Owner's Lot or Parcel, and then only to the transferee of ownership to the Lot or Parcel. A transfer of ownership to a Lot or Parcel may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempts to make a prohibited transfer shall be void. Any transfer of ownership to a Lot or Parcel shall operate to transfer the Membership(s) appurtenant to said Lot or Parcel to the new Owner thereof.

Section 7. Use of Membership Designees. Subject to the Gainey Ranch Rules, all of the Owners of a Membership may designate one (1) nonmember (hereinafter referred to as a "Designee") to exercise all of the rights of the Member under this Master Declaration attributable to such Membership except the Member's voting rights, but such designations shall not relieve the Member of any liabilities or obligations as a Owner or with respect to the Membership. So long as such designation is in effect, the Member shall be permitted to exercise only his voting rights and the Board may, among other things, in its discretion, set maximum or minimum periods for which designation may be in effect and limit the number of persons who may be so designated by any Member at any one time. The Designee must be a Resident unless the Board adopts rules removing residency on Gainey Ranch as a requirement. No Designee may further designate other persons to use the subject Membership, but all members of the immediate family of the Designee may exercise the same rights and privileges of the Designee.

ARTICLE VII

COVENANTS FOR ASSESSMENTS AND CREATION OF LIEN

Section 1. Creation of Lien and Personal Obligation of Assessments and Maintenance Charges. Each Owner by acceptance of a Deed therefor (whether or not it shall be so expressed in such Deed) is deemed to covenant and agree, to pay to the Master Association the following assessments and charges: (a) Annual Assessments established by this Article VII, (b) Special Assessments for capital improvements or other extraordinary expenses or costs established by this Article VII, (c) Security Assessments established by this Article VII, and (d)

Maintenance Charges set forth in Articles VIII and X, all such Assessments to be established and collected as hereinafter provided. To the extent permitted by Arizona law, the Annual Assessments, Special Assessments, Security Assessments and Maintenance Charges, together with interest, costs and reasonable attorney's fees, shall be a charge on the Lot or Parcel and shall be a continuing servitude and lien upon the Lot or Parcel against which each such Assessment is made. Except as provided in Section 5 below, the Annual, Special and Security Assessments against each Lot or Parcel shall be based on the number of Memberships appurtenant to the Lot or Parcel. Each such Annual, Special and Security Assessment and Maintenance Charge, together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of the Lot or Parcel at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

Section 2. Annual Assessments. In order to provide for the uses and purposes specified in Article IX hereof, including the establishment of replacement and maintenance reserves and a Gainey Ranch security patrol service, the Board in each year, commencing with the year in which the first Tract Declaration is recorded, shall assess against each Lot or Parcel an Annual Assessment. The Annual Assessment shall consist of two (2) components: the Base Component and the Estate Club Component. The amount of the Annual Assessment shall be in the sole discretion of the Board but shall be determined with the objective of fulfilling the Association's obligations under this Master Declaration and providing for the uses and purposes specified in Article IX. In determining the Annual Assessment, the Board shall first determine the amount which would be assessed against each Lot and Parcel if the Master Association did not own and operate the Estate Club and its facilities and such amount shall constitute the Base Component of the Annual Assessment. The Board shall then determine, on the basis of its best estimate of the projected operating revenues from and expenses of the Estate Club, the additional amount which, when added to the anticipated operating and other revenues of the Estate Club, will be needed to meet the cash requirements for the ownership and operation of the Estate Club for the applicable Assessment Period and such additional amount shall then be used to calculate the Estate Club Component of the Annual Assessment, which shall be the amount which must be assessed against the Lots and Parcel to finance the operation of the Estate Club. In determining the amount of each Component of the Annual Assessment, the Board shall assume that all Lots and Parcels shall be subject to such Annual Assessment, except that the Board shall calculate the Estate Club Component of the Annual Assessment on the assumption that, as provided in Section 3 of this Article VII, any Parcel having a Nonresidential Land Use Classification shall be exempt from paying the Estate Club Component of the Annual Assessment. The amount of each Component shall be determined prior to the applicable Assessment Period and the cumulative amount thereof, subject to the above described exemption in the case of Parcels having a Nonresidential Land Use Classification, shall constitute the Annual Assessment. The Board may, during the Assessment Period, revise the amount of the Annual Assessment in order to meet expenses which exceed the amounts anticipated by the Master Association and collect such increased assessment in accordance with procedures established pursuant to Section 8 below; provided, however, (a) the Board need not adjust the Estate Club Component during the Assessment Period to adjust for shortfalls or surpluses in the operation of the Estate Club; (b) the Master Association shall not be required to segregate the funds received from the Estate Club Component of the Annual Assessment and from the operation of the Estate Club although the

Master Association's accounting records shall be maintained in a manner which accurately reflects the amount of funds received from the Estate Club Component and the operation of the Estate Club and the expenses incurred in such operation; (c) the general funds of the Master Association may be used in the operation of the Estate Club at any time; and (d) the Estate Club Component of the Annual Assessment and revenues from the Estate Club may be used for the general benefit of the Master Association and not just for the operation of the Estate Club.

Section 3. Uniform Rate of Assessment. The amount of any Annual or Special Assessment against each Lot or Parcel shall be fixed at a uniform rate per Membership, except that Parcels having a Nonresidential Land Use Classification shall not be liable for payment of the Estate Club Component of the Annual Assessment (as described in Article VII, Section 2, above) and except that the following Owners shall pay only twenty-five percent (25%) of the Annual Assessments otherwise attributable to his Membership during the periods hereafter specified:

(a) The Owner of a Parcel restricted under a Tract Declaration to uses other than residential shall pay only twenty-five percent (25) of the Annual Assessments otherwise attributable to his Membership until the earlier of (i) the completion of the first building on the Parcel, or (ii) six (6) months from the commencement of construction of the first building on the Parcel; provided, however, (A) if the Parcel has a Land Use Classification of Shopping Center Use, Commercial Office Use, or General Commercial Use and the site plan therefore approved by the Architectural Committee contemplates the construction of more than one building to be used and occupied for such purposes, the Parcel shall, for purposes of this Subsection (b) only, be deemed subdivided into the number of sub-parcels equal to the number of approved buildings, the Annual Assessment shall be deemed divided equally among such sub-parcels, each of the buildings shall be allocated to a separate sub-parcel, and the Owner shall pay only twenty-five percent (25%) of the prorated Annual Assessment against each sub-parcel until the earlier of the conditions specified in Subsections (i) and (ii) above is satisfied with respect to such sub-parcel; (B) the Owner of any Parcel restricted to Golf Course Use or Golf Clubhouse Use shall pay only twenty-five percent (25%) of the Annual Assessments otherwise attributable to his Membership until the Golf Course is opened for play; and (C) the Owner of any Parcel restricted to Resort Hotel Use or Recreational Facility Use shall pay only twenty-five percent (25%) of the Annual Assessments otherwise attributable to his Membership until the Resort Hotel or Recreational Facility, as applicable, is open for business.

(b) The Owner of a Parcel which, under a Tract Declaration, has been classified as Single Family Residential or Cluster Residential (and which remains a "Parcel" because it has not yet been subdivided) shall pay only twenty-five percent (25%) of the Annual Assessment otherwise attributable to each of his Memberships.

For purposes of this Section, a Dwelling Unit or other building shall be deemed completed when, in the opinion of the Board, the building is ready for occupancy or, in the case of a commercial rental building, ready for the making of interior tenant improvements. The amount of any Security Assessment against each Lot or Parcel shall also be fixed at a uniform rate per Membership, except that such Security Assessment shall not be applicable to any Lot or Parcel unless the applicable Lot or Parcel is (A) within a Residential Land Use Classification or (B)

within an area covered by a Tract Declaration which provides that such area shall be included within the electronic monitoring and surveillance portions of the Gainey Ranch Security System. If the Owner of a Parcel ceases to qualify for the reduced twenty-five percent (25%) rate during the period to which an Annual Assessment is attributable or the Parcel ceases to be a parcel because it has been subdivided for Single Family Residential, Residential Condominium or Cluster Residential usage, the Annual Assessment attributable to a Membership shall be prorated between the applicable rates on the basis of the number of days in the period that the Owner qualified for such rate. Annual Assessments and Security Assessments may be collected on a monthly, quarterly or annual basis, and Special Assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members of the Master Association approving the Special Assessment.

Section 4. Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments authorized above, the Master Association may levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Master Association Land, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses, provided that any such Special Assessment shall have the assent of two-thirds (2/3) of the votes cast with respect to the Special Assessment. A Special Assessment may be payable in more than one installment and may be payable over a period of more than one year. In connection with any such Special Assessment, Owners qualifying for paying only twenty-five percent (25%) of the Annual Assessment attributable to their Membership pursuant to Section 3 above shall also be required to pay only twenty-five percent (25%) of the Special Assessment otherwise attributable to each such Membership. The provisions of this Section are not intended to preclude or limit the assessment, collection or use of Annual Assessments for the aforesaid purposes.

Section 5. Security Assessment. In order to provide for the operation of the Gainey Ranch Security System, the Board in each year, commencing with the year in which the first Tract Declaration is recorded, shall assess against each Lot and Parcel entitled to participate in the electronic and computer monitoring and alarm system installed on Gainey Ranch an annual Security Assessment. Such a monitoring and alarm system shall apply to all Lots and Parcels in areas (a) included within Residential Land Use Classifications or (b) entitled by the specific provisions of a Tract Declaration to participate in such system. The amount of the Security Assessment shall be in the sole discretion of the Board but shall be determined with the objective of funding all costs of operating the Gainey Ranch Security System except costs which are attributable to providing a security patrol service to Gainey Ranch. The cost of operating a security patrol service for all of Gainey Ranch shall be determined by the Board on the basis of charges for such services rendered by unaffiliated companies rendering such services on a contract basis to other communities and business areas and such costs shall be funded to the Master Association as part of the Annual Assessment. Lots and Parcels becoming subject to the Security Assessment after the beginning of an Assessment Period shall pay a prorated amount of the Security Assessment for the remainder of the Assessment Period.

Section 6. Notice and Quorum for Any Action Authorized Under Section 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 of

this Article shall be sent to all Members no less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of absentee ballots representing sixty percent (60%) of all the votes in the Association (exclusive of suspended voting rights) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Establishment of Annual Assessment and Security Assessment Periods. The period for which the Annual Assessment and the Security Assessment is to be levied (the "Assessment Period") shall be the calendar year. The Board in its sole discretion from time to time may change the Assessment Period.

Section 8. Rules Regarding Billing and Collection Procedures. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making the Assessments provided herein and for the billing and collection of the Annual, Special and Security Assessments and the Maintenance Charges, provided that said procedures are not inconsistent with the provisions hereof. The failure of the Master Association to send a bill to a Member shall not relieve any Member of his liability for any Assessment or charge under this Master Declaration, but the Assessment Lien therefor shall not be foreclosed or otherwise enforced until the Member has been given not less than thirty (30) days written notice prior to such foreclosure or enforcement, at the address of the Member on the records of the Master Association, that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Master Association shall be under no duty to refund any payments received by it even though the ownership of a Membership changes during an Assessment Period; successor Owners of Lots or Parcel shall be given credit for prepayments, on a prorated basis, made by prior Owners. In the case the owner of a Membership becomes liable for payment of an increased sum pursuant to Section 3 of this Article during the Assessment Period, he shall notify the Master Association but his failure to notify the Master Association shall not relieve him of the liability for such amounts. The amount of the Annual Assessment against Members who become such during an Assessment Period upon the recordation of a Tract Declaration shall be prorated and such new Members shall not be liable for any previously levied Special Assessments.

Section 9. Collection Costs and Interest on Delinquent Assessments. Any Assessment or installment thereof not paid when due shall be deemed delinquent and shall bear interest from thirty (30) days after the due date until paid at a rate equal to eighteen percent (18%) per annum, and the Member liable for such Assessment shall also be liable for all costs, including attorneys' fees, which may be incurred by the Master Association in collecting the same.

Section 10. Evidence of Payment of Annual, Special and Security Assessments and Maintenance Charges. Upon receipt of a written request by a Member or any other person, the Master Association within a reasonable period of time thereafter shall issue to such Member or other person a written certificate stating (a) that all Annual, Special and Security Assessments

and Maintenance Charges (including interest, costs and attorney's fees, if any, as provided in Section 9 above) have been paid with respect to any specified Lot or Parcel as of the date of such certificate, or (b) if all Annual, Special and Security Assessments and Maintenance Charges have not been paid, the amount of such Annual, Special and Security Assessments and Maintenance Charges (including interest, costs and attorney's fees, if any) due and payable as of such date. The Master Association may make a reasonable charge for the issuance of such certificates, which charges must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matter therein stated as against any bona fide purchaser of, or lender on the Lot or Parcel in question.

Section 11. Property Exempted from the Annual, Special and Security Assessments and Assessment Lien. Exempt property shall be exempted from the assessment of the Annual, Special and Security Assessments and, except as provided in Article X, Section 3 from Maintenance Charges and the Assessment Lien; provided, however, that in the event any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall be subject to the assessment of the Annual, Special and Security Assessments and, if exempt therefrom, Maintenance Charges (prorated as of the date it became Assessable Property) and the Assessment Lien.

Section 12. Assessment Lien. The Master Association shall have a lien on each Lot and Parcel for any Assessment levied against that Lot or Parcel from the time the Assessment becomes due. The Master Association's lien for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments may be foreclosed in the same manner as a mortgage on real estate. Fees, charges, late charges, monetary penalties and interest charged pursuant to Section 33-1803 of the Arizona Revised Statutes, other than charges for late payment of Assessments, are not enforceable as Assessments under this Section 12. If an Assessment is payable in installments, the full amount of the Assessment is a lien from the time the first installment of the Assessment becomes due. The Master Association has a lien for fees, charges, late charges (other than charges for late payment of Assessments), monetary penalties or interest charged pursuant to Section 33-1803 of the Arizona Revised Statutes after the entry of a judgment in a civil suit for those fees, charges, late charges, monetary penalties or interest from a court of competent jurisdiction and the recording of that judgment in the records of the County Recorder of Maricopa County, Arizona, as otherwise provided by law. The Master Association's lien for monies other than for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments may not be foreclosed and is effective only on conveyance of any interest in the Lot or Parcel. The recording of this Declaration constitutes record notice and perfection of the Master Association's lien for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments, and no further recordation of any claim of lien shall be required. Although not required in order to perfect the Master Association's lien, the Master Association shall have the right but not the obligation, to record a notice setting forth the amount of any delinquent Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to

those Assessments which are secured by the Master Association's lien. If the Master Association records a notice of lien, the Master Association may charge the Owner of the Lot or Parcel against which the Notice of Lien is Recorded a lien fee in an amount established from time to time by the Board.

The Master Association's Lien for Assessments, for charges for late payment of those Assessments, for reasonable collection fees and for reasonable attorney fees and costs incurred with respect to those Assessments shall have priority over all liens, other interests and encumbrances except for: (a) liens and encumbrances Recorded before the recording of this Master Declaration; (b) liens for real estate taxes and other governmental assessments and charges; and (c) the lien of any First Mortgage or seller's interest in a first contract for sale recorded prior to the Assessment Lien. Any First Mortgagee or any other Person acquiring title or coming into possession of a Lot or Parcel through foreclosure of the First Mortgage, purchase at a foreclosure sale or trustee's sale, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure shall acquire title free and clear of any claims for unpaid Assessments and charges against the Lot or Parcel which became payable prior to the acquisition of such Lot by the First Mortgagee or other Person. Any assessments and charges against the Lot or Parcel which accrue prior to such sale or transfer shall remain the obligation of the defaulting Owner.

ARTICLE VIII

ENFORCEMENT OF COVENANTS AND OF PAYMENT OF ANNUAL, SPECIAL AND SECURITY ASSESSMENTS AND MAINTENANCE CHARGES OF ASSESSMENT LIEN AND OF CHARGES TO SATELLITE ASSOCIATIONS

Section 1. Master Association as Enforcing Body. The Master Association, as the agent and representative of the Members, shall have the exclusive right to enforce the provisions of this Master Declaration. As part of such enforcement right, the Board may, in accordance with rules adopted by the Board and in compliance with any applicable laws of the State of Arizona and any political subdivision thereof, impose monetary penalties for violations of the Master Declaration (including the Tract Declarations made a part hereof), the Articles and Bylaws of the Master Association and the Gainey Ranch Rules, which monetary penalties shall be deemed Maintenance Charges under this Master Declaration. However, if the Master Association shall fail or refuse to enforce this Master Declaration or any provision hereof for an unreasonable period of time after written request to do so, then any Member may enforce them on behalf of the Master Association by any appropriate legal action, whether in law or in equity, except that such Member may not impose monetary penalties upon an Owner.

Section 2. Master Association's Remedies to Enforce Payment of Annual, Special and Security Assessments and Maintenance Charges. If any Member fails to pay any Annual, Special and Security Assessment or installment when due, or to pay any Maintenance Charges assessed pursuant to this Master Declaration, the Master Association may enforce the payment of such Annual, Special or Security Assessment or Maintenance Charges and/or may enforce the Assessment Lien by taking either or both of the following actions, concurrently or separately

(and by exercising either of the remedies hereinafter set forth, the Master Association does not prejudice or waive its right to exercise the other remedy):

(a) Bring an action at law and recover judgment against the Member personally obligated to pay the Annual, Special or Security Assessments or the Maintenance Charges;

(b) Foreclose the Assessment Lien against the Lot or Parcel in accordance with the then prevailing Arizona law relating to the foreclosure of realty mortgages (including the right to recover any deficiency), and the Lot or Parcel may be redeemed after foreclosure sale as provided by law.

Section 3. Costs to be Borne by Member in Connection with Enforcement of Master Declaration and Payment of annual, Special and Security Assessments and Maintenance Charges. In any action taken by the Master Association pursuant to Sections 1 or 2 of this Article against a Member or the Member's Lot or Parcel, the Member shall be personally liable for the amount of, the Annual, Special and Security Assessments and Maintenance Charges against the applicable Member and such Member's Lot or Parcel, together with interest and the Master Association's collection and other costs and attorney's fees incurred in connection with such action, including but not limited to those costs and fees specified in Article VII, Section 9. Such collection and other enforcement costs shall be due and owing immediately upon the incurring thereof by the Master Association, whether or not suit is brought in connection with the action taken by the Master Association.

Section 4. Charges to Satellite Associations. Each Satellite Association shall, upon presentation of a billing statement, reimburse the Master Association for all costs incurred by the Master Association in providing management, management support and maintenance services to the Satellite Association and the Satellite Common Areas in the Satellite Community controlled by the Satellite Association pursuant to Article X, Section 4 and Article XIII, Section 4 of this Master Declaration. The Master Association shall perform such services on a nonprofit basis but may allocate overhead costs among the Satellite Associations on a reasonable basis determined by the Master Association or its accountants. If any costs to be paid by a Satellite Association are not reimbursed promptly when due, the Master Association shall be entitled to exercise any rights and remedies specified in this Master Declaration for such non-payment and also such rights and remedies as it may have at law or in equity to enforce collection of such sums. All costs of such enforcement and collection shall be borne by the Satellite Association.

ARTICLE IX

USE OF FUNDS: BORROWING POWER

Section 1. Purposes for which Master Association's Funds may be Used. The Master Association shall apply all funds and property collected and received by it (including the Annual, Special and Security Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of Gainey Ranch and the Members and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision, protection and operation, by any

manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without Gainey Ranch, which may be necessary, desirable or beneficial to the general common interests of Gainey Ranch, the Members and the Residents; provided, however, the Security Assessments shall be used only for funding the costs of the Gainey Ranch Security System. The following are some, but not all, of the areas in which the Master Association may seek to aid, promote and provide for such common benefit, social interaction among Members and Residents, maintenance of landscaping of Master Common Areas and public right of way and drainage areas within Gainey Ranch, protection of persons and property, recreation, liability insurance, communications, education, transportation, health, utilities, public services, safety and indemnification of officers and directors of the Master Association. The Master Association also may expend its funds for any purposes which any municipality in the State of Arizona may expend its funds under the laws of the State of Arizona or such municipality's charter.

Section 2. Borrowing Power. The Master Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate.

Section 3. Master Association's Rights in Spending Funds From Year to Year. The Master Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Annual, Special or Security Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Master Association shall not be obligated to reduce the amount of the Annual or Security Assessment in the succeeding year if a surplus exists from a prior year and the Master Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Master Association and the accomplishment of its purposes.

Section 4. Administration of Special Use Fees. The Master Association is authorized to bill for, sue for, collect, administer and disburse all Special Use Fees; provided, however, that all Special Use Fees collected shall, if imposed in connection with a particular improvement, be separately accounted for as to each separate improvement pertaining to which they are collected and shall be expended on the particular improvement to which they pertain.

Section 5. Insurance. The Master Association shall maintain insurance against liability incurred as a result of death or injury to persons or damage to property on the Master Common Areas in an amount determined by the Board; provided, however, the amount of such liability insurance for any one occurrence shall not be less than \$1,000,000.

ARTICLE X

MAINTENANCE AND SECURITY

Section 1. Master Common Areas and Public Right of Way. The Master Association, or its duly delegated representative, shall maintain and otherwise manage all Master Common Areas, including, but not limited to, the landscaping, walkways, riding paths, parking areas, drives, recreational facilities and the roofs, interiors and exteriors of the buildings and

structures located upon said properties; provided, however, the Master Association shall not be responsible for providing or maintaining the landscaping, structures, roadways or driveways on any Master Common Areas which are part of Lots or Parcels unless (a) such landscaping, structures, roadways or driveways are available for use by all Owners and Residents or are within easements intended for the general benefit of Gainey Ranch and (b) the Master Association assumes in writing the responsibility for such maintenance or such responsibility is set forth in a recorded instrument as hereinafter provided. The Master Association shall also maintain any landscaping and other improvements not on Lots and Parcels which are within the exterior boundaries of Gainey Ranch, which are within areas shown on a subdivision plat or other plat of dedication for Gainey Ranch or covered by a Tract Declaration, and which are intended for the general benefit of the Owners and Residents of Gainey Ranch, except the Master Association shall not maintain areas which (i) the City of Scottsdale or other governmental entity is maintaining or (ii) pursuant to Article IV, Subsection 2(d), of this Master Declaration are to be maintained by the Owners of a Lot or Parcel unless the Master Association elects to maintain such areas, and as to which the Master Association has not made such an election to maintain. Specific areas to be maintained by the Master Association may be identified on recorded subdivision plats or in Tract Declarations, but the failure to so identify such areas shall not affect the Master Association's rights or responsibilities with respect to such Master Common Areas and other areas intended for the general benefit of Gainey Ranch.

The Board shall use a reasonably high standard of care in providing for the repair, management and maintenance of said property so that the Gainey Ranch development will reflect a high pride of ownership. In this connection the Master Association may, subject to any applicable provisions on Special Assessments for capital improvements, in the discretion of the Board:

(a) Construct, reconstruct, repair, replace or refinish any improvement or portion thereof upon Master Common Area;

(b) Replace injured and diseased trees and other vegetation in any Master Common Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

(c) Place and maintain upon any Master Common Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof;

(d) Do all such other and further acts which the Board deems necessary to preserve and protect the Master Common Area and the beauty thereof, in accordance with the general purposes specified in this Master Declaration.

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

To the extent of its availability under the Reclamation Plant Agreement and the priorities set forth in Article IV, Subsection 4(c), above, the Master Association shall acquire effluent for the maintenance and watering of the Master Common Areas and the landscaping along Doubletree Ranch Road from the Reclamation Plant unless the Master Association and the Owner of the Golf Course agree that the Master Association need not acquire available effluent. The Master Association shall pay the Owner of the Golf Course Parcel for the effluent so used in accordance with the provisions of Article IV, Section 5, of this Master Declaration. If there is not sufficient effluent available on any day to satisfy the needs of the Master Association, the Master Association may acquire the additional water necessary to satisfy its needs from such sources as the Master Association deems appropriate.

In the event any subdivision plat, Tract Declaration, deed restriction or this Master Declaration permits the Board to determine whether or not Owners of certain Lots or Parcels will be responsible for maintenance of certain Master Common Areas or public right-of-way areas, the Board shall have the sole discretion to determine whether or not it would be in the best interest of the Owners and Residents of Gainey Ranch for the Master Association or an individual Owner to be responsible for such maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Master Association to contract with others for the performance of the maintenance and other obligations of the Master Association under this Article X, and, in order to promote uniformity and harmony of appearance, the Board may also cause the Master Association to contract to provide maintenance services to Owners of Lots and Parcels having such responsibilities in exchange for the payment of such fees as the Master Association and Owner may agree upon.

Section 2. Assessment of Certain Costs of Maintenance and Repair of Master Common Areas and Public Areas. In the event that the need for maintenance or repair of Master Common Areas and other areas maintained by the Master Association is caused through the willful or negligent act of any Member, his family, guests, invitees, Tenants, or designees, the cost of such maintenance or repairs shall be added to and become a part of the Assessment to which such Member and the Member's Lot or Parcel are subject, shall be due and payable immediately upon the incurring of such cost by the Master Association. Any charges or fees to be paid by the Owner of a Lot or Parcel pursuant to Section 1 of this Article X in connection with a contract entered into by the Master Association with an Owner for the performance of an Owner's maintenance responsibilities shall also become a part of such Assessment.

Section 3. Improper Maintenance and Use of Lots and Parcels. In the event any portion of any Lot or Parcel is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots and Parcels or other areas of Gainey Ranch which are substantially affected thereby or related thereto, or in the event any portion of a Lot or Parcel is being sued in a manner which violates this Master Declaration or any Tract Declaration applicable thereto, or in the event the Owner of any Lot, Parcel or portion thereof is failing to perform any of its obligations under this Master Declaration, any Tract Declaration, or the applicable architectural guidelines and standards of the Architectural Committee, the Board may by resolution make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless correction action is taken within fourteen (14) days, the Board may cause such

action to be taken at said Owner's cost. If at the expiration of said 14-day period of time he requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot or Parcel are subject, shall be due and payable immediately upon the incurring of such cost by the Master Association. During reasonable hours and upon reasonable notice to the Owner or other occupant of a Lot or Parcel, one or more members of the Board, any employee of the Association, any contractor retained by the Association or any authorized representative of the Association, shall have the right to enter upon and inspect any Lot or Parcel, and the improvements thereon, except for the interior portions of any completed Dwelling Unit, and to perform any requisite corrective action not taken by the Owner of the Lot or Parcel, and such Persons shall not be deemed guilty of trespass by reason of such entry.

Section 4. Satellite Common Areas and Estate Lots. The Master Association shall be responsible for maintaining all Satellite Common Areas and shall cause all Satellite Common Areas to be maintained in accordance with the same standards established for the Master Common Areas. Such maintenance may be performed by employees of the Association and/or one or more persons or entities designated by, or under contract to, the Master Association. In addition, if and to the extent so designated in the Tract Declaration for a Satellite Community, the Master Association shall provide (i) exterior maintenance to the dwelling units and other buildings in a Satellite Community, including painting and maintenance of roofs, and (ii) landscape and yard maintenance to Lots and Parcels or portions thereof in a Satellite Community. Upon request of the Owner of an Estate Lot, the Master Association shall also provide exterior maintenance of landscaping and/or roadways on the Estate Lot. The Master Association shall be compensated for maintaining the Satellite Common Areas, the exterior of the buildings (including dwelling units in a Satellite Community), and the landscaping and yards in Lots and Parcels in a Satellite Community in accordance with the provisions of Article XIII, Section 1 and 2, of this Master Declaration and for maintaining an Estate Lot in accordance with an agreement between the Master Association and the Owner of the Estate Lot. The compensation payable to the Master Association shall be established at amounts intended to reimburse the Master Association for costs incurred in performing such maintenance, including labor, materials and supplies, supervision and overhead.

Section 5. Security. The Master Association, or its duly delegated representative, shall operate a security system on Gainey Ranch; provided, however, the Master Association shall not have any responsibility for the initial installation of the security system. Such security system may include security points, both manned and unmanned, stationed at entries to various portions of Gainey Ranch; patrol vehicles, patrolmen and security supervisors; computer and/or other monitoring equipment; television monitoring devices; burglar and fire alarm devices installed in buildings located on Gainey Ranch, including individual Dwelling Units; communications equipment; direct line phones; and such other security protection devices deemed appropriate by the Master Association. All buildings constructed in areas having Residential Land Use Classifications must, at the time of construction, contain wiring and security devices, as described in the Gainey Ranch Rules, which are compatible with and will form a part of the Gainey Ranch Security System. After installation of the security system in the building and the connection of such building to the master monitoring equipment for the Gainey

Ranch Security System, the Master Association shall monitor and maintain the security system; provided, however, (a) any maintenance or repair costs necessitated as a result of action described in Article X, Section 2 of this Master Declaration shall be a Maintenance Charge against the applicable Owner as specified in Article X, Section 2; (b) the cost of replacing any components of the security system within such building shall be borne by the applicable Owner; and (c) no Owner shall be obligated to participate in the portion of the security system involving the alarming and monitoring of individual Dwelling Units after the installation of the burglar and fire alarm systems has been completed but such nonparticipation shall not entitle the Owner to any reduction in or waiver of the Security Assessment against such Owner's Lot or Parcel. After installation of the security system in the building and the connection of such building to the master monitoring equipment for the Gainey Ranch Security System, no Owner shall remove any components of the security system in the building or replace any such components with components which are not in compliance with the requirements contained in the Gainey Ranch Rules or are not compatible with the Gainey Ranch Security System. Representatives and agents of the Master Association, including security patrolmen, shall have the right to enter upon all Lots, Parcel, Master Common Areas and Satellite Common Areas when responding to alarms or when otherwise deemed necessary for the protection of persons or property and neither the Master Association, nor any representative or agent thereof, shall have any liability to any person when acting in good faith in effecting such entry. Security personnel shall also have the right to enter upon such areas to operate and maintain the security system. The Board shall use a reasonably high standard of care in providing for the operation of the security system so that the Gainey Ranch development will provide reasonable protection to its Owners and Residents through the equipment and facilities available; provided, however, the Master Association shall not have any liability to any Owner, Resident or other person for any damages, injury to theft to person or property not prevented by the security system or for any failures in the security system. The Board shall be the sole judge as to the appropriate level and type of security provided to the various portions of Gainey Ranch, except that, unless otherwise provided in a Tract Declaration, areas not included in a Residential Land Use Classification shall be entitled to receive only a security patrol service. The Board may cause the Master Association to contract with others for the performance of the security obligations under this Section 5.

Section 6. Effluent Management. The Tri-Party Effluent Agreement designated the Owner of the Golf Course Parcel as the manager of the effluent allocated to the Declarant pursuant to the Reclamation Plant Agreement and imposed on the Owner of the Golf Course Parcel the obligation to exercise and perform all of the rights and responsibilities of the Declarant with respect thereto.

ARTICLE XI

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Establishment. An Architectural Committee shall be created to perform the functions of the Architectural Committee set forth in this Master Declaration and shall adopt the procedural rules and regulations for the performance of such duties by the Architectural Committee, including procedures for the preparation, submission and determination of the application for any approvals required by this Master Declaration or any Tract Declaration. The

Architectural Committee shall consist of such number of regular members and alternate members as the Board may designate and such members shall be appointed and removed by the Board. All members must meet such qualifications as the Board, in its sole discretion, may require. The Architectural Committee shall hold regular meetings, a quorum for such meeting shall consist of a majority of the regular members, and the concurrence of a majority of the regular members shall be necessary for any decision of the Architectural Committee. An alternate member may participate at any meeting at which there is not a quorum of regular members present, may constitute a quorum by his (their) presence and shall have all of the authority of a regular member while so participating. The Architectural Committee shall promulgate architectural guidelines and standards to be used in rendering its decisions, which guidelines and standards must be approved by the Board prior to their implementation. If the Architectural Committee adopts any changes or modifications to the architectural guidelines after the initial approval thereof by the Board, such changes or modifications must also be approved by the Board prior to their implementation. Subject to the provisions of Section 2 of this Article, the decision of the Architectural Committee shall be final on all matters submitted to it pursuant to this Master Declaration.

Section 2. Appeal to Board. Any Owner or other Resident aggrieved by a decision of the Architectural Committee may appeal the decision to the Board in accordance with procedures to be established by the Board. In the event the decision of the Architectural Committee is overruled by the Board on any issue or question, the prior decision of the Architectural Committee shall be deemed modified to the extent specified by the Board and, for purposes of this Master Declaration, such decision, as so modified, shall thereafter be deemed the decision of the Architectural Committee.

Section 3. Fee. The Board may establish a reasonable processing fee to defer the costs of the Master Association in considering any requests for approvals submitted to it, which fee shall be paid at the time the request for approval is submitted.

ARTICLE XII

RIGHTS AND POWERS OF MASTER ASSOCIATION

Section 1. Master Association's Rights and Powers as Set Forth in Articles and Bylaws. In addition to the rights and powers of the Master Association set forth in this Master Declaration, the Master Association shall have such rights and powers as are set forth in its Articles and Bylaws. Such rights and powers, subject to the approval thereof by any agencies or institutions deemed necessary by the Board, may encompass any and all things which a natural person could do or which now or hereafter may be authorized by law, provided such Articles and Bylaws are not inconsistent with the provisions of this Master Declaration and are necessary, desirable or convenient for effectuating the purposes set forth in this Master Declaration. A copy of the Articles and Bylaws of the Master Association shall be available for inspection at the office of the Master Association during reasonable business hours.

Section 2. Master Association's Rights of Enforcement of Provisions of this and Other Instruments. The Master Association, as the agent and representative of the Owners, shall

have the right to enforce the Covenants set forth in this Master Declaration and/or any and all covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for in any contract, deed, declaration or other instrument which (a) shall have been executed pursuant to, or subject to, the provisions of this Master Declaration, or (b) otherwise shall indicate that the provisions of such instrument were intended to be enforced by the Master Association.

Section 3. Contracts with Others for Performance of Master Association's Duties. Subject to the restrictions and limitations contained herein, the Master Association may enter into contracts and transactions with others, for the performance of the Master Association's duties and other purposes consistent with this Mater Declaration.

Section 4. Change of Use of Master Association Land and Procedure Therefor. Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the then present use of a designated part of the Master Association Land or of the Master Association's interest in other Master Common Areas is no longer in the best interests of the Owners and Residents or no longer necessary or appropriate for the purposes intended, and (b) the approval of such resolution by a majority of the votes cast with respect to such matter, the Board shall have the power and right to sell, exchange, convey or abandon such Land or interest or change the use thereof (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and improvements thereon in any manner deemed necessary by the Board to accommodate the new use), provide such new use (i) shall be for the benefit of the Owners and Residents, and (ii) shall be consistent with any deed restrictions (or zoning regulations) restricting or limiting the use of the Master Association Land. Anything in the foregoing to the contrary, if the Board determines, and the resolution of the Board recites, that any transaction involving the disposition or exchange of Master Association Land or the interest of the Master Association in Master Common Areas will not have an adverse effect on the Master Association and the Owners and Residents of Gainey Ranch, the Board may, in lieu of calling a meeting pursuant to Subsection (b) above, notify in writing all Owners of the proposed transaction and of their right to object thereto and, if the Owners holding no more than ten percent (10%) of the votes in the Association object in writing to the Master Association within thirty (30) days after receipt of such notice, the transaction shall be deemed approved by the Members and a meeting of the Members shall not be necessary.

Section 5. Master Association Rights with Respect to Satellite Community Associations. The Master Association shall have all rights described in Article XIII, Section 2, to take control of a Satellite Association for such period of time as shall be necessary to bring about collection of assessments or to otherwise cause the Satellite Association to meet the standards and obligations described in Article XIII, Section 2. Such control may be effected by the Master Association removing such officers and directors as the Master Association deems appropriate and substituting therefor other individuals, including, if the Board so elects, individuals who are also officers and directors of the Master Association. The Master Association shall also have the right to add to the Assessment against each Lot and Parcel in a Satellite Community (a) any assessments against such Lot or Parcel levied by the Satellite Association which are not paid in a timely manner, and (b) all sums owing to the Master Association by the Satellite Association pursuant to Article X, Section 4, and Article XIII,

Sections 1 and 2, of this Master Declaration which are not paid to the Master Association in a timely manner, such sums to be allocated among the Lots and Parcels in the Satellite Community which have not paid assessments to the Satellite Association.

ARTICLE XIII

SATELLITE COMMUNITIES AND SATELLITE ASSOCIATIONS

Section 1. Formation. Each Satellite Community Builder shall establish, and the Satellite Community Builder and the Satellite Community shall thereafter continue in existence, a Satellite Association and a recorded Declaration of Covenants, Conditions and Restrictions for the Satellite Community. The Articles of Incorporation and Bylaws for each Satellite Association and the Satellite Community must be approved by the Board of the Master Association in order to be effective and may not be amended or terminated without the prior written consent of the Board of the Master Association. Copies of the minutes for each meeting of the board of directors and of the members of each Satellite Association shall be furnished to the Board immediately after such meeting. The Articles of Incorporation and Bylaws of the Satellite Association and the Satellite Community Declaration shall provide for, among other things, (a) an annual budget to be adopted by the Satellite Association which shall determine the funds needed by the Satellite Association during each year to operate and maintain the Satellite Common Areas, to pay the expenses of operating the Satellite Association, and to otherwise fund the expenses contemplated by the Articles and Bylaws of the Satellite Association, which budget shall not be effective until it has been submitted to, reviewed and approved by the Board of the Master Association, (b) assessments against Lots or Parcels in the Satellite Community to raise the funds required to meet the anticipated cash requirements set forth in the annual budget and for unanticipated and special improvement expenses; (c) assessment liens and other procedures to enforce the collection of all assessments; (d) membership rights and voting rights; (e) meetings of members and directors of the Satellite Association and the election of officers and directors of the Satellite Association; (f) the right of the Master Association to take temporary control of the Satellite Association in the event the Satellite Association is failing to levy and collect assessments in an amount sufficient to pay its obligations to the Master Association or otherwise failing, in the opinion of the Board, to perform its functions and duties in a manner consistent with the standards established by other Satellite Associations in Gainey Ranch or necessary for the maintenance of the high quality of residential development envisioned for the residential areas of Gainey Ranch; and (g) for the Master Association to (i) provide management and maintenance of the Satellite Community Common Areas and, if provided for in the Tract Declaration, management and maintenance of the exterior portions of buildings in the Satellite Community and of landscaping and yards on Lots and Parcels in the Satellite Community, and (ii) to furnish management support services, all as contemplated by Article X, Section 4, and Article XIII, Section 4 of this Master Declaration, and for the payment by the Satellite Association to the Master Association of all costs incurred by the Master Association in performing such management, maintenance and management support.

Section 2. Initial Development of Satellite Community. Each Satellite Community Builder shall control the Satellite Community Association until seventy-five percent (75%) of the

residential dwelling units planned for such Satellite Community have been sold. During such period, the Satellite Community Builder shall:

(a) Prepare and submit to the Master Association, prior to the first sale of a Lot or other residential dwelling unit by the Satellite Community Builder and on or before each December 1, thereafter, (i) an estimated budget setting forth the expected cash requirements and expenditures for the Satellite Community Association when the Satellite Community is fully developed and occupied or for the next succeeding calendar years, as applicable; (ii) such revised budgets as the Master Association may require after its review of the initial budget; and (iii) the amount of the assessment of each Lot or other residential unit required to meet the expenses of the Satellite Association under the budget approved by the Master Association.

(b) Cause the Satellite Association to levy and collect annual assessments in the amount determined in accordance with Subsection (a) above from each Lot or other subdivided unit sold by the Satellite Community Builder.

(c) Pay to the Satellite Association the differences between the sums necessary to carry out the functions and perform the obligations of the Satellite Association and the sums obtained by the Satellite Association from Assessments.

When seventy-five percent (75%) of the Lots or other planned units have been sold, the Satellite Community Builder shall, in accordance with procedures set forth in the governing documents of the Satellite Association, turn over control of the Satellite Association to the Owners in the Satellite Community; deliver to the Satellite Association any operating and reserve funds collected by the Satellite Community Builder from the Owners, any insurance policies held by it with respect to the Satellite Common Areas and all rights to utility deposits made with respect to the Satellite Common Area; and contribute to the Satellite Association an amount sufficient, in the determination of the Master Association, to cause the Satellite Association to have an operating reserve fund equal to five percent (5%) of all operating and maintenance costs incurred by the Satellite Association and the Satellite Community Builder from the recordation of the Tract Declaration to the date such control is relinquished. After such control is relinquished, all remaining Lots or other residential units owned by the Satellite Community Builder shall be subject in all respect to the assessments, rights and obligations under the Satellite Community Declaration, Articles and Bylaws.

Section 3. Budgets and Reserves. All budgets adopted by the Satellite Association shall be subject to approval by the Master Association and any changes required by the Master Association shall be implemented. The budgets shall contain reserves for contingencies and replacement of capital improvements.

Section 4. Management Support. Although the Satellite Association will be governed by its board of directors and its officers, the Master Association shall provide administrative and management services to the Satellite Association. The Master Association, through its staff of employees and contractors, and as the agent of the Satellite Association, shall act as accountants for the Satellite Association, shall handle the collection of assessments levied by the Satellite Association and enforce such collection, assist in the preparation of budgets,

administer the use of a Satellite Common Area, negotiate and sign contracts for services and enforce the governing documents of the Satellite Association. Such administrative and management services shall be performed under the direction of the board and officers of the Satellite Association. This Section only applies to administrative and management services with respect to the performance of the duties and responsibilities of the Satellite Association. This Section does not apply to and shall in no way limit or otherwise affect the exercise of the powers and duties of the Master Association under this Declaration, including, but not limited to, the responsibility of the Master Association under Article X, Section 4 of this Declaration to maintain the Satellite Common Areas. All decisions with respect to the maintenance of the Satellite Common Areas shall be made by the Board and not by the board of directors or officers of the Satellite Association.

ARTICLE XIV

TERM; AMENDMENTS; TERMINATION

Section 1. Term; Method of Termination. This Master Declaration shall be effective upon the date of recordation hereof and, as amended from time to time, shall continue in full force and effect in perpetuity unless terminated in accordance with this Section. The Master Declaration may be terminated at any time if ninety percent (90%) of the votes cast by Members shall be cast in favor of termination at an election held for such purpose. Anything in the foregoing to the contrary notwithstanding, no vote to terminate this Master Declaration shall be effective unless and until the written consent to such termination has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from the holders of recorded first mortgages or deeds of trust, on seventy-five percent (75%) of the Lots and Parcels upon which there are such recorded first mortgages and deeds of trust. If the necessary votes and consents are obtained, the Board shall cause to be recorded with the County Recorder of Maricopa County, Arizona, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Master Association, with their signature acknowledged. Thereupon these Covenants shall have no further force and effect, and the Master Association shall be dissolved pursuant to the terms set forth in its Articles.

Section 2. Amendments. This Master Declaration may be amended by recording with the County Recorder of Maricopa County, Arizona, a Certificate of Amendment, duly signed and acknowledged as required for a Certificate of Termination in Section 1 of this Article. The Certificate of Amendment shall set forth in full the amendment adopted, and shall certify that at an election duly called and held pursuant to the provisions of the Articles and Bylaws the Members casting seventy-five percent (75%) of the votes cast with respect to the Amendment voted affirmatively for the adoption of the amendment. A Tract Declaration may also be amended: (a) by a Recorded instrument executed by the Owners of all Lots and Parcels subject to the Tract Declaration and the holders of any first mortgages and deeds of trust on Lots or Parcels subject to the Tract Declaration, or (b) in any other manner provided in the Tract Declaration.

ARTICLE XV

MISCELLANEOUS

Section 1. Interpretation of the Covenants. Except for judicial construction, the Master Association, by its Board, shall have the exclusive right to construe and interpret the provisions of this Master Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Master Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the Covenants and provisions hereof.

Section 2. Severability. Any determination by any court of competent jurisdiction that any provision of this Master Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

Section 3. Rule Against Perpetuities. If any interest purported to be created by this Master 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 4. Change of Circumstances. Except as otherwise expressly provided in this Master Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Master Declaration.

Section 5. Rules and Regulations. In addition to the right to adopt rules and regulations on the matters expressly mentioned elsewhere in this Master Declaration, the Master Association shall have the right to adopt rules and regulations with respect to all other aspects of the Master Association's rights, activities and duties, provided said rules and regulations are not inconsistent with the provisions of this Master Declaration.

Section 6. References to the Covenants in Deeds. Deeds to and instruments affecting any Lot or Parcel or any part of Gainey Ranch may contain the Covenants herein set forth by reference to this Master Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the Covenants shall be binding upon the grantee-Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

Section 7. Gender and Number. Wherever the context of this Master Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

Section 8. Captions and Titles. All captions, titles or headings of the Articles and Sections in this Master Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

Section 9. Notices. If notice of any action or proposed action by the Board or any committee or of any meeting is required by applicable law, this Master Declaration or resolution of the Board to be given to any Owner or Resident then, unless otherwise specified herein or in the resolution of the Board, such notice requirement shall be deemed satisfied if notice of such action or meeting is published once in any newspaper in general circulation within the City of Scottsdale or Gainey Ranch. This Section shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other manner.

ARTICLE XVI

GOLF COURSE ARROYO

Section 1. Arroyo. The Parcel to be designated as the Golf Course Parcel contains two large arroyos (hereinafter jointly referred to as the "Golf Course Arroyo"). One arroyo traverses Gainey Ranch from the northeast portion of Gainey Ranch in a southerly direction and the other traverses Gainey Ranch from the northwest portion of Gainey Ranch in a southeasterly direction until they intersect and continue as one arroyo in a southerly direction. The Golf Course Arroyo carries storm waters from Gainey Ranch and properties north of Gainey Ranch to the southern boundary of Gainey Ranch. Although the Golf Course will be included in the Golf Course Parcel, other Lots and Parcels will be adjacent to the Golf Course Arroyo and the Golf Course Arroyo is an amenity which benefits all of Gainey Ranch and is important to the aesthetics and drainage for all of Gainey Ranch.

Section 2. Initial Development of Golf Course Arroyo. The Owner of the Golf Course Parcel shall be responsible for the initial development of the Golf Course Arroyo. Such development shall include (a) the modification of the Golf Course Arroyo in accordance with the Drainage Plan for Gainey Ranch approved by the City of Scottsdale and with the Master Plan and (b) the landscaping of the Golf Course Arroyo and integration of the Golf Course Arroyo with the Golf Course in accordance with plans approved by the Architectural Committee pursuant to Article IV, Subsection 2(a), of this Master Declaration.

Section 3. Maintenance and Repair of Golf Course Arroyo. The Owner of the Golf Course Parcel shall also maintain the Golf Course Arroyo and all landscaping installed thereon in good condition and repair, and shall replace such landscaping when necessary, so that the Golf Course Arroyo is an attractive amenity for Gainey Ranch and the Golf Course and is a functional storm water drainage device; provided, however, in the event of damage to the Golf Course Arroyo which will cost \$7,500 or more to repair ("extraordinary damage"), the repair or restoration of the Golf Course Arroyo shall not be undertaken by the Owner of the Golf Course Parcel until the Board (or, at the option of the Board, the Architectural Committee) and the Owner of the Golf Course Parcel have jointly approved the work, the costs for such work and

any contracts for such work. The Board, or the Architectural Committee if so directed by the Board, and the Owner of the Golf Course Parcel shall cooperate in order to cause the Golf Course Arroyo to be restored to the condition existing prior to the extraordinary damage as soon as reasonably possible after the occurrence of the extraordinary damage.

Section 4. Cost Reimbursements. In order to partially reimburse the Owner of the Golf Course Parcel for the costs of continuing maintenance of the Golf Course Arroyo and the landscaping thereon, the Master Association shall, commencing with the calendar year 1985 and in and for each year thereafter, pay to the Owner of the Golf Course Parcel an amount equal to \$30,000. In and for each year after 1985, the Master Association shall also pay to the Owner of the Golf Course Parcel an additional amount (the "Adjustment") to be determined in accordance with the increases, if any, in the costs of living as shown by the Consumer Price Index for All Urban Consumers, as published by the Bureau of Labor Statistics, United States Department of Labor, or any successor agency (the "CPI"). The Adjustment for each year shall be an amount equal to (a) the product obtained by multiplying \$30,000 by a fraction, the numerator of which shall equal the CPI reported for September for the year proceeding the year for which the Master Association's payment is due (e.g. if the payment is for 1988, the CPI used shall be that for September of 1987) and the denominator of which shall be the CPI for September of 1984, less (b) \$30,000. In the event the CPI is no longer published, the Board and the Owner of the Golf Course Parcel shall determine another index of similar nature showing changes in the cost of living to be used to calculate the Adjustment. If the Owner of the Golf Course Parcel and the Board cannot agree on the selection of an index, the disagreement shall be resolved by arbitration in accordance with the rules of the American Arbitration Association. The Master Association shall also pay to the Owner of the Golf Course Parcel a sum equal to one-half (1/2) of the net repair cost in excess of \$7,500 which is incurred by the Owner of the Golf Course Parcel in repairing extraordinary damage to the Golf Course Arroyo. Any insurance proceeds received by the Owner of the Golf Course Parcel as a result of the extraordinary damage and which may be utilized for repairing the extraordinary damage shall be deducted from the actual repair costs incurred by the Owner of the Golf Course Parcel for purposes of determining the new repair cost to the Owner of repairing the extraordinary damage.

Section 5. Time of Payment. The amount due from the Master Association each year shall be paid to the Owner of the Golf Course Parcel in four (4) equal quarterly installments on March 30, June 30, September 30 and December 30 of each year; provided, however, any sums owing for the repair of extraordinary damage shall be due and payable on or before the later of (i) thirty (30) days after completion of the repair work, or (ii) the date payment for such repair work is due to the contractor performing such work.

Section 6. Inclusion in Assessments. The amounts to be paid by the Master Association to the Owner of the Golf Course Parcel shall be included in the Annual Assessments to be collected by the Master Association and, to the extent necessary, the Annual Assessment shall be revised during a year in the event the Master Association shall be required to reimburse the Owner of the Golf Course Parcel for the repair of any extraordinary damage to the Golf Course Arroyo. The Board may, at its option, establish such reserves as it deem appropriate to pay the cost of the Master Association's portion of repairing extraordinary damage to the Golf Course Arroyo.

ARTICLE XVII

COMMUNITY ENHANCEMENT FEE

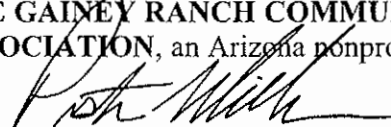
Section 1. Establishment of Fee. Except as provided in Section 3 hereof, any person or entity who, on or after January 1, 2005, become the Owner of, or otherwise become the Owner of controlling legal interest in, a Lot having a Residential Use Classification, shall immediately pay to the Master Association a Community Enhancement Fee. Subject only to the reasonable discretion of the Board, the transfer of a controlling interest in any entity which owns such a Lot shall be deemed a transfer of ownership of such a Lot for purposes of this Section, and the purchaser or transferee shall be obligated to pay the Community Enhancement Fee provided herein.

Section 2. Amount. The Community Enhancement Fee shall be in an amount of \$500.00, unless a different amount is hereafter approved at an election duly called and held for such purpose, pursuant to the provisions of the Articles and Bylaws, by Members casting seventy-five percent (75%) of the votes cast with respect to the proposed change.

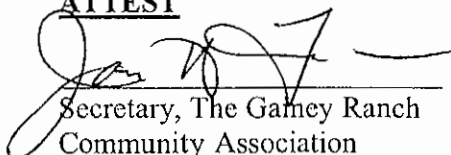
Section 3. Exemptions. Subject only to the reasonable discretion of the Board, no Community Enhancement Fee shall be payable upon any of the following: (i) transfer or conveyance by devise or intestate succession; (ii) gratuitous transfer or conveyance between spouses, parent and child, siblings, grandparent and grandchild; (iii) transfer or conveyance to or from a corporation, partnership, limited liability company or other legal entity in which the grantor/grantee owns a controlling legal interest; (iv) transfer or conveyance to the Master Association; (v) transfer or conveyance pursuant to a written contract which was fully signed prior to August 1, 2004.

Section 4. Use of Fee. All amounts paid to the Master Association for the Community Enhancement Fees shall be deposited and maintained in a separate reserve account and may be expended only for capital improvements, replacements and/or upgrades to Master Common Areas.

THE GAINEY RANCH COMMUNITY ASSOCIATION, an Arizona nonprofit corporation

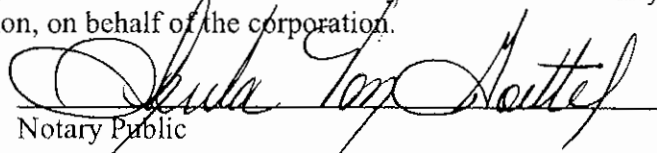
By: 
Preston Miller
Its: President

ATTEST


Secretary, The Gaine Ranch
Community Association

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 22 day of JULY, 2009, by Preston Miller, the President of The Gainey Ranch Community Association, an Arizona nonprofit corporation, on behalf of the corporation.


Notary Public

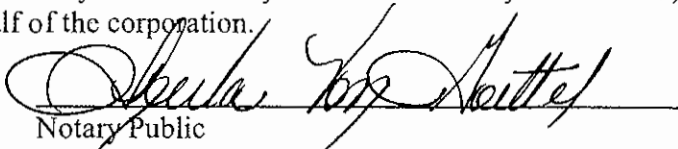
My Commission Expires:
2-11-2011



OFFICIAL SEAL
SHEILA VON GOETTEL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
Commission #272624
Exp: 2/11/2011

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 16 day of JULY, 2009, by Jim Funk, the Secretary of The Gainey Ranch Community Association, an Arizona nonprofit corporation, on behalf of the corporation.


Notary Public

My Commission Expires:
2-11-2011



OFFICIAL SEAL
SHEILA VON GOETTEL
NOTARY PUBLIC - State of Arizona
MARICOPA COUNTY
Commission #272624
Exp: 2/11/2011

EXHIBIT A

LEGAL DESCRIPTION

That part of Section 26 and Section 35 of Township 3 North, Range 4 East, G. & S. R. B. & M., Maricopa County, Arizona, described as follows:

Beginning at the S.W. corner of the said Section 26; thence N. $00^{\circ} 29' 47''$ W., a distance of 2701.26 feet to the N.W. corner of the S.W.-1/4, Section 26; thence S. $89^{\circ} 53' 33''$ E., along the North line of the S.-1/2, Section 26, a distance of 3965.12 feet to the S.W. corner of the S.E.-1/4 N.E.-1/4, Section 26; thence N. $00^{\circ} 14' 32''$ W. a distance of 1317.27 feet to the N.W. corner of the said S.E.-1/4 N.E.-1/4, Section 26; thence S. $89^{\circ} 49' 31''$ E., a distance of 1316.25 feet to the N.E. corner of the said S.E.-1/4 N.E.-1/4, Section 26; thence S. $00^{\circ} 18' 30''$ E., a distance of 1315.73 feet to the S.E. corner of the said S.E.-1/4 N.E.-1/4, Section 26; thence S. $00^{\circ} 19' 05''$ E., a distance of 2633.61 feet to the S.E. corner of the said Section 26 and the N.E. corner of Section 35; thence S. $00^{\circ} 06' 19''$ W., along the East line of the said Section 35, a distance of 1374.98 feet to a point, which bears N. $00^{\circ} 06' 19''$ E., 1258.36 feet from the S.E. corner of the N.E.-1/4 Section 35; thence N. $89^{\circ} 53' 41''$ W., a distance of 163.20 feet to a non-tangent point on a curve concave to the Northwest and having a radius point bearing N. $61^{\circ} 00' 18''$ W., 990.00 feet; thence Southwesterly a distance of 314.27 feet along the arc of said curve through $18^{\circ} 11' 18''$ of central angle to a point; thence S. $47^{\circ} 11' 00''$ W., a distance of 226.11 feet to the beginning of a curve to the left having a radius point bearing S. $42^{\circ} 49' 00''$ E. 30.00 feet; thence Southerly a distance of 46.48 feet along the arc of said curve through $88^{\circ} 45' 48''$ of central angle to a point on the Northern right-of-way of Doubletree Ranch Road as dedicated in Map Book 286, Page 38, M.C.R., said point being a point of reverse curve with a curve to the right having a radius point bearing S. $48^{\circ} 25' 12''$ W. 2055.00 feet; thence Southeasterly, following said Northern right-of-way, a distance of 411.91 feet along the arc of said curve through $11^{\circ} 29' 04''$ of central angle; thence S. $30^{\circ} 05' 44''$ E., a distance of 506.01 feet to the beginning of a curve to the left having a radius point bearing N. $59^{\circ} 54' 16''$ E. 1745.00 feet; thence Southeasterly a distance of 53.17 feet along the arc of said curve through $01^{\circ} 44' 45''$ of central angle to the S.E. corner of said N.E.-1/4, Section 35; thence leaving said Northern right-of-way of Doubletree Ranch Road, along the South line of said N.E.-1/4, Section 35, S. $89^{\circ} 18' 05''$ W., a distance of 2632.33 feet to the S.W. corner of the said N.E.-1/4, Section 35; thence N. $00^{\circ} 00' 05''$ W. along the West Line of the said N.E.-1/4, Section 35, a distance of 1318.39 feet to the S.E. corner of the N. 1/2 N.W.-1/4, said Section 35; thence S. $89^{\circ} 19' 52''$ W. along the South line of the said N.-1/2 N.W.-1/4 Section 35, a distance of 397.40 feet to a point which bears N. $89^{\circ} 19' 52''$ E., a distance of 2239.73 feet from the S.W. corner of the said N.-1/2 N.W.-1/4, Section 35; thence N. $00^{\circ} 40' 08''$ W., a distance of 396.62 feet to a non-tangent point on a curve concave to the Northeast and having a radius point bearing N. $23^{\circ} 44' 26''$ E. 1800.00 feet, said point being on the centerline of said Doubletree Ranch Road; thence following said centerline, Northwesterly a distance of 402.08 feet along the arc of said curve through $12^{\circ} 47' 55''$ of central angle; thence N. $53^{\circ} 27' 39''$ W., a distance of 298.53 feet; thence leaving said centerline, S. $36^{\circ} 32' 21''$ W., a distance of 505.49 feet to a point; thence N. $62^{\circ} 31' 12''$ W., a distance of 874.18 feet to a point; thence N. $9^{\circ} 52' 40''$ E., a distance of 505.49 feet to a non-tangent point on a curve concave to the Southwest and having a radius point bearing S. $9^{\circ} 52' 39''$ W., a distance of 1800.00 feet said point being on the centerline of said Doubletree Ranch Road; thence following

said centerline Northwesterly a distance of 330.00 feet along the arc of said curve through $10^{\circ} 30' 15''$ of central angle; thence S. $89^{\circ} 22' 24''$ W., a distance of 330.00 feet to the S.W. corner, Section 26, the Point of Beginning, containing 554.2 Acres more or less.