

207 Waiver
Title
Legal Description
Policy or Appeals
Correspondence Between Legal & Staff
Letter of Authorization

Legal



COMMITMENT FOR TITLE INSURANCE

Issued by

Fidelity National Title Insurance Company

Fidelity National Title Insurance Company, a California corporation ("Company"), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate 6 months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, Fidelity National Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Countersigned by:

Natalie Bombardieri

Authorized Signature



By:

Randy Quirk

Randy Quirk, President

Attest:

Michael Gravelle

Michael Gravelle, Secretary

Fidelity National Title Agency, Inc.

60 E. Rio Salado Parkway Suite 1104
Tempe, AZ 85281

SCHEDULE A

Title Officer: **Mike Bennett**
Escrow Officer: **Patti Graham**

Order No.: **39003996-039-PG**
Reference No.:

1. Effective Date: **February 7, 2017** at 7:30 a.m., Amendment Date: **February 14, 2017**, Amendment No.: **3/MB**
2. Policy or Policies to be issued: Amount of Insurance:
ALTA Extended Owners Policy (6-17-06) **\$65,000,000.00**

Proposed Insured:

Toll Brothers AZ Construction Company, an Arizona corporation

None

\$0.00

Proposed Insured:

None

\$0.00

Proposed Insured:

3. The estate or interest in the land described or referred to in this Commitment and covered herein is:

A FEE

4. Title to said estate or interest in said land is at the effective date hereof vested in:

MCDOWELL MOUNTAIN BACK BOWL, LLC, an Illinois limited liability company

5. The land referred to in this commitment is described as follows:

See Exhibit A attached hereto and by reference made a part hereof.

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF **MARICOPA**, STATE OF **ARIZONA**, AND IS DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

Lots 1 through 7, inclusive; Lot 9; Lots 11 through 26, inclusive; Lots 28, 29, 31 and 33; Lots 35 through 40, inclusive; Lots 42, 45 and 46, of SERENO CANYON PHASE 1, according to the plat recorded in Book 910 of Maps, page 16, and Certificate of Correction recorded April 9, 2007 in Recording No. 2007-0413301 and Affidavit of Amendment recorded May 24, 2007 in Recording No. 20070603846, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 2:

Lots 1 through 28, inclusive, of SERENO CANYON PHASE 2, according to the plat recorded in Book 974 of Maps, page 40, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 3:

Lots 1 through 22, inclusive, of SERENO CANYON PHASE 3, according to the plat recorded in Book 974 of Maps, page 41, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 4:

Lot 27 and Tract F, of LOT 27 OF SERENO CANYON PHASE 1, according to the plat recorded in Book 1042 of Maps, page 27, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 5:

27C101 (6/06) ALTA Commitment - 2006

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AMERICAN
LAND TITLE
ASSOCIATION

EXHIBIT A
(Continued)

Parcel No. 1 and a portion of Parcels No. 2 and 7 of THE GOLDIE BROWN PINNACLE PEAK RANCH: UNIT ONE, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 191 of maps, page 26, more particularly described as follows:

COMMENCING at the Northeast corner of said Parcel 1, a rebar with cap RLS 17591, from which the Southeast corner of said Parcel 1, being the Southeast corner of said Section, ½ inch rebar with a bent illegible cap bears South 00 degrees 04 minutes 54 seconds East (basis of bearing), a distance of 1321.15 feet, said point being the POINT OF BEGINNING;

thence along the East line of said Parcel 1 and said Section, South 00 degrees 04 minutes 54 seconds East, a distance of 1321.15 feet, to the Southeast corner of said Parcel 1 and said Section;

thence leaving said East line along the South line of said Parcel 1, Parcel 2 and said Section, South 89 degrees 51 minutes 22 seconds West, a distance of 2643.98 feet to the Southwest corner of said Parcel 2, also being the South quarter corner of said Section and the Southeast corner of said SERENO CANYON PHASE 2;

thence leaving the South line of said Parcel 2, along the West line of said parcel 2 and the Easterly line of said SERENO CANYON PHASE 2, North 00 degrees 02 minutes 10 seconds West, a distance of 1321.28 feet to the Northwest corner of said Parcel 2;

thence along the North line of said parcel 2, North 89 degrees 51 minutes 47 seconds East, a distance of 225.90 feet;

thence leaving the North line of said Parcel 2, continuing along said Easterly line, North 08 degrees 47 minutes 58 seconds West, a distance of 89.69 feet;

thence North 04 degrees 33 minutes 51 seconds East, a distance of 298.46 feet;

thence North 77 degrees 15 minutes 26 seconds East, a distance of 96.60 feet to the beginning of a curve;

thence Southeasterly along said curve, having a radius of 17.00 feet, concave Southwesterly through a central angle of 92 degrees 50 minutes 31 seconds, a distance of 27.55 feet to a point of reverse curvature;

thence Southeasterly along said curve, having a radius of 208.00 feet, concave Northeasterly through a central angle of 42 degrees 45 minutes 36 seconds, a distance of 155.23 feet to a point of reverse curvature;

thence Southeasterly along said curve, having a radius of 292.00 feet, concave Southwesterly through a central angle of 11 degrees 20 minutes 43 seconds, a distance of 57.82 feet to a point of reverse curvature;

thence Southeasterly along said curve, having a radius of 430.00 feet, concave Northeasterly through a central angle of 15 degrees 53 minutes 39 seconds, a distance of 119.29 feet to a point of reverse curvature;

thence Southerly along said curve, having a radius of 320.00 feet, concave Westerly through a central angle of 74 degrees 42 minutes 29 seconds, a distance of 417.25 feet to a point of reverse curvature;

thence Southerly along said curve, having a radius of 270.00 feet, concave Easterly through a central angle of 31 degrees 57 minutes 31 seconds, a distance of 150.60 feet to a point of intersection with a non-tangent line;

thence South 75 degrees 32 minutes 22 seconds West, a distance of 29.43 feet to the East line of the West half of said Parcel 2;

EXHIBIT A

(Continued)

thence along said East line, continuing along said Easterly line, South 00 degrees 02 minutes 28 seconds East, a distance of 205.00 feet;

thence leaving said East line, continuing along said Easterly line, North 46 degrees 00 minutes 31 seconds East, a distance of 172.81 feet to a point of intersection with a non-tangent curve;

thence Northerly along said curve, having a radius of 230.00 feet, concave Easterly whose radius bears North 46 degrees 00 minutes 31 seconds East, through a central angle of 61 degrees 29 minutes 22 seconds, a distance of 246.83 feet to a point of reverse curvature;

thence Northerly along said curve, having a radius of 360.00 feet, concave Westerly through a central angle of 68 degrees 25 minutes 06 seconds, a distance of 429.88 feet to the Southerly line of said SERENO CANYON PHASE 3 and a point of intersection with a non-tangent line;

thence leaving said Easterly line, along said Southerly line, North 42 degrees 38 minutes 45 seconds East, a distance of 273.39 feet;

thence South 71 degrees 31 minutes 24 seconds East, a distance of 248.68 feet;

thence South 04 degrees 23 minutes 46 seconds East, a distance of 257.96 feet;

thence North 87 degrees 26 minutes 00 seconds East, a distance of 265.80 feet to the East line of said Parcel 7;

thence leaving said Southerly line, along said East line, South 00 degrees 03 minutes 38 seconds East, a distance of 38.04 feet to the Southeast corner of said Parcel 7, being the Northwest corner of said Parcel 1 and a point of intersection with a non-tangent curve;

thence leaving said East line, along the North line of said Parcel 1, Easterly along said curve, having a radius of 468.82 feet, concave Southerly whose radius bears South 09 degrees 20 minutes 04 seconds East, through a central angle of 09 degrees 11 minutes 21 seconds, a distance of 75.19 feet to the curve's end;

thence North 89 degrees 51 minutes 17 seconds East, a distance of 1246.31 feet to the POINT OF BEGINNING;

EXCEPT any portion thereof lying within Parcels No. 1, 2, 3 and 4 above; and

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in [Docket 304, page 447](#), records of Maricopa County, Arizona.

SCHEDULE B – Section I

REQUIREMENTS

The following are the requirements to be complied with:

1. Pay the agreed amounts for the interest in the Land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Documents satisfactory to us creating the interest in the Land and/or the mortgage to be insured must be signed, delivered and recorded.
4. You must tell us in writing the name of anyone not referred to in this commitment who will get an interest in the Land or who will make a loan on the Land. We may then make additional requirements or exceptions.
5. INTENTIONALLY OMITTED
6. Furnish a plat of a ALTA/ACSM Land Title Survey. If the owner of subject property is in possession of a current ALTA/ACSM Land Title Survey, this Company will require that said Survey be submitted for review and approval. Otherwise, a new survey, satisfactory to the Company, must be prepared by a registered land surveyor and supplied to the Company prior to the close of escrow. The Company reserves the right to except additional items and/or make additional requirements after review of such survey.

Said Plat of Survey shall include the recommended certification and at the minimum, also have shown thereon Items 1, 2, 6 through 11, 16, 19, and 20 from Table A thereof.

Note: If an ALTA 3.1 Zoning Endorsement is requested, Items 7a, 7b, 7c and 9 of Table A will also be required. The number and type of parking spaces must be shown on the survey. Property use information must also be provided to Fidelity National Title Insurance Company.

7. The Company will require that an Owner's Affidavit be completed by the party(s) named below before the issuance of any policy of title insurance.

Party(s): MCDOWELL MOUNTAIN BACK BOWL, LLC, an Illinois limited liability company

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit.

8. Furnish evidence that all assessments which are due the owners' association and/or master association, if any, have been paid in full and are current.

Note: Notice of Association Contact Information

Owners Association:	Sereno Canyon Homeowners Association
Name of Agent/Management Company:	Brown Community Management
Association Address:	7255 E. Hampton Ave., Suite 101, Mesa, AZ 85209
Association Telephone Number:	480-539-1396
Recording Date:	December 31, 2014
Recording No.:	<u>20140857952</u>

SCHEDULE B – Section I
(Continued)

9. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company will require a liability amount and list of requested endorsements prior to submitting the transaction for said approval. Failure to provide this information may result in the closing being delayed.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

10. INTENTIONALLY OMITTED

11. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: MCDOWELL MOUNTAIN BACK BOWL, LLC, an Illinois limited liability company

- a) A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member
- d) If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

12. INTENTIONALLY OMITTED

13. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.

Upon confirmation by the owner of no open Deeds of Trust or Mortgages encumbering the Land described herein, furnish the Company an owner's Affidavit of no open Deed of Trust(s).

14. Furnish for recordation a deed as set forth below:

Grantor(s): McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Grantee(s): Toll Brothers AZ Construction Company, an Arizona corporation

Note: ARS 11:1133 may require the completion and filing of an Affidavit of Value.

SCHEDULE B – Section I
(Continued)

15. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance by the corporation named below:

Name of Corporation: Toll Brothers AZ Construction Company, an Arizona corporation

- a) A Copy of the corporation By-laws and Articles of Incorporation
- b) An original or certified copy of a resolution authorizing the transaction contemplated herein
- c) If the Articles and/or By-laws require approval by a 'parent' organization, a copy of the Articles and By-laws of the parent
- d) Evidence, satisfactory to the Company that the corporation was validly formed and is in good standing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

16. If a work of improvement is contemplated, no work is to be commenced or materials delivered to the Land the subject of this transaction prior to the recordation of the loan documents. If work is commenced or materials delivered, the Company reserves the right to add additional items or make further requirements and the closing may be delayed.
17. Notify the title department 3 days prior to the contemplated close of escrow to arrange for a priority inspection of said Land. No work is to be commenced or materials delivered until the mortgage to be insured has been recorded.

The Company reserves the right to add additional items or make further requirements if the inspection of said Land discloses the commencement of work or the delivery of materials and the closing may be delayed.

18. Proper annexation of Lot 22 of Final Plat for Sereno Canyon Phase 3 recorded in Book 974 of Maps, page 41 to Declaration of Covenants, Conditions and Restrictions Sereno Canyon, Maricopa County, Arizona recorded in Recording No. 20070448214.

Tax Note:

Year: 2016

Tax Parcel Nos:

AFFECTS PARCEL NO. 1: 217-01-110 through 217-01-116, inclusive; 217-01-118; 217-01-120 through 217-01-135, inclusive; 217-01-137; 217-01-138; 217-01-140; 217-01-142; 217-01-144 through 217-01-149, inclusive; 217-01-151; 217-01-154 and 217-01-155

AFFECTS PARCEL NO. 2: 217-01-161 through 217-01-188, inclusive

AFFECTS PARCEL NO. 3: 217-01-195 through 217-01-216, inclusive

AFFECTS PARCEL NO. 4: 217-01-239 AND 217-01-240

SCHEDULE B – Section I
(Continued)

AFFECTS PARCEL NO. 5: 217-01-010; 217-01-011A; 217-01-011C; 217-01-011D; 217-01-016F; 217-01-016H;
217-01-016K and 217-01-016L

(See Tax Sheets attached.)

END OF SCHEDULE B – SECTION I

SCHEDULE B – SECTION II

EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

- A. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
- B. Exceptions and Exclusions from coverage which will appear in the policy or policies to be issued as set forth in Attachment One attached.
 - 1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the second half of the year 2016.

- 2. Reservations contained in the Patent

From: The United States of America
Recording Date: August 20, 1936
Recording No: Book 300 of Deeds, page 482

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts; and the reservation from the lands hereby granted of a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects the South half of the South half of Section 11, Township 4 North, Range 5 East)

- 3. Reservations contained in the Patent

From: The United States of America
Recording Date: November 26, 1948
Recording No: Docket 304, page 447

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts; and the reservation from the lands hereby granted of a right of way thereon for ditches or canals constructed by the authority of the United States; and the reservation of specific minerals in the land.

(Affects the North half and the North half of the South half of Section 11, Township 4 North, Range 5 East)

- 4. Water rights, claims or title to water, whether or not disclosed by the public records.
- 5. The right of entry to prospect for, mine and remove the minerals excepted from the description of said Land in Schedule A.

SCHEDULE B – Section II
(Continued)

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:
- Purpose: roadway
Recording Date: February 15, 1977
Recording No: [Docket 12076, page 648](#)
(Affects Parcel No. 5)
7. Easements, covenants, conditions and restrictions as set forth on the recorded plat of THE GOLDIE BROWN PINNACLE PEAK RANCH: UNIT ONE, recorded July 19, 1977 in [Book 191 of Maps, page 26](#).
(Affects Parcel No. 5)
8. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document
- Recorded: July 19, 1977 in [Docket 12325, page 538](#)
9. A Resolution FCD 2001R009 in favor of the Flood Control District of Maricopa County
- For: Rio Verde Area Drainage and Floodplain Management
Recording Date: August 30, 2001
Recording No: [2001-0801097](#)
10. INTENTIONALLY OMITTED
11. Matters contained in that certain document
- Entitled: Development Agreement, City of Scottsdale Agreement No. 2006-019-COS
Dated: April 4, 2006
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and the City of Scottsdale, Arizona
Recording Date: April 11, 2006
Recording No: [20060483131](#)
- Reference is hereby made to said document for full particulars.
12. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:
- Granted to: City of Scottsdale
Purpose: public utilities
Recording Date: March 6, 2007
Recording No: [20070272035](#)
Affects: said land more particularly described therein

SCHEDULE B – Section II
(Continued)

13. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: public utilities
Recording Date: March 6, 2007
Recording No: 20070272191
Affects: said land more particularly described therein

14. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: public utilities
Recording Date: March 6, 2007
Recording No: 20070272195
Affects: said land more particularly described therein

15. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: multi-use public trail
Recording Date: March 6, 2007
Recording No: 20070272197
Affects: said land more particularly described therein

16. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: sight distance
Recording Date: March 6, 2007
Recording No: 20070272198
Affects: said land more particularly described therein

17. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: drainage and flood control
Recording Date: March 6, 2007
Recording No: 20070272199
Affects: said land more particularly described therein

18. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: drainage and flood control
Recording Date: March 6, 2007
Recording No: 20070272204
Affects: said land more particularly described therein

SCHEDULE B – Section II
(Continued)

19. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: drainage and flood control
Recording Date: March 6, 2007
Recording No: 20070272205
Affects: said land more particularly described therein

20. Matters contained in that certain document

Entitled: Well and Landscape Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Sereno Canyon Homeowners Association
Recording Date: March 8, 2007
Recording No: 20070280468

Reference is hereby made to said document for full particulars.

21. Matters contained in that certain document

Entitled: Private Drainage Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: March 8, 2007
Recording No: 20070280519

Reference is hereby made to said document for full particulars.

22. Matters contained in that certain document

Entitled: Private Drainage Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: March 8, 2007
Recording No: 20070280520

Reference is hereby made to said document for full particulars.

23. Matters contained in that certain document

Entitled: Private Drainage Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: March 8, 2007
Recording No: 20070280524

Reference is hereby made to said document for full particulars.

SCHEDULE B – Section II
(Continued)

24. INTENTIONALLY OMITTED

25. Easements, covenants, conditions and restrictions as set forth on the recorded plat of SERENO CANYON PHASE I, recorded March 29, 2007 in Book 910 of Maps, page 16 and Certificate of Correction recorded April 9, 2007 in Recording No. 2007-0413301 and Affidavit of Amendment recorded May 24, 2007 in Recording No. 20070603846.

26. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recorded: April 17, 2007 in Recording No. 20070448214

The provisions of said covenants, conditions and restrictions were extended to include Parcel No. 2 by document recorded February 29, 2008 in Recording No. 2008-0181258;

The provisions of said covenants, conditions and restrictions were extended to include Parcel No. 3 by document recorded February 29, 2008 in Recording No. 2008-0181259;

Liens and charges as set forth in the above mentioned declaration,

Payable to: Sereno Canyon Homeowners Association

27. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Benjamin B. Boles and Carol Boles, Trustees of The Benjamin and Carol Boles Living Family Trust dated June 22, 1999
Recording Date: April 23, 2007
Recording No: 20070470890

Reference is hereby made to said document for full particulars.

28. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, L.L.C., an Illinois limited liability company and I. Jack Fisher, a married man dealing with his sole and separate property, also known as Irvin Jack Fisher
Recording Date: April 23, 2007
Recording No: 20070470892

Reference is hereby made to said document for full particulars.

SCHEDULE B – Section II
(Continued)

29. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, L.L.C., an Illinois limited liability company and Sandra Fisher, a single woman dealing with her sole and separate property
Recording Date: April 23, 2007
Recording No: 20070470894

Reference is hereby made to said document for full particulars.

30. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, L.L.C., an Illinois limited liability company and Harry E. Nadin and Peggy J. Nadin, husband and wife
Recording Date: April 23, 2007
Recording No: 20070470896

Reference is hereby made to said document for full particulars.

31. A Resolution No. 7190 in favor of the City of Scottsdale

For: abandoning a public right of way
Recording Date: July 9, 2007
Recording No: 20070780189

32. Easements, covenants, conditions and restrictions as set forth on the recorded plat of SERENO CANYON PHASE 2, recorded February 25, 2008 in Book 974 of Maps, page 40.

33. Easements, covenants, conditions and restrictions as set forth on the recorded plat of SERENO CANYON PHASE 3, recorded February 25, 2008 in Book 974 of Maps, page 41.

34. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: temporary construction
Recording Date: April 27, 2009
Recording No: 20090366865
Affects: said land more particularly described therein

35. Easements, covenants, conditions and restrictions as set forth on the recorded plat of LOT 27 OF SERENO CANYON PHASE 1, recorded November 9, 2009 in Book 1042 of Maps, page 27.

SCHEDULE B – Section II
(Continued)

36. Matters contained in that certain document

Entitled: Developer Water Line Payback Agreement
Dated: June 24, 2010
Executed by: The City of Scottsdale and GBD 40, LLC
Recording Date: July 7, 2010
Recording No: 20100572914

Reference is hereby made to said document for full particulars.

37. Matters contained in that certain document

Entitled: Facility Payback Agreement for Sewer System Improvements in the Sereno Canyon Service Area
Dated: December 14, 2010
Executed by: The City of Scottsdale and McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: December 21, 2010
Recording No: 20101110660, and
Recording No: 20101110859

Reference is hereby made to said documents for full particulars.

38. INTENTIONALLY OMITTED

39. INTENTIONALLY OMITTED

40. Matters contained in that certain document

Entitled: Restriction Agreement (Sonoran Crest)
Dated: February 28, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company; Sereno Canyon Homeowners Association, an Arizona non-profit corporation and Sonoran Crest Homeowners Association
Recording Date: March 18, 2013
Recording No: 20130244151

Reference is hereby made to said document for full particulars.

41. Matters contained in that certain document

Entitled: Restriction Agreement
Dated: February 21, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Roland Geretti and Janet Geretti, as Trustee of The Furlan Family Trust
Recording Date: March 18, 2013
Recording No: 20130244152

Reference is hereby made to said document for full particulars.

SCHEDULE B – Section II
(Continued)

42. Matters contained in that certain document

Entitled: Restriction Agreement
Dated: January 19, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Mehrdad and Jean Filburn Vahabzadeh-Hagh, as Trustee of The Mehrdad Vahabzadeh-Hagh and Jean Filburn Vahabzadeh-Hagh Living Trust dated March 12, 2012
Recording Date: April 4, 2013
Recording No: [20130307871](#)

Reference is hereby made to said document for full particulars.

43. INTENTIONALLY OMITTED

44. INTENTIONALLY OMITTED

45. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

46. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2017.

47. Matters contained in that certain document

Entitled: Easement Agreement
Dated: March 15, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company, Sereno Canyon Homeowners Association, an Arizona non-profit corporation and GBD 40, LLC, an Arizona limited liability company
Recording Date: March 18, 2013
Recording No: [20130244150](#)

Reference is hereby made to said document for full particulars.

First Amendment to Easement Agreement

Recording Date: November 28, 2016
Recording No: [20160872522](#)

Assignment & Assumption of Easement Agreement

Recording Date: November 28, 2016
Recording No: [20160872525](#)

END OF SCHEDULE B – SECTION II

SCHEDULE B – Section II
(Continued)

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alta.org/>>.*

Fidelity National Title Agency, Inc.

DISCLOSURE NOTICES

Good Funds Law

Arizona Revised Statutes Section 6-843 regulates the disbursement of escrow funds by an escrow agent. The law requires that funds be deposited in the escrow agent's escrow account and available for withdrawal prior to disbursement. Funds deposited with the Company by wire transfer may be disbursed upon receipt. Funds deposited with the Company in the form of cashier's checks, certified checks or teller's checks, or checks which are made by an affiliate of a state or federally regulated depository institution when the check is drawn on that institution, may be disbursed the same day as deposited. If funds are deposited with the Company by other methods, recording and/or disbursement may be delayed.

PURCHASER DWELLING ACTIONS NOTICE

Pursuant to Arizona Revised Statutes Section 12-1363.N, notice is hereby provided to the purchaser of a dwelling of the provisions of Arizona Revised Statutes Sections 12-1361, 1362 and 1363. These statutory sections set forth the requirements to be met by a purchaser prior to bringing an action against the seller of a dwelling arising out of or related to the design, construction, condition or sale of the dwelling. "Dwelling" means a single or multifamily unit designed for residential use and common areas and improvements owned or maintained by an association or its members. "Seller" means any person, firm, partnership, corporation, association or other organization engaged in the business of designing, constructing or selling dwellings. The complete statutory sections can be viewed on the Arizona State Legislature's web site: www.azleg.state.az.us/ars/ars.htm.

NOTICE:

Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that do not comply with the following:

1. Print must be ten-point type (pica) or larger.
2. Margins of at least one-half inch along the left and right sides one-half inch across the bottom and at least two inches on top for recording and return address information.
3. Each instrument shall be no larger than 8½ inches in width and 14 inches in length.

NOTICE:

Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

At Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, “FNF”, “our” or “we”), we value the privacy of our customers. This Privacy Notice explains how we collect, use, and protect your information and explains the choices you have regarding that information. A summary of our privacy practices is below. We also encourage you to read the complete Privacy Notice following the summary.

<p>Types of Information Collected. You may provide us with certain personal information, like your contact information, social security number (SSN), driver’s license, other government ID numbers, and/or financial information. We may also receive information from your Internet browser, computer and/or mobile device.</p>	<p>How Information is Collected. We may collect personal information directly from you from applications, forms, or communications we receive from you, or from other sources on your behalf, in connection with our provision of products or services to you. We may also collect browsing information from your Internet browser, computer, mobile device or similar equipment. This browsing information is generic and reveals nothing personal about the user.</p>
<p>Use of Your Information. We may use your information to provide products and services to you (or someone on your behalf), to improve our products and services, and to communicate with you about our products and services. We do not give or sell your personal information to parties outside of FNF for their use to market their products or services to you.</p>	<p>Security Of Your Information. We utilize a combination of security technologies, procedures and safeguards to help protect your information from unauthorized access, use and/or disclosure. We communicate to our employees about the need to protect personal information.</p>
<p>Choices With Your Information. Your decision to submit personal information is entirely up to you. You can opt-out of certain disclosures or use of your information or choose to not provide any personal information to us.</p>	<p>When We Share Information. We may disclose your information to third parties providing you products and services on our behalf, law enforcement agencies or governmental authorities, as required by law, and to parties with whom you authorize us to share your information.</p>
<p>Information From Children. We do not knowingly collect information from children under the age of 13, and our websites are not intended to attract children.</p>	<p>Privacy Outside the Website. We are not responsible for the privacy practices of third parties, even if our website links to those parties’ websites.</p>
<p>Access and Correction. If you desire to see the information collected about you and/or correct any inaccuracies, please contact us in the manner specified in this Privacy Notice.</p>	<p>Do Not Track Disclosures. We do not recognize “do not track” requests from Internet browsers and similar devices.</p>
<p>The California Online Privacy Protection Act. Certain FNF websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.</p>	<p>International Use. By providing us with your information, you consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.</p>
<p>Your Consent To This Privacy Notice. By submitting information to us and using our websites, you are accepting and agreeing to the terms of this Privacy Notice.</p>	<p>Contact FNF. If you have questions or wish to contact us regarding this Privacy Notice, please use the contact information provided at the end of this Privacy Notice.</p>

FIDELITY NATIONAL FINANCIAL, INC.

PRIVACY NOTICE

FNF respects and is committed to protecting your privacy. We pledge to take reasonable steps to protect your Personal Information (as defined herein) and to ensure your information is used in compliance with this Privacy Notice.

This Privacy Notice is only in effect for information collected and/or owned by or on behalf of FNF, including collection through any FNF website or online services offered by FNF (collectively, the "Website"), as well as any information collected offline (e.g., paper documents). The provision of this Privacy Notice to you does not create any express or implied relationship, nor create any express or implied duty or other obligation, between FNF and you.

Types of Information Collected

We may collect two types of information: Personal Information and Browsing Information.

Personal Information. The types of personal information FNF collects may include, but are not limited to:

- contact information (e.g., name, address, phone number, email address);
- social security number (SSN), driver's license, and other government ID numbers; and
- financial account or loan information.

Browsing Information. The types of browsing information FNF collects may include, but are not limited to:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language;
- browser type;
- domain name system requests;
- browsing history;
- number of clicks;
- hypertext transfer protocol headers; and
- application client and server banners.

How Information is Collected

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative, whether electronic or paper;
- communications to us from you or others;
- information about your transactions with, or services performed by, us, our affiliates or others; and
- information from consumer or other reporting agencies and public records that we either obtain directly from those entities, or from our affiliates or others.

We may collect *Browsing Information* from you as follows:

- **Browser Log Files.** Our servers automatically log, collect and record certain Browsing Information about each visitor to the Website. The Browsing Information includes only generic information and reveals nothing personal about the user.
- **Cookies.** From time to time, FNF may send a "cookie" to your computer when you visit the Website. A cookie is a

small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. When you visit the Website again, the cookie allows the Website to recognize your computer, with the goal of providing an optimized user experience. Cookies may store user preferences and other information. You can choose not to accept cookies by changing the settings of your Internet browser. If you choose not to accept cookies, then some functions of the Website may not work as intended.

Use of Collected Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you, or to one or more third party service providers who are performing services on your behalf or in connection with a transaction involving you;
- To improve our products and services; and
- To communicate with you and to inform you about FNF's products and services.

When We Share Information

We may share your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information with certain individuals and companies, as permitted by law, without first obtaining your authorization. Such disclosures may include, without limitation, the following:

- to agents, representatives, or others to provide you with services or products you have requested, and to enable us to detect or prevent criminal activity, fraud, or material misrepresentation or nondisclosure;
- to third-party contractors or service providers who provide services or perform other functions on our behalf;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- to other parties authorized to receive the information in connection with services provided to you or a transaction involving you.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We make efforts to ensure third party contractors and service providers who provide services or perform functions on our behalf protect your information. We limit use of your information to the purposes for which the information was provided. We do not give or sell your information to third parties for their own direct marketing use.

We reserve the right to transfer your Personal Information, Browsing Information, as well as any other information, in connection with the sale or other disposition of all or part of the

FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of this information in connection with any of the above-described proceedings. We cannot and will not be responsible for any breach of security by any third party or for any actions of any third party that receives any of the information that is disclosed to us.

Choices With Your Information

Whether you submit your information to FNF is entirely up to you. If you decide not to submit your information, FNF may not be able to provide certain products or services to you. You may choose to prevent FNF from using your information under certain circumstances (“opt out”). You may opt out of receiving communications from us about our products and/or services.

Security And Retention Of Information

FNF is committed to protecting the information you share with us and utilizes a combination of security technologies, procedures and safeguards to help protect it from unauthorized access, use and/or disclosure. FNF trains its employees on privacy practices and on FNF’s privacy and information security policies. FNF works hard to retain information related to you only as long as reasonably necessary for business and/or legal purposes.

Information From Children

The Website is meant for adults. The Website is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

Privacy Outside the Website

The Website may contain links to other websites, including links to websites of third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

International Users

Because FNF’s headquarters is located in the United States, we may transfer your Personal Information and/or Browsing Information to the United States. By using our website and providing us with your Personal Information and/or Browsing Information, you understand and consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.

Do Not Track Disclosures

Currently, our policy is that we do not recognize “do not track” requests from Internet browsers and similar devices.

The California Online Privacy Protection Act

For some websites which FNF or one of its companies owns, such as the Customer CareNet (“CCN”), FNF is acting as a third party service provider to a mortgage loan servicer. In those

instances, we may collect certain information on behalf of that mortgage loan servicer, including:

- first and last name;
- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- security questions and answers; and
- IP address.

The information you submit is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Information, and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, contact your mortgage loan servicer.

Access and Correction

To access your Personal Information in the possession of FNF and correct any inaccuracies, please contact us by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

Your Consent To This Privacy Notice

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of information by FNF in compliance with this Privacy Notice. We reserve the right to make changes to this Privacy Notice. If we change this Privacy Notice, we will post the revised version on the Website.

Contact FNF

Please send questions and/or comments related to this Privacy Notice by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

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EFFECTIVE AS OF APRIL 1, 2016

ATTACHMENT ONE (01-01-08)

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- land use
- improvements on the land
- land division
- environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

- a notice of exercising the right appears in the public records on the Policy Date

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.

2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

• the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.

3. Title Risks:

- that are created, allowed, or agreed to by you
- that are known to you, but not to us, on the Policy Date—unless they appeared in the public records
- that result in no loss to you
- that first affect your title after the Policy Date—this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- to any land outside the area specifically described and referred to in Item 3 of Schedule A
- OR
- in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.

4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

**FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured

mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or

- (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

(i) the occupancy, use, or enjoyment of the Land;

(ii) the character, dimensions, or location of any improvement erected on the Land;

(iii) the subdivision of land; or

(iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters

(a) created, suffered, assumed, or agreed to by the Insured Claimant;

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;

(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.

5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.

6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is

(a) a fraudulent conveyance or fraudulent transfer, or

(b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

FORMERLY AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters

(a) created, suffered, assumed, or agreed to by the Insured Claimant;

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;

(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is

(a) a fraudulent conveyance or fraudulent transfer; or

(b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.

5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:

- a. building
- b. zoning
- c. Land use
- d. improvements on Land
- e. land division
- f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.

3. The right to take the Land by condemning it, unless:

a. notice of exercising the right appears in the Public Records at the Policy Date; or

b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.

4. Risks:

a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records.

b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;

c. that result in no loss to You; or

d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8, d., 22, 23, 24 or 25.

5. Failure to pay value for Your Title.

6. Lack of a right:

a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and

b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16, and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 15:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 18:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

(CONTINUED)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (01-01-08)
EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:

- a. building;
- b. zoning;
- c. land use;
- d. improvements on the Land;
- e. land division; and
- f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.

3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.

4. Risks:

- a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
- b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
- c. that result in no loss to You; or
- d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.

5. Failure to pay value for Your Title.

6. Lack of a right:

- a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
- b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records a Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss damage to the Insured Claimant;

(d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or

- (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
 5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth-in-lending law.
 6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
 7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
 8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
 9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

Appeals of Dedication, Exactions, or Zoning Regulations



Rights of Property Owner

In addition to the other rights granted to you by the U.S. and Arizona Constitution, federal and state law and city ordinances or regulations, you are hereby notified of your right to appeal the following City actions relating to your property:

- 1) Any dedication or exaction which is required of you by an administrative agency or official of the city as a condition of granting approval of your request to use, improve or develop your real property. This appeal right does not apply to a dedication or exaction required as part of a city legislative act (for example a zoning ordinance) when an administrative agency or official has no discretion to determine the dedication or exaction.
- 2) The adoption or amendment of a zoning regulation that creates a taking of property in violation of Arizona and federal court decision.

Appeal Procedure

The appeal must be in writing and specify the City action appealed and the date final action was taken, and must be filed with or mailed to the hearing officer designated by the city within 30 days after the final action is taken

- No fee will be charged for filing
- The city Attorney's Office will review the appeal for compliance with the above requirements, and will notify you if your appeal does not comply
- Eligible appeals will be forwarded to the hearing officer, and a hearing will be scheduled within 30 days of receipt by the hearing officer of your request. Ten days notice will be given to you of the date, time and place of the hearing unless you indicate that less notice is acceptable to you.
- The City will submit a takings impact report to the hearing officer.
- In an appeal from a dedication or exaction, the City will bear the burden of proving that the dedication or exaction to be imposed on your property bears an essential nexus between the requirement and a legitimate governmental interest and that the proposed dedication or exaction is roughly proportional to the impact of the use, improvement or development you proposed.
- In an appeal from the adoption or amendment of a zoning regulation, the City will bear the burden of proving that any dedication or exaction requirement in the zoning regulation is roughly proportional to the impact of the proposed use, improvement, or development, and that the zoning regulation does not create a taking of property in violation of Arizona and federal court cases.
- The hearing officer must render his decision within five working days after the appeal is heard.
- The hearing officer can modify or delete a dedication or exaction or, in the case of an appeal from a zoning regulation, transmit a recommendation to the City Council.
- If you are dissatisfied with the decision of the hearing officer, you may file a complaint for a trial *nevo* with the Superior Court within 30 days of the hearing officer's decision.

For questions, you may contact:

City's Attorney's Office
3939 Drinkwater Blvd.
Scottsdale, AZ 85251
480-312-2405

Address your appeal to:

Hearing Officer, C/O City Clerk
3939 Drinkwater Blvd.
Scottsdale, AZ 85251

Please be aware that City Staff cannot give you legal advice. You may wish, but are not required, to hire an attorney to represent you in an appeal.

Planning and Development Services

7447 E. Indian School Road, Suite 105, Scottsdale, AZ 85251 ♦ Phone: 480-312-7000 ♦ Fax: 480-312-7088

Owner Certification
Acknowledging Receipt
Of
Notice Of Right To Appeal
Exactions And Dedications

I hereby certify that I am the owner of property located at:

Portion of Sec. 11 (T4N, R5E) of the G²SRBM

(address where development approval, building permits, or city required improvements and dedications are being required)

and hereby certify that I have received a notice that explains my right to appeal all exactions and/or dedications required by the City of Scottsdale as part of my property development on the parcel listed in the above address.

Oran Poling - Toll Brothers Inc.

Signature of Property Owner

Date

12/22/2017

Affidavit of Authorization to Act for Property Owner



1. This affidavit concerns the following parcel of land:

- a. Street Address: 125th & Alameda Rd.
- b. County Tax Assessor's Parcel Number: 217-01-010, 011A, 001C, 011D, 016F, 016H, 016K & 016L
- c. General Location: 125th & Alameda Rd.
- d. Parcel Size: 132 AC
- e. Legal Description: A PORTION OF LAND LYING WITHIN SEC.11, T4N, R5E, OF THE G&SRM, MC, AZ

(If the land is a platted lot, then write the lot number, subdivision name, and the plat's recording number and date. Otherwise, write "see attached legal description" and attach a legal description.)

- 2. I am the owner of the land or I am the duly and lawfully appointed agent of the owner of the land and have authority from the owner to sign this affidavit on the owner's behalf. If the land has more than one owner, then I am the agent for all of the owners, and the word "owner" in this affidavit refers to all of them.
- 3. I have authority from the owner to act for the owner before the City of Scottsdale with regard to any and all reviews, zoning map amendments, general plan amendments, development variances, abandonments, plats, lot splits, lot ties, use permits, building permits and other land use regulatory or related matters of every description involving the land, or involving adjacent or nearby lands in which the owner has (or may acquire) an interest, and all applications, dedications, payments, assurances, decisions, agreements, legal documents, commitments, waivers and other matters relating to any of them.
- 4. The City of Scottsdale is authorized to rely on my authority as described in this affidavit until three work days after the day the owner delivers to the Director of the Scottsdale Planning & Development Services Department a written statement revoking my authority.
- 5. I will immediately deliver to the Director of the City of Scottsdale Planning & Development Services Department written notice of any change in the ownership of the land or in my authority to act for the owner.
- 6. If more than one person signs this affidavit, each of them, acting alone, shall have the authority described in this affidavit, and each of them warrant to the City of Scottsdale the authority of the others.
- 7. Under penalty of perjury, I warrant and represent to the City of Scottsdale that this affidavit is true and complete. I understand that any error or incomplete information in this affidavit or any applications may invalidate approvals or other actions taken by the City of Scottsdale, may otherwise delay or prevent development of the land, and may expose me and the owner to other liability. I understand that people who have not signed this form may be prohibited from speaking for the owner at public meetings or in other city processes.

Name (printed)

MARVIN Bailey

Date

12/19, 2017

Signature

Marvin Bailey

_____, 20____

_____, 20____

_____, 20____



COMMITMENT FOR TITLE INSURANCE

Issued by

Fidelity National Title Insurance Company

Fidelity National Title Insurance Company, a California corporation (“Company”), for a valuable consideration, commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the Proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest in the land described or referred to in Schedule A, upon payment of the premiums and charges and compliance with the Requirements; all subject to the provisions of Schedules A and B and to the Conditions of this Commitment.

This Commitment shall be effective only when the identity of the Proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A by the Company.

All liability and obligation under this Commitment shall cease and terminate 6 months after the Effective Date or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue the policy or policies is not the fault of the Company.

The Company will provide a sample of the policy form upon request.

IN WITNESS WHEREOF, Fidelity National Title Insurance Company has caused its corporate name and seal to be affixed by its duly authorized officers on the date shown in Schedule A.

Countersigned by:

Natalie Bombardieri

Authorized Signature



By:

Randy Quirk

Randy Quirk, President

Attest:

Michael Gravelle

Michael Gravelle, Secretary

SCHEDULE A

Title Officer: **Mike Bennett**
Escrow Officer: **Patti Graham**

Order No.: **39003996-039-PG**
Reference No.:

1. Effective Date: **February 7, 2017** at 7:30 a.m., Amendment Date: **February 14, 2017**, Amendment No.: **3/MB**
2. Policy or Policies to be issued: Amount of Insurance:
ALTA Extended Owners Policy (6-17-06) **\$65,000,000.00**

Proposed Insured:
Toll Brothers AZ Construction Company, an Arizona corporation

None **\$0.00**

Proposed Insured:

None **\$0.00**

Proposed Insured:
3. The estate or interest in the land described or referred to in this Commitment and covered herein is:
A FEE
4. Title to said estate or interest in said land is at the effective date hereof vested in:
MCDOWELL MOUNTAIN BACK BOWL, LLC, an Illinois limited liability company
5. The land referred to in this commitment is described as follows:
See Exhibit A attached hereto and by reference made a part hereof.

EXHIBIT A

LEGAL DESCRIPTION

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MARICOPA, STATE OF ARIZONA, AND IS DESCRIBED AS FOLLOWS:

PARCEL NO. 1:

Lots 1 through 7, inclusive; Lot 9; Lots 11 through 26, inclusive; Lots 28, 29, 31 and 33; Lots 35 through 40, inclusive; Lots 42, 45 and 46, of SERENO CANYON PHASE 1, according to the plat recorded in Book 910 of Maps, page 16, and Certificate of Correction recorded April 9, 2007 in Recording No. 2007-0413301 and Affidavit of Amendment recorded May 24, 2007 in Recording No. 20070603846, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 2:

Lots 1 through 28, inclusive, of SERENO CANYON PHASE 2, according to the plat recorded in Book 974 of Maps, page 40, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 3:

Lots 1 through 22, inclusive, of SERENO CANYON PHASE 3, according to the plat recorded in Book 974 of Maps, page 41, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 4:

Lot 27 and Tract F, of LOT 27 OF SERENO CANYON PHASE 1, according to the plat recorded in Book 1042 of Maps, page 27, records of Maricopa County, Arizona;

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

PARCEL NO. 5:

27C101 (6/06) ALTA Commitment - 2006

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Page 2

AMERICAN
LAND TITLE
ASSOCIATION

EXHIBIT A

(Continued)

Parcel No. 1 and a portion of Parcels No. 2 and 7 of THE GOLDIE BROWN PINNACLE PEAK RANCH: UNIT ONE, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 191 of maps, page 26, more particularly described as follows:

COMMENCING at the Northeast corner of said Parcel 1, a rebar with cap RLS 17591, from which the Southeast corner of said Parcel 1, being the Southeast corner of said Section, ½ inch rebar with a bent illegible cap bears South 00 degrees 04 minutes 54 seconds East (basis of bearing), a distance of 1321.15 feet, said point being the POINT OF BEGINNING;

thence along the East line of said Parcel 1 and said Section, South 00 degrees 04 minutes 54 seconds East, a distance of 1321.15 feet, to the Southeast corner of said Parcel 1 and said Section;

thence leaving said East line along the South line of said Parcel 1, Parcel 2 and said Section, South 89 degrees 51 minutes 22 seconds West, a distance of 2643.98 feet to the Southwest corner of said Parcel 2, also being the South quarter corner of said Section and the Southeast corner of said SERENO CANYON PHASE 2;

thence leaving the South line of said Parcel 2, along the West line of said parcel 2 and the Easterly line of said SERENO CANYON PHASE 2, North 00 degrees 02 minutes 10 seconds West, a distance of 1321.28 feet to the Northwest corner of said Parcel 2;

thence along the North line of said parcel 2, North 89 degrees 51 minutes 47 seconds East, a distance of 225.90 feet;

thence leaving the North line of said Parcel 2, continuing along said Easterly line, North 08 degrees 47 minutes 58 seconds West, a distance of 89.69 feet;

thence North 04 degrees 33 minutes 51 seconds East, a distance of 298.46 feet;

thence North 77 degrees 15 minutes 26 seconds East, a distance of 96.60 feet to the beginning of a curve;

thence Southeasterly along said curve, having a radius of 17.00 feet, concave Southwesterly through a central angle of 92 degrees 50 minutes 31 seconds, a distance of 27.55 feet to a point of reverse curvature;

thence Southeasterly along said curve, having a radius of 208.00 feet, concave Northeasterly through a central angle of 42 degrees 45 minutes 36 seconds, a distance of 155.23 feet to a point of reverse curvature;

thence Southeasterly along said curve, having a radius of 292.00 feet, concave Southwesterly through a central angle of 11 degrees 20 minutes 43 seconds, a distance of 57.82 feet to a point of reverse curvature;

thence Southeasterly along said curve, having a radius of 430.00 feet, concave Northeasterly through a central angle of 15 degrees 53 minutes 39 seconds, a distance of 119.29 feet to a point of reverse curvature;

thence Southerly along said curve, having a radius of 320.00 feet, concave Westerly through a central angle of 74 degrees 42 minutes 29 seconds, a distance of 417.25 feet to a point of reverse curvature;

thence Southerly along said curve, having a radius of 270.00 feet, concave Easterly through a central angle of 31 degrees 57 minutes 31 seconds, a distance of 150.60 feet to a point of intersection with a non-tangent line;

thence South 75 degrees 32 minutes 22 seconds West, a distance of 29.43 feet to the East line of the West half of said Parcel 2;

EXHIBIT A
(Continued)

thence along said East line, continuing along said Easterly line, South 00 degrees 02 minutes 28 seconds East, a distance of 205.00 feet;

thence leaving said East line, continuing along said Easterly line, North 46 degrees 00 minutes 31 seconds East, a distance of 172.81 feet to a point of intersection with a non-tangent curve;

thence Northerly along said curve, having a radius of 230.00 feet, concave Easterly whose radius bears North 46 degrees 00 minutes 31 seconds East, through a central angle of 61 degrees 29 minutes 22 seconds, a distance of 246.83 feet to a point of reverse curvature;

thence Northerly along said curve, having a radius of 360.00 feet, concave Westerly through a central angle of 68 degrees 25 minutes 06 seconds, a distance of 429.88 feet to the Southerly line of said SERENO CANYON PHASE 3 and a point of intersection with a non-tangent line;

thence leaving said Easterly line, along said Southerly line, North 42 degrees 38 minutes 45 seconds East, a distance of 273.39 feet;

thence South 71 degrees 31 minutes 24 seconds East, a distance of 248.68 feet;

thence South 04 degrees 23 minutes 46 seconds East, a distance of 257.96 feet;

thence North 87 degrees 26 minutes 00 seconds East, a distance of 265.80 feet to the East line of said Parcel 7;

thence leaving said Southerly line, along said East line, South 00 degrees 03 minutes 38 seconds East, a distance of 38.04 feet to the Southeast corner of said Parcel 7, being the Northwest corner of said Parcel 1 and a point of intersection with a non-tangent curve;

thence leaving said East line, along the North line of said Parcel 1, Easterly along said curve, having a radius of 468.82 feet, concave Southerly whose radius bears South 09 degrees 20 minutes 04 seconds East, through a central angle of 09 degrees 11 minutes 21 seconds, a distance of 75.19 feet to the curve's end;

thence North 89 degrees 51 minutes 17 seconds East, a distance of 1246.31 feet to the POINT OF BEGINNING;

EXCEPT any portion thereof lying within Parcels No. 1, 2, 3 and 4 above; and

EXCEPT all minerals in the land, and all uranium, thorium, or any other material which is or may be determined to be peculiarly essential to the production of fissionable materials, whether or not of commercial value, as reserved to the United States of America in the Patent recorded November 26, 1948 in Docket 304, page 447, records of Maricopa County, Arizona.

SCHEDULE B – Section I

REQUIREMENTS

The following are the requirements to be complied with:

1. Pay the agreed amounts for the interest in the Land and/or the mortgage to be insured.
2. Pay us the premiums, fees and charges for the policy.
3. Documents satisfactory to us creating the interest in the Land and/or the mortgage to be insured must be signed, delivered and recorded.
4. You must tell us in writing the name of anyone not referred to in this commitment who will get an interest in the Land or who will make a loan on the Land. We may then make additional requirements or exceptions.
5. INTENTIONALLY OMITTED
6. Furnish a plat of a ALTA/ACSM Land Title Survey. If the owner of subject property is in possession of a current ALTA/ACSM Land Title Survey, this Company will require that said Survey be submitted for review and approval. Otherwise, a new survey, satisfactory to the Company, must be prepared by a registered land surveyor and supplied to the Company prior to the close of escrow. The Company reserves the right to except additional items and/or make additional requirements after review of such survey.

Said Plat of Survey shall include the recommended certification and at the minimum, also have shown thereon Items 1, 2, 6 through 11, 16, 19, and 20 from Table A thereof.

Note: If an ALTA 3.1 Zoning Endorsement is requested, Items 7a, 7b, 7c and 9 of Table A will also be required. The number and type of parking spaces must be shown on the survey. Property use information must also be provided to Fidelity National Title Insurance Company.

7. The Company will require that an Owner's Affidavit be completed by the party(s) named below before the issuance of any policy of title insurance.

Party(s): MCDOWELL MOUNTAIN BACK BOWL, LLC, an Illinois limited liability company

The Company reserves the right to add additional items or make further requirements after review of the requested Affidavit.

8. Furnish evidence that all assessments which are due the owners' association and/or master association, if any, have been paid in full and are current.

Note: Notice of Association Contact Information

Owners Association:	Sereno Canyon Homeowners Association
Name of Agent/Management Company:	Brown Community Management
Association Address:	7255 E. Hampton Ave., Suite 101, Mesa, AZ 85209
Association Telephone Number:	480-539-1396
Recording Date:	December 31, 2014
Recording No.:	<u>20140857952</u>

SCHEDULE B – Section I
(Continued)

9. The transaction contemplated in connection with this Report is subject to the review and approval of the Company's Corporate Underwriting Department. The Company will require a liability amount and list of requested endorsements prior to submitting the transaction for said approval. Failure to provide this information may result in the closing being delayed.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

10. INTENTIONALLY OMITTED

11. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: MCDOWELL MOUNTAIN BACK BOWL, LLC, an Illinois limited liability company

- a) A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member
- d) If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

12. INTENTIONALLY OMITTED

13. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.

Upon confirmation by the owner of no open Deeds of Trust or Mortgages encumbering the Land described herein, furnish the Company an owner's Affidavit of no open Deed of Trust(s).

14. Furnish for recordation a deed as set forth below:

Grantor(s): McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Grantee(s): Toll Brothers AZ Construction Company, an Arizona corporation

Note: ARS 11:1133 may require the completion and filing of an Affidavit of Value.

SCHEDULE B – Section I
(Continued)

15. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance by the corporation named below:

Name of Corporation: Toll Brothers AZ Construction Company, an Arizona corporation

- a) A Copy of the corporation By-laws and Articles of Incorporation
- b) An original or certified copy of a resolution authorizing the transaction contemplated herein
- c) If the Articles and/or By-laws require approval by a 'parent' organization, a copy of the Articles and By-laws of the parent
- d) Evidence, satisfactory to the Company that the corporation was validly formed and is in good standing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

16. If a work of improvement is contemplated, no work is to be commenced or materials delivered to the Land the subject of this transaction prior to the recordation of the loan documents. If work is commenced or materials delivered, the Company reserves the right to add additional items or make further requirements and the closing may be delayed.
17. Notify the title department 3 days prior to the contemplated close of escrow to arrange for a priority inspection of said Land. No work is to be commenced or materials delivered until the mortgage to be insured has been recorded.

The Company reserves the right to add additional items or make further requirements if the inspection of said Land discloses the commencement of work or the delivery of materials and the closing may be delayed.

18. Proper annexation of Lot 22 of Final Plat for Sereno Canyon Phase 3 recorded in Book 974 of Maps, page 41 to Declaration of Covenants, Conditions and Restrictions Sereno Canyon, Maricopa County, Arizona recorded in Recording No. 20070448214.

Tax Note:

Year: 2016

Tax Parcel Nos:

AFFECTS PARCEL NO. 1: 217-01-110 through 217-01-116, inclusive; 217-01-118; 217-01-120 through 217-01-135, inclusive; 217-01-137; 217-01-138; 217-01-140; 217-01-142; 217-01-144 through 217-01-149, inclusive; 217-01-151; 217-01-154 and 217-01-155

AFFECTS PARCEL NO. 2: 217-01-161 through 217-01-188, inclusive

AFFECTS PARCEL NO. 3: 217-01-195 through 217-01-216, inclusive

AFFECTS PARCEL NO. 4: 217-01-239 AND 217-01-240

SCHEDULE B – Section I
(Continued)

AFFECTS PARCEL NO. 5: 217-01-010; 217-01-011A; 217-01-011C; 217-01-011D; 217-01-016F; 217-01-016H;
217-01-016K and 217-01-016L

(See Tax Sheets attached.)

END OF SCHEDULE B – SECTION I

SCHEDULE B – SECTION II

EXCEPTIONS

Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

- A. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the Effective Date but prior to the date the proposed Insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
- B. Exceptions and Exclusions from coverage which will appear in the policy or policies to be issued as set forth in Attachment One attached.
 - 1. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the second half of the year 2016.
 - 2. Reservations contained in the Patent

From: The United States of America
Recording Date: August 20, 1936
Recording No: Book 300 of Deeds, page 482

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts; and the reservation from the lands hereby granted of a right of way thereon for ditches or canals constructed by the authority of the United States.

(Affects the South half of the South half of Section 11, Township 4 North, Range 5 East)

- 3. Reservations contained in the Patent

From: The United States of America
Recording Date: November 26, 1948
Recording No: Docket 304, page 447

Which among other things recites as follows:

Subject to any vested and accrued water rights for mining, agricultural, manufacturing or other purposes and rights to ditches and reservoirs used in connection with such water rights, as may be recognized and acknowledged by the local customs, laws and decisions of the courts; and the reservation from the lands hereby granted of a right of way thereon for ditches or canals constructed by the authority of the United States; and the reservation of specific minerals in the land.

(Affects the North half and the North half of the South half of Section 11, Township 4 North, Range 5 East)

- 4. Water rights, claims or title to water, whether or not disclosed by the public records.
- 5. The right of entry to prospect for, mine and remove the minerals excepted from the description of said Land in Schedule A.

SCHEDULE B – Section II
(Continued)

6. Easement(s) for the purpose(s) shown below and rights incidental thereto as set forth in a document:

Purpose: roadway
Recording Date: February 15, 1977
Recording No: Docket 12076, page 648
(Affects Parcel No. 5)

7. Easements, covenants, conditions and restrictions as set forth on the recorded plat of THE GOLDIE BROWN PINNACLE PEAK RANCH: UNIT ONE, recorded July 19, 1977 in Book 191 of Maps, page 26.
(Affects Parcel No. 5)

8. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document .

Recorded: July 19, 1977 in Docket 12325, page 538

9. A Resolution FCD 2001R009 in favor of the Flood Control District of Maricopa County

For: Rio Verde Area Drainage and Floodplain Management
Recording Date: August 30, 2001
Recording No: 2001-0801097

10. INTENTIONALLY OMITTED

11. Matters contained in that certain document

Entitled: Development Agreement, City of Scottsdale Agreement No. 2006-019-COS
Dated: April 4, 2006
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and the City of Scottsdale, Arizona
Recording Date: April 11, 2006
Recording No: 20060483131

Reference is hereby made to said document for full particulars.

12. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: public utilities
Recording Date: March 6, 2007
Recording No: 20070272035
Affects: said land more particularly described therein

SCHEDULE B – Section II
(Continued)

13. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: public utilities
Recording Date: March 6, 2007
Recording No: 20070272191
Affects: said land more particularly described therein

14. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: public utilities
Recording Date: March 6, 2007
Recording No: 20070272195
Affects: said land more particularly described therein

15. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: multi-use public trail
Recording Date: March 6, 2007
Recording No: 20070272197
Affects: said land more particularly described therein

16. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: sight distance
Recording Date: March 6, 2007
Recording No: 20070272198
Affects: said land more particularly described therein

17. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: drainage and flood control
Recording Date: March 6, 2007
Recording No: 20070272199
Affects: said land more particularly described therein

18. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: drainage and flood control
Recording Date: March 6, 2007
Recording No: 20070272204
Affects: said land more particularly described therein

SCHEDULE B – Section II
(Continued)

19. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: drainage and flood control
Recording Date: March 6, 2007
Recording No: 20070272205
Affects: said land more particularly described therein

20. Matters contained in that certain document

Entitled: Well and Landscape Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Sereno Canyon Homeowners Association
Recording Date: March 8, 2007
Recording No: 20070280468

Reference is hereby made to said document for full particulars.

21. Matters contained in that certain document

Entitled: Private Drainage Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: March 8, 2007
Recording No: 20070280519

Reference is hereby made to said document for full particulars.

22. Matters contained in that certain document

Entitled: Private Drainage Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: March 8, 2007
Recording No: 20070280520

Reference is hereby made to said document for full particulars.

23. Matters contained in that certain document

Entitled: Private Drainage Easement Declaration
Dated: February 1, 2007
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: March 8, 2007
Recording No: 20070280524

Reference is hereby made to said document for full particulars.

SCHEDULE B – Section II
(Continued)

24. INTENTIONALLY OMITTED

25. Easements, covenants, conditions and restrictions as set forth on the recorded plat of SERENO CANYON PHASE I, recorded March 29, 2007 in Book 910 of Maps, page 16 and Certificate of Correction recorded April 9, 2007 in Recording No. 2007-0413301 and Affidavit of Amendment recorded May 24, 2007 in Recording No. 20070603846.

26. Covenants, conditions, restrictions and easements but omitting any covenants or restrictions, if any, including but not limited to those based upon race, color, religion, sex, sexual orientation, familial status, marital status, disability, handicap, national origin, ancestry, source of income, gender, gender identity, gender expression, medical condition or genetic information, as set forth in applicable state or federal laws, except to the extent that said covenant or restriction is permitted by applicable law, as set forth in the document

Recorded: April 17, 2007 in Recording No. 20070448214

The provisions of said covenants, conditions and restrictions were extended to include Parcel No. 2 by document recorded February 29, 2008 in Recording No. 2008-0181258;

The provisions of said covenants, conditions and restrictions were extended to include Parcel No. 3 by document recorded February 29, 2008 in Recording No. 2008-0181259;

Liens and charges as set forth in the above mentioned declaration,

Payable to: Sereno Canyon Homeowners Association

27. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Benjamin B. Boles and Carol Boles, Trustees of The Benjamin and Carol Boles Living Family Trust dated June 22, 1999
Recording Date: April 23, 2007
Recording No: 20070470890

Reference is hereby made to said document for full particulars.

28. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, L.L.C., an Illinois limited liability company and I. Jack Fisher, a married man dealing with his sole and separate property, also known as Irvin Jack Fisher
Recording Date: April 23, 2007
Recording No: 20070470892

Reference is hereby made to said document for full particulars.

SCHEDULE B – Section II
(Continued)

29. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, L.L.C., an Illinois limited liability company and Sandra Fisher, a single woman dealing with her sole and separate property
Recording Date: April 23, 2007
Recording No: 20070470894

Reference is hereby made to said document for full particulars.

30. Matters contained in that certain document

Entitled: Easement Agreement
Executed by: McDowell Mountain Back Bowl, L.L.C., an Illinois limited liability company and Harry E. Nadin and Peggy J. Nadin, husband and wife
Recording Date: April 23, 2007
Recording No: 20070470896

Reference is hereby made to said document for full particulars.

31. A Resolution No. 7190 in favor of the City of Scottsdale

For: abandoning a public right of way
Recording Date: July 9, 2007
Recording No: 20070780189

32. Easements, covenants, conditions and restrictions as set forth on the recorded plat of SERENO CANYON PHASE 2, recorded February 25, 2008 in Book 974 of Maps, page 40.

33. Easements, covenants, conditions and restrictions as set forth on the recorded plat of SERENO CANYON PHASE 3, recorded February 25, 2008 in Book 974 of Maps, page 41.

34. Easement(s) for the purpose(s) shown below and rights incidental thereto, as granted in a document:

Granted to: City of Scottsdale
Purpose: temporary construction
Recording Date: April 27, 2009
Recording No: 20090366865
Affects: said land more particularly described therein

35. Easements, covenants, conditions and restrictions as set forth on the recorded plat of LOT 27 OF SERENO CANYON PHASE 1, recorded November 9, 2009 in Book 1042 of Maps, page 27.

SCHEDULE B – Section II
(Continued)

36. Matters contained in that certain document

Entitled: Developer Water Line Payback Agreement
Dated: June 24, 2010
Executed by: The City of Scottsdale and GBD 40, LLC
Recording Date: July 7, 2010
Recording No: 20100572914

Reference is hereby made to said document for full particulars.

37. Matters contained in that certain document

Entitled: Facility Payback Agreement for Sewer System Improvements in the Sereno Canyon Service Area
Dated: December 14, 2010
Executed by: The City of Scottsdale and McDowell Mountain Back Bowl, LLC, an Illinois limited liability company
Recording Date: December 21, 2010
Recording No: 20101110660, and
Recording No: 20101110859

Reference is hereby made to said documents for full particulars.

38. INTENTIONALLY OMITTED

39. INTENTIONALLY OMITTED

40. Matters contained in that certain document

Entitled: Restriction Agreement (Sonoran Crest)
Dated: February 28, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company; Sereno Canyon Homeowners Association, an Arizona non-profit corporation and Sonoran Crest Homeowners Association
Recording Date: March 18, 2013
Recording No: 20130244151

Reference is hereby made to said document for full particulars.

41. Matters contained in that certain document

Entitled: Restriction Agreement
Dated: February 21, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Roland Geretti and Janet Geretti, as Trustee of The Furlan Family Trust
Recording Date: March 18, 2013
Recording No: 20130244152

Reference is hereby made to said document for full particulars.

SCHEDULE B – Section II
(Continued)

42. Matters contained in that certain document

Entitled: Restriction Agreement
Dated: January 19, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company and Mehrdad and Jean Filburn Vahabzadeh-Hagh, as Trustee of The Mehrdad Vahabzadeh-Hagh and Jean Filburn Vahabzadeh-Hagh Living Trust dated March 12, 2012
Recording Date: April 4, 2013
Recording No: 20130307871

Reference is hereby made to said document for full particulars.

43. INTENTIONALLY OMITTED

44. INTENTIONALLY OMITTED

45. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said Land that is satisfactory to the Company, and/or by inquiry of the parties in possession thereof.

46. Property taxes, which are a lien not yet due and payable, including any assessments collected with taxes to be levied for the year 2017.

47. Matters contained in that certain document

Entitled: Easement Agreement
Dated: March 15, 2013
Executed by: McDowell Mountain Back Bowl, LLC, an Illinois limited liability company, Sereno Canyon Homeowners Association, an Arizona non-profit corporation and GBD 40, LLC, an Arizona limited liability company
Recording Date: March 18, 2013
Recording No: 20130244150

Reference is hereby made to said document for full particulars.

First Amendment to Easement Agreement

Recording Date: November 28, 2016
Recording No: 20160872522

Assignment & Assumption of Easement Agreement

Recording Date: November 28, 2016
Recording No: 20160872525

END OF SCHEDULE B – SECTION II

SCHEDULE B – Section II
(Continued)

CONDITIONS

1. The term mortgage, when used herein, shall include deed of trust, trust deed, or other security instrument.
2. If the proposed Insured has or acquired actual knowledge of any defect, lien, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions.
3. Liability of the Company under this Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions and Conditions and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. This Commitment is a contract to issue one or more title insurance policies and is not an abstract of title or a report of the condition of title. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and are subject to the provisions of this Commitment.
5. *The policy to be issued contains an arbitration clause. All arbitrable matters when the Amount of Insurance is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. You may review a copy of the arbitration rules at <<http://www.alta.org/>>.*

Fidelity National Title Agency, Inc.

DISCLOSURE NOTICES

Good Funds Law

Arizona Revised Statutes Section 6-843 regulates the disbursement of escrow funds by an escrow agent. The law requires that funds be deposited in the escrow agent's escrow account and available for withdrawal prior to disbursement. Funds deposited with the Company by wire transfer may be disbursed upon receipt. Funds deposited with the Company in the form of cashier's checks, certified checks or teller's checks, or checks which are made by an affiliate of a state or federally regulated depository institution when the check is drawn on that institution, may be disbursed the same day as deposited. If funds are deposited with the Company by other methods, recording and/or disbursement may be delayed.

PURCHASER DWELLING ACTIONS NOTICE

Pursuant to Arizona Revised Statutes Section 12-1363.N, notice is hereby provided to the purchaser of a dwelling of the provisions of Arizona Revised Statutes Sections 12-1361, 1362 and 1363. These statutory sections set forth the requirements to be met by a purchaser prior to bringing an action against the seller of a dwelling arising out of or related to the design, construction, condition or sale of the dwelling. "Dwelling" means a single or multifamily unit designed for residential use and common areas and improvements owned or maintained by an association or its members. "Seller" means any person, firm, partnership, corporation, association or other organization engaged in the business of designing, constructing or selling dwellings. The complete statutory sections can be viewed on the Arizona State Legislature's web site: www.azleg.state.az.us/ars/ars.htm.

NOTICE:

Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that do not comply with the following:

1. Print must be ten-point type (pica) or larger.
2. Margins of at least one-half inch along the left and right sides one-half inch across the bottom and at least two inches on top for recording and return address information.
3. Each instrument shall be no larger than 8½ inches in width and 14 inches in length.

NOTICE:

Any documents being executed in conjunction with this transaction must be signed in the presence of an authorized Company employee, an authorized employee of an agent, an authorized employee of the insured lender, or by using Bancserv or other approved third-party service. If the above requirement cannot be met, please call the Company at the number provided in this report.

FIDELITY NATIONAL FINANCIAL PRIVACY NOTICE

At Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, "FNF", "our" or "we"), we value the privacy of our customers. This Privacy Notice explains how we collect, use, and protect your information and explains the choices you have regarding that information. A summary of our privacy practices is below. We also encourage you to read the complete Privacy Notice following the summary.

<p>Types of Information Collected. You may provide us with certain personal information, like your contact information, social security number (SSN), driver's license, other government ID numbers, and/or financial information. We may also receive information from your Internet browser, computer and/or mobile device.</p>	<p>How Information is Collected. We may collect personal information directly from you from applications, forms, or communications we receive from you, or from other sources on your behalf, in connection with our provision of products or services to you. We may also collect browsing information from your Internet browser, computer, mobile device or similar equipment. This browsing information is generic and reveals nothing personal about the user.</p>
<p>Use of Your Information. We may use your information to provide products and services to you (or someone on your behalf), to improve our products and services, and to communicate with you about our products and services. We do not give or sell your personal information to parties outside of FNF for their use to market their products or services to you.</p>	<p>Security Of Your Information. We utilize a combination of security technologies, procedures and safeguards to help protect your information from unauthorized access, use and/or disclosure. We communicate to our employees about the need to protect personal information.</p>
<p>Choices With Your Information. Your decision to submit personal information is entirely up to you. You can opt-out of certain disclosures or use of your information or choose to not provide any personal information to us.</p>	<p>When We Share Information. We may disclose your information to third parties providing you products and services on our behalf, law enforcement agencies or governmental authorities, as required by law, and to parties with whom you authorize us to share your information.</p>
<p>Information From Children. We do not knowingly collect information from children under the age of 13, and our websites are not intended to attract children.</p>	<p>Privacy Outside the Website. We are not responsible for the privacy practices of third parties, even if our website links to those parties' websites.</p>
<p>Access and Correction. If you desire to see the information collected about you and/or correct any inaccuracies, please contact us in the manner specified in this Privacy Notice.</p>	<p>Do Not Track Disclosures. We do not recognize "do not track" requests from Internet browsers and similar devices.</p>
<p>The California Online Privacy Protection Act. Certain FNF websites collect information on behalf of mortgage loan servicers. The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through those websites.</p>	<p>International Use. By providing us with your information, you consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.</p>
<p>Your Consent To This Privacy Notice. By submitting information to us and using our websites, you are accepting and agreeing to the terms of this Privacy Notice.</p>	<p>Contact FNF. If you have questions or wish to contact us regarding this Privacy Notice, please use the contact information provided at the end of this Privacy Notice.</p>

FIDELITY NATIONAL FINANCIAL, INC.

PRIVACY NOTICE

FNF respects and is committed to protecting your privacy. We pledge to take reasonable steps to protect your Personal Information (as defined herein) and to ensure your information is used in compliance with this Privacy Notice.

This Privacy Notice is only in effect for information collected and/or owned by or on behalf of FNF, including collection through any FNF website or online services offered by FNF (collectively, the "Website"), as well as any information collected offline (e.g., paper documents). The provision of this Privacy Notice to you does not create any express or implied relationship, nor create any express or implied duty or other obligation, between FNF and you.

Types of Information Collected

We may collect two types of information: Personal Information and Browsing Information.

Personal Information. The types of personal information FNF collects may include, but are not limited to:

- contact information (e.g., name, address, phone number, email address);
- social security number (SSN), driver's license, and other government ID numbers; and
- financial account or loan information.

Browsing Information. The types of browsing information FNF collects may include, but are not limited to:

- Internet Protocol (or IP) address or device ID/UDID, protocol and sequence information;
- browser language;
- browser type;
- domain name system requests;
- browsing history;
- number of clicks;
- hypertext transfer protocol headers; and
- application client and server banners.

How Information is Collected

In the course of our business, we may collect *Personal Information* about you from the following sources:

- applications or other forms we receive from you or your authorized representative, whether electronic or paper;
- communications to us from you or others;
- information about your transactions with, or services performed by, us, our affiliates or others; and
- information from consumer or other reporting agencies and public records that we either obtain directly from those entities, or from our affiliates or others.

We may collect *Browsing Information* from you as follows:

- Browser Log Files. Our servers automatically log, collect and record certain Browsing Information about each visitor to the Website. The Browsing Information includes only generic information and reveals nothing personal about the user.
- Cookies. From time to time, FNF may send a "cookie" to your computer when you visit the Website. A cookie is a

small piece of data that is sent to your Internet browser from a web server and stored on your computer's hard drive. When you visit the Website again, the cookie allows the Website to recognize your computer, with the goal of providing an optimized user experience. Cookies may store user preferences and other information. You can choose not to accept cookies by changing the settings of your Internet browser. If you choose not to accept cookies, then some functions of the Website may not work as intended.

Use of Collected Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you, or to one or more third party service providers who are performing services on your behalf or in connection with a transaction involving you;
- To improve our products and services; and
- To communicate with you and to inform you about FNF's products and services.

When We Share Information

We may share your Personal Information (excluding information we receive from consumer or other credit reporting agencies) and Browsing Information with certain individuals and companies, as permitted by law, without first obtaining your authorization. Such disclosures may include, without limitation, the following:

- to agents, representatives, or others to provide you with services or products you have requested, and to enable us to detect or prevent criminal activity, fraud, or material misrepresentation or nondisclosure;
- to third-party contractors or service providers who provide services or perform other functions on our behalf;
- to law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- to other parties authorized to receive the information in connection with services provided to you or a transaction involving you.

We may disclose Personal Information and/or Browsing Information when required by law or in the good-faith belief that such disclosure is necessary to:

- comply with a legal process or applicable laws;
- enforce this Privacy Notice;
- investigate or respond to claims that any information provided by you violates the rights of a third party; or
- protect the rights, property or personal safety of FNF, its users or the public.

We make efforts to ensure third party contractors and service providers who provide services or perform functions on our behalf protect your information. We limit use of your information to the purposes for which the information was provided. We do not give or sell your information to third parties for their own direct marketing use.

We reserve the right to transfer your Personal Information, Browsing Information, as well as any other information, in connection with the sale or other disposition of all or part of the

FNF business and/or assets, or in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors. You expressly agree and consent to the use and/or transfer of this information in connection with any of the above-described proceedings. We cannot and will not be responsible for any breach of security by any third party or for any actions of any third party that receives any of the information that is disclosed to us.

Choices With Your Information

Whether you submit your information to FNF is entirely up to you. If you decide not to submit your information, FNF may not be able to provide certain products or services to you. You may choose to prevent FNF from using your information under certain circumstances (“opt out”). You may opt out of receiving communications from us about our products and/or services.

Security And Retention Of Information

FNF is committed to protecting the information you share with us and utilizes a combination of security technologies, procedures and safeguards to help protect it from unauthorized access, use and/or disclosure. FNF trains its employees on privacy practices and on FNF’s privacy and information security policies. FNF works hard to retain information related to you only as long as reasonably necessary for business and/or legal purposes.

Information From Children

The Website is meant for adults. The Website is not intended or designed to attract children under the age of thirteen (13). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

Privacy Outside the Website

The Website may contain links to other websites, including links to websites of third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites.

International Users

Because FNF’s headquarters is located in the United States, we may transfer your Personal Information and/or Browsing Information to the United States. By using our website and providing us with your Personal Information and/or Browsing Information, you understand and consent to the transfer, processing and storage of such information outside your country of residence, as well as the fact that we will handle such information consistent with this Privacy Notice.

Do Not Track Disclosures

Currently, our policy is that we do not recognize “do not track” requests from Internet browsers and similar devices.

The California Online Privacy Protection Act

For some websites which FNF or one of its companies owns, such as the Customer CareNet (“CCN”), FNF is acting as a third party service provider to a mortgage loan servicer. In those

instances, we may collect certain information on behalf of that mortgage loan servicer, including:

- first and last name;
- property address;
- user name and password;
- loan number;
- social security number - masked upon entry;
- email address;
- security questions and answers; and
- IP address.

The information you submit is then transferred to your mortgage loan servicer by way of CCN. **The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.**

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application. All sections of this Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Information, and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, contact your mortgage loan servicer.

Access and Correction

To access your Personal Information in the possession of FNF and correct any inaccuracies, please contact us by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

Your Consent To This Privacy Notice

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of information by FNF in compliance with this Privacy Notice. We reserve the right to make changes to this Privacy Notice. If we change this Privacy Notice, we will post the revised version on the Website.

Contact FNF

Please send questions and/or comments related to this Privacy Notice by email at privacy@fnf.com or by mail at:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

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EFFECTIVE AS OF APRIL 1, 2016

AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87) EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- land use
- improvements on the land
- land division
- environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

- a notice of exercising the right appears in the public records on the Policy Date

In addition to the Exclusions, you are not insured against loss, costs, attorneys' fees, and the expenses resulting from:

1. Any rights, interests, or claims of parties in possession of the land not shown by the public records.

2. Any easements or liens not shown by the public records. This does not limit the lien coverage in Item 8 of Covered Title Risks.

- the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking.
3. Title Risks:
- that are created, allowed, or agreed to by you
 - that are known to you, but not to us, on the Policy Date—unless they appeared in the public records
 - that result in no loss to you
 - that first affect your title after the Policy Date—this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
- to any land outside the area specifically described and referred to in Item 3 of Schedule A
 - OR
 - in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks

3. Any facts about the land which a correct survey would disclose and which are not shown by the public records. This does not limit the forced removal coverage in Item 12 of Covered Title Risks.

4. Any water rights or claims or title to water in or under the land, whether or not shown by the public records.

**FORMERLY AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH A.L.T.A. ENDORSEMENT-FORM 1 COVERAGE
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured

mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or

- (c) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.
7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

2006 AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to

(i) the occupancy, use, or enjoyment of the Land;

(ii) the character, dimensions, or location of any improvement erected on the Land;

(iii) the subdivision of land; or

(iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters

(a) created, suffered, assumed, or agreed to by the Insured Claimant;

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;

(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.

5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.

6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is

(a) a fraudulent conveyance or fraudulent transfer, or

(b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.

7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.

2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.

3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.

6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

FORMERLY AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records. Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

which would be binding on the rights of a purchaser for value without knowledge.

3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

2006 AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (06-17-06)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

(b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.

3. Defects, liens, encumbrances, adverse claims, or other matters

(a) created, suffered, assumed, or agreed to by the Insured Claimant;

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

(b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;

(c) resulting in no loss or damage to the Insured Claimant;

(d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or

(e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.

4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is

(a) a fraudulent conveyance or fraudulent transfer; or

(b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.

5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10-22-03)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:

- a. building
- b. zoning
- c. Land use
- d. improvements on Land
- e. land division
- f. environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17 or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.

3. The right to take the Land by condemning it, unless:

- a. notice of exercising the right appears in the Public Records at the Policy Date; or
- b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.

4. Risks:

- a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records.
- b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
- c. that result in no loss to You; or
- d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.d., 22, 23, 24 or 25.

5. Failure to pay value for Your Title.

6. Lack of a right:

- a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
- b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 14, 15, 16, and 18, Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A. The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 14:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 15:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 16:	1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 18:	1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

**ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (01-01-08)
EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.
2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date—this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
Covered Risk 16:	1% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)
EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the Land; (ii) the character, dimensions or location of any improvements now or hereafter erected on the Land; (iii) a separation in ownership or a change in the dimensions or areas of the Land or any parcel of which the Land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14 and 16 of this policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the Land has been recorded in the Public Records at Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 12, 13, 14, and 16 of this policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the Public Records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without Knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (this paragraph does not limit the coverage provided under Covered Risks 8, 16, 18, 19, 20, 21, 22, 23, 24, 25 and 26); or
 - (e) resulting in loss or damage which would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of the Insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the Land is situated.
5. Invalidity or unenforceability of the lien of the Insured Mortgage, or claim thereof, which arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, except as provided in Covered Risk 27, or any consumer credit protection or truth-in-lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.
8. Lack of priority of the lien of the Insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are Known to the Insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk 8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

WHEN RECORDED, MAIL TO:

David W. Kreutzberg, Esq.
SQUIRE, SANDERS & DEMPSEY
40 North Central Avenue, Suite 2700
Phoenix, Arizona 85004

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

SERENO CANYON

MARICOPA COUNTY, ARIZONA

16-PP-2017

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
SERENO CANYON
MARICOPA COUNTY, ARIZONA**

THIS DECLARATION is made and entered into on the date set forth at the end hereof by **McDOWELL MOUNTAIN BACK BOWL, LLC**, an Illinois limited liability company (the **"Declarant"**), with respect to certain real property situated in Maricopa County, Arizona legally described as follows:

Lots 1 through 46, inclusive, and Tracts A through E, inclusive, **SERENO CANYON PHASE 1**, according to the Plat thereof recorded in Book 910, page 16 of the Official Records of Maricopa County, Arizona Recorder (the **"Project"**, as defined in Article 1 below).

Declarant hereby declares that the Project and all Lots and Common Area therein shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the following declarations, limitations, easements, covenants, conditions and restrictions, all of which are and shall be interpreted to be for the purpose of enhancing and protecting the value and attractiveness of the Project and all Lots therein. All of the limitations, covenants, conditions and restrictions shall constitute covenants which shall run with the land and shall be binding upon Declarant, its successors and assigns and all parties having or acquiring any right, title or interest in or to any part of the Project.

ARTICLE 1

DEFINITIONS

"Adjacent Owners" shall have the meaning set forth in Section 9.4.

"Annexable Property" shall mean that real property described on Exhibit A attached hereto.

"Areas of Association Responsibility" shall mean those areas and facilities on Lots to be maintained by the Association under Section 9.3 below.

"Assessment" shall mean the Annual, Special and/or Lot Specific Assessments levied and assessed against each Lot and which is to be paid by each Lot Owner as determined by the Association and as provided herein. **"Annual Assessments"**, **"Special Assessments"**, **"Lot Specific Assessments"** and **"Assessment Lien"** are defined in Section 4.1.

"Association" shall mean **SERENO CANYON HOMEOWNERS ASSOCIATION**, an Arizona nonprofit corporation. The Association shall be established by the filing of its Articles of Incorporation (the **"Articles"**) and governed by its Bylaws (the **"Bylaws"**).

"Association Rules" shall mean the restrictions, limitations, rules and regulations adopted by the Association pursuant to Section 3.7 of this Declaration, as the same may be amended from time to time.

“Board” or **“Board of Directors”** shall mean the governing body of the Association.

“City” shall mean the City of Scottsdale, Arizona.

“Committee” shall mean the Architectural Control Committee for the Project established pursuant to Article 7 of this Declaration.

“Common Area” shall mean Tracts A through E, inclusive, as shown on the Plat including all structures, facilities, improvements and landscaping thereon and all rights, easements and appurtenances relating thereto. Title to the Common Area shall be conveyed to the Association by Declarant free and clear of all monetary liens and encumbrances for the benefit of all of the Lot Owners upon the completion of all of the improvements designed therefor and approved by the City. Every Owner shall have a right and easement of ingress and egress and enjoyment in, over and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the right of the Association to suspend Common Area use rights (except for Tract A, the Roadways) as provided in the Bylaws and the right of the Association to grant easements over Common Area to any public agency, authority or utility company as provided in the Articles. Any Owner may delegate, in accordance with the Project Documents, his right of enjoyment to the Common Area and facilities thereon to members of his family, tenants and contract purchasers who reside on his Lot.

“Construction Guidelines” shall mean the guidelines, restrictions, limitations, rules and regulations adopted by the Committee for purposes of initial development and construction upon a Lot pursuant to Section 7.1 of this Declaration, if any.

“Design Guidelines” shall mean the guidelines, restrictions, limitations, rules and regulations adopted by the Committee pursuant to Section 7.1 of this Declaration, if any.

“ Dwelling Completion” shall be the date the primary Dwelling Unit on any Lot receives approval for occupancy by passage of a final inspection from the City.

“ Dwelling Unit” shall mean any building or portion of a building situated on a Lot and designated for independent ownership and intended for Single Family Residential Use.

“Easements” shall have the meaning set forth in Section 9.4.

“Exterior Alteration” shall mean any construction, installation, addition, alteration, repair, change, change of color, change of landscaping, removal, demolition or other work that alters the exterior appearance of a Lot or the Improvements located thereon.

“First Mortgage” shall mean any mortgage (which includes a recorded deed of trust and a recorded contract of sale as well as a recorded mortgage) which is a first priority lien on any Lot.

“First Mortgagee” shall mean the holder of a First Mortgage.

“Homebuilder” shall mean any homebuilder which acquires any one or more undeveloped Lots for the purpose of construction of a Dwelling Unit, or which executes a

contract with a Lot Owner to construct a Dwelling Unit. No Homebuilder shall be a Declarant or may exercise any of Declarant's rights until the provisions of Section 8.4 below are satisfied.

"Improvement" shall mean any building, Dwelling Unit, fence, wall or other structure; or any solar collectors or equipment, antennas (including TV antennas), satellite dishes, above ground or underground TV, cell phone or communications apparatuses, broadcasting or receiving towers or equipment; or any swimming pool, tennis court, sport court, road, driveway or parking area; or any trees, plants, shrubs, grass or other landscaping improvements of every type and kind.

"Lessee" shall mean a third party lessee, sublessee, tenant or subtenant under a lease, oral or written, of any Lot. As used herein "a third party" is a Person who is not an Owner.

"Lot" shall mean one of the separately designated Lots in the Project as shown on the Plat, together with any improvements thereon. Each numbered and lettered parcel in the Project is a separate freehold estate.

"Lot Improvements" shall have the meaning set forth in Section 5.23.

"Maintenance Standard" shall mean the standard of maintenance of Improvements established from time to time by the Board or designated committee or, in the absence of any standard established by the Board or designated committee, the standard of maintenance of Improvements generally prevailing throughout the Project.

"Maximum Annual Assessment Amount" shall have the meaning set forth in Section 4.3.

"Member" shall mean those persons entitled to Membership in the Association as provided herein.

"Ordinance" shall have the meaning set forth in Section 9.4.

"Owner" shall mean the record holder of title to a Lot in the Project. This shall include any person having fee simple title to any Lot in the Project, but shall exclude persons or entities having any interest merely as security for the performance of any obligation. Further, if a Lot or other property is sold under a recorded contract of sale or subdivision trust to a purchaser, the purchaser, rather than the fee owner, shall be considered the **"Owner"** as long as he or a successor in interest remains the contract purchaser or purchasing beneficiary under the recorded contract or subdivision trust.

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

"Plat" shall mean that certain plat of Sereno Canyon Phase 1 recorded in Book 910 of Maps, page 16 of the Official Records of the Maricopa County, Arizona Recorder, together with any other plats of all or any portion of the Project, including any portions annexed under Section 9.5 below, as the same are amended from time to time.

“Project” shall mean only that certain real property shown on the Plat.

“Project Documents” shall mean and include this Declaration, as it may be amended from time to time, the exhibits, if any, attached hereto, the Plat, the Articles and Bylaws, and any Association Rules, Design Guidelines and Construction Guidelines adopted from time to time by the Association as provided herein or in the Bylaws.

“Roadways” shall mean Tract A of the Common Area, and the road improvements constructed thereon, and any Common Areas on plats for any part of the Annexable Property which are designated as Roadways in any amendment to this Declaration, all in accordance with Section 9.5 below.

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

“Single Family Residential Use” shall mean the occupation or use of a Dwelling Unit by a Single Family in conformity with this Declaration and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulations.

“[2007 dollars]” shall mean the amount as proportionately increased for each year as follows. The base for computing the adjustment is the Consumer Price Index-Urban Wage Earners and Clerical Workers, United States City Average for All Items (1982-1984 = 100), published by the United States Department of Labor, Bureau of Labor Statistics (**“Index”**). If the Index published for September in the year in question (**“Adjustment Index”**) has increased from the Index for September of the prior year (the **“Beginning Index”**), the amount in question shall be set by multiplying the amount specified herein (as previously increased under this provision, for prior years) by a fraction, the numerator of which is the Adjustment Index and the denominator of which is the Beginning Index. If the Index is discontinued or revised, the Board shall adopt a substitute index or procedure which reasonably reflects the changes in consumer prices. [2007 dollars] will never decrease from the prior year.

“Visible From Neighboring Property” shall mean with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE 2

ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS OF THE ASSOCIATION

2.1 Basic Duties of the Association. The management of the Common Area shall be vested in the Association in accordance with this Declaration and the Articles and Bylaws. The Owners covenant and agree that the administration of the Project shall be in accordance with the provisions of the Project Documents, subject to the standards set forth in all applicable laws, regulations and ordinances of any governmental or quasi-governmental body or agency having jurisdiction over the Project. In addition to the duties and powers enumerated in the Bylaws and

the Articles, and without limiting the generality thereof, the Association shall have the duties and powers as set forth in Article 3 below and elsewhere in this Declaration.

2.2 Membership. The Owner of a Lot shall automatically, upon becoming the owner of same, be a Member of the Association and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his Membership in the Association shall automatically cease. Lessees shall not have any voting or Membership rights in the Association by virtue of their occupancy of any Lot or Dwelling Unit thereon.

2.3 Transfer of Membership. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of the Lot to which it is appurtenant, and then automatically to the new Owner as provided in Section 2.2. Any attempt to make a prohibited transfer is void. Upon the transfer of an ownership interest in a Lot, the Association shall record the transfer upon its books, causing an automatic transfer of Membership as provided in Section 2.2.

2.4 Membership Classes. The Association shall have two (2) classes of voting Membership established according to the following provisions:

A. Class A Membership shall be that held by each Owner of a Lot other than Declarant (while two classes of Membership exist), and each Class A Member shall be entitled to one (1) vote for each Lot owned. If a Lot is owned by more than one (1) person, each such person shall be a Member of the Association but there shall be no more than one (1) vote for each Lot.

B. Class B Membership shall be that held by Declarant (including any successor or co-Declarant as provided in Section 8.4 below) which shall be entitled to fifty (50) votes for each Lot owned by Declarant, provided that Class B Membership shall be converted to Class A Membership and shall forever cease when Declarant has conveyed all of the Lots in the Project to Owners other than Declarant. In the event Declarant elects to partially assign or convey its Declarant rights reserved hereunder as provided more fully in Section 8.4, the voting rights of all Lots owned by Declarant and the assignee as co-Declarant, and/or their successors and assigns, shall be added together solely for purposes of determining the conversion of Class B Membership to Class A Membership. Notwithstanding the foregoing, Declarant and any co-Declarant may voluntarily convert their respective Class B Membership to Class A Membership with the prior consent of the other Declarant(s) at any time by giving written notice to the Association.

2.5 Association Voting Requirements. Any action by the Association which must have the approval of the Association Membership before being undertaken shall require (i) the vote of fifty-one percent (51%) of the Membership present and voting (including absentee ballots) at a duly called and held meeting of the Membership or fifty-one percent (51%) of the Membership voting through a duly called and held mail vote; or (ii) the written assent of fifty-one percent (51%) of the Membership unless, in either case, another percentage is specifically prescribed by a provision within this Declaration, the Bylaws or the Articles. Unless the Project Documents specifically require otherwise, when directors are to be elected or any other matter is

submitted to a vote of the members, such vote may be conducted by mail as provided in the Bylaws or as determined by the Board.

2.6 Vesting of Voting Rights. Voting rights attributable to all Lots owned by Declarant shall vest immediately by virtue of Declarant's ownership thereof. Except for Declarant, no Owner of any Lot shall have any voting rights attributable to that Lot until an Assessment has been levied against that Lot and Owner by the Association pursuant to Article 4 below.

2.7 Meetings of the Association. Regular and special meetings of Members of the Association shall be held with the frequency, at the time and place and in accordance with the provisions of the Bylaws.

2.8 Board of Directors. The affairs of the Association shall be managed by a Board of Directors which shall be established and which shall conduct regular and special meetings according to the provisions of the Bylaws. Until Declarant has conveyed all Lots to other Persons, Declarant shall have the right to appoint and remove all Directors.

ARTICLE 3

DUTIES AND POWERS OF THE ASSOCIATION

3.1 Maintenance. The Association shall maintain, paint, repair, replace, restore, operate and keep in good condition all of the Common Area and Areas of Association Responsibility and all facilities, improvements, furnishings, equipment and landscaping thereon. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an Owner or his guests, tenants or invitees. The repair or replacement of any portion of the Common Area or Areas of Association Responsibility or any Lot resulting from such excluded items shall be the responsibility of each Owner. At its option, the Association may exercise its rights under Section 3.9, and/or the Association shall be entitled to commence an action at law or in equity to enforce this responsibility and duty and/or recover damages for the breach thereof.

3.2 Insurance.

A. Common Area Property Insurance. Property insurance on the insurable improvements within the Common Area. The policy is to be issued on a "Special Form" policy or its equivalent in an amount determined by the Board of Directors; provided, however, that the total amount of insurance shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land and other items normally excluded from a hazard and multi-peril property insurance policy. The policy may provide for a reasonable deductible which shall be the responsibility of the Association. A First Mortgagee may pay overdue premiums on hazard insurance policies or secure new coverage for the Common Area in case of lapse of a policy, and the Association shall immediately reimburse the First Mortgagee therefor.

B. Public Liability Insurance. The Association shall obtain and continue in effect comprehensive public liability insurance insuring the Association, the Declarant, the agents and

employees of each and the Owners against any liability incident to the ownership or use of the Common Area, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners, other insureds or the Association. Such insurance shall be in amounts deemed appropriate by the Board but in no event shall the limits of liability for such coverage be less than \$2,000,000 [in 2007 Dollars, reasonably rounded by the Board to the nearest commonly available increment of such insurance reasonably available] for each occurrence and \$3,000,000 [in 2007 Dollars, reasonably rounded by the Board to the nearest commonly available increment of such insurance reasonably available] general aggregate with respect to bodily injury and property damage. In the event insurance proceeds are inadequate therefor, then the Association may levy a Special Assessment on Lot Owners therefor as provided in Article 4. The Association's use of funds from its general account or levy of a Special Assessment shall not constitute a waiver of the Association's or any Owner's right to institute any legal proceeding or suit against the person or persons responsible, purposely or negligently, for the damage.

C. Directors' and Officers' Liability Insurance. Directors' and officers' liability insurance covering all the past, present and future directors and officers of the Association in such limits as the Board of Directors may determine from time to time. The directors' and officers' policy shall have a limit of no less than \$3,000,000.00 per claim and \$3,000,000.00 aggregate per year [in 2007 Dollars, reasonably rounded by the Board to the nearest commonly available increment of such insurance reasonably available]. Policies shall be written on a claims made basis with a retroactive date through January 1, 2007.

D. Fidelity Bonds. The Association shall obtain and maintain (and/or cause a professional manager employed by the Association to obtain and continually maintain) bonds covering all persons or entities which handle funds of the Association, including without limitation, any such professional manager employed by the Association and any of such professional manager's employees, in amounts not less than the maximum funds that will at any time be in the possession of the Association or any professional manager employed by the Association but in no event less than the total of Assessments for a three (3) month period on all Lots and all reserve funds maintained by the Association. With the exception of a fidelity bond obtained by a professional manager covering such professional manager's employees, all fidelity bonds shall name the Association as an obligee. In addition, all such bonds shall provide that the same shall not be terminated, cancelled or substantially modified without at least thirty (30) days' prior written notice to the Association and a replacement bond shall be obtained during such thirty (30) day period.

E. Other Insurance. The Association shall also obtain and maintain any insurance which may be required by law, including, without limitation, workmen's compensation insurance. The Association shall have the power and authority to obtain and maintain other and additional insurance coverage as determined by the Board.

F. Repair and Replacement of Damage or Destroyed Property. Any Common Area improvements damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (ii) Owners owning at least eighty percent (80%) of the Lots vote not to rebuild

or restore them. The cost of repair or replacement in excess of insurance proceeds or condemnation awards and reserves shall be paid by the Association and, as provided above, the Association may specially assess the Owners therefor. Any excess or remaining insurance or condemnation proceeds which are not needed to restore the Common Area as provided above shall be added to the Association's reserves.

3.3 Enforcement, Remedies, Fines and Penalties and Suspension of Rights. The Association shall enforce the provisions of this Declaration and the other Project Documents by appropriate means, including without limitation the expenditure of funds of the Association, the employment of legal counsel and the commencement of legal actions.

The Association may adopt a schedule of reasonable monetary fines and penalties for violation by Owners (and others for whom Owners are responsible as provided herein) of the provisions of the Project Documents. The amount of the fine or penalty for each violation shall be established by the Board in accordance with a published schedule.

In addition to any other rights or remedies which the Association may have under this Declaration or at law or in equity as a result of the violation of this Declaration or the Project Documents, if an Owner or Lessee, and/or the family members, guests, contractors or agents thereof, is(are) in breach of the Project Documents, subject to applicable law, the Board may levy reasonable fines or penalties against such Person(s) and the Owner and/or may suspend Common Area use rights (except for the Roadways) of such Person(s) and/or the Association voting rights of the Owner until the default is fully cured, or a lesser period as determined by the Board, in accordance with Section 3.4. The Association shall have the additional rights and remedies set forth in Section 8.1, and in Article 4 with respect to delinquent Assessments.

3.4 Notice of Violation, Appeal and Payment of Fines and Penalties.

(a) The Board, or any Person designated by the Board, may serve a "Notice of Violation" against an Owner or Lessee for a violation of any provision of the Project Documents by the Owner or Lessee, or others for whom they are responsible under Section 3.3. A Notice of Violation shall contain (i) a description of the violation and the provision(s) of the Project Documents which was (were) violated, (ii) the time and place at which the violation was observed and the first and last name of the Person who observed the violation, (iii) the amount of the fine or penalty to be paid by the Owner or Lessee for such violation, if any, and/or the period for suspension of voting rights and/or Common Area use rights (except the Roadways), if any, (iv) the name of the Person issuing the Notice of Violation, and (v) a statement advising the Owner or Lessee of the Owner's or Lessee's right to appear before the Board on the date, time and place specified for a hearing at which the Owner or Lessee can offer any defenses or mitigating circumstances.

(b) A Notice of Violation shall be deemed to have been served if delivered personally to the Owner or Lessee named in the Notice of Violation or sent to the Owner or Lessee by registered or certified United States mail, return receipt requested, postage prepaid. A Notice of Violation served by mail shall be deemed to have been received by the Owner or Lessee to whom the Notice was addressed on the earlier of the date the Notice is actually received or three (3) days after the Notice is deposited in the United States mail. A Notice of

Violation given to the Owner by mail shall be addressed to the Owner at the address of the Owner as shown on the records of the Association. A Notice of Violation given to the Lessee by mail shall be addressed to the Dwelling Unit occupied by the Lessee. If a Lot is owned by more than one Person, a Notice of Violation to one of the joint Owners shall constitute Notice to all of the joint Owners.

(c) The Owner or Lessee shall pay the fine set forth in the Notice of Violation to the Association within ten (10) business days after the Notice of Violation is served on the Owner or Lessee or, if the Owner or Lessee appears at the hearing specified in the Notice of Violation, within ten (10) days after a hearing before the Board in which the Board upholds the fine.

(d) Any fines or penalty levied pursuant hereto shall be handled as a Lot Specific Assessment pursuant to this Section.

(e) The foregoing procedure is subject to any statutory requirements, hearing processes or appeal processes, if any exist from time to time.

(f) The Association does not have to comply with this section in connection with nonpayment of Assessments, collection thereof or use of remedies therefore under Article 4.

3.5 Easements. The Association may grant and reserve easements where necessary for utilities and sewer facilities over the Common Area to serve the Common Area and the Lots.

3.6 Management and Other Contracts. The Association shall have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, subject to the Bylaws and restrictions imposed by any governmental or quasi-governmental body or agency having jurisdiction over the Project. Any agreement for professional management of the Project or any agreement providing for services by Declarant (or any affiliate of Declarant) shall provide for termination by either party without cause or payment of a termination fee upon ninety (90) days' or less written notice or for cause upon thirty (30) days' or less written notice and without payment of a termination fee. Such agreement shall further provide for a reasonable contract term of from one (1) to three (3) years and be renewable only by consent of the Association and the other party.

In addition to the foregoing provisions regarding Association management contracts and contracts with Declarant and its affiliates, Declarant shall not, and shall not have the authority or power to, bind the Association prior to termination of Class B Membership, either directly or indirectly, to contracts or leases unless the Association is provided with a right of termination of any such contract or lease, without cause, which is exercisable without penalty or the payment of a termination fee at any time after the first Board of Directors elected after Class B Membership expires takes office upon not more than ninety (90) days' notice. The foregoing shall not apply to or limit the Declarant's right to enter into (or the terms of) contracts or leases with providers of cable TV, satellite or other communications or utilities services for the benefit of the Project provided that such entities are not affiliates of the Declarant.

3.7 Association Rules. The Association may adopt reasonable Association Rules not inconsistent with this Declaration, the Articles or the Bylaws relating to the use of the Common Area and all facilities thereon and the conduct of Owners and their Lessees, and their respective family members, guests and invitees with respect to the Project and other Owners. The Association Rules shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area; provided, however, that the Association Rules may not discriminate among Owners except as expressly provided or permitted herein, and shall not be inconsistent with this Declaration, the Articles or Bylaws. The Association Rules may provide for reserving the use of Tract E of the Common Area for special events, and deposits required therefor; restricting the number of guests of any Owner or occupant within Tract E and hours of operation of Tract E; and other matters deemed appropriate by the Board for the use of Tract E and all other recreational areas under the control of the Association.

A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be available to each Owner. Upon completion of the notice requirements, said Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and all other Persons having any interest in, or making any use of, the Project, whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Association for each Owner to review upon request, and copies will be provided upon payment of the reasonable copying charge therefor established by the Association. In the event of any conflict between any provision of the Association Rules and any provisions of this Declaration or the Articles or Bylaws the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or Bylaws to the extent of any such conflict.

3.8 Emergency Powers. The Association or any Person authorized by the Association may enter any Lot in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owners as practicable, and the Association shall repair any damage caused thereby, unless covered by insurance carried by the Owner.

3.9 Improper Maintenance of any Lots. In the event any portion of any Lot 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 or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration, or in the event the Owner of any Lot is failing to perform any of its obligations under the Project Documents, the Board may 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 corrective action is taken within the specified time period, the Board may cause such action to be taken at said Owner's cost. If at the expiration of the specified period of time the 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 is subject as a Lot Specific Assessment.

3.10 Entry Gates. The Association shall charge an Owner, as a Lot Specific Assessment, for the cost to replace or repair any equipment provided to the Owner or the Owner's tenant, or any of their respective family members, to obtain access through any electronic gate in the Project.

ARTICLE 4

ASSESSMENTS

4.1 Assessment Obligations. Each Owner of any Lot, by acceptance of a deed or recorded contract of sale or beneficial interest in a subdivision trust therefor, whether or not it shall be so expressed in such document, is deemed to covenant and agree to pay to the Association (a) regular "**Annual Assessments**", (b) "**Special Assessments**" for capital improvements and unexpected expenses and (c) other charges made or levied by the Association against the Lot and the Owner thereof including, without limitation, the charges described in Section 3.9, interest, late charges, collection costs, costs and reasonable attorneys' fees incurred by the Association in enforcing compliance with this Declaration or any other Project Documents (whether or not a lawsuit or other legal action is instituted or commenced) (collectively, the "**Lot Specific Assessments**"). Such Assessments shall be established and collected as provided herein and in the Bylaws. Any part of any Assessment not paid within twenty (20) days of the due date therefor as established in this Article 4 shall bear interest at a rate determined by the Board not exceeding eighteen percent (18%) per annum from the due date until paid, and shall be subject to a late charge of the greater of \$15.00 or ten percent (10%) of the unpaid Assessment or such greater amount specified in an Association Rule which is permitted by applicable law. The Annual, Special and Lot Specific Assessments made against a Lot and the Owner thereof pursuant to this Declaration or the Bylaws shall be a charge and a continuing lien upon the Lot (hereinafter "**Assessment Lien**"), subject to any applicable statutory limitations or exclusions. Each such Assessment shall also be the personal obligation of the person who was the Owner of such Lot at the time the Assessment fell due as provided in this Article 4 or elsewhere in this Declaration, but thus personal liability shall not pass to successor Owners unless specifically assumed by them. The Assessment Lien on each Lot shall be prior and superior to all other liens except (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto and (b) the lien or charge of any First Mortgage on that Lot. No Owner of a Lot may exempt himself from liability for Assessments by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Lot.

4.2 Purpose of Assessments. The Assessments by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the Project, for the improvement and maintenance of the Common Area and Areas of Association Responsibility as provided herein, to enable the Association to discharge and perform its responsibilities and for the common good of the Project.

A. At least sixty (60) days (or soon thereafter as feasible) before the beginning of the first full fiscal year of the Association after the first Lot is conveyed to an Owner and each fiscal year thereafter, the Board of Directors shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board of Directors believes will be required during the ensuing fiscal year to pay all Association expenses including, but not limited to:

(i) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the Common Area; (ii) the cost of wages, materials, insurance premiums, services, supplies and other expenses required for the administration, operation, maintenance and repair of the Project; (iii) the amount required to render to the Owners all services required to be rendered by the Association under the Project Documents; and (iv) such amounts as are necessary to provide general operating reserves and reserves for contingencies and replacements.

B. Within thirty (30) days after the adoption of a budget, the Board of Directors shall send to each Owner a summary of the budget and a statement of the amount of the Annual Assessment assessed against the Owner's Lot in accordance with Sections 4.3 and 4.6 of this Declaration. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Annual Assessments as provided in Sections 4.3 and 4.6 of this Declaration and each Owner shall continue to pay the Annual Assessment against his Lot as established for the previous fiscal year until notice of the Annual Assessment for the new fiscal year has been established by the Board of Directors.

C. The Board of Directors is expressly authorized to adopt and amend budgets for the Association, and no ratification of any budget by the Owners shall be required.

D. Periodically, but not less frequently than every five (5) years, the Board shall cause to be prepared by a qualified, independent consultant or similar person (who shall not be related to or affiliated with the Association, any member of the Board, any officer of the Association, the Association's independent property manager, if any, or the Declarant) a detailed study of the Association's reserves. Each reserve study shall include recommendations regarding amounts reasonably anticipated to be necessary for the items covered by the Association's reserves and changes in contributions therefor in Association budgets for subsequent fiscal years.

The Board, with the assistance of its independent property manager and such other qualified independent consultants or similar persons as the Board deems appropriate, shall make and annually update Association cash flow projections covering a reasonable period of years from the date of the projection or update. Cash flow projections shall take into consideration cash on hand in the Association's reserves, reasonably anticipated contributions pursuant to Section 4.10 of this Declaration, expected contributions to the reserves from each fiscal year's budget, and any other reasonably anticipated sources of funds for the reserves (including, without limitation, reasonably anticipated proceeds of insurance on capital assets).

Based on such reserve studies and cash flow projections, the Board shall determine and include in each budget a reserve amount as part of the Annual Assessments.

4.3 Annual Assessments. The Board shall annually determine and fix the amount of the Annual (calendar year) Assessment against each Lot, excluding those owned by Declarant; provided, however, that the Annual Assessment may not exceed the "**Maximum Annual Assessment Amount**" (as defined below) then in effect unless approved by the Owners as provided below. The Annual Assessment shall be prorated based on the number of months remaining before December 31 of such year as well as any partial months remaining.

The Maximum Annual Assessment Amount in the year that Declarant first closes escrow for the sale of any Lot in the Project to an Owner other than Declarant shall be as established by Declarant at such first Closing. Without the vote or approval of the Members of the Association, the Maximum Annual Assessment Amount for each succeeding year shall not exceed the prior year's Annual Assessment by more than twenty percent (20%). The Maximum Annual Assessment Amount may be increased by an amount in excess of twenty percent (20%) of the prior year's Annual Assessment only if such increase or decrease is approved by the affirmative vote of a majority of the voting power of each class of Members voting in person or by absentee ballot or by proxy (if permitted by law) at a meeting duly called for this purpose, under Section 4.6 below.

4.4 Special Assessments. In addition to the Annual Assessments authorized above, the Board may levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of (i) any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or other improvements the Association is responsible for maintaining (including fixtures and personal property related thereto); (ii) any unanticipated or underestimated expense normally covered by a regular Assessment; and (iii) where necessary, for taxes assessed against the Common Area, provided however, that in all events, no such Special Assessment shall be made without the affirmative vote of Declarant (while Class B Membership exists) and of a majority of the voting power of Class A Members voting in person or by absentee ballot or by proxy (if permitted by law) at a meeting duly called for this purpose.

4.5 Procedures for Voting on Assessments. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4.3 or 4.4 shall be sent to all Owners not less than thirty (30) days not more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or proxies therefor entitled to cast fifty-one percent (51%) of all of the votes of the 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. While Class B Membership exists, the quorum requirements described above shall apply to both classes and a quorum shall not exist for a meeting unless a quorum of each class is present.

4.6 Allocation of Assessments. The Owners of each Lot shall bear an equal share of each Annual and Special Assessment except as otherwise specified elsewhere in this Declaration.

4.7 Commencement of Assessments. The Annual Assessments provided for herein shall commence as to each Lot in the Project (subject to the exclusion of Declarant's Lots under Section 4.3) on the first day of the month following the close of escrow of the sale of the first Lot in the Project by Declarant or a co-Declarant to another Person. Due dates of Assessments shall be established by the Board and notice shall be given to each Lot Owner at least forty-five (45) days prior to any due date; provided, however that Owners shall continue to pay Annual Assessments at the last established rate until the Board gives notification of any change in accordance with this Section 4.7. At the option of the Board, all Annual Assessments shall be payable in twelve (12) equal monthly installments or four (4) equal quarterly installments and if Annual Assessments are to be due on a monthly basis, no notice of such Annual Assessments

shall be required other than an annual notice setting forth the amount of the monthly Assessment and the day of each month on which each Annual Assessment is due. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments, provided that the procedures are not inconsistent with the provisions of this Declaration. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment period. Nevertheless, successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

4.8 Lot Specific Assessments. Lot Specific Assessments shall be levied by the Board against Lots with respect to which particular costs have been incurred by the Association. In the event the Association undertakes to provide work, materials or services on or about a Lot which are necessary to cure or remedy a breach or violation of the Project Documents that the Owner has refused to cure or remedy, including the failure to keep a Lot clean and free of excessive weed growth and keeping the Improvements thereon in good repair, such Owner by refusing to undertake or complete the required cure or remedy shall be deemed to have agreed in writing that all of the costs and expenses incurred in connection therewith shall be Lot Specific Assessments. A Lot Specific Assessment may also be levied by the Board in its sole discretion against those Lots benefiting from an Association expense where such expense benefits fewer than all of the Owners.

4.9 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason including, without limitation, a claim that the Association is not properly exercising its duties of maintenance of all or any portion of the Common Area or that the Association is not enforcing the Project Documents.

4.10 Working Capital Fund. Except as provided below, upon the closing of any sale or other transfer or conveyance of a Lot, the purchaser shall pay to the Association an amount equal to two (2) months' installments of the Annual Assessment then in effect for the Lot for use as a working capital fund to meet unforeseen expenditures, to purchase any additional equipment or services by or for the Association, or to pay Association expenses such as insurance as they come due in the ordinary course in the event there are not sufficient funds in the Association's accounts (including reserve accounts) at the time of the due date to pay such expenses. The working capital fund may be used for such purposes during the period of Declarant control under Section 2.4 and during the period when Declarant is not paying Annual Assessments under Section 4.3. Amounts paid to the Association pursuant to this Section 4.10 shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

No contribution under this section shall be payable with respect to: (a) the transfer or conveyance of a Lot by devise or intestate succession to the heirs of the former Lot Owner; (b) a transfer or conveyance of a Lot by a Lot Owner to a family trust, family limited partnership or other Person solely for bona fide estate planning purposes of that Lot Owner; (c) a transfer or conveyance of a Lot by a Lot Owner to a corporation, partnership or other entity in which the Lot Owner owns and retains a majority interest unless the Board determines, in its sole discretion, that a material purpose of the transfer or conveyance was to avoid payment of the

contribution required under this section in which event a contribution under this section shall be payable with respect to such transfer or conveyance; (d) the conveyance of a Lot by a trustee's deed following a trustee's sale under a deed of trust; or (e) a conveyance of a Lot as a result of the foreclosure of a realty mortgage or the forfeiture or foreclosure of a purchaser's interest under a recorded contract for the conveyance of real property subject to A.R.S. §33-741, et seq.

4.11 Purposes for which Association's Funds may be Used. The Association shall apply all funds and property collected and received by it (including the 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 the Project and the Owners by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision 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 the Project, which may be necessary, desirable or beneficial to the general common interests of the Project and the Owners. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: social interaction among Members and residents, maintenance of landscaping on Common Areas and public right-of-ways and drainage areas within the Project, recreation, insurance, communications, ownership and operation of vehicle storage areas, education, transportation, health, utilities, public services, safety, indemnification of officers and directors of the Association and any other purposes permitted by applicable statutes or the Project Documents.

4.12 Purposes for which Association's Funds may be Used. The Association shall apply all funds and property collected and received by it (including the 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 the Project and the Owners by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision 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 the Project, which may be necessary, desirable or beneficial to the general common interests of the Project and the Owners. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: social interaction among Members and residents, maintenance of landscaping on Common Areas and public right-of-ways and drainage areas within the Project, recreation, insurance, communications, ownership and operation of vehicle storage areas, education, transportation, health, utilities, public services, safety, indemnification of officers and directors of the Association and any other purposes permitted by applicable statutes or the Project Documents.

4.13 Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the 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 Association and the accomplishment of its purposes. Any amount carried forward shall be added to the Association's reserves.

4.14 Effect of Transfer of Lot by Sale or Foreclosure. The sale or transfer of any Lot shall not affect the Assessment Lien or liability of the former Owner for Assessments due and payable except as provided below. No sale or transfer of a Lot shall relieve the new Lot Owner from liability for any Assessments thereafter becoming due or release his Lot from the Lien therefor.

If the First Mortgagee or another person obtains title to a Lot as a result of the foreclosure, trustee's sale or deed in lieu thereof of any First Mortgage, such First Mortgagee or other person shall not be liable for the Assessments chargeable to such Lot which became due prior to the acquisition of title to such Lot by the First Mortgagee or other person, and the Assessment Lien therefor shall be extinguished. Such unpaid Assessments shall be deemed to be common expenses collectible from the Owners of all of the Lots through Annual or Special Assessments (including the Owner of the foreclosed Lot), subject to the continuing liability of the transferring or foreclosed Owner.

In a voluntary conveyance of a Lot, the grantee of the same shall not be personally liable for Assessments due to the Association in connection with that Lot which accrued prior to the conveyance unless liability therefor is specifically assumed by the grantee, but the Lot shall remain encumbered by the Assessment Lien therefor.

Any grantee, mortgagee or other lienholder shall be entitled to a statement from the Association setting forth the amount of the unpaid Assessments due the Association for a reasonable preparation charge under Section 4.18. The grantee or other person entitled to receive the statement shall not be liable for, nor shall the Lot conveyed be subject to, a Lien for any unpaid Assessments in excess of the amount set forth in the statement, provided however, the grantee shall be liable for any such Assessment becoming due after the date of any such statement.

4.15 Remedies for Nonpayment. When any Assessment due from an Owner to the Association on behalf of any Lot is not paid within thirty (30) days after the due date, the Assessment Lien therefor may be enforced by foreclosure of the Lien and/or sale of the Lot by the Association, its attorney or other person authorized by this Declaration or by law to make the sale, subject to any restrictions imposed by applicable statutes from time to time. The Assessment Lien may be foreclosed and the Lot sold in the same manner as a realty mortgage and property mortgaged thereunder, or the Lien may be enforced or foreclosed in any other manner permitted by law for the enforcement or foreclosure of liens against real property or the sale of property subject to such a lien. Any such enforcement, foreclosure or sale action may be taken without regard to the value of such Lot, the solvency of the Owner thereof or the relative size of the Owner's default.

Upon the sale of a Lot pursuant to this section, the purchaser thereof shall be entitled to a deed to the Lot and to immediate possession thereof, and said purchaser may apply to a court of competent jurisdiction for a writ of restitution or other relief for the purpose of acquiring such possession, subject to applicable laws. The proceeds of any such sale shall be applied as provided by applicable law but, in the absence of any such law, shall be applied first to discharge costs thereof, including but not limited to court costs, other litigation costs, costs and attorneys' fees incurred by the Association, all other expenses of the proceedings, interest, late charges,

unpaid Assessments due to the Association, and the balance thereof shall be paid to the Owner. It shall be a condition of any such sale, and any judgments or orders shall so provide, that the purchaser shall take the interest in the Lot sold subject to this Declaration. The Association, acting on behalf of the Lot Owners, shall have the power to bid for the Lot at any sale and to acquire and hold, lease, mortgage or convey the same.

In the event the Owner against whom the original Assessment was made is the purchaser or redemptioner, the Assessment Lien securing that portion of the Assessment remaining unpaid following the sale shall continue in effect and said Lien may be enforced by the Association or by the Board for the Association as provided herein. Further, notwithstanding any foreclosure of the Assessment Lien or sale of the Lot, any Assessments due after application of any sale proceeds as provided above shall continue to exist as personal obligations of the defaulting Owner of the Lot to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after he is no longer a Member of the Association.

4.16 Suspension of Rights. In addition to all other remedies provided for in this Declaration or at law or in equity, the Board may temporarily suspend the Association voting rights and/or the right to use the Common Area (except the Roadways) of a Lot Owner who is in default in the payment of any Assessment or any other amount due to the Association, with such suspension to end upon the Owner's full cure of the default.

4.17 Other Remedies. The rights, remedies and powers created and described in Sections 4.14 and 4.15 and elsewhere in the Project Documents are cumulative and may be used or employed by the Association in any order or combination. Without limiting the foregoing sentence, suit to recover a money judgment for unpaid Assessments, to obtain specific performance of obligations imposed hereunder and/or to obtain injunctive relief may be maintained without foreclosing, waiving, releasing or satisfying the Assessment Liens created for Assessments due hereunder.

4.18 Unallocated Taxes/Payment By First Mortgagees. In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than against the Lots, said taxes shall be included in the Annual Assessments made under the provisions of this Article, and, if necessary, a Special Assessment may be levied equally against all of the Lots in an amount equal to said taxes, as provided in Section 4.4. First Mortgagees may pay taxes or other charges that are in default and that may or have become charges against the Common Area and shall be entitled to immediate reimbursement therefor from the Association.

4.19 Transfer, Refinance and Status Fees. Each Owner of a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is reasonably established from time to time by the Board. Any Owner of a Lot who sells or refinances his Lot and requires a status statement from the Association in connection therewith shall pay to the Association a fee in such amount as is established from time to time by the Board. The Association shall comply with all requirements for materials to be provided under A.R.S. §33-1806, and may provide such materials even if not legally required to do so. The Owner will pay a reasonable fee therefor which complies with applicable law. Fees charged

pursuant hereto shall be secured by the Assessment Lien established pursuant to this Article, subject to applicable law.

ARTICLE 5

USE RESTRICTIONS

5.1 Use of Lots as a Single Family Subdivision; Leases; No Partition.

(a) Single Family Subdivision. All Lots within the Project shall be known and described as residential Lots and shall be occupied and used for Single Family Residential Use only. Business and/or trade uses in the Project shall be restricted as provided in Section 5.4.

(b) Leases. No Owner may rent his/her Lot and the single family house and related improvements thereon for transient or hotel purposes or shall enter into any lease for less than the entire Lot. No lease shall be for a rental period of less than thirty (30) consecutive days. Subject to the foregoing restrictions, the Owners of Lots shall have the absolute right to lease their respective Lots provided that the lease is in writing and is specifically made subject to the covenants, conditions, restrictions, limitations, and uses contained in this Declaration and the Bylaws and any reasonable Rules and Regulations adopted by the Association. A copy of any such lease, and the permanent address of the Lessee and Owner, shall be delivered to the Association prior to the commencement of the term of the lease. The Owner is fully responsible for the conduct and actions of his Lessees, and his Lessees' family members, guests and other invitees.

(c) No Partition, Condominium or Timeshare. No Owner shall bring any action for or cause partition of any Lot, it being agreed that this restriction is necessary in order to preserve the rights of the Owners. Judicial partition by sale of a single Lot owned by two or more persons or entities and the division of the sale proceeds is not prohibited (but partition of title to a single Lot is prohibited). Notwithstanding the foregoing, a vacant Lot may be split between the Owners of the Lots adjacent to such Lot so that each portion of such Lot would be held in common ownership with another Lot adjacent to that portion, subject to any further requirements or restrictions imposed by the City. No condominium use shall be created or permitted within the Project.

No Lot shall be subjected to or included in any timeshare plan, however named, described or denominated. For purposes of this provision, a "timeshare plan" is any arrangement, plan or similar device, whether by membership agreement, sale, lease, deed, license or right-to-use agreement or by any other means, in which a purchaser receives ownership rights in or the right to use accommodations for a period of time less than a full year during any given year. "Timeshare plan" includes fractional ownership programs, private residence clubs and similar offerings, but does not include bona fide leases or rentals of the Lot in accordance with the terms of this Declaration and applicable laws.

5.2 Nature of Improvements. No Improvements shall be moved from other locations onto any Lot, and all Improvements erected on a Lot shall be of new construction. No Improvements of a temporary character and no trailer, shack, garage, barn or other out-building

shall be used on any Lot at any time as a residence, either temporarily or permanently. No unsightly Improvements, object or nuisance shall be erected, placed or permitted on any Lot.

5.3 Animals. No livestock, poultry or other animals shall be raised, bred or kept on any Lot except that customary household pets such as dogs, cats and household birds may be kept, but only such number (but not exceeding a total of three (3) animals of all types) and types shall be allowed which will not create a nuisance or disturb the health, safety, welfare or quiet enjoyment of other Lot Owners. All animals shall be kept under reasonable control at all times and in accordance with applicable laws and any Association Rules, and shall be restrained by fence or leash from roaming in or through the Common Area or other Owners' Lots. All animal wastes must be promptly disposed of in accordance with applicable city or county regulations, and must be immediately removed by the animal's owner from Common Areas or any other Owner's Lot. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether a particular animal constitutes a customary household pet or is a nuisance (because of noise or otherwise), or whether the number and/or type of animals maintained on any portion of the Project is reasonable, and may require the immediate permanent removal of any animal which it determines is violating these provisions. Any decision rendered by the Board shall be final. Owners shall be liable for any and all damage to property and injury to persons and other animals caused by their animals and the animals of their tenants and other occupants.

5.4 Signs: Restrictions on Commercial Uses. No signs shall be allowed on the Project except as required by law and signs maintained by the Association. No institution or other place for the care or treatment of the sick or disabled, physically or mentally (except as provided by the Arizona Developmental Disabilities Act of 1978 § 36-581 et seq., or other applicable federal or state law) shall be placed or permitted to remain on any of the Lots.

Further, no trade or business of any kind may be conducted in or from any Lot except that an Owner may conduct a business activity within a single-family house located on a Lot so long as the existence or operation of the business activity (a) is not apparent or detectable by sight, sound, or smell from the exterior of the single-family house; (b) conforms to all zoning requirements for the Project; (c) does not increase the liability or casualty insurance obligation or premium of the Association; and (d) is consistent with the residential character of the Project and does not constitute a nuisance or a hazardous or offensive use including, without limitation, excessive or unusual traffic or parking of vehicles in the vicinity of any Lot or the Common Area as may be determined in the sole discretion of the Board. The terms "business" and "trade," as used in the previous sentence, shall be construed to have their ordinary and generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves providing 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) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; (c) a license is required therefor.

Notwithstanding any provision contained herein to the contrary, it shall be expressly permissible for Declarant and any contractors to move, locate and maintain, during the period of construction of Dwelling Units and/or sale of Lots, on such portions of the Project owned by that party or its principal as that party may from time to time select, such facilities as in the sole

opinion of that party shall be reasonably required, convenient or incidental to the construction of Dwelling Units and/or sale of Lots, including but not limited to business offices, storage areas, trailers, temporary buildings, construction yards, construction materials and equipment of every kind, signs, models, and sales offices, except that in the case of contactors, the foregoing shall be subject to the prior approval of the Declarant.

5.5 Use of Garages. No garage may be converted to living space without the prior written consent of the Committee except that Declarant and/or Homebuilders (with the approval of Declarant) may use a garage area in a model home or models for a sales office. Owners shall keep their garages neat, clean and free from clutter, debris or unsightly objects and shall at all times keep garage doors closed except as reasonably necessary for ingress and egress. Owners and residents shall first park vehicles inside and fully utilize the garage before utilizing the driveway, and shall first park vehicles on and fully utilize the driveway before using parking allowed on the Roadways. No overnight parking is permitted on the Roadways as set forth in Association Rules in effect from time to time.

5.6 Solar Collectors; Antennas; Satellite Dishes. Solar collectors and related equipment may be installed on the Dwelling Units and Lots subject to compliance with the Design Guidelines and with the prior written approval from the Committee pursuant to Article 7 prior to installing the same, subject to applicable laws and legal requirements.

The installation of any antenna shall be subject to Committee approval, which may include screening requirements so that no antenna is Visible From Neighboring Property. One (1) satellite dish, no larger than one (1) meter across, for the reception of television signals is permitted on each individual Lot if the same is not Visible From Neighboring Property, or if partially visible, if the plans for the same are reviewed in advance by the Committee and such proposed installation is determined to be predominantly unobtrusive by the Committee. The Committee shall have the right to require the installation of landscaping or other screening around the satellite dish. The policies, guidelines and regulations adopted by the Committee related to satellite dishes shall fully comply with regulations of the Federal Communications Commission and all other applicable laws and legal requirements.

5.7 Storage Sheds, Swings, Slides, Basketball Hoops, Tennis Courts, Sports Courts, Recreational and Other Equipment. Detached storage sheds are not permitted on any Lot. Attached storage sheds; non-portable swings, slides, basketball hoops and other recreational equipment or improvements; and non-portable maintenance and other equipment and improvements are permitted on any Lot subject to the Design Guidelines and prior approval by the Committee.

Portable basketball backboards, hoops and stands are not allowed. All other portable recreational equipment; barbecues; tools; equipment; bicycles and skateboards; and all other items of personal property, when not in actual use, shall be fully removed from the front yard area of the Lot and, if placed in the rear yard of the Lot, shall not be Visible From Neighboring Property.

Tennis courts and sport courts may be permitted if such approval is granted by the Committee, but no lighting is permitted.

5.8 Screening Materials. All screening areas, whether fences, hedges or walls, shall be maintained and replaced from time to time on the Lots by the Owners thereof in accordance with the original construction of the improvements by the Declarant, or as approved by the Committee pursuant to Article 7.

5.9 Lot Maintenance Requirement; Nuisances; Storage Areas. Each Owner shall maintain, repair, replace, restore and reconstruct his Lot and the improvements constructed thereon (including the house) so as to keep the same in a good, neat and safe order, condition and repair, in full compliance with all applicable laws and legal requirements and in full compliance with this Declaration and the original plans therefor prepared by Declarant and/or approved by the Committee under Article 7. Without limiting the generality of the foregoing, the Owner shall keep the roof, exterior walls, doors and windows and other improvements Visible from Neighboring Property in good condition by promptly replacing broken roof tiles or windows, periodically repairing stucco cracks and painting, and similar matters. In the event a Dwelling Unit is totally or substantially destroyed, the Dwelling Unit need not be rebuilt but the Owner shall, within three (3) months, remove all destroyed or damaged improvements and restore and revegetate the Lot to its condition prior to construction of the Dwelling Unit as approved by the Committee. Further, if the Dwelling Unit is torn down or removed and not promptly replaced with a new Dwelling Unit, the Owner will remove all debris and will, within three (3) months, revegetate the Lot as approved by the Committee. The Board may act under Section 3.9 if the Owner does not comply with this section and may utilize any bond of the Owner available under Section 7.6.

No unsightly objects or nuisance shall be erected, placed or permitted on any Lot, nor shall any use, activity or thing be permitted which may endanger the health or unreasonably disturb the Owner or occupant of any Lot. No noxious, illegal or offensive activities shall be conducted on any Lot. Each Lot shall be maintained free of rubbish, trash, garbage or other unsightly items and the same shall be promptly removed from each Lot and not allowed to accumulate thereon. Garbage cans, clotheslines, woodpiles and areas for the storage of equipment and unsightly items shall be kept screened by adequate fencing or other aesthetically pleasing materials acceptable to the Committee so as to conceal same from the view of adjacent Lots and streets. Garbage cans may be in view only on collection days and thereafter they must be promptly stored out of sight as provided in Section 5.16.

5.10 Vehicles. No **“Commercial Vehicles”** (including all vehicles used in business operations, excluding only standard passenger cars and trucks without any commercial or business logos, signs or other markings other than customary bumper stickers) or **“Recreational Vehicles”** (including, without limitation, campers, motor homes, boats, trailers of any kind, mobile homes or similar type vehicles) shall be parked in front of a Lot or in a front driveway or otherwise on a Lot where it is Visible From Neighboring Property, except for temporary parking only not exceeding four (4) consecutive hours. As provided in Section 5.5, no overnight parking is permitted on the Roadways as set forth in Association Rules.

No vehicles (including Commercial Vehicles and Recreational Vehicles) or other mechanical equipment may be dismantled or repaired (except for ordinary maintenance and repair of such vehicles and equipment inside an enclosed garage, and emergency repairs elsewhere for a time period not exceeding forty-eight (48) hours) or allowed to accumulate on

any Lot or in front of any Lot, or ever parked or used on any Common Area, except as required by the Association for it to perform its duties hereunder. No vehicle which is abandoned or inoperative, or not currently licensed for street use, shall be stored or kept on any Lot or in front of any Lot in such manner as to be Visible From Neighboring Property.

5.11 Lights and Street Lights. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot or any Improvement erected thereon which in any manner will allow light to be directed or reflected on any other Lot or adjacent street, or any part thereof except as approved by the Committee. Exterior low voltages landscape lighting is encouraged, but as with any such Improvement prior written approval for exterior lighting must be secured from the Committee. Subdivision street lighting shall not be permitted, except as may be required by the City.

5.12 Outside Speakers and Amplifiers. No radio, stereo, television or other speakers or amplifiers shall be installed or operated on any Lot or anywhere in the Project so as to be audible from other Lots or the Common Area.

5.13 Sanitary Facilities. None of the Lots shall be used for residential purposes prior to the installation thereon of water-flushed toilets and all bathrooms, toilets and sanitary conveniences shall be inside the house permitted hereunder on each Lot.

5.14 Window Cover Materials. Interior curtains, drapes, shutters or blinds may be installed as window covers. No aluminum foil, reflective material, newspaper or other materials not customarily made for use as window covers may be installed or placed upon the inside or outside of any Dwelling Unit or other Improvement. Exterior awnings, canopies, shutters and similar items may not be installed without prior written approval of the Committee as to color, style, design and materials.

5.15 Nuisances. No rubbish, debris or hazardous materials of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot or other property, 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 any 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 other property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. The Board shall have sole discretion to determine whether a nuisance exists.

5.16 Garbage and Trash. No garbage or trash shall be placed or kept on any Lot, except in covered (except during construction) containers of a type, size and style which are approved by the 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 for the time reasonably necessary to effect such collection and except during construction. All rubbish, trash and garbage shall be removed from the Lots and Common Area and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot and no garbage, trash or other waste materials shall be burned on any Lot. No garbage or trash containers shall be kept or placed on any grass or other landscaped area. During construction of a residence on a Lot, the Owner of such Lot shall provide an enclosed rubbish container for each

Lot and shall keep its Lot clean of construction trash at all times. In addition, each Owner shall during such construction be responsible to immediately clean up any trash, rubbish, debris, mud and dirt brought or tracked onto the Project in connection with such construction. Additionally, during construction of a residence on the Lot, the Owner of such Lot shall provide a portable J-Jon or similar portable restroom facility on the Lot and maintain it as set forth herein.

5.17 Disease and Insects. No Owner shall permit any thing or condition to exist upon any property within the Project which shall induce, breed or harbor infectious plant diseases or noxious insects.

5.18 Fires. Other than barbecues in properly constructed barbecue pits or grills, and fire pits or outside fireplaces in compliance with the Association Rules, Construction Guidelines and Design Guidelines, no open fire shall be permitted on the Project nor shall any other similar activity or condition be permitted.

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

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

5.21 Model Homes. The provisions of this Declaration which may prohibit nonresidential use of Lots and which regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by Declarant or Homebuilders (with the approval of Declarant) engaged in the construction or marketing of Dwelling Units within the Property or parking incidental to the visiting of such model homes, so long as the location of such model homes and parking areas, and hours of operation, are approved in advance by the Committee, and the construction, operation and maintenance of such model homes otherwise comply with all of the provision of this Declaration. Any Dwelling Units constructed as model home shall cease to be used as model homes at any time when the Owner thereof is not actively engaged in the construction and sale of residential dwellings within the Property, and no Dwelling Unit shall be used as a model home for the sale of homes not located within the Property.

5.22 Drilling and Mining. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil or water wells, tanks (except for rain water tanks, as permitted by the Design Guidelines), tunnels, mineral extractions, or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

5.23 Landscaping; Lot Improvements; Weed Control. Subject to the variance provisions of Section 7.3 below, the landscaping for the front, rear and side yards on each Lot must be installed and substantially completed in an attractive manner by the Owner or

Homebuilder within forty-five (45) days from issuance of a temporary or permanent certificate of occupancy for the Dwelling Unit on the Lot, based upon plans therefor approved in advance by the Committee pursuant to Article 7 below. All such landscaping shall be regularly watered by underground irrigation systems and shall not regularly be watered by hoses. The landscape plans submitted to the Committee must include proposed changes in grade to be accomplished as part of the landscaping development.

All landscaping, at all times, must be maintained by each Owner in a neat and attractive manner and any alterations or modifications made to the original landscaping of a Lot as originally installed shall be approved in advance by the Committee. Further, each Owner must maintain, repair and restore any and all grades, slopes, retaining walls and drainage structures (collectively "**Lot Improvements**") as installed by Declarant or Homebuilder on a Lot or which has been approved by the Committee. If any Owner does not (i) install and complete approved landscaping within the forty-five (45) day period described above, (ii) maintain his landscaping in a neat and attractive manner, (iii) maintain all Lot Improvements on a Lot, or (iv) keep the Lot free from weeds, including vacant Lots where no Dwelling Unit is then constructed, the Declarant, the or the Association (by action of the Board), after giving the Owner fifteen (15) days' written notice to cure any such default, shall have the right to cause the necessary landscaping work or Lot Improvement to be done and the Owner in default shall be responsible for the cost thereof, together with interest thereon at the rate of twelve percent (12%) per annum until paid. If the Association does the work, the costs and interest shall be a Lot Specific Assessment. If Declarant does the work, Declarant shall have a lien on the defaulting Owner's Lot for the costs and interest. In addition to the foregoing, any party may utilize remedies available under Section 8.1 for such Owner's default.

5.24 No Warranty of Enforceability; Declarant's Exemption. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 5 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any of the restrictive covenants. Any Owner acquiring a Lot in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by acquiring the Lot agrees to hold Declarant harmless therefrom.

Declarant shall be exempt from the effect of the restrictions in this Article 5 except as otherwise provided by applicable law.

5.25 Disclaimer of Representations. Declarant makes no representations or warranties whatsoever that (i) the Project will be completed in accordance with the plans of the Project as they exist on the day this Declaration is recorded; (ii) any property subject to this Declaration will be committed to or developed for any use; or (iii) the use of any property subject to this Declaration will not be changed in the future.

ARTICLE 6

WALLS AND FENCES AND EASEMENTS

6.1 Walls and Fences. All walls and fences shall comply with all requirements of the City and all other governmental entities. All walls and fences shall further comply with the Design Guidelines.

6.2 Wall and Fence Construction/Walls and Repair Requirements. All walls and fences shall be maintained in good condition and repair, and walls or fences, upon being started, must be completed within a reasonable time not exceeding three (3) months from commencement of construction. If any wall or fence originally installed by an Owner is wholly or partially damaged by any cause, it shall be removed, in its entirety or returned to its original condition within thirty (30) days from the date of damage; any walls and fences originally installed by Declarant or any Homebuilder, or in a location in which a Declarant or Homebuilder-installed wall or fence was originally erected, must be promptly restored to their original condition by such Owner unless removal or modification is approved by the Committee under Article 7 below.

6.3 Easements.

A. General Easements.

(i) Easements for installation and maintenance of utilities and drainage facilities and for other purposes have been created as shown on the Plat, and additional easements may be created by grant or reservation by an Owner or a Homebuilder for a portion of the Project for the foregoing purposes. Except as may be installed by Declarant, no Improvements or other materials shall be placed or permitted to remain within these easements which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, if any, or which may obstruct or retard the flow of water through the channels in the drainage easements, if any, or which may otherwise be inconsistent or incompatible with the easement(s). The easement area of each Lot and all improvements located thereon shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible and except for those Areas of Association Responsibility to be maintained by the Association under Section 9.3 below.

(ii) Each Lot and Common Area tract within the Project is hereby declared to have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to minor engineering errors, errors in either the original construction or reconstruction of the buildings on the Lots, or the settlement or shifting of buildings or any other similar cause. There shall be valid easements for the maintenance or said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting, provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners.

B. Declarant Easements.

(i) Declarant shall have the right and an easement to maintain sales, leasing and/or management offices, models and advertising signs on Lots owned by Declarant and to maintain sales, leasing and/or management offices and advertising signs on the Common Area while the Declarant sells Lots in the Project.

(ii) Declarant shall have the right and an easement on and over the Common Area to construct thereon all buildings and improvements consistent with the approved plans therefor and to use the Common Area (until Class B Membership terminates) and any Lots owned by Declarant for construction and renovation related purposes, including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project.

(iii) The Declarant shall have an easement on, over and through the Lots (but not through any houses thereon) for any access necessary to complete any construction, renovations, warranty work or modifications to be performed by Declarant.

C. Association Easements. Declarant hereby creates the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors over the Lots (but not the houses thereon):

(i) For inspection of the Lots in order to verify the performance of all Owners of all items of maintenance and repair for which they are responsible;

(ii) For inspection, maintenance, repair and replacement of the Common Area accessible from the Lots and the Areas of Association Responsibility on any Lots, and

(iii) For the purpose of enabling the Association, the Board, the Committee or any other committee appointed by the Board, to exercise and discharge their respective rights, powers and duties under the Project Documents. No Owner shall do any act or create any obstruction which would unreasonably interfere with the right or ability of the Association to perform any of its obligations or exercise any of its rights under the powers or easements reserved under this Declaration.

ARTICLE 7

ARCHITECTURAL CONTROL

7.1 Creation of Committee; Design Guidelines and Construction Guidelines. For the purpose of maintaining the architectural and aesthetic integrity and consistency within the Project, protecting the health and welfare of residents, protecting the natural environment and preventing nuisances detrimental to other properties within the Project, an Architectural Control Committee (the "**Committee**") consisting of three (3) members is hereby established, except that the Committee need have only one member while Declarant has the right to appoint the Committee as provided below. While Declarant owns any Lot, Declarant, and its successors and assigns to whom rights are specifically assigned in writing under Section 8.4, shall have the sole right to appoint, remove and replace Committee members, who need not be Lot Owners.

Declarant may waive its right to appoint some or all Committee members by recording an instrument in the office of the Maricopa County Recorder giving notice of the same.

After Declarant owns no Lots, a new Committee may be appointed by the Board of the Association. If no such Committee is appointed, then and in such event, the members of the Committee appointed by the Declarant, and/or its successors and assigns, may, but are not obligated to, continue to act until such time as the Board appoints a new Committee. Members of the Committee appointed by the Board shall serve for a period of one (1) year or until their successors are duly appointed, whichever is later or until they are removed by action of the Board.

A majority of the Committee shall be entitled to take action and make decisions for the Committee.

The Committee may adopt and amend Design Guidelines and Construction Guidelines from time to time to guide the design and construction of Improvements and Exterior Alterations. The Committee shall promptly notify all Owners of the adoption or amendment of Design Guidelines and/or Construction Guidelines and provide copies thereof upon request, for which reasonable copying fees may be charged.

The Design Guidelines and Construction Guidelines, if any, are in addition to and not in lieu of the land use and zoning ordinances of the City, provided, however, that if any of the provisions of this Declaration, the Design Guidelines or the Construction Guidelines conflict with any land use or zoning ordinances of the City as applicable to the Project, the more restrictive provisions shall control.

7.2 Review by Committee. No Improvements or Exterior Alterations shall be commenced, erected, made, structurally repaired, replaced or altered (except as set forth below) until the plans and specifications showing the nature, kind, shape, size, height, color, material, floor plan, location and approximate cost of same shall have been submitted to and approved by the Committee. The Committee shall have the right to refuse to approve any Improvement or Exterior Alteration which is not suitable or desirable in their opinion for aesthetic or other reasons, including noncompliance with the Design Guidelines, and they shall have the right to take into consideration (i) the suitability of the proposed Improvement or Exterior Alteration; (ii) the material (including type and color) of which it is to be built; (iii) the site (including location, topography, finished grade elevation) upon which it is proposed to be erected; (iv) the harmony thereof with the surroundings (including color and quality of materials and workmanship); and (v) the effect of the Improvement or Exterior Alteration as planned on the adjacent or neighboring property (including visibility and view). Any Owner requesting approval of the Committee shall also submit to the Committee any additional information, plans and specifications which the Committee may reasonably request. In the event that the Committee fails to approve or disapprove an application for approval within sixty (60) days after its receipt of a fully compliant application, together with all supporting information, fees (as provided below), plans and specifications requested by the Committee, approval will not be required and this section will be deemed to have been complied with by the Owner who has requested approval of such plans, provided the design, location, color and kind of materials in the Improvement or Exterior Alterations shall be governed by all of the restrictions herein set forth.

With respect to reviewing an Owner's plans and specifications, the Committee shall have the right to charge a fee for reviewing requests for approval of any plans for any Exterior Alteration pursuant to this section, which fee shall be payable at the time the application for approval is submitted to the Committee. In addition, the Committee shall engage a licensed architect to assist it with reviewing submittals for the initial construction of a Dwelling Unit on each Lot, for which the anticipated fee to be paid by the Owner upon submission shall be up to \$3,000 [in 2007 Dollars], as determined by the Committee. Additional fees may be required for unusually complicated submissions or repetitive resubmittals. Further, the Committee shall have the right to employ professional consultants to review submittals for subsequent Exterior Alterations or Improvements after a Dwelling Unit exists on the Lot, to assist it in discharging its duties. In the event the Committee elects to employ such consultant, the Committee shall first give notice to the Owner of the fee required for purposes of hiring any such consultant and the Owner shall promptly pay said consultant's fee to the Committee prior to the Committee being obligated to proceed further with its review of said Owner's submission.

The Committee's or any professional consultant's review and/or approval of Improvement or Exterior Alterations shall not be interpreted or deemed to be an endorsement or verification of the safety, structural integrity or compliance with applicable laws or building ordinances of the Improvement or Exterior Alterations and the Owner and/or its agents shall be solely responsible therefor. Neither the Association, Committee, officers, directors, employees, agents, architects or design professionals shall have any liability whatsoever with respect to any defects or deficiencies associated with any plans submitted for approval. The Association, Board, Committee and its members, and Owners shall have no personal liability for judicial challenges to its decisions and the sole remedy for a successful challenge to a decision of the Committee shall be an order overturning the same without creating a right, claim or remedy for damages.

The approval by the Committee of any Improvement, Exterior Alteration, repair, change or other work pursuant to this section shall not be deemed a waiver of the Committee's right to withhold approval of any Improvement, Exterior Alteration, repair, change or other work subsequently submitted for approval.

Upon receipt of approval from the Committee for any Improvement, Exterior Alteration, repair, change or other work, the Owner who has requested such approval shall proceed to perform, construct or make the Improvement, Exterior Alteration, repair, change or other work approved by the Committee as soon as practical, and shall diligently pursue such work so that it is completed as soon as reasonably practical and within such time as may be prescribed the Committee.

The approval required of the Committee pursuant to this section shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation.

The restrictions and conditions set forth in Section 7.1 and this Section 7.2 below shall not be applicable to any original construction whatsoever undertaken by Declarant.

7.3 Variances. The Committee may (with Board approval in its sole discretion and in extenuating circumstances) grant variances from the restrictions set forth in Article 5 and Article 6 of this Declaration and any of the requirements set forth in this Article 7.

7.4 Declarant's Exemption; Right to Replat. The restrictions and conditions set forth in this Article 7 shall not be applicable to any original construction whatsoever undertaken by the Declarant. In addition to the foregoing, Declarant hereby reserves the right, in its sole discretion, and without the consent of the Committee or any other Owner or lienholder (except as provided herein), to amend the Plat with regard to any Lots which Declarant owns from time to time. Notwithstanding the foregoing, such replatting shall not affect the boundaries of any other Owner's Lot or the Common Area and shall always comply with all zoning and other applicable statutes, rules, ordinances and regulations or any governmental or quasi-governmental agency having jurisdiction over the Project. Subject to satisfaction of the foregoing conditions, any amendment to the Plat prepared and recorded by Declarant may reconfigure Declarant's Lots and/or create additional Lots.

7.5 Zoning Compliance. All Improvements, including, without limitation, tennis courts and swimming pools, must be constructed on the Lots in compliance with all minimum yard setback requirements established by the applicable City zoning ordinance as it may be amended from time to time.

7.6 Construction Guidelines. In addition to all other restrictions contained herein, the Board or Committee may adopt such other and further Construction Guidelines as are consistent with this Declaration, which additional Construction Guidelines shall be published and made available to each Owner and which shall be enforced by the Committee. Notwithstanding anything herein to the contrary, and in addition to the provisions of Section 7.2 set forth above, the Construction Guidelines can require such other and further deposits or bonds as deemed necessary in its sole and absolute discretion to ensure prompt development and compliance with the Declaration, Design Guidelines and Construction Guidelines, including removal of construction debris that is allowed to accumulate in violation of this Declaration, the Design Guidelines or Construction Guidelines and/or repair of the Common Area. The minimum deposit or bond for any initial development of a Lot may be set forth in the Construction Guidelines, but will be in an amount not less than Ten Thousand Dollars (\$10,000.00). The Committee shall also have the right to determine which portion, if any, of the deposit will be non-refundable. Any portion of the deposit that is refundable shall be refunded to the Owner by the Association upon the completion of the construction of the Improvements, the removal of all construction debris from the Lot and the repair of any damage to the Common Area occasioned by such construction.

All Dwelling Units or other Improvements of any type and all Lots shall be subject to the following restrictions, in addition to all other requirements:

(a) During construction all trash and construction debris shall be placed in a container and shall be removed as required and all J-Jons or similar portable restroom facilities must be placed in a location approved by the Committee and be properly maintained.

(b) On all Dwelling Units under construction, the front street area shall be kept clean and free of debris by the Owner or contractor and all mud or construction debris left upon the street by the contractor, the Owner, or their agents or employees, shall be removed.

(c) Owners of unoccupied Lots shall keep the Lots free from any and all debris and weeds at all times.

Upon receipt of approval from the Committee for any Improvement, Exterior Alteration, repair, change or other work, the Owner who has requested such approval shall proceed to perform, construct or make the Improvement, Exterior Alteration, repair, change or other work approved by the Committee as soon as practical, and the approval shall lapse if work does not bona fide begin within twelve (12) months. Upon commencement of the work, the Owner shall diligently pursue such work so that it is completed as soon as reasonably practical and within such time as may be prescribed the Committee. If work ceases or substantially ceases for ninety (90) days, and the Board determines that the appearance of the Lot and Improvements is having a material and adverse effect on the Project, the Board, at any time thereafter until work bona fide re-starts, may require the Owner to do such work, remove such Improvements, or install such landscaping as the Board determines will reasonably eliminate the adverse effect of the condition of the Lot and Improvements. If the Owner does not bona fide commence such work within twenty (20) days after notice by the Board of the required work and thereafter diligently complete it, the Board may take action under Section 3.9 and utilize the bond provided under this section.

ARTICLE 8

GENERAL

8.1 Effect of Declaration and Remedies. The declarations, limitations, easements, covenants, conditions and restrictions contained herein shall run with the land and shall be binding on all persons purchasing (or whose title is acquired by foreclosure, deed in lieu thereof, trustee's sale or otherwise) or occupying any Lot in the Project after the date on which this Declaration is recorded. In the event of any violation or attempted violation of these covenants, conditions and restrictions, they may be enforced by an action brought by the Association, the Committee or by the Owner or Owners (not in default) of any Lot or Lots in the Project, at law or in equity, in addition to the Association's remedies in Sections 3.3, 3.4, 3.8, 3.9, 4.14, 4.15 and 4.16. Declarant has no duty to take action to remedy any such default. Remedies shall include but not be limited to damages, injunctive relief and/or any and all other rights or remedies pursuant to law or equity and the prevailing party shall be entitled to collect all costs incurred and reasonable attorneys' fees sustained in commencing and/or defending and maintaining such lawsuit. Notwithstanding the foregoing, an Owner's liability for damage to Common Area or Lots (including improvement thereon) of other Owners by reason of the acts of the Owner, the Owner's tenants, and their respective family members, guests, invitees or licensees shall be limited to that imposed under applicable Arizona statutory, case and other law. Any breach of these covenants, conditions and restrictions, or any remedy by reason thereof, shall not defeat nor affect the lien of any mortgage or deed of trust made in good faith and for value upon the Lot in question and the breach of any of these covenants, conditions and

restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such mortgage or deed of trust.

All instruments of conveyance of any interest in any Lot shall contain (and if not, shall be deemed to contain) a reference to this Declaration and shall be subject to the declarations, limitations, easements, covenants, conditions and restrictions herein as fully as though the terms and conditions of this Declaration were therein set forth in full; provided, however, that the terms and conditions of this Declaration shall be binding upon all persons affected by its terms, whether express reference is made to this Declaration or not in any instrument of conveyance. No private agreement of any adjoining property owners shall modify or abrogate any of these restrictive covenants, conditions and restrictions.

8.2 Plurals; Gender. Whenever the context so requires, the use of the singular shall include and be construed as including the plural and the masculine shall include the feminine and neuter.

8.3 Severability. Invalidity of any one or more of these covenants, conditions and restrictions or any portion thereof by judgment or court order shall in no way affect the validity of any of the other provisions and the same shall remain in full force and effect.

8.4 Transfer by Declarant. Wherever Declarant is granted certain rights and privileges hereunder, Declarant shall have the right (but not the obligation) to fully or partially assign and transfer any of such rights and privileges as to the Lots which it owns to any Homebuilder or other party owning Lots as evidenced by a written instrument recorded in the office of the Maricopa County Recorder which describes in detail the particular Declarant's right or rights being assigned (if less than all such Declarant rights) and said instrument shall state that, in such case, the assignee is a co-Declarant or if Declarant has assigned all its rights in said instrument, it shall state that the assignee is a successor Declarant. If the operation of this Section 8.4 results in there being more than one Declarant at any one time, all such Declarants shall be co-Declarants holding the rights assigned to them by their original assignor. Upon an assignment by Declarant of its rights hereunder, Declarant shall thereafter have no further liability, responsibility or obligations for future acts or responsibilities of the successor or co-Declarant hereunder and the successor or co-Declarant shall be solely responsible therefor (to the extent of the assignment) and all parties shall look to the successor or co-Declarant therefor. At any time, Declarant or a co-Declarant may, by a written, recorded notice, relinquish all or any portion of its rights hereunder and all parties shall be bound thereby, except that no Declarant or co-Declarant, nor its successors or assigns, may relinquish the rights of any other Declarant terminated thereby. Declarant (or a successor) may collaterally assign all of its rights and privileges to act as Declarant for the Project to a lender as additional security for any loan from the lender encumbering all or substantially all of the Lots in the Project owned by such Declarant, with such assignment to become absolute and final in favor of such lender or a purchaser at a foreclosure or trustee's sale upon that party's acquisition of fee title to the encumbered Lots, unless such party otherwise specifies in a recorded instrument.

8.5 Term; Conflicts. This Declaration shall remain and be in full force and effect for an initial term of thirty-five (35) year from the date this Declaration is recorded. Thereafter, this Declaration shall be deemed to have been renewed for successive terms of ten (10) years, unless

revoked by an instrument in writing, executed and acknowledged by the then Owners of not less than seventy-five percent (75%) of the Lots in the Project, which said instrument shall be recorded in the office of the Maricopa County Recorder's Office, Arizona, not earlier than ninety (90) days prior to the expiration of the initial effective period hereof, or any ten (10) year extension. If there is any conflict between any of the Project Documents, the provisions of this Declaration shall prevail. Thereafter, priority shall be given to the Project Documents in the following order: the Plat, Articles, Bylaws and Association Rules.

8.6 Amendments. At any time, this Declaration may be amended by an instrument in writing, executed and acknowledged by the then Owners of not less than sixty-seven percent (67%) of the Lots in the Project and with the written consent of Declarant, if Declarant owns any Lot; provided however, that the Declarant, while Class B Membership exists, may amend this Declaration to correct errors or comply with applicable law or the guidelines or regulations of any governmental or quasi-governmental agency insuring, guaranteeing or purchasing loans in the Project, without the consent of any other Owner or lienholder including First Mortgagees.

8.7 Waiver of Trial by Jury. On behalf of itself and all of its successors in interest and successors in title, including all future Owners and the Association, Declarant hereby waives any right to a trial by jury in any action or proceeding to enforce or defend or obtain remedies for the violation of any rights, restrictions, assessments or other provisions of this Declaration or under any amendment, instrument, document or agreement delivered or which may in the future be delivered in connection with this Declaration or arising from any relationship between any Owners and/or the Association under this Declaration and any such action or proceeding shall be tried before a court sitting without a jury.

8.8 Declarant Parties Dispute Notification and Resolution Procedure. All actions or claims by any Owner(s) or the Association against Declarant, or any of its agents, representatives or contractors ("**Declarant Parties**"), relating to or arising out of the Lots or the Improvements thereon or any Common Area, including but not limited to, (a) this Declaration or any of the Project Documents, (b) the use or condition of property, (c) the design or construction of or any condition on or affecting property, including, but not limited to, construction defects, surveys, soils conditions, grading, specifications, installation of improvements (including, but not limited to, Lots or the Improvements thereon or any Common Area), or (d) disputes which allege negligence or other tortious conduct, breach of contract or breach of implied or express warranties as to the condition of the property or any improvements or other matters (collectively, "**Dispute(s)**"), shall be subject to the provisions of this Section 8.8. Declarant and each Owner, by acquiring a Lot, acknowledge that the provisions set forth in this Section 8.8 shall be binding upon current and future Owners and the Association for the benefit of Declarant and its successors in interest or title.

8.8.1 Notice. Any Person (including the Association) with a Dispute claim shall notify the Declarant in writing of the claim, which writing shall describe the nature of the claim and any proposed remedy (the "**Dispute Notice**").

8.8.2 Right to Inspect and Right to Corrective Action. Within a reasonable period after receipt of the Dispute Notice, which period shall not exceed sixty (60) days, Declarant and the claimant shall meet at a mutually acceptable place within the Project, to

discuss the claim. At such meeting or at such other mutually agreeable time, the Declarant and the Declarant's representatives shall have full access to the property that is the subject of the claim and shall have the right to conduct inspections, testing and/or destructive or invasive testing of the same in a manner deemed appropriate by Declarant (provided Declarant shall repair or replace any property damaged or destroyed during such inspection or testing), which rights shall continue until such time as the Dispute is resolved as provided in this Section 8.8. The parties shall negotiate in good faith in an attempt to resolve the claim. If the Declarant elects to take any corrective action, Declarant and Declarant's representatives and agents shall be provided full access to the property which is the subject of the claim to take and complete corrective action.

8.8.3 No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in Section 8.8.2 shall be construed to impose any obligation on Declarant to inspect, test, repair or replace any item of the Lots or improvements for which Declarant is not otherwise obligated under applicable law or any limited warranty provided by Declarant in connection with the sale of the Lots and/or the improvements constructed thereon. The right of Declarant to enter, inspect, test, repair and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form executed and recorded by Declarant in the Official Records of Maricopa County, Arizona.

8.8.4 Litigation. If the parties to the Dispute cannot resolve the claim pursuant to the procedures described in Section 8.8.2 above, the parties shall be free to commence an action under Section 8.8, subject to Section 8.8.5.

8.8.5 WAIVERS.

NOTICE: BY ACCEPTING TITLE TO COMMON AREA, THE ASSOCIATION AGREES, AND BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY LOT, EACH PERSON, FOR HIMSELF, HIS HEIRS, PERSONAL REPRESENTATIVES, SUCCESSORS, TRANSFEREES AND ASSIGNS, AGREES TO HAVE ANY DISPUTE RESOLVED ACCORDING TO THE PROVISIONS OF THIS SECTION 8.8 AND WAIVES THE RIGHT TO PURSUE ANY DISPUTE IN ANY MANNER OTHER THAN AS PROVIDED IN THIS SECTION 8.8. EACH OWNER, ASSOCIATION AND DECLARANT AGREE AND ACKNOWLEDGE THAT THEY ARE GIVING UP THEIR RESPECTIVE RIGHTS TO HAVE SUCH DISPUTES TRIED BEFORE A JURY AS PROVIDED IN SECTION 8.7. EACH OWNER, ASSOCIATION AND DECLARANT FURTHER WAIVE THEIR RESPECTIVE RIGHTS TO AN AWARD OF PUNITIVE AND CONSEQUENTIAL DAMAGES RELATING TO A DISPUTE. BY ACCEPTANCE OF A DEED OR BY ACQUIRING ANY OWNERSHIP INTEREST IN ANY LOT, EACH OWNER HAS VOLUNTARILY ACKNOWLEDGED THAT HE IS GIVING UP ANY RIGHTS HE MAY POSSESS TO PUNITIVE AND CONSEQUENTIAL DAMAGES OR

THE RIGHT TO A TRIAL BEFORE A JURY RELATING TO A DISPUTE.

8.8.6 Statutes of Limitation. Nothing in this Section 8.8 shall be considered to toll, stay, reduce or extend any applicable statute of limitations.

ARTICLE 9

ADDITIONAL PROVISIONS

9.1 Declarant's Right to Use Similar Name. The Lot Owners and Association hereby irrevocably consent to the use by any other corporation which may be formed or incorporated by Declarant of a corporate name which is the same or deceptively similar to the name of the Association, provided one or more words are added to the name of such other corporation to make the name of the Association distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by the Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other corporation formed or incorporated by the Declarant to use a corporate name which is the same or deceptively similar to the name of the Association.

9.2 Building Construction Envelopes and Natural Area Open Space on Lots. As provided in Note 9 on the Plat, each Lot will contain a maximum building construction envelope approved by the City's Development Review Board. An exhibit showing the general location of the building construction envelope for each Lot is on file with the City. At the time of submission to and approval by the City of a design for Improvements on any Lot, the Lot Owner will be required to designate the additional natural area open space (NAOS) requirement for that Lot based on the NAOS Table on file with the City. In addition to all requirements of the City, no building shall be located outside of the approved building construction envelope for each Lot and each Lot Owner shall permanently maintain the designated natural area open space on that Lot as natural desert space in accordance with Association Rules.

9.3 Maintenance within Plat Easements and Other Areas. The Association will have the sole and exclusive right and obligation to maintain, repair and replace (a) all drainage structures constructed by Declarant or the Association within "private drainage easements" shown on the Plat or in or on any separately recorded easements (even if not currently in the Project), including those Private Drainage Easement Declarations recorded March 8, 2007 as Document Nos. 2007-0280519, 2007-0280520 and 2007-0280524, (b) all signs, walls and landscaping within the "wall easements" shown on the Plat or in or on any separately recorded easements (even if not currently in the project), including that Wall and Landscape Easement Declaration recorded March 8, 2007 as Document No. 2007-0280468, (c) all landscaping within all "scenic corridor easements" shown on the Plat, if any, and (d) all property subject to any "multi-use public trail easement" shown on the Plat, if any, or in or on any separately recorded easements (even if not currently in the Project), including the Multi-Use Public Trail Easement recorded March 6, 2007 as Document No. 2007-0272197, except to the extent the City provides maintenance in accordance with its easement, and no Owner or other Person shall do or authorize any construction of improvements and/or installation of landscaping inconsistent with the

Association's exclusive rights hereunder. The easement set forth in Section 6.3C shall apply to the Association's activities under this section.

Each Lot Owner will have the sole and exclusive obligation to (a) comply with any "boulder easement" and/or "sight distance easements" in favor of the City affecting the Owner's Lot as shown in the Plat and (b) to clean, maintain, repair and replace all drainage areas, facilities or channels on the Lot which are not the Association's responsibility under this section, in compliance with Sections 6.3A and 9.2 above, including any drainage easements dedicated to the City on the Plat and any additional drainage easements and facilities required by the City as part of the City design review of the Dwelling Unit or other improvements or alterations proposed for the Lot, except to the extent such work is actually provided by the City.

9.4 Use of the Roadways by Adjacent Property Owners. City Zoning Ordinance 3661, adopted by the City Council of the City on April 4, 2006 (the "**Ordinance**") requires that the owners ("**Adjacent Owners**") of four (4) parcels of real property adjacent to the northwest portion of the Project have access to public roads by using the Roadways in the Project. Consequently, Declarant has entered into and recorded Easement Agreements (the "**Easements**") with the Adjacent Owners granting access easements to the Adjacent Owners consistent with the Ordinance. The Roadways are burdened by the Easements and, therefore, the Association, as the owner of the Roadways, shall perform and enforce the Easements for the benefit of the Association and the Owners.

9.5 Declarant's Reservation of Rights to Annex and Irrevocable Commitment of Annexable Property.

(a) Declarant hereby expressly reserves the right to annex and subject to this Declaration, without the consent of any Owner or lienholder, all or any portion of the Annexable Property. The annexation of all or any portion of the Annexable Property shall be accomplished by the Declarant recording a Declaration of Annexation in the Official Records of the Maricopa County, Arizona Recorder's office, stating (i) the legal description of the Annexable Property being annexed; and (ii) a description of any portion of the Annexable Property being added which will be Common Area. The Declaration of Annexation may contain such complementary additions to and modification of the covenants, conditions and restrictions set forth in this Declaration as may be necessary to reflect the different character or configuration or other attributes, if any, of the added property and as are not inconsistent with the scheme of this Declaration.

(b) Any portion of the Annexable Property annexed pursuant to this section shall not become irrevocably annexed to the Project until the date on which the first Lot within the annexed portion of the Annexable Property is conveyed to an Owner. If any Declaration of Annexation recorded pursuant to this section divides a portion of the Annexable Property being annexed into separate phases, then each phase of the property being annexed shall not become irrevocably annexed to the Project until the date on which the first Lot within such phase is conveyed to an Owner.

(c) The Declarant shall have the right to amend any Declaration of Annexation recorded pursuant to this section to change the description of phases within the

property being annexed, except that the Declarant may not change any portion of the Annexable Property which has already become irrevocably annexed to the Project.

(d) At any time, Annexable Property which has not been irrevocably annexed to the Project pursuant to the provisions of this section may be withdrawn. Any such withdrawal of property from the Project shall be accomplished by Declarant's recording of a Declaration of Withdrawal in the Official Records of the Maricopa County, Arizona Recorder's Office, describing the portion of the property being withdrawn. Upon the recording of any such Declaration of Withdrawal, that portion of the Annexable Property described in the Declaration of Withdrawal shall no longer be part of the Project or subject to the Declaration.

(e) The voting rights and obligations to pay Assessments of the Owners of Lots annexed pursuant to this section shall be effective as of the date the Lots become irrevocably annexed to the Project.

(f) This Section 9.5 and Section 9.6 may not be amended without Declarant's written approval.

9.6 No Limitations on Development of Annexable Property.

(a) The Annexable Property may be added from time to time in one or more portions or as a whole, with no limitations or restrictions as to the order of annexation or the boundaries of annexed property. The portions of Annexable Property annexed into the Project need not be contiguous.

(b) There are no limitations on the locations or dimensions of improvements to be located on the Annexable Property. No assurances are made as to what, if any, further improvements will be made by Declarant on any portion of the Annexable Property, provided that any such structures and improvements placed, constructed, replaced, or reconstructed on the Annexable Property by Declarant will be compatible with any improvements in the Project as to quality of construction and materials and architectural style.

(c) Declarant makes no assurances as to the exact number of Lots which shall be added to the Project by annexation of all or any portion of the Annexable Property.

(d) All taxes, assessments, mechanic's liens, and other charges affecting the Common Area in a new phase or portion of the Annexable Property, covering any period prior to the subjecting of said real property to this Declaration, shall be paid or otherwise provided for by Declarant or its successor or assign, seeking to bring the same within this Declaration before subjecting the real property to this Declaration, so that any liens arising in connection with said phase or Annexable Property will not adversely affect the rights of the existing Lot Owners.

DATED this 16th day of April, 2007

**McDOWELL MOUNTAIN BACK BOWL,
LLC** an Illinois limited liability company

By *Laura O'Dair*
Its *Authorized Representative*

STATE OF Illinois)
County of DuPage) ss.

The foregoing instrument was acknowledged before me this 16th day of April, 2007, by Theresa Frankiewicz, the Authorized Representative of **McDOWELL MOUNTAIN BACK BOWL, LLC**, an Illinois limited liability company, on behalf of said company.

Linda Mendrala
Notary Public

My Commission Expires:

12/03/07



EXHIBIT A

Annexable Property

CHICAGO TITLE INSURANCE COMPANY

Page 1

LEGAL DESCRIPTION

Escrow/Title No. 2616199 55

Parcel 1:

Parcel 10, THE GOLDIE BROWN PINNACLE PEAK RANCH, UNIT ONE, according to Book 191 of Maps, page 26, records of Maricopa County, Arizona;

EXCEPT all minerals in all of said land except the South half of the South half as reserved to the United States of America in the Patent recorded in Docket 304, page 447

Parcel 2:

Parcel No. 14, GOLDIE BROWN PINACLE PEAK RANCH UNIT ONE, according to the plat of record in the office of the County Recorder, Maricopa County, Arizona, recorded in Book 191 Of Maps, Page 26;

EXCEPT the West half of the West half; and

EXCEPT all minerals as reserved in the Patent.

Parcel 3:

WEST HALF OF PARCEL NO. 11, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, A SUBDIVISION RECORDED IN BOOK 191 OF MAPS, PAGE 26 RECORDS OF MARICOPA COUNTY, ARIZONA.

EXCEPT ALL MINERALS AS RESERVED IN THE PATENT.

Parcel 4:

East half of Parcel 2, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, according to the plat of record in the office of the County Recorder, Maricopa County, Arizona, recorded in Book 191 of Maps, Page 26.

Parcel 5:

East half of PARCEL NO. 15, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, according to the plat of record in the office of the County Recorder, Maricopa County, Arizona, recorded in Book 191 of Maps, Page 26;

EXCEPT all minerals as reserved in the Patent.

Parcel 6:

Parcel 6, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, a subdivision recorded in Book 191 of Maps, Page 26, records of Maricopa County, Arizona;

EXCEPT that part of the South half of the Northeast quarter of the Southwest quarter of Section Eleven, Township Four North, Range Five East of The Gila and Salt River Base and Meridian, Maricopa County, Arizona, described as follows:

Beginning at a G.L.O. Brass Cap that marks the South quarter section corner;

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LEGAL DESCRIPTION

Escrow/Title No. 2616199 55

thence North 00 degrees 00 minutes 55 seconds West, 1321.65 feet to a 5/8" bar that marks the TRUE POINT OF BEGINNING for this parcel;

thence South 89 degrees 55 minutes 33 seconds West, 454.83 feet to a 5/8" bar;

thence 97.81 feet along a curve to the right of 193.18 foot radius to a 5/8" bar;

thence North 61 degrees 03 minutes 15 seconds West, 119.75 feet to a 5/8" bar;

thence 98.84 feet along a curve to the left of 929.48 foot radius of a 5/8" bar;

thence North 67 degrees 12 minutes 45 seconds West, 66.80 feet to a 5/8" bar;

thence 173.47 feet along a curve to the left of 141.28 foot radius to a 5/8" bar;

thence South 42 degrees 12 minutes 16 seconds West, 57.95 feet to a 5/8" bar;

thence 187.16 feet along a curve to the right of 226.09 foot radius to a 5/8" bar;

thence South 89 degrees 55 minutes 33 seconds West, 149.38 feet to a 5/8" bar that marks the Southwest corner of the parcel;

thence North 0 degrees 00 minutes 33 seconds East, 661.31 feet to a 5/8" bar that marks the Northwest corner of this parcel;

thence South 89 degrees 55 minutes 02 seconds East, 1319.71 feet to a 5/8" bar that marks the Northeast corner of the parcel;

thence South 0 degrees 00 minutes 55 seconds East, 661.51 feet to the Southeast corner of the parcel and the TRUE POINT OF BEGINNING.

EXCEPT all minerals as reserved in the patent.

Parcel 7:

PARCEL 1, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, a subdivision recorded in Book 191 of Maps, page 26, records of Maricopa County, Arizona;

EXCEPT all minerals as reserved in the patent.

Parcel 8:

EAST HALF OF PARCEL NO. 11, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, A SUBDIVISION RECORDED IN BOOK 191 OF MAPS, PAGE 26, RECORDS OF MARICOPA COUNTY, ARIZONA;

EXCEPT all minerals as reserved in the patent.

Parcel 9:

West half of Parcel No. 7, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, according to

CHICAGO TITLE INSURANCE COMPANY

Page 3

LEGAL DESCRIPTION

Escrow/Title No. 2616199 55

the plat of record in the office of the County Recorder, Maricopa County, Arizona, recorded in Book 191 of Maps, Page 26;

EXCEPT all minerals as reserved in the Patent.

Parcel 10:

That part of Parcel 6, THE GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, a subdivision recorded in Book 191 of Maps, page 26, records of Maricopa County, Arizona, described as follows:

A parcel located in the South half of the Northeast quarter of the Southwest quarter of Section 11, Township 4 North, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County Arizona.

BEGINNING at a G.L.O. Brass Cap that marks the South quarter section corner;

thence North 0 degrees 00 minutes 55 seconds West, 1,321.65 feet to a 5/8" bar that marks the TRUE POINT OF BEGINNING for this parcel;

thence South 89 degrees 55 minutes 33 seconds West, 454.83 feet to a 5/8" bar;

thence 97.81 feet along a curve to the right of 193.18 foot radius to a 5/8" bar;

thence North 61 degrees 03 minutes 15 seconds West, 119.75 feet to a 5/8" bar;

thence 98.84 feet along a curve to the left of 929.48 foot radius to a 5/8" bar;

thence North 67 degrees 12 minutes 45 seconds West, 66.80 feet to a 5/8" bar;

thence 173.47 feet along a curve to the left of 141.28 foot radius to a 5/8" bar;

thence South 42 degrees 12 minutes 16 seconds West, 57.95 feet to a 5/8" bar;

thence 187.16 feet along a curve to the right of 226.09 foot radius to a 5/8" bar;

thence South 89 degrees 55 minutes 33 seconds West, 149.38 feet to a 5/8" bar that marks the Southwest corner of the parcel;

thence North 0 degrees 00 minutes 33 seconds East, 661.31 feet to a 5/8" bar that marks the Northwest corner of this parcel;

thence South 89 degrees 55 minutes 02 seconds East, 1,319.71 feet to a 5/8" bar that marks the Northeast corner of the parcel;

thence South 0 degrees 00 minutes 55 seconds East, 661.51 feet to the Southeast corner of the parcel and the TRUE POINT OF BEGINNING.

Parcel 11:

West half of Parcel NO. 15, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, a subdivision

CHICAGO TITLE INSURANCE COMPANY

Page 4

LEGAL DESCRIPTION

Escrow/Title No. 2616199 55

recorded in Book 191 of Maps, Page 26, records of Maricopa County, Arizona;

EXCEPT all minerals as reserved in the patent.

Parcel 12:

East half of Parcel 7, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, according to the plat of record in the office of the County Recorder, Maricopa County, Arizona, recorded in Book 191, Page 26.

Parcel 13:

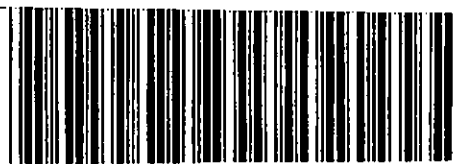
PARCEL NO. 3, GOLDIE BROWN PINNACLE PEAK RANCH UNIT ONE, A SUBDIVISION RECORDED IN BOOK 191 OF MAPS, PAGE 26, RECORDS OF MARICOPA COUNTY, ARIZONA;

EXCEPT ALL MINERALS AS RESERVED IN THE PATENT.

AND EXCEPT ANY PART LYING WITHIN THE PROPERTY SUBJECT TO THE 'FINAL PLAT FOR SERENO CANYON PHASE I' RECORDED IN BOOK 910 OF MAPS, PAGE 16, RECORDS OF MARICOPA COUNTY, ARIZONA

When Recorded, Return to:

Snell & Wilmer LLP
One Arizona Center
Phoenix, AZ 85004-2202
Attn: Jody Pokorski, Esq.



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2008-0181258 02/29/08 01:07 PM
1 OF 2

ACUNAR

DECLARATION OF ANNEXATION
FOR
SERENO CANYON
(PHASE 2)

**UNOFFICIAL
DOCUMENT**

THIS DECLARATION OF ANNEXATION FOR SERENO CANYON PHASE 2 (the "Declaration of Annexation") is executed and effective as of this 23rd day of February, 2008, by MCDOWELL MOUNTAN BACK BOWL, LLC, an Illinois limited liability company ("Declarant").

RECITALS

A. That certain Declaration of Covenants, Conditions and Restrictions for Sereno Canyon, dated April, 16, 2007, was recorded April 17, 2007 as Instrument No. 2007-0448214, records of Maricopa County, Arizona (the "Declaration").

B. Section 9.5 of the Declaration provides that additional property may be annexed to property covered by such Declaration by Declaration of Annexation executed by Declarant and recorded in the records of Maricopa County, Arizona.

C Declarant executes this Declaration of Annexation for the purpose of adding Lots 1 through 28, inclusive, and Tracts A through F, inclusive, as shown on the Final Plat for Sereno Canyon Phase 2 recorded in Book 974 of Maps, page 40, records of Maricopa County, Arizona (the "Phase 2 Property") to the Declaration.

ANNEXATION

NOW, THEREFORE, Declarant hereby certifies and declares as follows:

1. Annexation. The Phase 2 Property shall be hereinafter subject to the Declaration and shall be hereinafter included within the definition of Property under the Declaration.

2. Common Areas. Tracts A, B, C, D, E and F of the Phase 2 Property are hereby designated as Common Areas. The Common Areas shall be held and conveyed subject to the terms of the Declaration easements set forth in the Final Plat for Sereno Canyon Phase 2.

4. Full Force and Effect. Except as herein specifically modified, the terms and conditions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, this Declaration of Annexation is made and entered into as of the day and year written above.

MCDOWELL MOUNTAN BACK BOWL, LLC,
an Illinois limited liability company

By [Signature]
Name Marvin Barkey
Its Authorized Representative

STATE OF Illinois)
County of DuPage) ss.

The foregoing instrument was acknowledged before me this 26th day of February, 2008, by Marvin Barkey, the Authorized Representative of MCDOWELL MOUNTAN BACK BOWL, LLC, an Illinois limited liability company, on behalf of the company.

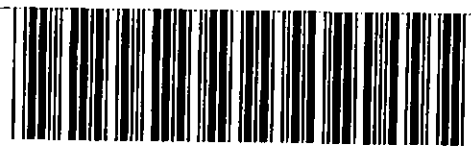
[Signature]
Notary Public

My Commission Expires:
12/03/11



When Recorded, Return to:

Snell & Wilmer LLP
One Arizona Center
Phoenix, AZ 85004-2202
Attn: Jody Pokorski, Esq.



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MARICOPA COUNTY RECORDER
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DECLARATION OF ANNEXATION
FOR
SERENO CANYON
(PHASE 3)

**UNOFFICIAL
DOCUMENT**

THIS DECLARATION OF ANNEXATION FOR SERENO CANYON PHASE 3 (the "Declaration of Annexation") is executed and effective as of this 23rd day of February, 2008, by MCDOWELL MOUNTAN BACK BOWL, LLC, an Illinois limited liability company ("Declarant").

RECITALS

A. That certain Declaration of Covenants, Conditions and Restrictions for Sereno Canyon, dated April, 16, 2007, was recorded April 17, 2007 as Instrument No. 2007-0448214, records of Maricopa County, Arizona (the "Declaration").

B. Section 9.5 of the Declaration provides that additional property may be annexed to property covered by such Declaration by Declaration of Annexation executed by Declarant and recorded in the records of Maricopa County, Arizona.

C. Declarant executes this Declaration of Annexation for the purpose of adding Lots 1 through 21, inclusive, and Tracts A and B, as shown on the Final Plat for Sereno Canyon Phase 3 recorded in Book 974 of Maps, page 41, records of Maricopa County, Arizona (the "Phase 3 Property") to the Declaration.

ANNEXATION

NOW, THEREFORE, Declarant hereby certifies and declares as follows:

1. Annexation. The Phase 3 Property shall be hereinafter subject to the Declaration and shall be hereinafter included within the definition of Property under the Declaration.

2. Common Areas. Tracts A, and B of the Phase 3 Property are hereby designated as Common Areas. The Common Areas shall be held and conveyed subject to the terms of the Declaration easements set forth in the Final Plat for Sereno Canyon Phase 3.

3. Definitions. Capitalized terms used in this Declaration of Annexation and not otherwise defined herein shall have the same meanings as are set forth for such terms in the Declaration.

4. Full Force and Effect. Except as herein specifically modified, the terms and conditions of the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, this Declaration of Annexation is made and entered into as of the day and year written above.

MCDOWELL MOUNTAN BACK BOWL, LLC,
an Illinois limited liability company

By *Marvin Bailey*
Name Marvin Bailey
Its Authorized Representative

STATE OF Illinois)
County of DuPage) ss.

The foregoing instrument was acknowledged before me this 26th day of February, 2008, by Marvin Bailey, the Authorized Representative of MCDOWELL MOUNTAN BACK BOWL, LLC, an Illinois limited liability company, on behalf of the company.

Linda Mendrala
Notary Public

My Commission Expires:

12/03/11

