

6

When recorded, return to:
Central Arizona Water
Conservation District
P.O. Box 43020
Phoenix, Arizona 85080-3020
Attn: Manager, Groundwater
Replenishment District

**OFFICIAL RECORDS OF
PINAL COUNTY RECORDER
LAURA DEAN-LYTLE**

DATE: 01/31/00 TIME: 1622
 FEE : 7.50
 PAGES: 6
 FEE NO: 2000-004711

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
SUNLAND RANCHES
REGARDING MEMBERSHIP IN THE CENTRAL ARIZONA
GROUNDWATER REPLENISHMENT DISTRICT**

This Declaration of Covenants, Conditions and Restrictions for Sunland Ranches Regarding Membership in the Central Arizona Groundwater Replenishment District is made this 10th day of January, 2000, by Sunland Estates, L.L.C., an Arizona limited liability company.

RECITALS

- A. Declarant is the owner of the Property, legally described in Exhibit A attached and incorporated into this Declaration.
- B. Declarant has applied to the Department for a certificate of assured water supply for the property pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9.
- C. As permitted by Arizona Revised Statutes § 45-576.01(B), Declarant desires to satisfy one requirement for obtaining a certificate of assured water supply by qualifying the Property as Member Land pursuant to the Groundwater Replenishment Statute. As Member Land, the Property will be a member of the Central Arizona Groundwater Replenishment District, an operating subdivision of the Central Arizona Water Conservation District ("CAWCD").
- D. To qualify the Property as Member Land, the Groundwater Replenishment Statute requires Declarant to subject the Property to this Declaration.
- E. To permit the delivery of Excess Groundwater to the Property as Member Land, each Parcel must be subject to the Parcel Replenishment Obligation and the Replenishment Assessment to be determined by CAWCD.

F. Qualifying the Property as Member Land and subjecting the Property to the Parcel Replenishment Obligation and the Replenishment Assessment directly benefits the Property by increasing the potential of the Property to qualify for a certificate of assured water supply issued by the Department pursuant to Arizona Revised Statutes Title 45, Chapter 2, Article 9, thereby allowing the development, use and enjoyment of the Property.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the covenants, conditions and restrictions contained in this Declaration.

ARTICLE 1 DEFINITIONS

1.1 "CAWCD" means the Central Arizona Water Conservation District, a political subdivision of the State of Arizona, and any successor political subdivision.

1.2 "Declarant" means Sunland Estates, L.L.C., an Arizona limited liability company.

1.3 "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Sunland Ranches Regarding Membership in the Central Arizona Groundwater Replenishment District, as amended from time to time.

1.4 "Department" means the Arizona Department of Water Resources, an agency of the State of Arizona, and any successor agency.

1.5 "Excess Groundwater" means the amount of Groundwater equal to the amount of Groundwater delivered to the Property in a calendar year in excess of the amount of Groundwater that may be used at the Property in that calendar year consistent with the applicable Assured and Adequate Water Supply Rules adopted by the Department for the Pinal Active Management Area pursuant to Arizona Revised Statutes § 45-576(H).

1.6 "Groundwater" is as defined in Arizona Revised Statutes § 45-101(5).

1.7 "Groundwater Replenishment Statute" means Arizona Revised Statutes Title 48, Chapter 22.

1.8 "Member Land" is as defined in Arizona Revised Statutes § 48-3701(9).

1.9 "Owner" means the Person or Persons who individually or collectively own fee title to a Parcel, provided that if fee title to a Parcel is vested in a trustee under a deed of trust under Arizona Revised Statutes Title 33, Chapter 6.1, the owner of the trustor's interest under the deed of trust is deemed to be the "Owner" of that Parcel.

1.10 "Parcel" means any portion of the Property now existing or hereafter established for which the tax assessor for the county in which the Property is located has issued a separate tax parcel number.

1.11 "Parcel Replenishment Obligation" means, with respect to any particular Parcel, an amount of Groundwater that is equal to the amount of Groundwater delivered to the Parcel in a calendar year multiplied by the percentage that the Excess Groundwater of the Property for that year bears to the total amount of Groundwater delivered to the Property during that year.

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

1.13 "Property" means the real property described in Recital A.

1.14 "Replenishment Assessment" means the annual assessment levied by CAWCD against a Parcel in a calendar year based on the Parcel Replenishment Obligation applicable to that Parcel during that year.

ARTICLE 2 COVENANT FOR REPLENISHMENT ASSESSMENT

2.1 Replenishment Assessment. Each Parcel is hereby made subject to the Replenishment Assessment based on the Parcel Replenishment Obligation in an amount to be determined by CAWCD as necessary to allow CAWCD to perform its groundwater replenishment obligation under the Groundwater Replenishment Statute.

2.2 Levy of Replenishment Assessment. CAWCD shall levy the Replenishment Assessment against each Parcel in accordance with Arizona Revised Statutes § 48-3778.

2.3 Interest, Costs and Penalties. If the Replenishment Assessment is not paid when due, CAWCD will be entitled to interest, costs and penalties as provided by Arizona Revised Statutes § 48-3782.

**ARTICLE 3
COVENANT FOR CREATION OF LIEN**

3.1 Creation of Lien and Personal Obligation. Declarant, for each Parcel, hereby covenants and agrees, and each Owner (other than Declarant), by becoming the Owner of a Parcel, is deemed to covenant and agree, to pay the Replenishment Assessment to CAWCD in accordance with this Declaration and the Groundwater Replenishment Statute. The Replenishment Assessment, together with interest, costs, and penalties as provided by Arizona Revised Statutes § 48-3782, constitutes a continuing lien on the Parcel against which such Replenishment Assessment is levied, as provided by Arizona Revised Statutes § 48-3778. A Replenishment Assessment, together with interest, costs and penalties, as provided by Arizona Revised Statutes § 48-3782, is also a personal obligation of each Person who was an Owner of a Parcel at the time such Replenishment Assessment came due.

3.2 Remedies for Nonpayment of Replenishment Assessment. In the event of delinquency of any Replenishment Assessment, CAWCD has the rights and remedies provided in Arizona Revised Statutes §§ 48-3778 and 48-3782.

**ARTICLE 4
GENERAL PROVISIONS**

4.1 Binding Effect. The Property shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any portion of or any interest in the Property, each Owner is bound by all the covenants, conditions and restrictions now or hereafter imposed by this Declaration. The covenants, conditions and restrictions contained in this Declaration run with the land and bind Declarant, all Owners, and all successors and assigns of Declarant or any Owner. Declarant agrees and covenants to CAWCD to execute and record any additional documentation which CAWCD may reasonably require to effectuate the intents and purposes of this Declaration and the Groundwater Replenishment Statute.

4.2 Amendments. This Declaration may be modified, amended or revoked only (i) by the express written agreement of CAWCD, the Department and the Owners of 67% of the total area of the Property; or (ii) by amendment statutes, rules or regulations or successor statutes, rules or regulations, as contemplated by Paragraph 4.4.

4.3 Interpretation. This Declaration must be construed and interpreted in accordance with and in reference to the laws of the State of Arizona, including but not limited to the Groundwater Replenishment Statute.

4.4 Rules, Regulations and Successor Statutes. All references in this Declaration to Arizona Revised Statutes include all rules and regulations promulgated by the Department under such statutes and all amendments and successor statutes, rules and regulations to such statutes, rules and regulations.

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

4.6 Captions. All captions, titles or headings in this Declaration are used for the purpose of reference and convenience only and do not limit, modify or otherwise affect any of the provisions of this Declaration.

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

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

By: WILLIS PROPERTY COMPANY, L.C.

Its: Manager

By: _____

[Handwritten signature]

Its: _____

Partner

STATE OF *Arizona*)
County of *Maricopa*)

ss.

The foregoing instrument was acknowledged before me this 10 day of January, 2000, by C. Dale Willis, Jr., the Manager of Willis Property Co. P.C., on behalf of Sunland Estates, L.L.C.

Tonna Rogers

Notary Public

My commission expires:

04/04/03

G:\grd\grd-docs\sunlandbranches.ccr.wpd

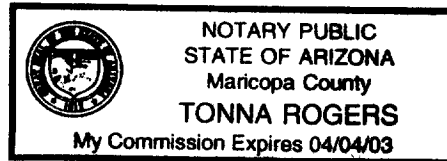


EXHIBIT A

The South half of Section 13, Township 8 South, Range 6 East of Gila and Salt River Meridian, Pinal County, Arizona.