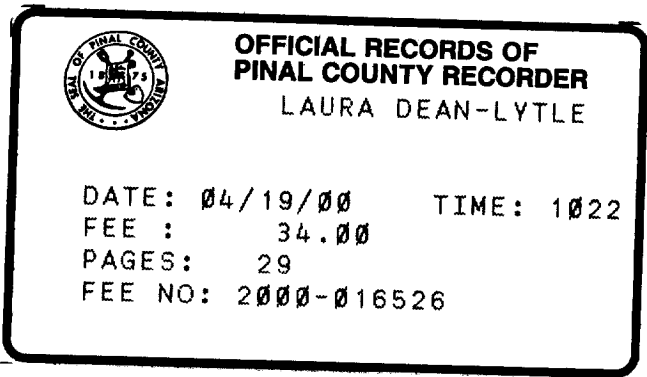


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ROBERTS & ROWLEY, LTD.
63 East Main Street
Suite 501
Mesa, Arizona 85201-7423

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS OF
SUNLAND RANCHES**

THIS DECLARATION of Covenants, Conditions and Restrictions is made this 17th day of April, 2000, by Sunland Estates, L.L.C., an Arizona limited liability company, herein referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of both legal and equitable title of that certain real property, situated within the County of Pinal, State of Arizona, more specifically described as follows:

Lots 1 through 84, inclusive, SUNLAND RANCHES Units I, II, III, IV according to the plat of record in the office of the County Recorder of Pinal County, Arizona, in ~~Book~~ *Cabinet C, slide 127* of ~~Maps, Page~~ thereof;

WHEREAS, Declarant desires to develop the above-described real property into a uniquely planned residential subdivision consisting of manufactured homes and site-built homes; and

WHEREAS, at full development it is intended, without obligation, that such subdivision shall have common areas; and

WHEREAS, Declarant desires to form a non-profit corporation for the purpose of benefiting the Property and the Owners thereof, which non-profit corporation (herein referred to as the "Association") shall be intended, without obligation, to (i) acquire, construct, operate, manage and maintain the common area and facilities; (ii) establish,

levy, collect and disburse the assessments and other charges as may be imposed hereunder; and (iii) as the agent and representative of the Owners of the Property, administer and enforce all provisions hereof and enforce use and other restrictions imposed on various parts of the Property; and

WHEREAS, until such time as the Association has been established, Declarant desires to and hereby does reserve to itself, its successors, and assigns the right to exercise the powers and duties granted in this Declaration to the Association; and

WHEREAS, in order to enable Declarant and the Association to accomplish the purposes outlined above, all of the Property is hereby subjected to and shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions which are for the purpose of protecting the value and desirability of, and which shall run with the Property and be binding on all parties having any right, title, or interest in the described properties or any part thereof, their heirs, successors, and assigns, and shall inure to the benefit of each Owner thereof.

NOW, THEREFORE, Sunland Estates, L.L.C., an Arizona limited liability company, hereby declares, covenants, and agrees as follows:

ARTICLE 1

Definitions

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

1.1 “Additional Properties” shall mean properties added in accordance with Article 9 hereof.

1.2 “Association” shall mean and refer to the Sunland Ranches Homeowners Association, an Arizona non-profit corporation to be organized by Declarant to administer and enforce the covenants and to exercise the rights, powers and duties set forth in this Declaration.

1.3 “Board” shall be synonymous with “Board of Directors” and shall mean the Board of Directors of the Association.

1.4 “Committee” shall be synonymous with “Architectural Control Committee” and shall mean the Sunland Ranches Architectural Control Committee as described herein.

1.5 “Common Area” shall mean all real property owned by the Association for the common use and enjoyment of all or a part of the Owners, and any other real property which the Association has the obligation to maintain (including, without limitation, all interior streets as reflected on the Plat as defined herein), or which the Association may otherwise agree to maintain for the common use and enjoyment of all or a part of the Owners.

1.6 “Declarant” shall mean Sunland Estates, L.L.C., an Arizona limited liability company, its successors and assigns.

1.7 “Declaration” shall mean the covenants, conditions, and restrictions herein set forth in this entire document, as it may from time to time be amended or supplemented.

1.8 “Lot” shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Property, with the exception of the Common Area, that is numbered or otherwise designated as a parcel intended for private ownership.

1.9 “Owner(s)” shall mean and refer to the record owner, whether one (1) or more persons or entities, of equitable or beneficial title (or legal title if same has merged) of any Lot. Owner shall include the purchaser of a Lot under an executory contract for the sale of real property. The foregoing does not include persons or entities who hold an interest in any Lot merely as a security for the performance of an obligation, nor shall the term “Owner” include a developer or contractor other than Declarant.

1.10 “Plat” shall mean *The Final Plat of Sunland Ranches Units I, II, III, IV* prepared by Landmark Surveying, Survey No. 98072, and recorded in the office of the County Recorder of Pinal County, Arizona, as the same be amended or modified from time to time.

1.11 “Property” shall mean and refer to that certain real property hereinbefore described and any Additional Properties as have been added to the subdivision.

ARTICLE 2

Property Rights

2.1 Owner Easements of Enjoyment: Every Owner of a Lot within Sunland Ranches and within the Additional Properties as may be annexed from time to time, shall have a right and easement of enjoyment in and to the Common Areas which shall be appurtenant to and shall pass with the title of said Lot, subject to the following provisions:

- A. The right of the Association to suspend the voting rights of an Owner for any period not to exceed sixty (60) days for any infraction of its published rules and regulations; and
- B. The right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded.

2.2 Delegation of Use: Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the Property.

ARTICLE 3

Permitted Uses and Restrictions

3.1 Residential Use: Lots 1 through 84, inclusive, of Sunland Ranches, shall be single-family residential Lots containing manufactured single-family residences and site-built residences, and there may be erected on any one Lot not more than one (1) manufactured single-family residence or site-built residence plus such

accessory and auxiliary garages, barns, and tack-rooms as are incidental to single-family residential use; provided, however, such accessory and auxiliary garages, barns, and tack rooms shall be constructed from building materials consistent with the construction of the residences. In addition, such accessory buildings must conform to the following restrictions:

Permitted Coverage:	one-third (1/3) of the total area of the rear and side yards
Maximum Height:	20 feet
Minimum Distance to Main Building:	7 feet
Minimum Distance to Front Lot Line:	50 feet
Minimum Distance to Side and Rear Lot Line:	4 feet if building is not used for poultry or animals; 50 feet if building is used for poultry or animals

No other buildings shall be erected on any of said Lots, nor shall any of said Lots or any part thereof be used for any business purposes whatsoever. No single wide manufactured homes shall be permitted on the Property. Double-wide manufactured homes that were manufactured prior to 1997 shall be permitted on the Property. No site-built homes shall be relocated to the Property from any other subdivision.

3.2 Subdividing: No Lot shall be re-subdivided into smaller Lots nor conveyed or encumbered in less than the full original dimensions of such Lot as shown by the recorded plat. Nothing herein contained shall prevent the dedication or conveyance of portions of Lots for public utilities purposes in which event the remaining portion of such Lots shall, for the purpose of this provision, be treated as a whole Lot.

3.3 Parking: Automobiles of the private passenger class and pickup trucks not exceeding one (1) ton may be parked on the side of any Lot; provided that any such parking area shall comply with the same setback requirements as the residential dwellings and be subject to required approval by the Architectural Control Committee. Campers, horse trailers, motor homes, and boats may be parked on the back of any Lot;

provided that any such parking shall not present an unsightly view, as determined by the Architectural Control Committee in its sole discretion, from neighboring Lots, roads, or streets, and then such parking shall be permitted only with the prior approval of the Architectural Control Committee. All other trucks, vehicles, and equipment shall not be kept on any Lot or street except in a private garage, outside building, or barn. No motor vehicle which is under repair or not in operating condition shall be placed or permitted to remain on any street or streets, or any portion of any Lot, or Lots, in Sunland Ranches, unless it is within an enclosed garage or structure.

3.4 General Upkeep: All clothes lines, yard or tack equipment, garbage cans, and service yards shall be kept screened by adequate planting or fencing so as to conceal them from the view of neighboring parcels and streets. All rubbish, trash, or garbage shall be removed from the premises of all Lots and shall not be allowed to accumulate thereon.

3.5 Television Antennas: All television antennas, including satellite dishes, installed upon any of the Lots in Sunland Ranches shall conform to federal regulatory guidelines and standards and/or be subject to approval by the Architectural Control Committee. Such antennae or satellite dishes may be placed upon Lots if (i) the satellite dish is less than thirty-nine (39) inches in diameter; (ii) the antenna is less than thirty-nine (39) inches in diameter and is designed to receive video programming via wireless cable. Such antennas may be mounted on masts to reach the height needed to establish line-of-sight contact with the transmitter but shall not exceed twelve (12) feet above the roof line; or (iii) the antenna is designed to receive television broadcast signals, and the antenna shall not exceed twelve (12) feet above the roof line. Provided, however, the Architectural Control Committee may prevent installation of the foregoing devices upon said Lots or restrict the location of such installation if (i) such installation would violate a legitimate safety rule; (ii) such installation would take place in an area protectable as an historical area; or (iii) such installation could reasonably be made elsewhere without the signal being impaired.

3.6 Sewage: Until such time as sewers may be available, all bathrooms, toilets, or sanitary conveniences shall be connected to septic tanks and leach

fields constructed in accordance with the requirements and standards of County and State laws, rules, and regulations in accordance with sound engineering, safety, and health practices. There shall not be allowed any outside portable lavatories, outside toilets, or open plumbing. Any leach field constructed within the Property shall be (i) horizontal and parallel to the ground surface, or (ii) of a shallow pit design. No leach field shall be constructed or extend more than twenty (20) feet below the surface of the Lot. No leach field shall be constructed in any area that is flood irrigated.

3.7 Tanks: No underground tanks of any kind shall be erected, placed, or permitted on any Lots. Any tanks, including tanks for the storage of fuel, must be aboveground and attractively screened to conceal them from neighboring Lots, roads, or streets, and then only with the prior approval of the Architectural Control Committee.

3.8 Animals: All animals, including dogs, must be kept within a fenced area, encaged, or otherwise controlled and not allowed to wander off or fly about. The care of all animals shall be performed by the Owner in a clean, neat, orderly fashion in accordance with the prevailing customs and methods and in accordance with county and state laws and ordinances; the physical facilities for the same shall also be maintained by the Owner in a clean, neat, orderly fashion in accordance with the prevailing custom and usage so that such facilities shall not become a nuisance to the remaining Owners and shall comply with all requirements of the Pinal County Health Department, other applicable state and county laws and the Architectural Control Committee. At no time will pit bulls, swine, peacocks, fighting chickens, or geese be allowed.

3.9 Construction Permitted: All structures erected in Sunland Ranches must be of new construction and no buildings or structures may be moved from any other location, other than a point of distribution or manufacture, onto any of said Lots or tracts. For purposes of this section, "new construction" shall refer to manufactured items and structures that have been constructed since 1997 when being placed on said Lots or tracts. Each manufactured residence or site-built residence shall have skirting along the bottom of the residence, or be placed on a foundation. Such skirting shall be constructed or installed by the Owner at the Owner's sole cost and expense within sixty

(60) days of occupancy of the residence. Skirting shall be constructed of the same materials as the residence and the installation of such skirting shall be subject to the prior approval of the Architectural Control Committee.

3.10 Minimum Livable Area: All single-family residences constructed within Sunland Ranches shall contain a minimum livable area of 1,000 square feet. This square footage requirement shall be exclusive of open porches, pergolas, or attached garages. Additional Properties may be developed with smaller square footage requirements; provided, however, that such Additional Properties must be in harmony with the aesthetic and architectural design of Sunland Ranches.

3.11 Plan Approval: Except as provided herein, no single-family residence, garage, barn, stable or shed, fence, or other structure shall be constructed within Sunland Ranches without having first obtained the prior written approval of design, location, and materials by the Sunland Ranches Architectural Control Committee as described herein. All such approvals shall be obtained pursuant to the provisions and requirements of Article 4 herein.

3.12 Commencement of Construction: No garage, barn, stable, or similar structure shall be erected on any Lot until construction of the primary single-family residence (complying with these restrictions) shall have been commenced on said Lot, and no garage or barn shall be maintained or occupied until construction on said single-family residence is finished and ready for occupancy. Any garage, barn, stable, or similar structure erected on any Lot shall be of the same design and constructed of the same materials as the permanent residence on said Lot.

3.13 Permanent Structure: No garage, barn, stable, tack room, trailer, mobile home, motor home, motor vehicle, or any temporary structure of any nature may be used temporarily or permanently as a residence on any Lot or tract. Except as may be otherwise permitted by the Architectural Control Committee under the authority granted in Section 4.7 hereof, all permanent structures on all Lots shall comply with (i) all minimum yard setback requirements established by the zoning ordinances of Pinal County, as they may be amended from time to time, or (ii) the following minimum setback requirements, whichever are greater:

Front Yard	50 feet
Side Yard	10 feet, and
Rear Yard	50 feet

3.14 Fenced Areas: A fence may be built and maintained up to and conterminous with the back wall of a residential dwelling, providing that the location, design, and type of materials for such fence have been approved by the Architectural Control Committee as provided herein. Fences may be constructed from barbed wire, chain link, rail, or block. Block fencing shall be painted to match the exterior of the home.

3.15 Commercial Activities: No hotel, store, multi-family dwelling, boarding house, guest ranch, or any other place of business of any kind, and no hospital, sanitarium, or other place for the care or treatment of the physically or mentally sick or for the treatment of disabled animals shall be erected or permitted upon the premises of any Lot, or any part thereof, and no business of any kind or character whatsoever shall be conducted in or from any residence or building on any said Lots.

3.16 Signs: No advertising signs, billboards, or unsightly objects shall be erected, placed, or permitted to remain on any of said Lots or tracts; provided, however, that a sign or signs as may be required by legal proceedings and a single "For Sale" or "For Rent" sign, not containing more than four (4) square feet of surface area may be placed on any Lot, and such sign or signs shall not be deemed in violation of these Restrictions.

3.17 Upkeep Assessment: The Owners of all Lots shall keep the same reasonably clean and clear of weeds and trash, so as not to cause an unsightly or dangerous condition, and if such Owner should fail after ten (10) days written notice from the Architectural Control Committee to do so, the committee shall have the right to enter upon such Lot and may cause the same to be cleaned, up to four (4) times yearly as necessary, and charge the actual cost thereof to the Owner of such Lot and said charges shall be a lien against the Property.

3.18 Drainage: No Owner shall divert or cause diversion of the surface water from the street adjacent to his property onto any other property. Each Owner hereby acknowledges and covenants that all surface runoff from the street adjacent to his Lot and from the Lot itself shall be retained on the Lot. All other surface water shall be left free to its natural flow unless lawfully diverted to a drainage ditch. The provisions of this paragraph shall be subordinate to the Pinal County subdivision regulations governing such drainage.

3.19 Water Usage and Irrigation: Subject to approval by the Architectural Control Committee, all single-family residences constructed within Sunland Ranches shall contain a fifty (50) foot radius around such residence which may be irrigated with potable water; provided, however, flood irrigation shall be expressly prohibited within this radius. Subject to approval by the Architectural Control Committee, irrigation via a bubbler system around the perimeter of a Lot shall be permitted; provided, however, flood irrigation around the Lot perimeter shall be expressly prohibited.

3.20 Utility Easements: All Lots and tracts in the subdivision are subject to a public utilities easement for the purpose of permitting installation and maintenance of public utilities and no excavation, planting, fence, building, structure, or other barrier or impediment may be placed or permitted to remain at any point on any public utility easement within Sunland Ranches which would restrict the free use and enjoyment of said easements by the Owners of any Lot or Lots in the subdivision.

3.21 Trash Containers and Collection: No garbage or trash shall be placed or kept on any property within Sunland Ranches, except in covered containers. 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 for the shortest time reasonably necessary to effect such collection.

3.22 Air-Conditioning Equipment: No heating, air conditioning, or refrigeration equipment shall be placed, allowed, or maintained anywhere other than on the ground unless appropriate skirting is installed around such equipment within thirty (30) days of its installation (subject to required approvals by the Architectural Control

Committee) in such manner that the skirting thereof appears to be part of the integrated architectural design of the building and does not have the appearance of a separate piece or pieces of machinery fixtures or equipment. Skirting shall be constructed of the same materials as the residence.

3.23 Utility and Service Lines: No gas, water, sewer, or cable television, lines shall be placed, allowed, or maintained upon or above the ground on any Lot, except to the extent, if any, underground placement thereof may be prohibited by law or would prevent the subject line from being functional. The foregoing shall not prohibit service pedestals and above ground switch cabinets and transformers where required. Provided, however, electric and telephone utilities may be placed above the ground.

3.24 Burning and Incinerators: No open fires or burning shall be permitted on any Lot at any time and no incinerators or like equipment shall be placed, allowed, or maintained upon any Lot. The foregoing shall not be deemed to preclude the use, in customary fashion, of outdoor residential barbecues or grills.

3.25 Noncompliance and Penalty Provisions. Subject to the remedies and procedures stated in Section 3.17, any Owner who violates this Declaration or any supplement thereto, or any decision of the Board of Directors or the Architectural Control Committee, shall receive a letter of notification of such noncompliance. If the noncompliance which is stated in this letter is not cured within fourteen (14) days after the initial notification, the Owner shall receive a second letter reminding him of the noncompliance and a warning of a pending fine if the issue is not cured at that time. The Owner shall be given fourteen (14) days to cure the noncompliance. On the fifteenth (15th) day after the second notification is sent, a fine of twenty-five (\$25.00) per week will be assessed to the Owner; if the noncompliance is not then cured within thirty (30) days, the fine will become fifty dollars (\$50.00) per week; if the noncompliance is not then cured within sixty (60) days, a fine of one hundred dollars (\$100.00) per week will result. Every thirty (30) day period thereafter, the fine will double until the nonconformance is cured.

Any Owner who receives a fourteen (14) day notice shall be given the opportunity to be heard by the Board of Directors prior to the Association assessing any monetary penalties. The Owner must contact the Board prior to the expiration of the first fourteen (14) day notice period in order to schedule a hearing.

Delivery of any notice shall be in accordance with Section 10.9 of this Declaration. Any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage prepaid, and addressed to the last known address of the addressee.

ARTICLE 4

Architectural Control Committee

4.1 Organization: There shall be an Architectural Control Committee organized, which shall consist of three (3) members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association.

4.2 Initial Members: The following persons are hereby designated as the initial members of the Architectural Control Committee:

C. Dale Willis, Jr. regular member

Suresh Chainani regular member

4.3 Terms of Office: Unless the initial members of the Architectural Control Committee have resigned or been removed, their terms of office shall expire at the time all Lots are developed and sold, but shall continue thereafter until the appointment of their respective successors. Declarant shall appoint the successors to the initial members of the Committee and shall designate the length of term for each; provided, however, that one successor shall serve for one (1) year, one for two (2) years and the third for three (3) years. Thereafter, the term of each member of the Committee shall be for a period of three (3) years and until the appointment of his successor.

4.4 Appointment and Removal: The right to appoint and remove all members of the Architectural Control Committee at any time, shall be and is hereby vested fully in the Board of the Association; provided, however, that no member may be removed from the Architectural Control Committee by the Board except by the vote or written consent of two-thirds (2/3) of all members of the Board. Any member of the Architectural Control Committee may resign at any time by giving written notice thereof to the Board.

4.5 Annual Meeting: After the appointment of successors to the initial members of the Committee, the Committee shall call a meeting of the Owners on an annual basis for the purpose of electing one (1) member of the Committee and conducting such other business as may be identified in the notice of annual meeting (and such other business as may properly come before the meeting in accordance with any rules adopted by the Committee for such annual meetings). The notice for the annual meeting shall be sent to all of the Owners at their last known address not less than fifteen (15) days nor more than sixty (60) days prior to the date of the meeting. At the first meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class of membership 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.

4.6 Duties: The Architectural Control Committee shall have the authority and responsibility to review the plans and specifications of all single-family residences, garages, barns, stables, sheds, fences, and other structures to be constructed in the subdivision pursuant to the terms hereof, and perform such other duties as may be delegated to it by the Board.

The Architectural Control Committee shall have the right to disapprove any plans or specifications or grading plans, which are not suitable or desirable, in its opinion, for aesthetic or other reasons, and in so passing upon such plans, specifications, and grading plans, and without any limitations of the foregoing, it shall have the right to

take into consideration the suitability of the proposed building or other structure, and of the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings, and the effect of the proposed building or other structure on the outlook from the adjacent or neighboring property.

In addition, the Architectural Control Committee shall have the right and power to waive the specific requirements hereof when reasonableness and prudence, in its opinion, are required in order to avoid unnecessary or excessive expense or inconvenience to one (1) or more Owners or the Association; provided, however, that the Committee shall have no power to waive the requirements of applicable city, county, or state laws.

All subsequent additions to or changes or alterations in any building, fence, wall, or other structure including exterior color scheme, shall be subject to the prior approval of the Architectural Control Committee. No changes or deviations in or from such plans and specifications once approved shall be made without prior written approval of the Architectural Control Committee. All decisions of the Architectural Control Committee shall be final and no Owner or other party shall have recourse against the Architectural Control Committee for its approval or disapproval of any such plans and specifications or plot plans, including lawn area and landscaping.

4.7 Application and Approval: Two (2) copies of the complete plans and specifications of any proposed structure must be submitted to the Architectural Control Committee, together with such fee or fees as the Committee determines in its sole discretion to be reasonable or necessary to defray the cost of its review and the professional evaluation of such plans and specifications. At least one (1) copy of said plans and specifications shall be retained by the Architectural Control Committee.

In the event that a written request for such approval is not acted upon within thirty (30) days of the receipt by the Committee of said request, then such approval will not be required; provided, however, that no structure may be constructed pursuant to this paragraph which conflicts with any specifically delineated restriction contained herein or with any applicable zoning or use law.

4.8 Waiver: The approval by the Architectural Control Committee of any plans, drawings, or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Control Committee, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing, specification, or matter subsequently submitted for approval.

4.9 Meetings and Compensation: The Architectural Control Committee shall meet from time to time as necessary to perform its duties hereunder. The vote or written consent of any two (2) regular members at a meeting, or otherwise, shall constitute the act of the Committee. Members of the Architectural Control Committee shall not be entitled to compensation for their services.

4.10 Committee Rules: The Architectural Control Committee may, from time to time, and in its sole and absolute discretion, adopt, amend, and repeal, by unanimous vote or written consent, rules and regulations, to be known as the Architectural Control Committee Rules (the "Committee Rules"). The Committee Rules may set forth the standards and procedures for Committee review and guidelines for architectural design, placement of buildings, landscaping, color scheme, exterior finishes and materials, and similar features which are recommended for use within Sunland Ranches. In addition, the Committee Rules may establish procedures and regulations to govern the notice and conduct (i.e., proxy issues, etc.) of the annual meeting of the Owners.

4.11 Liability: Neither the Architectural Control Committee nor any member thereof, shall be liable to the Committee, any Owner, or to any other party for any damage, loss, or prejudice suffered or claimed on account of:

- A. Approval or disapproval of any plans, drawings, or specifications, whether or not defective,
- B. The construction or performance of any work, whether or not pursuant to approved plans, drawings, and specifications,
- C. The development of any property within Sunland Ranches,

D. The notice and conduction of any annual meeting, the execution and filing of any estoppel certificate (whether or not the facts therein are correct), or any other such normal and expected activity of the Committee, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

Without any way limiting the generality of any of the foregoing provisions of this section, the Architectural Control Committee, or any member thereof, may, but is not required to, consult with, or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Committee for review.

ARTICLE 5

Sunland Ranches Homeowners Association

5.1 **The Association:** The Sunland Ranches Homeowner's Association shall be a non-profit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in its Articles, Bylaws, and this Declaration. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

5.2 **Board of Directors and Officers:** The affairs of the Association shall be conducted by the board of three (3) or more directors who need not be members of the corporation. The initial Board of Directors shall consist of three (3) directors, one of which shall serve until the election of his successor at the first annual meeting, one of which shall serve until the election of his successor at the second annual meeting, and one of which shall serve until the election of his successor at the third annual meeting. Beginning with the first annual meeting, the members, at each annual meeting, shall elect one-third (1/3) of the directors, each for a term of three (3) years.

5.3 **Powers and Duties:** The Association shall have such rights, duties and powers as set forth in the Articles and Bylaws, as they may be amended from time to time. Such rights, duties and powers shall include, but not be limited to, the following:

- A. Appoint and remove members of the Architectural Control Committee as permitted herein;
- B. Hold title to the Common Areas and such other areas as may be acquired by it and set aside and maintain for the use, enjoyment, or convenience of the Owners of Lots with Sunland Ranches; and
- C. Maintain and manage all Common Areas.

5.4 Rules: By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the Sunland Ranches Rules (“Rules”). The Rules may restrict and govern the use of any area by any Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that the Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Bylaws, or the Articles. A copy of the Rules as they may from time to time be adopted, amended, or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Upon such recordation, said Rules shall have the same force and effect as if they were set forth in and were a part of the Declaration.

5.5 Personal Liability: No member of the Board or any Committee or the Association, or any officer of the Association, or the manager, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on account of any acts, omissions, errors, or negligence of the Association, the Board, the manager, or any other representative or employee of the Association, or the Architectural Control Committee, or any other committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional misconduct.

ARTICLE 6

Voting Rights

6.1 Membership: Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to assessment.

6.2 Voting Membership: The Association shall have three (3) classes of voting membership.

Class A. Class A members shall be all Owners of Lots within Sunland Ranches with the exception of Declarant. Class A members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B members shall be the Owners of Lots within Additional Properties as may be so designated in a Supplemental Declaration annexing such Additional Properties with the exception of the Declarant. The Class B members shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any such Lot, all such persons shall be members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot. The Class B members shall, in addition, be entitled to such other rights and obligated by such other restrictions as may be specifically set forth in a Supplemental Declaration annexing their properties and designating them as Class B members.

Class C. The Class C member shall be the Declarant (including its successors and assigns) and shall be entitled to three (3) votes for each Lot owned, whether voting on a matter presented to the Class A members, Class B members, or both. The Class C membership shall cease and be converted into Class A and Class B memberships, as appropriate, on the happening of any of the following events, whichever first occurs: (i) when all of the Lots have been conveyed to purchasers; (ii) when the Declarant notifies the Association in writing that it relinquishes its Class B memberships; or (iii) on January 1, 2005.

6.3 Cumulative Voting: In any election of the members of the Board, cumulative voting shall be permitted.

6.4 Other Rights, Rights, and Obligations: Each member shall have such other rights, duties, and obligations as set forth in the Articles and Bylaws, as they may be amended from time to time.

6.5 Rights Appurtenant: The right to vote of each Owner of a Lot shall be appurtenant to said Lot and shall run with the title to said Lot. The rights and obligations of an Owner shall not be assigned, transferred, pledged, conveyed, or alienated in any way except upon transfer of ownership to the Owner's Lot, and then only to the transferee of ownership to such Lot, or by intestate succession, testamentary disposition, or 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 in the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of said Lot shall operate to transfer such rights to the new Owner thereof.

ARTICLE 7

Permitted Uses and Restrictions of Common Area

7.1 Maintenance by Association: The Association may alter the community for good, as allowed by laws and rules and be compensated when necessary and, it may at any time, as to any Common Area conveyed, leased or transferred to it, or otherwise placed under its jurisdiction, in the discretion of the Board of the Association, without any prior approval of the Owners being required:

- A. Reconstruct, repair, replace or refinish the Common Area, roadways, and streets or portions thereof upon any such area in accordance with original design, finish or standard of construction of such Common Areas, roadways, and streets or in accordance with the last plans thereof approved by the Committee.

- B. Place and maintain upon any such area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof.
- C. Prohibit Owners and their invitees, licensees, and lessees from parking automobiles, trucks, vehicles, and other equipment on the Common Area, roadways, and streets within Sunland Ranches for any length of time;
- D. Prohibit the blockage or restriction of any surface water drainage upon the Common Area, roadways, or streets;
- E. Do all such other and further acts which the Board deems necessary to preserve and protect the Property and the beauty thereof, in accordance with the general purposes specified herein;
- F. The Board shall be the sole judge as to the appropriate maintenance of all grounds and improvements within the Common Area.

ARTICLE 8

Covenant for Assessments

8.1 Creation of Lien and Personal Obligation of Assessments: The Declarant for each Lot owned within Sunland Ranches hereby covenants, and each Owner of any Lot 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 the Association:

- A. Annual assessments or charges consisting of a pro rata share of the actual cost to the Sunland Ranches Homeowners Association relating to or incurred as a result of the upkeep, repair, maintenance or improvement of the Common Area, and a pro rata share of any and all taxes and assessments paid by

the Association relating to or incurred as a result of the Common Area.

- B. A pro rata share of such sums as the Board shall determine to be fair and prudent for the establishment of necessary reserves for expenses, maintenance and the payment of taxes, all as herein required.
- C. A pro rata share of any special assessment for capital improvements, such assessments to be established and collected as herein provided.

Such assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is also made. Each assessment, together with interest, costs, and reasonable attorneys' fees shall be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to his successor in title unless expressly assumed by said successor in title.

8.2 Purpose of Assessment: Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents within Sunland Ranches and annexed Additional Properties, and for the improvement and maintenance of Common Areas.

8.3 Maximum Annual Assessment: Until January 1, 2001, the maximum annual assessment for all Lots within Sunland Ranches shall be the sum of three hundred fifty dollars (\$350.00). From January 1, 2001, the maximum assessment may be increased each year not more than five percent (5%) above the maximum assessment for the previous year, or the amount of increase in the "Cost of Living Index", whichever is greater, without a vote of the membership. For purposes hereof, "Cost of Living Index" shall mean the "United States Consumer Price Index" published monthly by the U.S. Bureau of Labor Statistics, which index shall have as its base the number 100.00 for the period from 1982-1984. Any successor index or modification of the above-described index shall be adjusted to relate to the 1982-1984 index of 100.00. (If

the Cost of Living Index ceases to be published, then it may be replaced for the purposes hereof by a different consumer price index selected by the Board.) From and after January 1, 2001, the maximum annual assessment may be increased more than the normal increase allowed (five percent [5%] or Cost of Living increase, whichever is greater) above the maximum assessment for the previous year by a vote of two-thirds (2/3) of the members of each class of membership who are voting in person or by proxy, at a meeting duly called for this purpose. The Board may fix the annual assessment at an amount not in excess of the applicable maximum.

8.4 Special Assessments for Capital Improvements: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only 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 Common Area, including fixtures and personal property relating thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of the members of each class of membership who are voting in person or by proxy at a meeting duly called for this purpose.

8.5 Notice and Quorum for Any Action Authorized Under Sections 8.3 and 8.4: Written notice for any meeting called for the purpose of taking any action authorized under Section 8.3 or Section 8.4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first meeting called, the presence of members or of proxies entitled to cast sixty percent (60%) of all the votes of each class membership 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.

8.6 Uniform Rate of Assessment: Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly, or annual basis. However, the amount of the assessment of any one

year and from year to year may vary between undeveloped, developed, and improved Lots.

8.7 Commencement of Assessments: The annual assessments provided for herein shall commence as to all Lots at such time as the Board determines in its sole and absolute discretion. The first annual assessment shall be adjusted according to the number of months remaining in that calendar year. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due date shall be established by the Board of Directors.

8.8 Effective Non-Payment of Assessment; Remedies: Each Owner of any Lot shall be deemed to covenant and agree to pay to the Association the assessment provided for herein, and agree to the enforcement of the assessments in the manner herein specified. In the event the Association employs an attorney or attorneys for the collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, each Owner and member agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner or member. In the event of a default in payment of any such assessment when due, in which case the assessment shall be deemed delinquent, and in addition to any other remedies herein or by law provided, the Association may enforce such obligation in any manner provided by law or in equity or without any limitation of the foregoing, by either or both of the following procedures:

- A. Enforcement by Suit: The Association may cause a suit at law to be commenced and maintained in the name of the Association against an Owner to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of twelve percent (12%) per annum from the date of delinquency, court costs, and

reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner.

- B. Enforcement by Lien: There is hereby created a claim of lien, with power of sale, on each and every Lot to secure payment to the Association of any and all assessments levied against any and all Owners of such Lots under these restrictions, together with interest thereon at the rate of twelve percent (12%) per annum from the date of delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien.

For purposes of enforcement of the Owner's obligations hereunder, the Property shall be deemed to constitute a "Planned Community" under Title 33, Chapter 16 of the Arizona Revised Statutes and § 33-1807 thereof (or the replacement thereof) shall govern the priority and perfection of any lien created by this Declaration. Any such lien may be foreclosed by appropriate action in court or in the manner provided by law for the foreclosure of a realty mortgage or trust deed as set forth by the laws of the State of Arizona, as the same may be changed or amended. The lien provided for herein shall be in favor of the Committee and shall be for the benefit of all other Owners. The Committee shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage, and convey any Lot. In the event such foreclosure is by action in court, reasonable attorneys' fees, court costs, title search fees, interest, and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a Lot, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner.

8.9 Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage.

Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE 9

Subjecting Additional Lands to the Declaration

9.1 Additions in Accordance with General Plan of Development: The Declarant or its heirs and assigns, shall have the right to bring within the scheme of this Declaration Additional Properties in future stages of the development without the consent of the Owners within five (5) years of the date of this Declaration. This provision is intended to be permissive in nature, and any such planned development shall not bind the Declarant or its heirs and assigns, to make the proposed additions in any subsequent development.

The additions authorized under this and the succeeding subparagraph, shall be made by recording a Supplementary Declaration of Covenants, Conditions and Restrictions with respect to the Additional Property which shall extend the scheme of covenants and restrictions of this Declaration to such property.

Such Supplementary Declaration may contain such complementary additions and modifications to the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with the scheme of the master plan. In no event, however, shall such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the existing Property.

ARTICLE 10

General Provisions

10.1 Enforcement: The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity all restrictions, conditions, covenants,

reservations, liens, and charges now or hereinafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no way be deemed a waiver of the right to do so thereafter.

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

10.3 Severability: Invalidation of any of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall be in full force and effect.

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

10.5 Amendment: The covenants and restrictions of this Declaration shall run with and bind the land until December 31, 2029 after which they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time by an instrument signed by Owners who collectively own not less than eighty percent (80%) of the Lots. Any amendment must be recorded.

10.6 Violations and Nuisances: Every act or omission whereby any provision in this Declaration is violated in whole or in part is hereby declared to be a

nuisance and may be enjoined or abated, whether or not the release sought is for negative or affirmative action, by Declarant, the Association, or any Owner or Owners of a Lot within Sunland Ranches. However, any other provision to the contrary notwithstanding, only Declarant, the Association, or the duly authorized agent of any of them, may enforce by self help any of the provisions of this Declaration.

10.7 Violation of Law: Any violation of any state, municipal, or local law, ordinance, or regulation, pertaining to the ownership, occupation, or use of any property within Sunland Ranches is hereby declared to be a violation of this Declaration and subject to any and all of the enforcement procedures set forth herein.

10.8 Remedies Cumulative: Each remedy provided by this Declaration is cumulative and not exclusive.

10.9 Delivery of Notices and Documents: Any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered forty-eight (48) hours after a copy of the same has been deposited in the United States mail, postage pre-paid, addressed to the last known address of addressee.

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

10.11 Declaration: By acceptance of a deed, or by acquiring any ownership interest in any of the Property within this Declaration, each person or entity, for himself or itself, his heirs, personal representative, successors, transferees, and assigns, binds himself, his heirs, personal representatives, successors, transferees, and assigns to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereinafter imposed by this Declaration and any amendments thereof. In

addition, each person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and care of the Property covered thereby, and hereby evidences that his interest in all of the restrictions, conditions, rules, and regulations contained herein shall run with the land and be binding on all subsequent and future owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive, and enforceable by the various subsequent future Owners.

10.12 Gender and Number: Wherever the context of this 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.

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

IN WITNESS WHEREOF the undersigned Sunland Estates, L.L.C., an Arizona limited liability company, as Declarant has caused its name to be signed by the signatures of duly authorized officers, on this 17th day of April, 2000.

DECLARANT

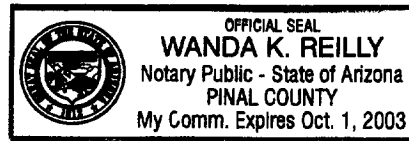
SUNLAND ESTATES, L.L.C,
an Arizona limited liability company

By: _____

Its: _____

[Handwritten Signature]
Managing Member

STATE OF ARIZONA)
) ss
County of Pinal)



The foregoing instrument was acknowledged before me on this 19th day of April, 2000, by Charles Dale Willis of SUNLAND ESTATES, L.L.C., an Arizona limited liability company, on behalf of the company.

Wanda K Reilly
Notary Public

My Commission Expires:

Oct 1, 2003