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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SADDLEBROOKE RANCH RESORT COMMUNITY**

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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
SADDLEBROOKE RANCH RESORT COMMUNITY**

THIS DECLARATION is made as of the 25th day of October, 2007, by ROBSON RANCH MOUNTAINS, LLC, a Delaware limited liability company, to establish the nature of use and enjoyment of that certain real property located in Pinal County, Arizona, described on Exhibit "A" hereto and any additional property subjected to this Declaration in accordance with the annexation provisions of this Declaration (collectively, the "Property"). Robson Ranch Mountains, LLC, will be referred to herein as the "Declarant", as more fully described in Section 1.23 hereof.

RECITALS:

A. Declarant desires to subdivide and develop the Property into a planned community called the SaddleBrooke Ranch Resort Community ("SaddleBrooke Ranch" or the "Community") consisting of residential, recreational and other areas and uses.

B. Declarant intends (without obligation) that, when developed fully, SaddleBrooke Ranch will include several residential neighborhoods, one or more golf courses, one or more clubhouses, greenbelts, open spaces, walkways and recreational, social and civic buildings and facilities. The Community may also include commercial areas, rental apartments and hotel and resort facilities.

C. As development of SaddleBrooke Ranch proceeds, Declarant intends, without obligation, (i) to record various subdivision plats; (ii) to dedicate portions of SaddleBrooke Ranch to the public for streets, roadways, drainage, flood control and general public use, or to keep all or portions of the above private and transfer them to the Association; and (iii) to record Tract Declarations covering portions of SaddleBrooke Ranch, which Tract Declarations will designate the purposes for which such portions of SaddleBrooke Ranch may be used and may set forth additional covenants, conditions and restrictions applicable to such portions of SaddleBrooke Ranch.

D. Declarant reserves the right, without obligation, to annex additional land into SaddleBrooke Ranch and subject it to this Declaration. The land that may be annexed is defined and described as "Annexable Property" in Section 1.3 hereof. Any such annexations may or may not be contiguous to any other land within SaddleBrooke Ranch. Alternatively, Declarant may elect not to develop all or portions of the Annexable Property or to develop all or portions of the Annexable Property separate from, and not as a part of, SaddleBrooke Ranch.

E. Declarant desires to form the Association as a nonprofit corporation to (i) own, manage and maintain the Common Areas and certain other areas in SaddleBrooke Ranch; (ii) levy, collect and disburse the Assessments and other charges imposed hereunder; (iii) act as the agent and representative of the SaddleBrooke Ranch Owners; and (iv) enforce the use restrictions and other provisions of this Declaration.

F. IN ORDER TO PROMOTE THE QUALITY AND CONSISTENCY OF MANAGEMENT AND MAINTENANCE OF ALL COMMON AREAS, THIS

DECLARATION PROVIDES THAT DECLARANT SHALL (i) HAVE THE RIGHT TO MAINTAIN ABSOLUTE CONTROL OF THE ASSOCIATION UNTIL THE TRANSITION DATE, INCLUDING, BUT NOT LIMITED TO, THE RIGHT AND POWER TO AMEND THE ARTICLES AND BYLAWS, APPOINT THE OFFICERS AND APPOINT THE MEMBERS OF THE BOARD; (ii) HAVE THE RIGHT (BUT NOT THE OBLIGATION) TO MANAGE THE ASSOCIATION UNTIL THE TRANSITION DATE; AND (iii) SO LONG AS SERVING AS THE MANAGER (AS DESCRIBED IN (ii) ABOVE), RECEIVE A MANAGEMENT FEE FROM THE ASSOCIATION IN THE AMOUNT OF 4% OF THE ASSOCIATION'S TOTAL GROSS REVENUE FROM ALL SOURCES.

G. Declarant desires and intends that the Owners, mortgagees, beneficiaries, trustees and other persons hereafter acquiring any interest in SaddleBrooke Ranch shall at all times enjoy the benefits of, and shall hold their interest subject to, the rights, easements, privileges, covenants and restrictions set forth in this Declaration, all of which are declared to be in furtherance of a plan to promote and protect the value, desirability and attractiveness of SaddleBrooke Ranch. Declarant therefore wishes to subject all of SaddleBrooke Ranch to the covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements hereinafter set forth (collectively, "Covenants"), which shall run with the land and shall be binding upon and inure to the benefit of all persons having any right, title or interest in SaddleBrooke Ranch or any part thereof.

H. Defined terms used in this Declaration shall have the first letter of each word in the term capitalized. If not otherwise provided herein, defined terms shall have the meanings given to them in Article 1 of the Declaration.

DECLARATIONS

NOW, THEREFORE, in consideration of the matters set forth in the Recitals and the Covenants set forth below, Declarant declares as follows:

ARTICLE 1 DEFINITIONS.

As used in this Declaration, and except as may be otherwise expressly provided, the following terms, when capitalized, shall have the meanings set forth below:

1.1 "Amenities Fee". Defined in Section 9.6 hereof.

1.2 "Ancillary Association". An incorporated property owners' association (other than the Association) created by or with the written consent of Declarant for Lots within one or more subdivision(s) or neighborhood(s) in SaddleBrooke Ranch.

1.3 "Annexable Property". All or any portion of the property described on Exhibit "B" hereto and any other real property designated by Declarant that is in the general vicinity of SaddleBrooke Ranch, whether or not contiguous thereto. Declarant shall have the right to remove property from the description of Annexable Property at any time, in its discretion, by recording an amendment to this Declaration (without requiring the consent or approval of other

person) setting forth either the revised legal description for Exhibit "B" or the description of the property being removed from the Annexable Property.

1.4 "Annexation Declaration". An instrument recorded pursuant to Article 16 hereof, that annexes real property and subjects it to the provisions of this Declaration.

1.5 "Annual Assessment". The charge levied and assessed each year against each Lot (except Exempt Property) and Owner pursuant to Section 9.2 hereof.

1.6 "Architectural and Landscape Committee". The Architectural and Landscape Committee of the Association to be created pursuant to Article 14 hereof.

1.7 "Architectural and Landscape Guidelines". Any requirements and/or guidelines established pursuant to Section 14.3 hereof to govern the review and approval process and the appearance and development of SaddleBrooke Ranch, as amended and supplemented from time to time.

1.8 "Articles". The Articles of Incorporation of the Association, as amended and supplemented from time to time.

1.9 "Assessable Property". Any Lot in SaddleBrooke Ranch covered by a recorded Tract Declaration, except such Lot or Lots as may from time to time constitute Exempt Property.

1.10 "Assessment" or "Assessments". Annual Assessments, Special Assessments, Maintenance Charges, Special Use Fees, Amenities Fees, and any other fees, fines or charges assessed hereunder.

1.11 "Assessment Lien". The lien created and imposed by Section 9.1 hereof.

1.12 "Assessment Period". The term set forth in Section 9.7 hereof.

1.13 "Association". The Arizona nonprofit corporation to be organized by Declarant to administer and enforce the Covenants and to exercise the rights, powers and duties set forth in this Declaration and allowed by law, and its successors and assigns. Declarant intends to name the Association "SaddleBrooke Ranch Homeowners Association, Inc."

1.14 "Association Land". Any portion of SaddleBrooke Ranch that is held by Declarant for conveyance to the Association on or before the Transition Date, or that the Association now or hereafter owns in fee, or the leasehold or easement interest that the Association now or hereafter may hold, for as long as the Association is the owner of the fee, leasehold or easement interest or for so long as such property is so held by Declarant for conveyance to the Association, together with the buildings, structures and other Improvements thereon. From time to time, Declarant may convey fee title, easements, leaseholds or other real property interests within SaddleBrooke Ranch to the Association, and any such property interests automatically shall be deemed accepted by the Association upon the recording of an instrument appropriate to evidence the conveyance.

1.15 "Board". The Board of Directors of the Association.

1.16 "Bylaws". The Bylaws of the Association, as amended and supplemented from time to time.

1.17 "Common Area and Common Areas". (a) All Association Land; (b) unless otherwise indicated in this Declaration or in a recorded instrument executed by Declarant, all land within SaddleBrooke Ranch that Declarant makes available for use primarily by Members of the Association, but not after Declarant ceases to make such land available for use primarily by Members of the Association; (c) all land within SaddleBrooke Ranch that Declarant indicates on a recorded subdivision plat or Tract Declaration is to be used for landscaping, drainage and/or flood control or other purposes for the benefit of SaddleBrooke Ranch and/or the general public and is to be transferred to the Association or dedicated to the public or a municipality or other governmental unit or agency at a future time (but only until the land is so dedicated, unless specified otherwise in the dedication or as specified pursuant to clause (f) below); (d) all land and right-of-way easements within SaddleBrooke Ranch that are dedicated to the public or a municipality or other governmental unit or agency, but that the governmental unit or agency requires the Association to maintain or that the Association agrees to maintain; (e) areas on a Lot or Parcel within easements granted to the Association or its Members for the location, construction, maintenance, repair and replacement of a wall pursuant to a recorded subdivision plat or Tract Declaration or by a deed or other recorded conveyance accepted by the Association; and (f) any other areas for which the Association has assumed administrative or maintenance responsibilities by written instrument, whether or not such areas are located on a Lot or Parcel.

1.18 "Community". The same as "SaddleBrooke Ranch".

1.19 "Community Rules". The rules for SaddleBrooke Ranch adopted by the Board pursuant to Section 7.3 hereof, as amended and supplemented from time to time.

1.20 "Condominium Development". A portion of SaddleBrooke Ranch that has been subjected to a condominium declaration pursuant to Arizona law and is not being operated as a rental apartment development.

1.21 "Condominium Unit". A "unit" (as that term is defined in A.R.S. § 33-1202, or any successor statute) in a Condominium Development, together with any appurtenant interest in the common elements of the condominium, that is created by a condominium declaration established and recorded under Arizona law.

1.22 "Covenants". The covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations, easements and other provisions set forth herein, as amended and supplemented from time to time.

1.23 "Declarant". Robson Ranch Mountains, LLC, a Delaware limited liability company, whether acting in its own capacity or through a trustee, and its successors and assigns. Any assignment of all or any portion of Declarant's rights and powers shall be made by a recorded instrument executed by the assignor. Unless otherwise specifically provided in the assignment document, assignment of any of the rights, privileges, or immunities of Declarant shall constitute only a sharing of the assigned interest with the assignee and shall not be

construed or deemed to deprive Declarant of any of its interests, protections, indemnities or freedoms from liability that are set forth in this Declaration or to diminish them in any way.

1.24 “Declaration”. This Declaration of Covenants, Conditions and Restrictions of SaddleBrooke Ranch, as amended and supplemented from time to time.

1.25 “Designated Builder”. A builder of residences or other Improvements in SaddleBrooke Ranch that is designated by Declarant, in writing, as a “Designated Builder” having any of the special rights, privileges or immunities of Declarant under this Declaration. An assignment of part of Declarant’s rights, privileges or immunities to a Designated Builder shall vest in the Designated Builder the specific rights, privileges or immunities named in the written designation on the same terms that they were held by Declarant hereunder. Unless otherwise specifically provided in the written designation, an assignment of any of the rights, privileges, or immunities of Declarant shall constitute only a sharing of the rights with the designee and shall not be construed or deemed to deprive Declarant of any of its interests, protections, indemnities or freedoms from liability that are set forth in this Declaration or to diminish them in any way.

1.26 “Dwelling Unit”. Any building or portion of a building situated upon a Lot that is designed and intended for use and occupancy as a residence by a Single Family.

1.27 “Exempt Property”. The following parts of SaddleBrooke Ranch shall be deemed Exempt Property:

(a) All land and Improvements owned by, or dedicated to and accepted by, the United States, the State of Arizona, Pinal County, or any municipality, or any other political subdivision, for as long as any such governmental entity or political subdivision is the owner thereof or for so long as such dedication remains effective; provided, however, that any such land shall be Exempt Property only while it is being used by the governmental entity owner for governmental or public purposes;

(b) All Association Land;

(c) All Golf Course Land, for as long as such land is used for the purpose permitted in Section 5.6 hereof;

(d) All common elements of a Condominium Development;

(e) Any land used as a well-site, or for utility purposes, and designated by a Tract Declaration for Well-Site Use or Utility Use; and

(f) Any land within SaddleBrooke Ranch owned by Declarant or its affiliates.

All Exempt Property shall be exempt from Assessments, and ownership of Exempt Property (other than by Declarant or any of its affiliates) shall not qualify the Owner for Membership in the Association and its associated privileges and responsibilities. Exempt Property (and the Owners of all interests in it) shall nevertheless be subject to all other provisions of this Declaration, unless otherwise provided in this Declaration or in an applicable Tract Declaration. The Golf Course Land shall be exempt from Assessments, no Membership in the Association will be appurtenant to

ownership of it, and the architectural control and review provisions hereof shall not apply to it. The Board may restrict or prohibit the use of the Common Areas (except easements, rights-of-way, utility improvements and landscaping, drainage and flood control areas) by the Owners of Exempt Property, except for Declarant, its affiliates, subcontractors, employees, agents, guests and invitees. This Section 1.27 may not be amended without the approval of all Owners of Exempt Property affected by the amendment.

1.28 “Golf Course” and “Golf Course Land”. The real property designated as Golf Course Land by Declarant in a recorded plat or Tract Declaration, as amended and supplemented from time to time, and all Improvements thereon, including, but not limited to, any driving range, putting green and associated recreational, maintenance and other facilities owned and operated in conjunction with the Golf Course.

1.29 “Governmental Mortgage Agency”. Defined in Section 15.5.1 hereof.

1.30 “Improvements”. Buildings, amenities, roads, driveways, levees, dams, channels, basins, parking areas, fences, walls, hedges, plantings, planted trees and shrubs, grading and all other structures, landscaping improvements and alterations to the physical characteristics or appearance of land and structures, and any addition, alteration, repair, change or other work regarding any such item (including exterior paint).

1.31 “Land Use Classification”. The classification to be established by the Declarant pursuant to Section 5.1 hereof that designates the type of Improvements that may be constructed on portions of SaddleBrooke Ranch and the purposes for which any such Improvements and surrounding land may be utilized.

1.32 “Lot”. Any (a) area of real property within SaddleBrooke Ranch designated as a Lot on any subdivision plat recorded or approved by Declarant and limited by a Tract Declaration to either Single Family Residential Use or Cluster Residential Use, and (b) any Condominium Unit within SaddleBrooke Ranch that is limited to residential use (not including rental apartments) by a Tract Declaration or condominium declaration. Notwithstanding the foregoing, any property designated as a Lot on a subdivision plat but owned by the Association and used as a Common Area shall not be deemed a Lot for purposes of this Declaration.

1.33 “Lot Maintenance Fee”. Defined in Section 13.4 hereof.

1.34 “Maintenance Charges”. Any and all costs assessed pursuant to Section 13.2 and Section 13.3 hereof.

1.35 “Master Drainage Report”. The Master Drainage Report for the Property on file with Pinal County, as supplemented and amended from time to time.

1.36 “Maximum Annual Assessment”. Defined in Section 9.4 hereof.

1.37 “Member”. Any person holding Membership in the Association pursuant to this Declaration.

1.38 “Membership”. A membership in the Association and the rights granted to the Owners of Lots pursuant to Article 8 hereof to participate in the Association.

1.39 “Owner”. The record holder of the fee simple interest of any Lot or Parcel (including Declarant, as applicable, unless otherwise specified herein), but excluding those who hold title merely as security. “Owner” shall not include a lessee or tenant of a Lot or Parcel. An Owner shall include any person who holds record title to a Lot or Parcel in joint ownership with any other person or holds an undivided fee interest in any Lot or Parcel.

1.40 “Parcel”. An area of real property within SaddleBrooke Ranch designated as a Parcel in a Tract Declaration or limited by a Tract Declaration to one of the following Land Use Classifications: Residential Condominium Development Use (but only until the condominium declaration is recorded), General Public or Quasi-Public Use, Utility or Well-Site Use. The term Parcel also shall include an area of land as to which a Tract Declaration has been recorded designating the area for Single Family Residential Use or Cluster Residential Use but that has not yet been subdivided into Lots and related amenities and rights-of-way by a recorded subdivision plat, but any such area shall cease to be a Parcel upon the recordation of a subdivision plat. Notwithstanding the foregoing provisions, a Parcel shall not include a Lot, any Golf Course Land or any Association Land.

1.41 “Party Walls”. A wall constructed on or immediately adjacent to any boundary line separating Lots, Parcels, Common Areas or other areas in SaddleBrooke Ranch. The Board shall have the right, but not the obligation, to adopt rules, from time to time, governing what constitutes a Party Wall.

1.42 “Resident”.

1.42.1 Each Owner, tenant or lessee actually residing on any part of the Assessable Property; and

1.42.2 Members of the immediate family of each Owner, tenant and lessee actually living in the same household with such Owner, tenant or lessee on any part of the Assessable Property.

The term “Resident” also shall include any other individuals included in the definition of “Single Family” and such other persons as the Board, in its discretion, may designate as “Residents” from time to time, subject to such rules and regulations as the Board may hereafter specify (which may include the imposition of special use fees for use of Association Land).

1.43 “SaddleBrooke Ranch”. The real property described on Exhibit “A” of this Declaration and the development to be completed thereon, together with any real property hereafter annexed pursuant to Article 16 hereof, and less any real property hereafter de-annexed pursuant to Article 16 hereof. Declarant anticipates that SaddleBrooke Ranch may sometimes be referred to as “SaddleBrooke Ranch Resort Community” in certain marketing and promotional materials, advertisements, contracts and other communications and documents. Any such references shall not impact or in any way alter the definition of SaddleBrooke Ranch or Community as it is used in this Declaration.

1.44 “Single Family”. Either (i) an individual living alone, or (ii) a group of two or more persons, each related to the other by blood, marriage or legal adoption, who maintain a common household in a Dwelling Unit, or (iii) a group of not more than three persons who are not all so related but maintain a common household in a Dwelling Unit.

1.45 “Special Assessment”. Any assessment levied and assessed pursuant to Section 9.5 hereof.

1.46 “Special Use Fees”. Special fees authorized by this Declaration, which an Owner, Resident or any other person is obligated to pay to the Association over, above and in addition to any Annual and Special Assessments, Maintenance Charges, and Amenities Fees imposed or payable hereunder. The amount of any Special Use Fee shall be determined in the Board’s sole and absolute discretion.

1.47 “Taking”. Defined in Section 12.4 hereof.

1.48 “Timeshare”. Any division of ownership into periods of time, division of use rights by periods of time, vacation club, fractional undivided interests coupled with a use plan, or other ownership or use arrangements of a similar nature including, but not limited to, any such divisions that would be within the definition of timeshare interests pursuant to Arizona law.

1.49 “Tract Declaration”. A declaration recorded pursuant to Section 5.1 hereof, as amended and supplemented from time to time.

1.50 “Transition Date”. The first to occur of:

(a) Sixty (60) days after the day on which fee title to the last Lot in SaddleBrooke Ranch owned by Declarant (or by a trustee under a trust for the benefit of Declarant) is conveyed to a third party for value, other than as security for the performance of an obligation; or

(b) The expiration of any five-year period during which fee title to no Lot in SaddleBrooke Ranch is conveyed by Declarant (or by a trustee under a trust for the benefit of Declarant) to a third party for value, other than as security for the performance of an obligation; or

(c) The date 35 years after the date this Declaration is recorded in the Official Records of Pinal County, Arizona; or

(d) Such earlier date as Declarant declares to be the Transition Date in a properly recorded instrument.

1.51 “Visible From Neighboring Property”. With respect to any given object, structure or building, that the object, structure or building is or would be visible to a person six feet tall standing on neighboring property, at the same elevation as the base of the object, structure or building being viewed.

ARTICLE 2
PROPERTY SUBJECT TO DECLARATION.

2.1 Declaration Creating SaddleBrooke Ranch. Declarant hereby declares that all of SaddleBrooke Ranch is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon and otherwise used, improved or transferred, in whole or in part, subject to this Declaration. Declarant intends to develop SaddleBrooke Ranch by subdivision into various Lots, Parcels and other areas and to sell and convey Lots and/or Parcels. As portions of SaddleBrooke Ranch are developed, Declarant shall record one or more Tract Declarations covering the areas to be developed, as more particularly described in Section 5.1 hereof. This Declaration and all subsequent Tract Declarations are declared and agreed to be in furtherance of a general plan for the subdivision, development, improvement and sale of SaddleBrooke Ranch and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness of SaddleBrooke Ranch and every part thereof. This Declaration shall not be construed to prevent Declarant from dedicating or conveying portions of SaddleBrooke Ranch for uses other than as a Lot, Parcel, Golf Course Land, Common Area or Association Land (including, but not limited to, dedications and conveyances of streets or roadways), subject to the provisions of Section 5.1 hereof.

2.2 Parties Bound and Benefited by Declaration. This Declaration shall run with SaddleBrooke Ranch for all purposes and shall be binding upon and inure to the benefit of Declarant, the Association (upon incorporation), all Owners and Residents, and any other person hereafter acquiring any interest in SaddleBrooke Ranch, and their respective successors in interest.

ARTICLE 3
EASEMENTS AND RIGHTS OF ENJOYMENT IN COMMON AREAS.

3.1 Easements of Enjoyment. Every Owner shall have a nonexclusive easement for the use and enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to the Owner's Lot or Parcel. All Residents, other than Owners, shall have a nonexclusive, nontransferable temporary right to use and enjoy the Common Areas so long as they remain Residents. The foregoing grant and rights are subject, among other things, to all easements over the Common Areas that are created pursuant to Article 4 hereof and to the following limitations:

(a) The right of the Association to charge reasonable admission and other Special Use Fees for the use of any recreational or other facility situated upon the Common Areas;

(b) The right of the Association to impose reasonable minimum food and beverage spending requirements from time to time, with the amount, the method of imposition and other specifications to be set forth in the Community Rules;

(c) The right of the Association to suspend the voting rights of any Member, and to suspend the right of any Member, and any Resident claiming through the Member, to use the Common Area recreational facilities or to use particular entrance gates or particular paths of

ingress and egress, (i) for any period during which an Assessment against the Member's Lot remains delinquent; (ii) for a period not to exceed 60 days for any infraction of this Declaration, a Tract Declaration, the Community Rules or applicable Architectural and Landscape Guidelines, and (iii) for successive 60-day periods if any infraction is not corrected during any preceding 60-day suspension period;

(d) The right of the Association to dedicate or otherwise transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association. Unless otherwise required by zoning stipulations or agreements with a governmental agency or entity effective prior to the date hereof, or unless specified hereafter on a recorded subdivision plat or other recorded document executed by Declarant, no such dedication or transfer shall be effective unless approved in writing by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) and, if the dedication or transfer is after the Transition Date, by at least 2/3 of the votes cast by Members voting by absentee ballot or in person at a meeting duly called for such purpose at which a quorum is present. Notwithstanding the foregoing, the Board shall have the authority, without Membership approval, to dedicate or otherwise transfer to such public agencies, authorities or utilities, portions of the Common Area or easements and rights-of-way over all or a portion of the Common Areas, provided the grants, easements or rights-of-way are intended to benefit SaddleBrooke Ranch and, in the Board's sole and absolute discretion, do not have any substantial adverse effect on the enjoyment of the Common Areas by the Members;

(e) The right of the Association to regulate the use of the Common Areas through the Community Rules and to prohibit access to those Common Areas, such as landscaped areas, not intended for use by Owners or Residents;

(f) The right of the Association to regulate, restrict and prohibit the use of the Common Areas, other than easements, rights-of-way, utility improvements and landscaping, drainage and flood control areas, by non-Members;

(g) The right of the Association to change the use of Common Areas, to change the size, shape or location of the Common Areas, to exchange Common Areas for other lands or interests therein that become Common Areas, and to abandon or otherwise transfer Common Areas, all as provided in Section 7.5 and Section 7.6 hereof;

(h) The right of the Association to borrow money pursuant to Section 12.2 and mortgage the Common Areas, provided that the rights of any lender shall be subordinated to the rights of the Owners. Notwithstanding the foregoing, the Common Areas shall not be mortgaged without the written consent of Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) and, if the mortgage is after the Transition Date, the approval of at least 2/3 of the votes cast by Members voting by absentee ballot or in person at a meeting duly called for such purpose at which a quorum is present;

(i) The right of Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) or the Association to enter into reciprocal and other use agreements, whereby owners and residents of communities in the

vicinity of SaddleBrooke Ranch would have the right to use some or all of the private roads and other Common Areas in SaddleBrooke Ranch; and

(j) The right of Declarant to use the Common Areas in conjunction with its marketing efforts for SaddleBrooke Ranch or other development projects of Declarant or its affiliates, as provided in Section 17.5 hereof.

3.2 Delegation of Use.

3.2.1 By Owners. Any Owner may, in accordance with and subject to this Declaration, and to the extent not restricted in the Community Rules, delegate the Owner's right of enjoyment in the Common Areas and facilities to the Owner's family members, tenants, lessees, guests and invitees, and to the family members, guests and invitees of the Owner's tenants.

3.2.2 By Declarant. Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) is specifically authorized to enter into reciprocal and other use agreements whereby owners and residents of communities in the vicinity of SaddleBrooke Ranch would have the right to use some or all of the private roads and other Common Area facilities in SaddleBrooke Ranch on the same or different terms (as determined by Declarant in its sole and absolute discretion) as Owners and Residents are permitted to use such facilities. If Declarant enters into such a reciprocal or other use agreement pursuant to the previous sentence, Declarant, in its sole and absolute discretion, shall determine a fair allocation of costs to be paid to the Association for such use.

3.2.3 By Association. The Association also is specifically authorized to enter into reciprocal and other use agreements whereby owners and residents of communities in the vicinity of SaddleBrooke Ranch would have the right to use some or all of the private roads and other Common Area facilities in SaddleBrooke Ranch on the same or different terms (as determined by the Association in its sole and absolute discretion) as Owners and Residents are permitted to use such facilities. If the Association enters into such a reciprocal or other use agreement pursuant to the previous sentence, the Association, in its sole and absolute discretion, shall determine a fair allocation of costs to be paid to the Association for such use.

3.3 Rights of Ingress and Egress. Every Owner shall have a right of ingress and egress to the Owner's Lot or Parcel. This right shall be perpetual and shall be appurtenant to and shall pass with title to the Owner's Lot or Parcel. This right shall be over the following areas:

(a) For pedestrian traffic over, through and across sidewalks, paths, walks and lanes that may exist upon the Common Areas from time to time and are designated as being for ingress and egress to the Owner's Lot or Parcel; and

(b) For pedestrian and vehicular traffic over, through and across the Common Area streets and roadways, if any, that are designated and paved for such purposes.

Any Owner may, in accordance with and subject to this Declaration and the Community Rules, delegate the Owner's right of ingress and egress to the Owner's family members, tenants,

lessees, guests and invitees, and to the family members, guests and invitees of the Owner's tenants. Notwithstanding the foregoing, no Owner shall be guaranteed the right to use a particular entrance gate or a particular path of ingress and egress; particular entrance gates and paths of ingress and egress may be closed from time to time or during certain times of the day and ingress and egress may or may not, from time to time, be regulated by card access or otherwise.

3.4 Indemnification/Acknowledgment. Owners and Residents acknowledge that: (a) SaddleBrooke Ranch contains Common Areas; (b) the Common Areas shall be used at the risk of the user; (c) the Common Areas possess certain inherent dangers from which the Owners and Residents must take precautions to protect themselves, their families, invitees, guests and others; and (d) neither Declarant nor the Association (nor any of their officers, directors, employees or agents) shall be liable to any person for any claim, damage or injury occurring on the Common Areas or related to the use of the Common Areas, except for claims resulting directly from the gross negligence or willful misconduct of the party against whom the claim is made. To the maximum extent permitted by applicable law, the Owners and Residents shall indemnify, defend and hold harmless the Declarant, Declarant's affiliates, the Association, and all of their respective officers, directors, employees, agents, successors and assigns for, from and against any claims, liabilities, injuries and damages including, but not limited to, interest, all attorneys' fees, witness fees, costs and related expenses incurred by or claimed against the foregoing parties arising in any way from or in connection with the use of the Common Areas by Owners and Residents and the guests or invitees of Owners and Residents.

ARTICLE 4 EASEMENTS.

4.1 Utility Easement. There is hereby created a blanket easement upon, across, over and under SaddleBrooke Ranch (including all Lots, Parcels, Golf Course Land and Common Areas) for ingress to, egress from and the installation, replacement, repair and maintenance of all utility and service lines and systems including, but not limited to, water, sewer, gas, telephone, electricity, cable or communication lines and systems, as such utilities are installed in connection with the initial and ongoing development of SaddleBrooke Ranch. Pursuant to this easement, a providing utility or service company may install and maintain the necessary or appropriate facilities, wires, circuits, conduits, cables and equipment in SaddleBrooke Ranch and may affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings within SaddleBrooke Ranch. Notwithstanding anything to the contrary contained in this Section, no sewers, electrical lines, water lines, or other utility or service lines, facilities or equipment may be installed or relocated within SaddleBrooke Ranch except as created or approved by Declarant, without the prior written approval of, in the case of Common Area, the Association and the Architectural and Landscape Committee, or, in the case of a Lot or Parcel, the Owner of the Lot or Parcel and the Architectural and Landscape Committee, or, in the case of Golf Course Land, the Golf Course owner.

4.2 Declarant Easements.

4.2.1 General Use Rights. There is hereby created a nonexclusive easement in favor of Declarant for ingress and egress over, under, and across, and for the right to

enter and remain upon, all portions of SaddleBrooke Ranch including, but not limited to, Lots and Parcels (except the interiors of occupied Dwelling Units), Golf Course Land and Common Areas, for the purpose of enabling Declarant and its affiliates, employees, agents, invitees, licensees, contractors and guests to exercise Declarant's rights and obligations hereunder and to engage in activities reasonably related to the development, management, administration, operation, maintenance, advertisement and sale or rental of property in SaddleBrooke Ranch. Without limiting the generality of the foregoing, Declarant's easement shall include the right to maintain and correct drainage of surface or storm water throughout the Property, which includes the right to cut any trees, bushes or shrubbery, to grade the soil or to take other actions reasonably related to the maintenance and correction of drainage. The rights established in this Section 4.2.1 shall be exercised so as to reasonably limit interference with the quiet enjoyment of a Lot or Parcel by its Owner and any Resident.

4.2.2 Easement Creation. Without limiting any other rights of Declarant under this Declaration, Declarant shall have the right to grant or create easements over, across and under the Common Areas or any other part of SaddleBrooke Ranch (other than Lots and Parcels conveyed to other parties) which, in its sole and absolute discretion, are required or convenient to the development, management, administration, operation, maintenance, advertising, sale or rental of property in SaddleBrooke Ranch or any other property owned by Declarant or its affiliates.

4.2.3 No Cost. There shall be no charge for the exercise of the easement rights set forth in this Section 4.2.

4.3 Association Easements.

4.3.1 General Use Rights. There is hereby created a nonexclusive easement in favor of the Association for ingress and egress over, under and across, and for the right to enter and remain upon, all portions of SaddleBrooke Ranch including, but not limited to, Lots, Parcels and Common Areas (except the interiors of occupied Dwelling Units and except for Dwelling Units and other Improvements under construction by Declarant or its affiliates), for the purpose of enabling the Association, its Board members, committee members, contractors, employees, representatives and agents to exercise the Association's rights and obligations hereunder (including, but not limited to, all maintenance, repair and replacement rights and obligations of the Association set forth herein). The rights of access established in this Section 4.3.1 shall be exercised so as to reasonably limit interference with the quiet enjoyment of a Lot or Parcel by its Owner and any Resident. Without limiting the generality of the foregoing or imposing any obligation on the Association, the Association shall have an easement and right of entry upon each Lot and Parcel at any time, without prior notice, in order to perform emergency repairs.

4.3.2 Inspection Rights. Without limiting the generality of the foregoing, during reasonable hours and upon reasonable notice to the Owner or other occupant of a Lot or Parcel, the Association, any member of the Board and any member of the Architectural and Landscape Committee, and any authorized representative of the foregoing parties, shall have an easement and right to enter upon and inspect any Lot or Parcel and the Improvements constructed or being constructed thereon (except for the interior portions of a completed and

occupied Dwelling Unit and except for Dwelling Units and other Improvements under construction by Declarant or its affiliates) to determine compliance with this Declaration, the Architectural and Landscape Guidelines, and any approved stipulations issued by the Architectural and Landscape Committee. No person shall be deemed guilty of trespass by reason of such an entry.

4.3.3 Easement Creation. In addition to the easements specifically granted or reserved herein, the Association is authorized and empowered to grant upon, across, over and under Association Land such permits, licenses, easements and rights-of-way for sewer lines, water lines, underground conduits, storm drains, television cable and other similar public or private purposes, security lines, roadways and other purposes as may be reasonably necessary or appropriate for the orderly functioning of SaddleBrooke Ranch and the maintenance and preservation of the health, safety, convenience and welfare of the Owners of real property within SaddleBrooke Ranch, as determined by the Board.

4.4 Golf Course Owner Easement. There is hereby created a nonexclusive easement in favor of the Golf Course owner (a) for reasonable vehicular, golf cart and pedestrian access by Golf Course owner and its employees, agents and customers over any private streets, cart paths, sidewalks and other pathways within the Common Areas of SaddleBrooke Ranch; (b) for reasonable use of parking lots located on the Common Areas by Golf Course owner and its employees, agents and customers in conjunction with the operation and use of the Golf Course, the pro shop, storage areas and snack bar; and (c) for access over, across and through such Common Areas in SaddleBrooke Ranch as are convenient or necessary for the orderly functioning of the Golf Course and the maintenance of the Golf Course Land by the Golf Course owner and its employees and agents. There shall be no charge for the exercise of the easement rights set forth in this Section 4.4.

4.5 Drainage Easement. All Lots, Parcels, Common Areas, Golf Course Land and other portions of SaddleBrooke Ranch shall be subject to an easement for the runoff, drainage and/or retention of water from other Lots, Parcels, Common Areas, Golf Course Land and other portions of SaddleBrooke Ranch in accordance with the Master Drainage Report; provided, however, that no person shall be entitled to alter the drainage patterns on any portion of SaddleBrooke Ranch that are set forth in the Master Drainage Report. All Lots, Parcels, Common Areas and other portions of SaddleBrooke Ranch shall be subject to the additional drainage covenants set forth in Section 5.2.24.

4.6 Irrigation Easement. Every Lot and Parcel is hereby subjected to a nonexclusive easement for overspray and runoff of water from any irrigation systems serving the Common Areas and the Golf Course Land, and the Common Areas are hereby subjected to a nonexclusive easement for overspray and runoff of water from any irrigation systems serving the Golf Course Land. Under no circumstances will the Association, the Golf Course owner, or any of their respective officers, directors, employees, or agents be responsible for any property damage or personal injury resulting from any overspray or from the operation of the irrigation systems serving the Common Areas or Golf Course Land except to the extent of any gross negligence or willful misconduct.

4.7 Perimeter Wall Easement. Declarant may establish one or more perimeter wall easements from time to time by subdivision plat, Tract Declaration or other recorded instrument, for walls or fences or other similar structures at the perimeter of SaddleBrooke Ranch, a subdivision within SaddleBrooke Ranch, or other similar locations.

4.8 Encroachment Easement. Each Lot and Parcel, the Common Areas, and all other areas in SaddleBrooke Ranch shall be subject to an easement of not more than five feet for encroachments of walls, ledges, roofs, air conditioners and other structures created by construction, settling and overhangs as designed and constructed by Declarant or its affiliates and contractors. If any such Improvement on the Common Areas encroaches upon any Lot, Parcel or other area, or if any such Improvement on any Lot, Parcel or other area encroaches upon any portion of the Common Areas, or if any such Improvement on any Lot, Parcel or other area encroaches upon another Lot, Parcel or other area, an easement for the encroachment and for the maintenance thereof shall exist. If any such Improvement on any Lot, Parcel, Common Area or other area is repaired, altered or reconstructed in accordance with the original plans and specifications or subsequent plans and specifications of Declarant or its affiliates, similar encroachments shall be permitted and an easement for any such encroachment and for the maintenance thereof shall exist.

ARTICLE 5
LAND USE CLASSIFICATIONS AND USE RESTRICTIONS.

5.1 Tract Declarations and Land Use Classifications.

5.1.1 Tract Declarations Generally. As portions of SaddleBrooke Ranch are readied for development, Declarant shall record one or more Tract Declarations covering the areas to be developed. Each Tract Declaration shall run with the land and be binding upon the property against which it is recorded. Only Declarant shall have the right to record Tract Declarations. All Tract Declarations shall be subject to applicable zoning laws.

5.1.2 Land Use Classifications. Each Tract Declaration shall specify the Land Use Classification(s) (including any number of sub-classifications thereof for any special uses) and permitted uses of the property described therein. Declarant may establish such Land Use Classifications as it desires in its sole and absolute discretion including, but not limited to, the following:

- (a) Single Family Residential Use;
- (b) Residential Condominium Development Use;
- (c) Association Use, which may include common recreational and other areas owned and maintained by the Association;
- (d) Golf Course Use, and any other recreational and maintenance uses operated in connection therewith;
- (e) Utility or Well-Site Use, including maintenance and storage related thereto;

(f) General Public or Quasi-Public Uses approved by Declarant including, but not limited to, libraries, parks and fire stations that are not Association Land;

(g) Cluster Residential Use, which shall consist of Lots with Dwelling Units intended for Single Family occupancy in those types of residential housing arrangements known as townhouses, clustered housing, duplexes, zero-lot line housing and similar arrangements, together with any related amenities; and

(h) Church Use.

The Land Use Classifications established by a Tract Declaration shall not be changed except as specifically permitted by this Declaration or the applicable provisions of the affected Tract Declaration. Unless otherwise specifically provided in this Declaration, the definitions and characteristics of all land use classifications, and specific permitted and prohibited uses in such classifications or any sub-classifications or combined classifications shall be determined in the Tract Declaration and shall be within the complete discretion of Declarant.

5.1.3 Additional Covenants and Restrictions. Each Tract Declaration may include such additional covenants and restrictions governing the property subject to the Tract Declaration as Declarant may determine its sole and absolute discretion from time to time, and such additional covenants and restrictions shall be construed as a supplement to this Declaration and fully a part hereof for all purposes, to the same extent as if all of the provisions thereof were set forth in this Declaration. Without limiting the generality of the foregoing, the additional covenants and restrictions set forth in a Tract Declaration may include exemptions from Assessments, architectural restrictions, use restrictions and other provisions of this Declaration; additional easements; alternative methods for calculating Assessments or establishing voting rights; and additional use restrictions.

5.1.4 Amendment, Modification and Revocation of Tract Declarations. Each Tract Declaration and subdivision plat may be modified, amended or revoked at any time by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) as to all or any portion of the land that is subject to the Tract Declaration or subdivision plat, without the consent of any Owners other than the consent or vote of 2/3 of the total votes then eligible to be cast by all Owners of the land that is the subject of the modification, amendment or revocation, subject to any requirements of Pinal County; provided, however, if the Association is the Owner of real property that is subject to any such modification, amendment or revocation, Declarant shall not be required to obtain the Association's consent to any such action prior to the Transition Date. Alternatively, each Tract Declaration and subdivision plat may be modified, amended or revoked at any time by Owners of the Lots that are subject to the Tract Declaration or subdivision plat casting 2/3 of the total votes then eligible to be cast by all such Members, and Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially), subject to any requirements of Pinal County. Notwithstanding the foregoing, no modification, amendment or revocation of a Tract Declaration or a subdivision plat will be effective if it would leave any Lot without legal access. Notwithstanding anything herein to the contrary, (a) no Tract Declaration or plat may be modified, amended or revoked without Declarant's consent to and signature on the modification, amendment or revocation, so long as Declarant or any of its affiliates owns any

property in SaddleBrooke Ranch in fee or beneficially; and (b) no modification or amendment of a Tract Declaration may materially conflict with this Declaration.

5.1.5 Supplemental Tract Declarations. Declarant also may record one or more supplemental Tract Declarations against portions of SaddleBrooke Ranch owned by Declarant that are already subject to a Tract Declaration, for the purpose of adding to the covenants, conditions, and restrictions applicable to those portions, so long as the terms of the supplemental Tract Declaration do not materially conflict with the terms of this Declaration or the Tract Declaration already applicable to the same land.

5.2 Covenants Applicable to Lots, Parcels and Other Areas Within All Land Use Classifications. Except as otherwise expressly provided in this Section 5.2 or elsewhere in this Declaration or in a Tract Declaration, the following Covenants and rights shall apply to all Lots, Parcels and other areas in SaddleBrooke Ranch, and to all Owners, Residents and tenants thereof, whether or not a Tract Declaration has been recorded for it and regardless of the Land Use Classification of it:

5.2.1 Animals. Except as otherwise expressly permitted in an applicable Tract Declaration, no birds or other animals, other than a reasonable number of generally recognized house or yard pets, shall be kept on any Lot, Parcel or other area in SaddleBrooke Ranch. Animals are permissible only if they are kept, bred and raised solely as domestic pets and not for commercial purposes. All pets must be kept in a fenced yard or on a leash or otherwise appropriately restrained at all times. No bird or other animal shall be allowed to make an unreasonable amount of noise or to become a nuisance or an unreasonable annoyance to other Owners or Residents. It shall be the responsibility of each Owner to remove immediately any droppings from pets. No structure for the care, housing or confinement of any bird or other animal shall be located so as to be Visible From Neighboring Property, unless approved by the Architectural and Landscape Committee. Upon written request of any Owner or Resident and subject to the provisions of any applicable Tract Declaration, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this Section 5.2.1, a particular bird or other animal is a generally recognized house or yard pet, whether a pet is a problem, nuisance or unreasonable annoyance, and whether the number of birds or other animals on any particular portion of SaddleBrooke Ranch is reasonable. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained herein.

5.2.2 Temporary Occupancy and Temporary Buildings. No trailer, incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. However, Declarant, its affiliates, subcontractors and employees may use and maintain trailers and other temporary buildings and structures, upon such portions of SaddleBrooke Ranch as Declarant or the applicable Tract Declaration may authorize, for construction, repair or sales purposes and for any other purpose within the scope of Declarant's authority under this Declaration.

5.2.3 Maintenance of Landscaping and Driveways. Unless otherwise provided in a Tract Declaration or other recorded instrument approved by Declarant, each Owner shall be responsible for the proper maintenance of all landscaping in the following locations: (a) the Owner's Lot or Parcel (including set back areas and Common Areas located thereon);

(b) public right-of-way areas between sidewalks (or bike or golf cart paths) and the street curb on the front and side of the Lot or Parcel; (c) public areas between a sidewalk and the Lot or Parcel boundary; and (d) other public or easement areas adjacent to the Owner's Lot or Parcel that are not otherwise the clear responsibility of another person. However, if the maintenance of these areas is the responsibility of the Association, an Ancillary Association, a utility, or a governmental or similar authority, then an Owner shall be responsible for such maintenance only if, and to the extent that, the other responsible entity is not performing required maintenance. As used herein, maintenance shall include, but not be limited to, keeping the areas neatly trimmed, cultivated and free of trash, weeds and unsightly material. Each Owner also shall maintain in good condition and repair all paved and concrete areas, including driveways, roadways, sidewalks and parking areas, located on the Owner's Lot or Parcel and shall sweep and keep in a neat and clean condition all sidewalks located between the Owner's Lot and any front and side streets.

5.2.4 Initial Installation of Landscaping. Landscaping on a Lot and other area that is the responsibility of the Lot Owner must be completed by each Owner, at the Owner's expense, within 90 days after closing of the initial purchase of the Dwelling Unit on the Owner's Lot. The character of the landscaping must be such as to complement landscaping established in the Common Areas and as required by the Architectural and Landscape Committee. The landscaping must be of quality compatible with the development and must otherwise be in compliance with this Section. In order to meet the 90-day requirement, the Owner should endeavor to submit plans that satisfy the Architectural and Landscape Guidelines as soon as reasonably possible following the closing of the initial purchase of the Dwelling Unit. If the landscaping is not completed in accordance with the approved plans within 90 days after closing of the initial purchase of the Dwelling Unit on the Owner's Lot, the Association shall have the right, in its discretion, to (a) extend the 90-day deadline; (b) impose a reasonable monetary fine; and/or (c) install landscaping selected by the Association on the Owner's Lot at the expense of the Owner (with such expense secured by the Assessment Lien, to the extent permitted by applicable law). Without limiting Declarant's exemption set forth in Section 17.2 hereof, the landscaping requirements of this Section shall not apply to Declarant or its affiliates.

5.2.5 Nuisances; Construction Activities. No weeds, dead trees or plants, rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, Parcel or other area in SaddleBrooke Ranch, and no offensive odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such area or activity thereon unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the Owner or occupant of any such other property. No other nuisance or unreasonable annoyance shall be permitted to exist or operate upon any Lot, Parcel or other area in SaddleBrooke Ranch. Subject to the provisions of any applicable Tract Declaration, the Board shall have the exclusive right to determine the existence of any nuisance or unreasonable annoyance. Without limiting the generality of any of the foregoing provisions and except as otherwise permitted herein or in an applicable Tract Declaration, no exterior speakers, horns, whistles, firecrackers, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any Lot, Parcel or other area in SaddleBrooke Ranch. Normal construction activities, noise and parking in connection with the building of Improvements in SaddleBrooke Ranch shall not be considered a nuisance or unreasonable annoyance prohibited by this Declaration, but Lots, Parcels and other construction areas shall be kept in a neat and tidy

condition during construction periods, with all trash and debris removed with reasonable frequency. Declarant shall have the right to conduct its construction activities during the hours Declarant determines are necessary or appropriate from time to time, in its sole and absolute discretion. An Owner shall be responsible for all on-site and construction trash and debris occasioned by the Owner's contractors, subcontractors and other employees and agents, and shall remove all such trash and debris within a reasonable period of time. In addition, any construction equipment and building supplies of brick, block, lumber and other building materials will be kept only in such areas as may be approved by Declarant or the Architectural and Landscape Committee. It is acknowledged that normal construction activities may be noisy and may require the use of exterior speakers and that exterior speakers may be needed on the Golf Course Land, and such use of exterior speakers is expressly permitted. Without limiting Declarant's exemption set forth in Section 17.2 hereof, Declarant shall be exempt from the provisions of this Section 5.2.5.

5.2.6 Diseases and Insects. No Owner shall permit any thing or condition to exist upon any Lot, Parcel or other area that breeds or harbors diseases or insects.

5.2.7 Repair of Buildings. No building or other structure on any area in SaddleBrooke Ranch shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. If any building or other structure is damaged or destroyed, then, subject to the approvals required by Section 14.4 hereof, the building or structure shall be promptly repaired, rebuilt or demolished. If a Lot Owner fails to comply with this provision, the Board may give notice to the offending Lot Owner, and may then proceed to repair, rebuild or demolish the building or structure and charge the Lot Owner for the cost thereof as permitted in Section 13.3. If a building or other structure is demolished pursuant to this Section, the demolished area shall be promptly cleaned up by the Owner and made presentable.

5.2.8 Antennas. The Board may adopt reasonable rules, restrictions and requirements from time to time, within the constraints of any applicable law, regulating the placement, appearance, size, operation and other aspects of one or more antennas, satellite receiving stations and other devices for the transmission or reception of television or radio signals or any other form of electromagnetic radiation. Any such rules, restrictions and requirements shall take into account aesthetic considerations, safety, available technology, cost, feasible alternatives, and the effect (if any) of applicable laws and other requirements of governmental authorities. Declarant or the Architectural and Landscape Committee may permit one or more aerial satellite dishes, and/or other apparatus and equipment for an antenna or cable system, for the benefit of all or portions of SaddleBrooke Ranch.

5.2.9 Mineral Exploration. No area in SaddleBrooke Ranch may be used in any manner to explore for or remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth or any earth substances of any kind (other than one or more Parcels designated for such purposes in a recorded plat or Tract Declaration), without the written consent Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially), which consent may be granted or withheld in Declarant's sole and absolute discretion.

5.2.10 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot, Parcel, or other area in SaddleBrooke Ranch, except in covered containers of a type, size and style approved by the Architectural and Landscape Committee or Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially). Unless otherwise approved by the Architectural and Landscape Committee or Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially), such containers shall be maintained and stored so as to not be Visible From Neighboring Property except to make them available briefly for collection. All rubbish, trash and garbage shall be removed from Lots, Parcels and other areas in SaddleBrooke Ranch and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained in SaddleBrooke Ranch. Without limiting Declarant's exemption set forth in Section 17.2 hereof, Declarant shall be exempt from the provisions of this Section 5.2.10.

5.2.11 Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be placed or maintained in SaddleBrooke Ranch unless they are not Visible From Neighboring Property.

5.2.12 Machinery and Equipment. Except as may be provided in an applicable Tract Declaration, no machinery or equipment of any kind shall be placed, operated or maintained in SaddleBrooke Ranch except (a) such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of an approved building, appurtenant structures, or other Improvements; and (b) that which Declarant or the Association may require for the operation and maintenance of SaddleBrooke Ranch.

5.2.13 Signs and Flags. No signs or flags that are Visible From Neighboring Property shall be erected or maintained in SaddleBrooke Ranch except:

- (a) Signs required by legal proceedings;
- (b) Identification signs for individual residences, provided the number and specifications of the signs satisfy criteria set forth in the Architectural and Landscape Guidelines from time to time;
- (c) "For sale" or "for rent" signs for individual residences, provided the number and specifications of the signs satisfy criteria set forth in the Architectural and Landscape Guidelines from time to time;
- (d) Political signs, provided the number, specifications and timing of the signs satisfy any criteria set forth in the Architectural and Landscape Guidelines from time to time, in accordance with Arizona law;
- (e) Such signs as may be erected by Declarant or its affiliates from time to time including, but not limited to, construction job identification signs, directional signs and subdivision identification signs;

(f) Certain temporary cautionary signs regarding children, as set forth in A.R.S. § 33-1808, or any successor statute;

(g) A flag expressly permitted by A.R.S. § 33-1808, A.R.S. § 33-1261 or the federal flag code (4 U.S.C. §§ 4-10) (or any successor statutes) consistent with the provisions of those statutes; provided, however, that the Association may adopt reasonable Community Rules regarding the display of such flag, including regulating the size and location of flagpoles, consistent with applicable laws;

(h) Such other signs or flags as may have been approved in writing by the Architectural and Landscape Committee or by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially); and

(i) Any other signs or flags the display of which may not be prohibited under applicable law, but only to the extent such display may not be prohibited.

Without limiting the generality of any enforcement rights described in this Declaration, the Board, the Association, the Architectural and Landscape Committee, and the respective agents of any of the foregoing, may enter a Lot or Parcel for the purpose of removing any signs that do not comply with Architectural and Landscape Committee standards or do not otherwise comply with this Section 5.2.13.

5.2.14 Restriction on Further Subdivision, Property Restrictions and Rezoning. No Lot or Parcel shall be further subdivided or separated into smaller Lots or Parcels by any Owner or other person, and no portion less than all of any Lot or Parcel, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially). This provision shall not apply to transfers of an individual ownership interest in the whole of any Lot or Parcel or to mortgages, deeds of trust or other liens on the whole of any Lot or Parcel. Notwithstanding anything to the contrary contained in this Declaration, Declarant reserves and shall retain the right, at any time, to subdivide, separate, re-subdivide, combine into Lots or Parcels, or combine with existing Lots or Parcels, any property then owned or controlled by Declarant. Unless otherwise approved by Declarant in writing, no buildings or other permanent structures shall be constructed on any areas in SaddleBrooke Ranch until a Tract Declaration has been recorded against the land where the structure is to be constructed. No subdivision plat, Tract Declaration, easements or further covenants, conditions, and restrictions shall be recorded by any Owner or other person against any property in SaddleBrooke Ranch unless the provisions thereof have first been approved in writing by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially). Any plat, Tract Declaration or other covenants, conditions and restrictions or easements recorded without such an approval being evidenced thereon shall be null and void. Once a Parcel has been subdivided into Lots by a recorded plat, that Parcel may not be re-subdivided without the prior written approval of Declarant (so long as Declarant or any affiliate owns any property in SaddleBrooke Ranch in fee or beneficially). No application for rezoning of any Lot or Parcel, and no application for variances or use permits, shall be filed with any governmental authority unless the proposed use of the property has been approved by Declarant (so long as Declarant or any affiliate owns any property in SaddleBrooke

Ranch in fee or beneficially), in writing, and the proposed use otherwise complies with this Declaration and any applicable Tract Declaration.

5.2.15 Party Walls. The rights and duties of Owners of contiguous properties that have Party Walls shall be as follows:

(a) Each Owner shall have the right to use the Party Wall, provided that such use does not unreasonably interfere with the other Owner's use and enjoyment of the Party Wall and complies with the Architectural and Landscape Guidelines;

(b) If a Party Wall is damaged or destroyed through the act or failure to act of an Owner or any of the Owner's tenants, agents, guests or family members (whether or not the act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and to repair the Party Wall promptly without cost to the Owner of the adjoining property;

(c) If any Party Wall is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act or failure to act of an adjoining Owner or the Owner's tenants, agents, guests or family, it shall be the obligation of all Owners whose properties adjoin the Party Wall to rebuild and repair the Party Wall at their joint expense, with the expense to be allocated among all adjoining Owners in proportion to the frontage of their respective properties on the damaged or destroyed portion of the Party Wall;

(d) Notwithstanding the foregoing and unless otherwise indicated in an applicable Tract Declaration or other recorded document (but subject to Section 5.2.16 with respect to Perimeter Walls), in the case of Party Walls constructed on or immediately adjacent to any boundary line separating (i) Lots and Common Areas, or (ii) Lots and Golf Course Land, the Owner of the Lot shall be responsible for all maintenance thereof, in a timely manner, including, without limitation, painting the surface of both sides of the Party Wall (i.e. that portion facing that Owner's Lot and the portion facing Common Area or Golf Course Land, as applicable). Any maintenance (including painting or structural repairs) that are on or visible from the portion of the Party Wall facing Common Area or Golf Course Land, as applicable, shall be subject to the approval of the Association (in the case of Common Area) or the owner of the Golf Course Land, as applicable, in its sole and absolute discretion. Notwithstanding the immediately preceding sentence, the Association (in the case of Common Area) or the owner of the Golf Course Land, as applicable in a particular situation, may, in its sole and absolute discretion, at any time and from time to time, elect to perform all or any portion of the maintenance (including painting or structural repairs) on all or any portion of the a Party Wall constructed on or immediately adjacent to any boundary line separating a Lot from Common Area or Golf Course Land, as the case may be.

(e) The provisions of this Section 5.2.15 shall not apply to any Party Wall that separates the interiors of two Dwelling Units or to any Party Wall that also constitutes an exterior wall of a Dwelling Unit. The rights of the Owners of any such Dwelling Units with respect to any such Party Walls shall be governed by the applicable Tract Declaration or by any additional covenants recorded against those Dwelling Units.

5.2.16 Perimeter Walls. Subject to the provisions of Section 13.2 and Section 13.3 hereof, the perimeter walls constructed by Declarant, if any, shall be maintained by the Association, except that each Owner shall remain responsible for painting and maintaining the surface of the portion of the perimeter wall facing that Owner's Lot or Parcel and except that the Owner shall reimburse the Association for 1/2 of the costs of any structural repair of that portion of the perimeter wall located on or immediately adjacent to that Owner's property or on or near that Owner's property boundary. The Board shall have sole and absolute discretion with respect to the maintenance of the exterior surfaces facing rights-of-way and the structural repair of the perimeter walls. The Association shall be responsible for the maintenance of:

(a) All landscaping immediately outside the perimeter walls and fences adjoining rights-of-way; and

(b) All areas immediately outside a perimeter wall adjoining a Common Area wash, if any, except any maintenance obligations assumed by any governmental entity, by an Ancillary Association, or by the Owner of the adjoining Lot or Parcel.

5.2.17 Utility Service. No lines, wires or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, may be erected, placed or maintained anywhere in SaddleBrooke Ranch unless they are contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures, except for:

(a) Boxes on the ground for electrical or communication connections, junctions, transformers and other apparatuses customarily used in connection with such underground lines, wires and other devices;

(b) Such above-ground electrical apparatuses as may be convenient or reasonably necessary on any Parcels designated for Well Sites or Utility Use; and

(c) Those expressly approved by Declarant in writing (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially).

Notwithstanding the foregoing, no above-ground electrical apparatus shall be installed without the written approval of Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) or the Architectural and Landscape Committee (after Declarant no longer has the right to grant such approvals). All lines for the transmission of water and sewage also shall be installed and maintained underground or concealed in, on or under structures approved by Declarant or otherwise installed in a manner approved by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) or the Architectural and Landscape Committee (after Declarant no longer has the right to grant such approvals). The installation and location of all utility lines and equipment must be approved in writing by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) or the Architectural and Landscape Committee (after Declarant no longer has the right to grant such approvals). Temporary above-ground power or telephone structures and water lines incident to construction activities shall be permitted only with the written consent of Declarant (so long as Declarant or any of its affiliates

owns any property in SaddleBrooke Ranch in fee or beneficially) or the Architectural and Landscape Committee (after Declarant no longer has the right to grant such approvals).

5.2.18 Overhead Encroachments. No Owner shall allow any tree, shrub or planting of any kind on the Owner's Lot or Parcel to overhang or otherwise encroach upon any sidewalk, street, bike path, golf cart path, trail, pedestrian way, the Golf Course or other Lot, Parcel or area from the ground level to a height of eight feet without the prior written consent of Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) or the Architectural and Landscape Committee, and the consent of the Owner of the Lot, Parcel or other area encroached upon.

5.2.19 Trucks, Trailers, Campers and Boats. Except for loading and unloading purposes not to exceed 48 hours, no motor vehicle classed by manufacturer rating as exceeding 3/4 ton, mobile home, motor home, trailer, camper shell, detached camper, boat, boat trailer or other similar equipment or vehicle may be parked or stored on any area in SaddleBrooke Ranch so as to be Visible From Neighboring Property; provided, however, this provision shall not apply to (a) pickup trucks of less than 3/4-ton capacity with camper shells not exceeding seven feet in height measured from ground level and mini-motor homes not exceeding seven feet in height and 18 feet in length that are parked as provided in Section 5.2.21 hereof and are used on a regular and recurring basis for basic transportation; (b) trucks, trailers and campers parked in any recreational vehicle storage area within any areas designated for such parking in a Tract Declaration; provided, however, that all such parking areas have been approved in writing by Declarant (so long as Declarant or any of its affiliates owns property in SaddleBrooke Ranch in fee or beneficially) or the Architectural and Landscape Committee; (c) trucks, trailers, temporary construction shelters or facilities maintained during, and used in connection with, construction of any Improvement approved by Declarant or the Architectural and Landscape Committee; or (d) the vehicle of an Owner or Resident employed by a public service corporation or public safety agency if the vehicle is required to be available at the person's residence as a condition of the person's employment and otherwise meet the conditions of A.R.S. § 33-1809, or any successor statute. The provisions of this Section shall apply only to the extent permitted by applicable Arizona laws.

5.2.20 Motor Vehicles. No motor vehicle of any kind shall be constructed, reconstructed or repaired upon any Lot, Parcel, street or other area in SaddleBrooke Ranch so as to be Visible From Neighboring Property, and no inoperable vehicle may be stored or parked so as to be Visible From Neighboring Property; provided, however, that this provision shall not apply to (a) emergency vehicle repairs; (b) the parking of motor vehicles in parking areas in SaddleBrooke Ranch designated or approved by Declarant (so long as Declarant or any of its affiliates owns property in SaddleBrooke Ranch in fee or beneficially) or the Architectural and Landscape Committee so long as such vehicles are in good operating condition and appearance and are not under repair; and (c) the storage of motor vehicles in an area designated for such purposes in a Tract Declaration or on a site plan approved by Declarant (so long as Declarant or any of its affiliates owns property in SaddleBrooke Ranch in fee or beneficially).

5.2.21 Parking. It is intended that on-street parking will be restricted as much as reasonably possible. Vehicles of all Owners and Residents, and of their employees, guests and invitees, are to be kept in garages, driveways and other parking areas designated or

approved by Declarant or the Board; provided, however, this Section 5.2.21 shall not be construed to permit the parking or storing in the above described areas of any vehicle whose parking or storage is otherwise prohibited herein. The Community Rules may permit temporary parking on streets or other areas in SaddleBrooke Ranch for public or private social events or other permitted activities. The provisions of this Section are subject to the Golf Course rights set forth in Section 5.6.3 hereof. The provisions of this Section shall apply only to the extent permitted by applicable Arizona law, including, but not limited to, any public service or safety vehicle required to be available under A.R.S. § 33-1809, or any successor statute.

5.2.22 Roofs. No heating unit, air conditioning unit, evaporative cooler or other mechanical apparatus, structure or object shall be placed on the roof of a Dwelling Unit or located or installed anywhere on a Lot or Parcel so as to be Visible From Neighboring Property without the prior written consent of the Architectural and Landscape Committee. The location and installation of solar units and panels on the roof shall not be prohibited, but the Architectural and Landscape Guidelines may include reasonable rules, restrictions and requirements, from time to time, regulating the placement, appearance, size, operation, and other aspects of any solar units and panels, and the placement of any solar units and panels on any roof or anywhere on a Lot or Parcel that is Visible From Neighboring Property shall require the prior written approval of the Architectural and Landscape Committee, which approval shall not be unreasonably withheld or delayed. Any solar panel approved for placement on a roof must be flush-mounted if it is Visible From Neighboring Property.

5.2.23 Window Treatments. Within 90 days of occupancy, each Owner of a Dwelling Unit shall install permanent draperies or suitable window treatments on all windows that are Visible From Neighboring Property. In no event shall windows be covered with paper, aluminum foil, bed sheets or any other materials or temporary coverings not specifically intended for such purposes. No interior or exterior reflective material shall be used as a window covering unless the material has been approved by the Architectural and Landscape Committee. The exterior side of all drapes, curtains or other window coverings shall complement the colors of the Dwelling Unit.

5.2.24 Drainage and Landscaping. No Owner or Resident shall alter, interfere with or obstruct the drainage pattern over the Owner's or Resident's Lot or Parcel or over any other portions of SaddleBrooke Ranch, as that pattern may be established or altered in accordance with the Master Drainage Report. In addition, for drainage purposes, the Architectural and Landscape Committee shall have the right to require that lot line fences permit drainage and otherwise meet standards set forth in the Architectural and Landscape Guidelines from time to time. Landscaping installed on Lots and Parcels can have a significant impact on drainage and must be in compliance with the Master Drainage Report. Each Owner is responsible for ensuring that the landscaping installed on the Owner's Lot or Parcel provides for appropriate drainage away from the foundation of the residence and other structures and that it complies with the Master Drainage Report.

5.2.25 Garage Openings. Except as may be provided in the Community Rules, no garage door shall be open except when necessary for access to and from the garage. No parking area or garage shall be used to store junk or other unsightly material.

5.2.26 Golf Balls. Owners, Residents, guests and other persons owning, occupying or using any Lot, Parcel or other area in the vicinity of the Golf Course are deemed to have assumed the risks of personal injury and property damage resulting from golf balls hit onto any such Lot, Parcel or other area by persons playing golf, and the Declarant, its affiliates, the Association and the Owner of the Golf Course (if other than Declarant) shall not be liable for any such errant golf balls. Without limiting the generality of the foregoing, neither Declarant, nor the owner of the Golf Course (if other than Declarant), nor the Association, is responsible for installing screening devices or trees to limit or prevent errant golf balls from causing injury or damage, and the installation of such screening devices by any Owner shall require the prior approval of the Architectural and Landscape Committee. Nothing in this Section 5.2.26 shall be deemed to limit the liability of any person who hits an errant golf ball.

5.2.27 Health, Safety and Welfare. If additional uses, activities and facilities are deemed by the Board to be a nuisance or unreasonable annoyance or to adversely affect the health, safety or welfare of Owners or Residents, the Board may make rules restricting or regulating their presence in SaddleBrooke Ranch. Notwithstanding the foregoing, the Board has no responsibility or obligation to ensure the health, safety and welfare of Owners and Residents.

5.2.28 Security. NEITHER THE ASSOCIATION NOR DECLARANT SHALL BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND RESIDENTS, FOR THEMSELVES AND ON BEHALF OF THEIR FAMILIES, GUESTS, AND INVITEES, ASSUME ALL RISK OF LOSS OR DAMAGE TO PERSONS, TO PROPERTY, TO PARCELS, TO LOTS, TO RESIDENCES AND TO THE CONTENTS OF PARCELS, LOTS AND RESIDENCES. ALL OWNERS AND RESIDENTS, FOR THEMSELVES AND ON BEHALF OF THEIR FAMILIES, GUESTS AND INVITEES, ACKNOWLEDGE AND AGREE THAT (A) DECLARANT AND THE ASSOCIATION, AND COMMITTEES ESTABLISHED BY EITHER OF THEM, ARE NOT GUARANTORS OR INSURERS OF SECURITY; (B) DECLARANT HAS MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS ANY OWNER, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY SECURITY MEASURES RECOMMENDED OR TAKEN; AND (C) ANY SECURITY MEASURES MAY INADVERTENTLY RESTRICT OR DELAY ACCESS INTO SADDLEBROOKE RANCH BY THE POLICE, FIRE DEPARTMENT, AMBULANCES AND OTHER EMERGENCY VEHICLES AND PERSONNEL. THERE ARE NO ASSURANCES THAT ALL OR ANY PORTION OF SADDLEBROOKE RANCH WILL BE WALLED OR FENCED OR THAT ACCESS WILL BE COMPLETELY RESTRICTED. WITHOUT LIMITING THE FOREGOING, THERE ARE, IN FACT, LIKELY TO BE GAPS IN WALLS OR FENCING ALONG PORTIONS OF THE GOLF COURSE.

5.2.29 Model Homes. The provisions of this Declaration and of Tract Declarations that prohibit nonresidential use of Lots and Parcels and regulate parking of vehicles shall not prohibit the construction, maintenance and use of model homes, sales offices, administrative offices, and parking areas incidental thereto by Declarant and its designees

engaged in the construction or marketing of Dwelling Units in SaddleBrooke Ranch or of other development projects of Declarant or its affiliates.

5.2.30 Incidental Uses. Declarant may approve, regulate and restrict incidental uses of property within any Land Use Classification. By way of example and not of limitation, Declarant may permit private roadways, tennis and/or swimming clubs intended primarily for the benefit of all or certain Owners and Residents, and tennis courts, swimming pools and other recreational amenities.

5.2.31 Leases. Any lease agreement applicable to a Dwelling Unit must be in writing and must be subject to this Declaration, any applicable Tract Declaration, the Community Rules, the Architectural and Landscape Guidelines, the Articles and the Bylaws. Any violation of these documents by the tenant shall be a default under the lease. An Owner of a Dwelling Unit shall notify the Association regarding the existence of all leases and shall provide the Association a legible copy of each lease. The Lot Owner shall remain liable for compliance with the Declaration, any applicable Tract Declaration, the Articles, Bylaws, Community Rules and Architectural and Landscape Guidelines and shall be responsible for any violations thereof by the tenant or the tenant's family and guests. The Community Rules may impose reasonable requirements concerning leases including, but not limited to, minimum duration and may make reasonable distinctions (a) between persons who are Owners and persons who are not Owners, and (b) between persons who are Residents and persons who are not Residents.

5.2.32 New Construction. All Dwelling Units shall be of new construction. No buildings or other structures shall be moved on to a Lot, Parcel or other area from other locations without the prior written consent of either Declarant or the Architectural and Landscape Committee. No part of any Dwelling Unit shall be used for living purposes until the entire structure is completed.

5.2.33 Construction. All Dwelling Units and all other buildings in SaddleBrooke Ranch (including guest houses and casitas) must be constructed by Declarant or its designees. Notwithstanding anything to the contrary in this Declaration, this Section can be amended, changed, waived or terminated only by Declarant executing an instrument in recordable form that is recorded in the Official Records of Pinal County.

5.2.34 Compliance with Law. No Lot, Parcel or other area in SaddleBrooke Ranch shall be maintained or utilized in such a manner as to violate any applicable statute, ordinance, regulation or other applicable requirement of the United States of America, the State of Arizona, the County of Pinal or any other governmental entity or agency having jurisdiction over SaddleBrooke Ranch or any part thereof.

5.2.35 No Modification by Private Agreement. No private agreement of any Owners shall modify or abrogate any of these Covenants or the obligations, rights and duties of the Owners hereunder.

5.3 Covenants Applicable to Lots Within Single Family Residential Land Use Classification. The following Covenants shall apply only to Lots, and the Owners and Residents thereof, within a Single Family Residential Land Use Classification:

5.3.1 General. Property classified as Single Family Residential Use under a Tract Declaration may be used only for the construction and occupancy of one Single Family detached Dwelling Unit per Lot and typical residential activities incidental thereto, such as the construction and use of private swimming pools. All Lots within such a Residential Land Use Classification shall be used, improved and devoted exclusively to residential uses and no occupation, business, profession, trade or other nonresidential use may be conducted thereon, except that an Owner or Resident may conduct business activities on a Lot so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit; (b) the business activity conforms to all applicable zoning requirements; (c) the business activity does not involve persons coming on to the Lot or the door-to-door solicitations of other Owners and Residents; (d) the business activity does not involve the delivery of products or other materials to the Lot (other than once a day document or package delivery services and once a day document or package pick up services, such as Federal Express) and (e) the business activity is consistent with the residential character of the surrounding area and does not constitute a nuisance, unreasonable annoyance or a hazardous or offensive use, or threaten the security or safety of other Residents and Owners, as may be determined in the sole and absolute discretion of the Board. The terms “business”, “occupation”, “profession” and “trade”, as used in this Section 5.3 and in Section 5.4 hereof, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis that involves the provision of goods or services to persons other than the provider’s family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) the activity is engaged in full or part-time; (ii) the activity is intended to or does generate a profit; or (iii) a license is required for the activity. Notwithstanding the above, the leasing of a Dwelling Unit shall not be considered a trade or business as defined herein. Without limiting the generality of Declarant’s exemption in Section 17.2 hereof, the restrictions contained in this Section 5.3 and in Section 5.4 hereof shall not apply to any activity conducted by Declarant with respect to its development, marketing, operation or sale of property within SaddleBrooke Ranch, and Declarant shall have the right to maintain sales offices, administration offices, and sales and model complexes on property classified as for Single Family Residential Use.

5.3.2 Tenants. The entire Dwelling Unit and Lot may be leased to a Single Family tenant or lessee from time to time by the Owner, subject to the provisions of this Declaration, the applicable Tract Declaration and the Community Rules.

5.3.3 Minimum Home Size. All detached Single Family Dwelling Units in SaddleBrooke Ranch shall have at least 1,000 square feet of living space, exclusive of porches and garages.

5.4 Covenants Applicable to Property Within a Residential Condominium Development Land Use Classification and a Cluster Residential Land Use Classification. The following Covenants shall apply only to Dwelling Units, and the Owners and Residents thereof, within a Residential Condominium Development Land Use Classification or a Cluster Residential Land Use Classification:

5.4.1 General. Property classified as Residential Condominium Development Use or as Cluster Residential Use under a Tract Declaration may be used only for

the construction and occupancy of Single Family Dwelling Units, together with common facilities and other common areas, if any. In addition, a management office may be maintained on any such property for the purpose of selling, leasing and managing Dwelling Units and related Improvements on the property. All Lots within such a Land Use Classification shall be used, improved and devoted exclusively to residential uses and no occupation, business, profession, trade or other nonresidential use shall be conducted thereon, except that an Owner or Resident may conduct business activities on a Lot so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Dwelling Unit; (b) the business activity conforms to all applicable zoning requirements; (c) the business activity does not involve persons coming on to the Lot or the door-to-door solicitations of other Owners and Residents; (d) the business activity does not involve the delivery of products or other materials to the Lot (other than once a day document or package delivery services and once a day document or package pick up services, such as Federal Express); and (e) the business activity is consistent with the residential character of the surrounding area and does not constitute a nuisance, unreasonable annoyance or a hazardous or offensive use, or threaten the security or safety of other Residents and Owners, as may be determined in the sole and absolute discretion of the Board. Without limiting the generality of Declarant's exemption in Section 17.2 hereof, the restrictions contained in this Section 5.4 shall not apply to any activity conducted by Declarant with respect to its development, marketing or sale of property within SaddleBrooke Ranch, and Declarant shall have the right to maintain sales offices, administrative offices and sales and model complexes on property classified as Residential Condominium Use or Cluster Residential Use.

5.4.2 Tenants. The entire Dwelling Unit may be leased to a Single Family tenant from time to time by the Owner, subject to the provisions of this Declaration, the applicable Tract Declaration and the Community Rules.

5.5 Timeshare Restrictions. Nothing contained in this Declaration shall limit Declarant's right to create Timeshare interests in portions of SaddleBrooke Ranch in which such use is permitted by the applicable Tract Declaration. Except for such Timeshare interests as may be created by Declarant or with the written authorization of Declarant, no Timeshare use shall be allowed within SaddleBrooke Ranch.

5.6 Covenants Applicable to Golf Course Land Use Classification.

5.6.1 General. The Golf Course Land shall be designated as such in a Tract Declaration recorded by Declarant. No Association membership rights or responsibilities shall be attributed or charged to the Golf Course Land. NOTHING SET FORTH HEREIN SHALL REQUIRE DECLARANT, OR ANY FUTURE OWNER OF THE GOLF COURSE LAND, TO CONVEY THE GOLF COURSE LAND TO THE ASSOCIATION. DECLARANT SHALL HAVE THE RIGHT (BUT NOT THE OBLIGATION) TO RETAIN THE GOLF COURSE LAND OR TO CONVEY THE GOLF COURSE LAND TO AN UNRELATED THIRD PARTY.

5.6.2 Use Restriction. The Golf Course Land shall be used solely as one or more golf courses, parks, recreation areas (including, but not limited to, driving ranges, pro shops, water storage, golf cart storage, well-sites, recharge wells, drainage structures,

automobile parking, and other recreational and associated maintenance facilities) or for open space or landscaping purposes. Notwithstanding the foregoing and subject to applicable zoning regulations, the owner of the Golf Course Land, without approval from the Board or other Owners, may amend the Tract Declaration or plat or plats covering the Golf Course Land to alter the use or boundaries of the Golf Course Land or any portion thereof, provided that (a) the remaining Golf Course Land remains available for golf course purposes (and is sufficient for those purposes); and (b) the change does not materially diminish the playability of any golf course existing on the Golf Course Land at the time of the change. Notwithstanding anything herein to the contrary, as long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially, any amendment to a Golf Course Tract Declaration or plat or plats affecting the Golf Course Land must be approved by Declarant.

5.6.3 Operation of Golf Course. To the extent reasonably possible, the manager of any golf course and other facilities located on Golf Course Land shall attempt to operate the golf course and other facilities in such a manner so as not to create an unreasonable nuisance or annoyance for the Owners and Residents of SaddleBrooke Ranch. Notwithstanding the foregoing, activities and uses permitted on the Golf Course Land shall include all activities normally associated with the operation and maintenance of a golf course and any and all other recreational activities and facilities permitted under Section 5.6.2 hereof, approved by Declarant (so long as Declarant or any of its affiliates owns property in SaddleBrooke Ranch in fee or beneficially), or permitted by the applicable Tract Declaration, including, but not limited to, the conduct of tournaments and other recreational events that may include spectators, television, radio and other media coverage, and various related activities. Notwithstanding other provisions of this Declaration or the Community Rules restricting parking, members of the public shall have the right to park their vehicles on roadways within SaddleBrooke Ranch at reasonable times before, during and following golf tournaments and other special event functions held on the Golf Course Land.

5.6.4 Golf Course Rules. Subject to the terms of this Declaration and any Tract Declaration recorded against the Golf Course Land and any binding contractual (or similar) obligations, the owner of the Golf Course Land shall have the right, in its sole and absolute discretion, to establish rules and regulations governing all aspects of the Golf Course including, but not limited to, price, hours of operation, tee-time procedures, annual golf fees, use, reciprocal agreements, commitments, subleasing, availability, staffing, quality, equipment and maintenance. Without limiting the generality of the foregoing, the owner of the Golf Course Land shall have the following rights, exercisable in its sole and absolute discretion at any time: (a) the right to make the Golf Course Land available to certain non-Members or to the general public; (b) the right to restrict play to the Members of the Association; and (c) the right to enter into reciprocal or other use agreements permitting owners and residents in neighboring developments to use the Golf Course on the same or different terms as Owners and Residents.

5.6.5 The Issuance of An Annual Pass. The owner of the Golf Course may, but shall have no obligation to, issue annual passes to use the Golf Course Land to Owners, Residents and/or members of the general public. The issuance of an annual pass to any Owner for any one year shall not guarantee that the owner of the Golf Course Land will issue any annual pass in any future year. Further, the holder of any annual golf pass does not have an automatic right to expect to play every day, or on any particular day, for which the holder applies

for a tee time. The number of tee times are limited by the amount of daylight on any given day, weather conditions and other factors affecting play, and the Golf Course owner may not find it possible to grant tee times to all persons who apply for tee times on any given day.

5.6.6 Golf Course Use of Association Property. If any golf pro shop, golf cart storage areas, snack bar or other Golf Course use is located in a clubhouse or other building owned by the Association or on Common Area, the Golf Course owner and the Association shall enter into a lease or such other agreement as they deem appropriate to provide a method by which the Golf Course owner pays the additional costs incurred by the Association as a result of such Golf Course use being located in an Association building or on Common Area. Pursuant to such agreement, the Golf Course owner shall not be required to pay the Association more than the actual out of pocket costs incurred by the Association as a result of such Golf Course use being located in an Association building or on Common Area. Alternatively, Declarant shall have the right to cause any of such Golf Course uses and property operated (or to be operated) by the Association to be subject to a condominium declaration whereby (a) certain golf-related areas (for example and without limitation, the golf pro shop) included in the condominium will constitute a condominium unit that will be owned by the Golf Course owner, who will pay assessments to the condominium association, (b) the amenities in the condominium operated by the Association (for example and without limitation, the restaurant) will constitute another condominium unit, which will be owned by the Association, who will pay condominium assessments to the condominium association, and (c) the remaining portions of the condominium will constitute common elements or limited common elements, all as shall be more particularly set forth in a condominium declaration to be recorded prior to the conveyance of the condominium unit to the Association. The condominium assessments that will be payable by the Association and by the Golf Course owner will be structured to approximate the reasonable out of pocket costs to the Association of having the Golf Course use in the same building or on the same property as the Association uses.

5.7 Variances. Declarant or the Board may, in extenuating circumstances, grant variances from any or all of the restrictions set forth in this Article 5 or in any Tract Declaration, if Declarant or the Board determines in its discretion (a) either (i) that a restriction would create an unreasonable hardship or burden on an Owner, or (ii) that a change of circumstances since recordation of this Declaration or the Tract Declaration has rendered the restriction obsolete or otherwise inappropriate, and (b) that the activity permitted under the variance will not have any substantial adverse affect on the Owners and Residents of SaddleBrooke Ranch and is consistent with the high quality of life intended for Residents of SaddleBrooke Ranch. Any request for a variance must be made in writing and must be accompanied by adequate supporting documentation. The granting of a variance in a particular instance shall not require the granting of variances in other similar or different instances.

5.8 Grazing or Agricultural Operations. Declarant reserves the right to use the undeveloped portions of SaddleBrooke Ranch, Annexable Property and perhaps other real property in the vicinity for grazing or agricultural purposes until they are developed for residential, commercial or other uses. Therefore, notwithstanding anything to the contrary contained in this Article 5 or elsewhere in this Declaration, none of the use restrictions or other provisions of this Declaration shall affect, interfere with or apply to any grazing or agricultural

operations, or related operations, that are conducted within SaddleBrooke Ranch with the consent of Declarant, unless Declarant specifies otherwise in writing.

ARTICLE 6 ORGANIZATION OF ASSOCIATION

6.1 Formation of Association. The Association shall be a non-profit Arizona corporation. Upon incorporation, the Association shall serve as the governing body for all the Members, and shall be charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws and this Declaration. Neither the Articles nor the Bylaws may, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. The Association is a separate legal entity from Declarant and as such, to the maximum extent permitted by law, the actions, inactions, decisions of the Association shall not be inherently or directly attributable to or the responsibility or obligation of Declarant.

6.2 Board of Directors and Officers.

6.2.1 Board Authority. The affairs of the Association shall be conducted by the Board and such officers as the Board may elect or appoint in accordance with the Articles and the Bylaws. The Board also may appoint various committees and appoint a manager or managing agent who shall be subject to the direction of the Board and be responsible for the day-to-day operation of the Association. Except as provided in Section 6.6, the Board shall determine the compensation to be paid to any manager or managing agent.

6.2.2 Declarant Powers. Notwithstanding anything in this Declaration to the contrary and as more particularly described in Section 8.9 hereof, until the Transition Date, Declarant shall have the right to maintain absolute control over the Association including, but not limited to, the right and power to amend the Articles and Bylaws and the right and power to appoint the officers and members of the Board. Initially, the Association shall have three directors, all of whom shall be appointed by Declarant and who need not be Members or spouses of Members; provided, prior to the Transition Date, Declarant shall have the right to change the number of directors in its sole and absolute discretion. Declarant shall have the right to replace any director or officer appointed by it for any reason whatsoever in its sole and absolute discretion. Prior to the Transition Date, at such time as is deemed appropriate by Declarant in its sole and absolute discretion, Declarant may permit the Members of the Association other than Declarant to elect such number of directors as is determined by Declarant in its sole and absolute discretion. If, prior to the Transition Date, any directors are elected by the Members of the Association other than Declarant, those Member-elected directors shall serve the terms specified in the Bylaws and must be Members or spouses of Members of the Association. Any vacancies created in those Member-elected directorships shall be filled in accordance with the Articles and the Bylaws. After the Transition Date, all members of the Board shall be Members or spouses of Members and shall be elected by the Members, including Declarant (with three votes for each Lot Declarant or any of its affiliates then owns as provided in Section 8.9).

6.3 Responsibilities of the Board. The Board's responsibilities shall be to carry out the objectives of the Association, which include, but shall not be limited to, the following:

- (a) Appointing and administering the Architectural and Landscape Committee (including, but not limited to, providing administrative support);
- (b) Preparing and administering an operational budget that provides for (i) the protection, administration and operation of the Common Areas, the Improvements thereon and the other property of the Association; (ii) the performance of all of the Association's responsibilities hereunder and under the Articles and Bylaws; and (iii) other uses permitted by Article 12 hereof;
- (c) Establishing and administering a reserve fund to the extent that funds are available therefor, subject to Section 12.1.1 hereof;
- (d) Scheduling and conducting the meetings of Members;
- (e) Collecting and enforcing the Assessments and disbursing funds received for the benefit of the Association and its Members;
- (f) Maintaining records and books in accordance with Generally Accepted Accounting Principles and performing other necessary accounting functions;
- (g) Promulgating and enforcing the Architectural and Landscape Guidelines and the Community Rules;
- (h) Maintaining the Common Areas; and
- (i) Performing all other duties imposed upon, and exercising all rights granted to, the Board pursuant to this Declaration, the Bylaws, the Articles and the Community Rules.

6.4 Personal Liability. No Board member; committee member; or officer, director or employee of the Association, Declarant or Declarant's affiliates shall be personally liable to any Member or to any other person or entity, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission or error even if caused by the negligence of the Board member, committee member, officer, director or employee; provided, however, the limitations set forth in this Section shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct. The Association shall indemnify all Board members; Architectural and Landscape Committee members; other committee members; and officers, directors and employees of the Association, Declarant and Declarant's affiliates when acting in good faith on behalf of the Association, to the fullest extent permitted by law. The indemnity provided for in this Section shall include indemnification against claims, damages, losses and expenses resulting from the negligence of the foregoing indemnified parties.

6.5 Ancillary Association. No Ancillary Association or other property owners' association or association of Residents within SaddleBrooke Ranch may be formed without the prior written consent of Declarant and the approval of any articles and bylaws by the Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially). In the event an Ancillary Association is formed by Declarant (or with the written consent of Declarant) for a Parcel, subdivision, area or neighborhood in SaddleBrooke Ranch,

articles of incorporation, bylaws and any declaration of restrictions shall serve as the governing documents for the Ancillary Association. The governing documents for an Ancillary Association must specify that the Ancillary Association and the rights of its members are subject to the provisions of this Declaration and the Articles and Bylaws of the Association. The Board may delegate to an Ancillary Association the responsibility for billing and collecting some or all of the Assessments.

6.6 Declarant as Manager of Association. From and after the date of this Declaration until the Transition Date, Declarant or its designee shall have the right, but not the obligation, to serve as the manager of the Association and to receive from the Association a management fee in the amount of 4% of the Association's total gross revenues from all sources, as reported in the Association's annual financial statements. The management fee shall be in addition to, and not in substitution for, reimbursement by the Association to Declarant or its designee for all direct expenses actually incurred in managing the Association and in addition to the costs and expenses of operating the Association and of paying the employees of the Association. The management fee shall not be payable if Declarant and its designee elect not to serve as manager of the Association.

ARTICLE 7 RIGHTS AND POWERS OF ASSOCIATION

7.1 Association's Rights and Powers As Set Forth in Articles and Bylaws. In addition to the rights and powers of the Association set forth in this Declaration, the Association shall have such rights and powers as are set forth in its Articles and Bylaws, which shall include all rights and powers as may be reasonably necessary in order to effect the purposes of the Association set forth in this Declaration. After incorporation of the Association, a copy of the Articles and Bylaws of the Association shall be available for inspection by Owners, prospective purchasers, mortgagees and other persons with an interest in SaddleBrooke Ranch at the office of the Association during reasonable business hours.

7.2 Rights of Enforcement.

7.2.1 Board Authority. The Association, acting through the Board, shall be and hereby is empowered to decide all questions regarding the enforcement of this Declaration, the Articles and Bylaws, the Community Rules and the Architectural and Landscaped Guidelines, and to take any and all actions needed, in its sole and absolute judgment, for enforcement thereof.

7.2.2 Enforcement Actions. The Association, on behalf of the Owners, shall have the right (without obligation) to enforce, by any proceeding at law or in equity, the terms of this Declaration, the Articles, Bylaws, Community Rules, Architectural and Landscape Guidelines and any and all Covenants, restrictions, reservations, charges, servitudes, assessments, conditions, liens or easements provided for therein or in any contract, deed, declaration or other instrument that (a) has been executed pursuant to, or subject to, the provisions of this Declaration, or (b) otherwise indicates that the provisions of the instrument are intended to be enforced by the Association. The Association is authorized to impose sanctions

for violations without court approval. Such sanctions may include reasonable monetary fines and suspension of the right to vote or use any recreational facilities on the Common Area as provided in Section 3.1(c) hereof. In the event suit is brought or arbitration is instituted or an attorney is retained by the Association to enforce the terms of this Declaration or another document described in this Section 7.2.2 and the Association prevails, the Association shall be entitled to recover, in addition to any other remedy, all attorneys' fees, expert witness fees, court costs, costs of investigation and other expenses incurred in connection therewith including, but not limited to, the Association's administrative costs and fees. Such fees, costs and expenses shall be the personal liability of the breaching Member and shall also, to the extent permitted by applicable law, be secured by the Assessment Lien against the Member's Lot. If the Association fails or refuses to enforce this Declaration or any other document described in this Section 7.2.2 or any provision thereof for an unreasonable period of time after written request by an Owner to do so, then any Owner may enforce the document or provision at that Owner's own expense by any appropriate action, whether in law or in equity, but regardless of the outcome, no expenses of such an action shall be reimbursed to the Owner by the Association.

7.3 Community Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations to be known as the "Community Rules". The Community Rules may restrict and govern the use of the Common Areas and Lots and may address all other aspects of the Association's rights, activities and duties; provided, however, that the Community Rules shall not discriminate among similarly situated Members (other than Declarant) and shall not be inconsistent with this Declaration, the Articles or the Bylaws. Upon adoption, the Community Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration, except that in the event of any inconsistency between the Community Rules and any of the provisions of this Declaration or of the Articles or Bylaws, the provisions of this Declaration, the Articles and the Bylaws shall control.

7.4 Contracts with Others for Performance of Association's Duties. Subject to the restrictions and limitations contained herein, the Association may enter into contracts and transactions with others, including Declarant and affiliated companies or persons, and no such contract or transaction shall be invalidated or in any way affected by the fact that one or more directors or officers of the Association or members of any committee of the Association are employed by or otherwise connected with Declarant or its affiliates, provided that the interest is disclosed or known to the other directors acting upon the contract or transaction, and provided further that the transaction or contract is fair and reasonable. Any such director, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Board or committee of which he is a member that shall authorize any contract or transaction described above or grant or deny any approval sought by Declarant, its affiliates or any competitor thereof and may vote at any such meeting to authorize any such contract, transaction or approval with like force and effect as if he were not so interested.

7.5 Procedure for Change of Use of Common Areas. Upon (a) adoption of a resolution by the Board stating that in the Board's opinion the then-present use of a designated part of the Association Land or of the Association's interest in other Common Areas is no longer in the best interests of the Owners and Residents, (b) approval of the resolution by Declarant (so long as Declarant or any of its affiliates owns property in SaddleBrooke Ranch in fee or

beneficially), and (c) if after the Transition Date, approval of the resolution by a majority of the votes cast by Members voting by absentee ballot or in person at a meeting duly called for such purpose at which a quorum is present, the Board shall have the power and right to change the use of such property (and in connection therewith, construct, reconstruct, alter or change the buildings, structures and other Improvements thereon in any manner deemed necessary or appropriate by the Board to accommodate the new use), provided the new use is (i) for the benefit of the Owners and Residents, as determined by the Board in its discretion, and (ii) consistent with any deed restrictions, zoning and other municipal regulations restricting or limiting the use of the land. Alternatively, after the Transition Date and upon satisfaction of (a) and (b) above, the proposed transaction shall be deemed approved by the Members and a meeting of the Members shall not be necessary if the Board notifies all Members in writing of the proposed change of use and of their right to object and no more than 10% of the total votes then eligible to be cast by all Members object in writing within 30 days after the notice is sent.

7.6 Procedure for Transfer of Common Areas. The Association shall have the right to dedicate or otherwise transfer all or any part of the Common Areas owned by the Association to any public authority or utility as provided in Section 3.1(d) hereof. In addition, the Association shall have the right to change the size, shape or location of the Common Areas, to exchange the Association's interest in Common Areas for other property or interests that become Common Areas, and to abandon or otherwise transfer the Association's interest in Common Areas (to a nonpublic authority) upon (a) adoption of a resolution by the Board stating that, in the opinion of the Board, the change proposed benefits the Owners and Residents and does not substantially and adversely affect them, (b) approval of the resolution by Declarant (so long as Declarant or any of its affiliates owns property in SaddleBrooke Ranch in fee or beneficially), and (c) if after the Transition Date, approval by a majority of the votes cast by Members voting by absentee ballot or in person at a meeting duly called for such purpose at which a quorum is present. Alternatively, after the Transition Date, the proposed transaction shall be deemed approved by the Members and a meeting of the Members shall not be necessary if the Board satisfies (a) and (b) above and then notifies all Members in writing of the proposed transaction and of their right to object and no more than 10% of the total votes then eligible to be cast by all Members object in writing within 30 days after the notice is sent.

7.7 Prohibition of Certain Activities by Association. Notwithstanding anything to the contrary herein and subject to the rights reserved to Declarant in this Declaration, the Association shall not engage, directly or indirectly, in any real estate sales or marketing activities or allow the use of any clubhouse or other Common Areas for such purposes by any licensed real estate brokerage company or other entity offering comparable services (other than the posting of such signs for the sale of individual Dwelling Units by Owners as may otherwise be permitted hereunder) without the prior written consent of Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially), which may be withheld in Declarant's sole and absolute discretion.

7.8 Designated Service Providers. The Board shall have the authority to designate exclusive providers of services to Owners within the SaddleBrooke Ranch when the Board deems it necessary or desirable to do so for reasons of obtaining better rates or terms of service or for other reasons deemed reasonable by the Board. Such services may, if the Board so elects, include (but are not limited to) garbage collection and security services. If the Board makes such

a designation, the Association may enter into an agreement with the designated service provider. The cost of services purchased by the may be included in the Annual Assessments payable by each Owner; provided, however, that the Board may allocate such costs between improved and unimproved properties, or within certain neighborhoods in SaddleBrooke Ranch, in such a manner as the Board deems equitable. Notwithstanding any designation and negotiation with a service provider, each Owner may contract separately with the designated service provider to receive services in excess of those provided to SaddleBrooke Ranch pursuant to the service provider's agreement with the Association, and the cost of the additional services shall be paid separately by the Owner and shall not be included in the Annual Assessment. Any service provider designated by the Board pursuant to this Section shall have an easement over the Common Areas to the extent necessary or convenient for the efficient delivery of the designated service.

ARTICLE 8 MEMBERSHIP AND VOTING

8.1 Owners of Lots. Every Owner of a Lot, including Declarant, but not including any other Owner of a Lot that constitutes Exempt Property, shall be a Member of the Association. Each such Owner, including Declarant, shall have one Membership for each Lot owned by the Member. Each Membership shall be appurtenant to, and may not be separated from, ownership of the Lot to which the Membership is attributable. There shall be only one Membership for each Lot, which shall be shared by any joint Owners of, or owners of undivided interests in, the Lot. Notwithstanding the foregoing, if an Owner of two adjoining Lots, or an Owner of a Lot and a portion of an adjoining Lot, with Declarant's approval (so long as Declarant or any of its affiliates owns property in SaddleBrooke Ranch in fee or beneficially) or the approval of the Board (after Declarant is no longer entitled to grant such approval) combines the areas owned by that Owner for use as one residence, then upon approval by Declarant or the Board, the combined Lots or the combined Lot and adjoining property, as the case may be, shall be assessed and treated as one Lot hereunder and shall be entitled to one Membership. Any Tract Declaration may limit or assign all or any of the voting rights otherwise applicable to portions of SaddleBrooke Ranch covered by the Tract Declaration. Without limiting the preceding sentence, any Tract Declaration recorded by Declarant may assign voting rights to Declarant for such periods of time and on such terms as Declarant may elect, in its sole and absolute discretion.

8.2 Tenants. Tenants shall not be Members of the Association.

8.3 Declarant. Notwithstanding anything to the contrary herein, Declarant shall be a Member of the Association for so long as Declarant or any of its affiliates owns any Lot in SaddleBrooke Ranch in fee or beneficially.

8.4 Voting. Each Membership held by Declarant or one of Declarant's affiliates shall entitle Declarant or its affiliate (as applicable) to three votes in all elections for the Board of Directors and all other Association matters requiring a vote of the Members. Each Membership held by anyone other than Declarant or one of Declarant's affiliates shall entitle the Member to one vote in all elections for the Board of Directors and all other Association matters requiring a vote of the Members, subject to: (a) Declarant's right to control the Association until the Transition Date as more particularly described in Section 8.9 hereof, and (b) the authority of the

Board to suspend the Member's voting rights as provided herein. Unless otherwise expressly provided herein, any decision subject to a vote of the Members shall require a majority of the votes cast by Members voting in person or, if prior to the Transition Date, by proxy at a meeting duly called for such purpose at which a quorum is present. Any vote required or permitted to be taken at a meeting of the Members may be taken without a meeting to the extent provided in the Bylaws. UNTIL THE TRANSITION DATE, THE RIGHT OF THE MEMBERS TO VOTE IS LIMITED AS STATED IN SECTION 8.9 HEREOF.

8.5 Right to Vote. No change in the ownership of a Membership shall be effective for voting purposes unless and until the Board is given actual written notice of the change and is provided satisfactory proof thereof. The vote for each Membership must be cast as a unit. Fractional votes shall not be allowed. If a Membership is owned by more than one person and the Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Membership, it will thereafter be presumed conclusively that the Member was acting with the authority and consent of all other Owners of the same Membership unless objection thereto is made to the Board in writing at or prior to the time the vote is cast. If more than one vote is cast for a particular Membership, all such votes shall be deemed void. UNTIL THE TRANSITION DATE, THE RIGHT OF THE MEMBERS TO VOTE IS LIMITED AS STATED IN SECTION 8.9 HEREOF.

8.6 Membership Rights. Each Member shall have the rights, duties and obligations set forth in this Declaration and such other rights, duties and obligations as are set forth in the Articles, Bylaws, Community Rules, Architectural and Landscape Guidelines and any applicable Tract Declarations.

8.7 Transfer of Membership. The rights and obligations of a Member in the Association shall not be assigned, transferred, pledged, designated, conveyed or alienated in any way except upon transfer of ownership of the Owner's Lot and then only to the transferee of the Lot. A transfer of ownership of a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a deed of trust or mortgage of record or such other legal process as permitted by Arizona law. Any attempt to make a prohibited transfer of a Membership shall be void. Any transfer of ownership of a Lot shall automatically transfer any Membership appurtenant to the Lot to the new Owner. Upon the transfer of ownership of any Lot (excluding the initial sale by Declarant), the transferring Owner shall notify the Board, in writing, and the Board, in its discretion, may assess a reasonable transfer fee to cover administrative costs associated with the transfer of ownership.

8.8 Use of Membership; Designees. The Community Rules may provide that Owners of a Membership may designate one or more Members or non-members to exercise all of the rights of the Membership under this Declaration except the Member's voting rights, but any such designation shall not relieve the Member of any liabilities or obligations as an Owner or with respect to the Membership. So long as the Community Rules permit such a designation and any such designation is in effect, the Member shall be permitted to exercise only its voting rights and the Board may, among other things, in its discretion, set maximum or minimum periods for which such a designation may be in effect and limit the number of individuals who may be so designated by any Member at any one time. Unless otherwise provided in the Community Rules

authorizing the foregoing designations, any such designee need not be a Resident and need not live in the Community.

8.9 DECLARANT'S CONTROL OF ASSOCIATION. NOTWITHSTANDING ANYTHING IN THIS DECLARATION TO THE CONTRARY, UNTIL THE TRANSITION DATE, DECLARANT SHALL HAVE THE RIGHT AND POWER TO MAINTAIN ABSOLUTE CONTROL OVER THE ASSOCIATION INCLUDING, BUT NOT LIMITED TO, THE RIGHT AND POWER TO AMEND THE ARTICLES AND BYLAWS (THROUGH CONTROL OF THE BOARD), APPOINT THE OFFICERS AND APPOINT THE MEMBERS OF THE BOARD. AFTER THE TRANSITION DATE, THE ELECTION OF THE BOARD OF DIRECTORS SHALL BE IN ACCORDANCE WITH THE ARTICLES AND BYLAWS. EXCEPT AS EXPRESSLY PROVIDED OTHERWISE IN THIS DECLARATION, NO MEMBERS OTHER THAN DECLARANT SHALL HAVE ANY VOTING RIGHTS UNTIL THE TRANSITION DATE. DECLARANT VOLUNTARILY MAY (BUT SHALL NOT BE REQUIRED TO) RELINQUISH CONTROL OF THE ASSOCIATION AND THEREBY REQUIRE THE MEMBERS TO ASSUME CONTROL OF THE ASSOCIATION AT ANY TIME. PRIOR TO THE TRANSITION DATE. DECLARANT VOLUNTARILY MAY ALSO (BUT SHALL NOT BE REQUIRED TO) PERMIT OTHER MEMBERS TO ELECT ONE OR MORE OF THE DIRECTORS OR TO VOTE ON OTHER MATTERS SPECIFIED BY DECLARANT; BUT ANY SUCH ACTION SHALL NOT CAUSE THE TRANSITION DATE TO OCCUR OR BE DEEMED TO BE A DECLARATION BY THE DECLARANT THAT THE TRANSITION DATE HAS OCCURRED, NOR SHALL ANY SUCH ACTION BE DEEMED TO REQUIRE THE DECLARANT TO PERMIT A VOTE ON ANY SIMILAR MATTERS. IN ANY VOTE PERMITTED OR REQUIRED PRIOR TO THE TRANSITION DATE AND FROM AND AFTER THE TRANSITION DATE, DECLARANT AND ITS AFFILIATES SHALL HAVE THE RIGHT TO CAST THREE VOTES FOR EACH MEMBERSHIP HELD BY DECLARANT OR ITS AFFILIATES (AS APPLICABLE). ALL DEBTS AND OBLIGATIONS OF THE ASSOCIATION PRIOR TO THE TRANSITION DATE SHALL CONTINUE TO BE THE DEBTS AND OBLIGATIONS OF THE ASSOCIATION AFTER THE TRANSITION DATE, AND DECLARANT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION TO DISCHARGE THOSE DEBTS AND OBLIGATIONS.

ARTICLE 9

COVENANT FOR ASSESSMENT AND CREATION OF LIEN

9.1 Creation of Lien and Personal Obligations for Assessments and Maintenance Charges. Each Owner of a Lot, by acceptance of a deed or execution of a purchase contract therefor (whether or not it shall be so expressed in the deed or purchase contract) or by otherwise acquiring any interest in a Lot, is deemed to covenant and agree to accept and be subject to mandatory Membership in the Association and to pay to the Association all Assessments and other charges provided for herein including, but not limited to, the following: (a) Annual Assessments; (b) Special Assessments; (c) Maintenance Charges; (d) Special Use Fees incurred by the Owner or Resident occupying the Owner's Lot or any portion thereof; (e) the Amenities Fee; (f) minimum food and beverage spending requirements, if any; and (g) all other fees, fines and charges levied pursuant to this Declaration. All Assessments, together with interest, collection agency fees, all attorneys' fees, witness fees, costs and related expenses of the

Association incurred in connection with the enforcement and collection thereof or in otherwise enforcing this Declaration, the Articles and Bylaws, the Community Rules or the Architectural and Landscape Guidelines shall (i) to the extent permitted by applicable law, be a charge and continuing lien (the "Assessment Lien") upon the Lot against which the Assessment or other charge is made and against the Lot of an Owner liable for a Special Use Fee or other charge; and (ii) be the personal obligation of the Owner of the Lot at the time the obligation becomes due and payable. The personal obligation for delinquent Assessments and other charges shall not pass to an Owner's successors in title unless expressly assumed by the successor, but the Lot shall remain subject to the lien of delinquent Assessments except as provided in Section 10.2 hereof. No Owner may waive or otherwise exempt himself from liability for the Assessments and other charges provided for herein by nonuse of Common Areas, abandonment of the Owner's Lot, or as a result of Assessments for any period exceeding common expenses, or otherwise. The obligation to pay Assessments and other charges provided for herein is a separate and independent covenant on the part of each Owner. No diminution, abatement or set-off shall be allowed by reason of any action or failure to act of the Board, the Association or Declarant. To the extent permitted by applicable law, the Assessment Lien shall be coupled with a power of sale in favor of the Association entitling the Association to exercise the right of non-judicial foreclosure sale and other rights and remedies afforded under Arizona law. By acceptance of a deed to a Lot or any other conveyance of an ownership interest, the Owner of the Lot shall be deemed to acknowledge that title is accepted subject to the Assessment Lien, which shall constitute an express contractual lien and shall be superior to any defense of homestead or other exemption, the Assessment Lien having been created prior to the creation or attachment of any homestead right with respect to any Lot.

9.2 Annual Assessments. In order to provide for the uses and purposes specified in Article 12 hereof, the Board shall prepare and adopt a budget and shall assess against each Lot (except any Exempt Property) an Annual Assessment. Subject to the provisions of Section 9.4 hereof, the amount of the Annual Assessment shall be in the sole and absolute discretion of the Board but shall be determined with the objective of fulfilling the Association's obligations under this Declaration and providing for the uses and purposes specified in Article 12 hereof. The Board may, during an Assessment period, revise the amount of the Annual Assessment in order to meet expenses that exceed the amounts anticipated by the Association and collect the increased Assessment in accordance with procedures established pursuant to Section 9.8 below.

9.3 Commencement of Assessments; Non-Uniform Rate of Annual Assessment. The obligation to pay Assessments shall begin on the date a Lot is initially conveyed by Declarant to a retail buyer, as evidenced by the recording of the deed or other conveyance instrument for the Lot, whether or not the Owner actually resides in SaddleBrooke Ranch. For purposes of this Declaration, Lots owned or sold by the trustee of a trust for the benefit of Declarant shall be deemed to be owned or sold, as the case may be, by Declarant. The amount of any Annual or Special Assessment against each Lot shall be fixed at a uniform rate per Membership, with the following exceptions:

9.3.1 Additional Residents. The Annual Assessments are based on one or two Residents per Dwelling Unit. If additional persons reside in a Dwelling Unit, the Association shall have the right to limit the number of individuals per Dwelling Unit who have the right to use the Association's recreational facilities. In addition, there shall be an additional

Assessment for each additional person over two Residents per Dwelling Unit who is permitted to use the recreational facilities (regardless of whether or not more than two Residents of the Dwelling Unit actually use the recreational facilities) at the rate of 50% of the Annual Assessment attributable to a Membership, unless any such additional person is unable to use the recreational facilities because of disabilities, as determined by the Board in its sole and absolute discretion. This additional Assessment for additional Residents shall not count towards the Maximum Annual Assessment described in Section 9.4 hereof. The Board, in its sole and absolute discretion, shall decide when an additional person is “residing” in a Dwelling Unit. If only one person resides in a Dwelling Unit or only one person is able to use the recreational facilities because of disabilities, the Lot on which that Dwelling Unit is located shall not be permitted a discount of any kind from the Assessments attributable to that Membership.

9.3.2 Non-Uniform Allocation. If deemed necessary or appropriate by the Board, Assessments (whether Annual or Special) may be assessed unevenly against specific Lots or Members, groups of Lots or Members, or residential neighborhoods that receive or have available services or benefits that are not available to all Lots or Members, as determined by the Board. Any such specially benefited Lots or Members may be assessed and required to pay higher Assessments than the base Annual or Special Assessments for which the other Members are responsible. Examples include, without limitation, areas with additional security services, swimming pools, recreational areas or tennis courts that are limited to use by certain Members. The Board shall be fair and reasonable in establishing any such unequal Assessments. The additional Annual Assessments, to the extent they exceed the amount of the base Annual Assessments for which all Members are responsible, shall not count towards the Maximum Annual Assessments described in Section 9.4 hereof.

9.4 Maximum Annual Assessment.

9.4.1 Annual Limit. Except as provided in Section 9.3 hereof, the base Annual Assessment to be established by the Board may not exceed a certain amount, hereinafter referred to as the “Maximum Annual Assessment”. Until December 31, 2008, the Maximum Annual Assessment for each Membership shall be \$1,800. The Maximum Annual Assessment for each Membership shall increase by 10% per year (unless a lower rate of increase is required by law), compounded annually, on December 31 of each year commencing on December 31, 2008 (i.e. each year, the Maximum Annual Assessment will be 10% higher than the Maximum Annual Assessment for the previous year, regardless of whether the Annual Assessment is actually set at the Maximum Annual Assessment). However, the Board has no obligation to increase the Annual Assessment each year to the Maximum Annual Assessment. Notwithstanding anything herein to the contrary, Amenities Fees, Special Use Fees and minimum food and beverage spending requirements (if any) established by the Association from time to time shall not count toward the Maximum Annual Assessment.

9.4.2 Change in Maximum Amount. Notwithstanding the limitations set forth in Section 9.4.1 above, the Maximum Annual Assessment may be increased by a vote of 2/3 of the votes cast by Members voting in person or, if prior to the Transition Date, by proxy at a meeting duly called for such purpose at which a quorum is present, or, in the Board’s discretion and without a vote of the Members, as required by increased utility, fuel, water and insurance costs charged to the Association and costs to the Association of complying with governmental

requirements including, but not limited to, those relating to environmental matters. Written notice of any meeting called for the purpose of a vote of the Members to increase the Maximum Annual Assessments shall be sent to all Members no less than 10 days nor more than 60 days in advance of the meeting. At any such meeting, the presence of Members, in person or, if prior to the Transition Date, by proxy, entitled to cast more than 20% of all the votes then eligible to be cast shall constitute a quorum. If the required quorum is not present, another meeting for the same purpose may be called subject to the same notice requirement any time thereafter, except that the requirement for a quorum shall be reduced from 20% of all of the votes to 10% of all of the votes then eligible to be cast.

9.5 Special Assessments for Capital Improvements and Extraordinary Expenses. In addition to the Annual Assessments authorized above, the Board may levy Special Assessments for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair, operating expenses, or replacements of capital improvements upon the Association Land or other Common Areas, including fixtures and personal property related thereto, and for the purpose of defraying other extraordinary expenses. The Board may levy the Special Assessments uniformly to all Members, or to certain Members who receive or have available services or benefits not available to all of the Members, or otherwise as provided in Section 9.3 hereof. The provisions of this Section are not intended to preclude or limit the assessment, collection or use of Annual Assessments or the purposes for which Special Assessments may be made. The amount of any Special Assessments shall not apply towards the Maximum Annual Assessment. Notwithstanding anything to the contrary herein, a proposed Special Assessment in excess of \$300 per Lot, per calendar year, will not become effective if it is disapproved, within 30 days after it is announced by the Board, by 2/3 of the total votes then eligible to be cast by all Members. The Association shall not have any obligation to call a special meeting for that purpose unless required pursuant to the Bylaws of the Association or by law.

9.6 Amenities Fee.

9.6.1 Establishment of Fee. Each Owner (other than Declarant) who acquires a Lot shall pay the Association (in addition to any Annual or Special Assessments or other charges provided for herein) a fee of \$25 per Lot per month, subject to increase as provided below (the "Amenities Fee"), which will be used by the Association to defray the Association's obligations to Declarant under Section 12.1.2 hereof. The Amenities Fee for each such Lot shall commence on the first full month following the Lot's initial conveyance to a retail buyer and shall continue (as to each such Lot) for a period of 40 years. The Amenities Fee shall be payable on the first day of each month after the Amenities Fee for a particular Lot commences. If, prior to the end of the 40 year period, this Declaration is terminated or expires, the Association is dissolved or the Association's obligation to make payments to Declarant under Section 12.1.2 is eliminated for any reason, each Owner of a Lot shall be required to pay the Amenities Fee directly to Declarant on the same terms and conditions it otherwise would have made payments to the Association.

9.6.2 Adjustments. The Amenities Fee for each Lot shall be adjusted upward as of January 1 of each year (the "Adjustment Dates"), commencing January 1, 2009, as follows:

(a) Declarant shall ascertain the Consumer Price Index for All Urban Consumers -- U.S. Cities Average -- All Items (the "CPI") published by the United States Department of Labor, Bureau of Labor Statistics (1982-1984 = 100) for October, 2007 (the "Base Index") and for October of the year immediately prior to the adjustment (the "Comparison Index");

(b) The Amenities Fee commencing as of such Adjustment Date shall be equal to the original Amenities Fee as set forth in Section 9.6.1 above times a fraction, the numerator of which is the Comparison Index and the denominator of which is the Base Index, illustrated in the following formula:

$$\text{Adjusted Amenities Fee} = \frac{\text{Comparison Index}}{\text{Base Index}} \times \text{Original Amenities Fee}$$

(c) Notwithstanding the foregoing, in no event shall the Amenities Fee be decreased on any Adjustment Date. If at any time the CPI is no longer published or its manner of calculation is materially changed, Declarant may substitute such substitute index, reconciled to October, 2007, as reasonably reflects changes in the purchasing power of the dollar.

9.7 Establishment of Assessment Period. The period for which the Annual Assessment is to be levied (the "Assessment Period") shall be the calendar year, except that the first Assessment Period shall commence (a) upon the recording of the first Tract Declaration covering Lots, or (b) upon such later date as the Board shall determine, and shall terminate on December 31 of such year. The Board in its sole and absolute discretion from time to time may change the Assessment Period by Board resolution specifying the new Assessment Period.

9.8 Billing and Collection Procedures. The Board shall have the right to adopt procedures for the purpose of making, billing and collecting the Assessments, and other fees and charges provided for herein, so long as any such procedures are not inconsistent with the provisions hereof. Annual Assessments may be collected on a monthly, quarterly, annual or other basis as determined by the Board. Special Assessments may be collected as specified by the Board. Amenities Fees shall be paid monthly, unless the Board establishes another payment schedule by notice to Members. The failure of the Association to send a bill to a Member shall not relieve the Member of liability for any Assessment or charge under this Declaration, but the Assessment Lien shall not be foreclosed or otherwise enforced until the Member has been given not less than 20 days written notice prior to commencement of an action for the foreclosure or enforcement, at the address of the Member on the records of the Association, clearly stating that the Assessment or any installment thereof is or will be due and the amount owing. Such a notice may be given at any time prior to or after the delinquency of any payment. Each Member shall be obligated to inform the Association in writing of any change of address. If appropriate settlements of prepaid and unpaid amounts payable with respect to a Lot are not made by the title or escrow company between a buyer and seller at the time a Lot is sold, the Association shall be under no duty to refund any payments received by it even though ownership of a Lot (and any appurtenant Membership) changes during an Assessment Period. Successor Members shall be

given credit for prepayments, on a prorated basis, made by prior Members. Annual Assessments against any new Member shall be prorated to the date the Membership is acquired, and the new Member shall not be liable for any previously levied Special Assessment unless the Special Assessment is levied over a period of time, in which case the amount shall be prorated to the date on which the new Membership is acquired. Nothing contained in the preceding sentence shall affect or impair the Association's lien on any Lot, including any Lot acquired by a new Member, for past due Assessments relating to the Lot.

9.9 Collection Costs and Interest on Delinquent Assessments. Any Assessment or installment thereof not paid when due shall be deemed delinquent; provided, however, if applicable law specifies a later time period for Assessments to be deemed delinquent, such Assessments shall be deemed delinquent in accordance with applicable law. Subject to any limitations imposed by applicable law, delinquent amounts shall bear interest from the delinquency date until paid at the rate of 18% per annum, and the Member whose payment is delinquent shall also be liable for all costs, including reasonable collection agency fees, attorneys' fees, witness fees, costs and litigation-related expenses that may be incurred by the Association in collecting the delinquent amount and related charges. In addition, the Association may charge a late fee equal to the lesser of: (a) 25% of any payment not made when due; or (b) the maximum late fee permitted by applicable law. Subject to any limitations imposed by applicable law, any such late fee shall also bear interest at the rate specified above from the date the Assessment or installment thereof becomes delinquent until the Assessment or installment, late charge and interest are paid in full. In no event, however, shall any person be obligated to pay the Association, and the Association shall not be entitled to charge or collect, any amount that constitutes "interest" under applicable law that exceeds the maximum rate of interest permitted to be charged under applicable law. Any such excess interest collected by the Association shall be refunded promptly to the payor. The Board may post a list of all Members whose Assessments (whether Annual or Special Assessments or otherwise) are past due on a clubhouse bulletin board (or on any other similarly prominent location). The Board also may record a Notice of Delinquent Assessment against any Lot with a delinquent Assessment and may establish a fixed fee to compensate the Association for the Association's expenses in recording the notice, processing the delinquency, and recording a notice of payment. Any such fee, to the extent permitted by applicable law, shall be treated as a collection cost secured by the Assessment Lien. The Association shall not be obligated to release any notice recorded pursuant to this Section until all delinquent Assessments, interest and collection costs have been paid in full, whether or not all of the amounts are set forth in the Notice of Delinquent Assessment.

9.10 Evidence of Payment of Assessments. Within a reasonable period following receipt of a written request from an appropriately interested party, the Association shall issue to the requesting party a written certificate stating, with respect to any specified Lot, either (a) that all Assessments have been paid, or (b) the amounts due and payable as of the certificate date. The Association may make a reasonable charge for the issuance of any such certificate, payable at the time the certificate is requested. Such a certificate shall be conclusive and binding on the Association with respect to any matter stated in it for the benefit of a bona fide purchaser, or lender, to whom the certificate is issued.

9.11 Property Exempted from the Annual and Special Assessments. Exempt Property, including property that is Exempt Property pursuant to Section 1.27(f) hereof because it is owned

by Declarant or its affiliates, shall be exempt from Annual and Special Assessments and other charges levied by the Association pursuant to this Declaration. However, in the event any change in ownership or use of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the formerly Exempt Property shall become subject to Annual, Special and other Assessments and the Assessment Lien upon the change of ownership or use. Owners of Exempt Property (with the exception of Declarant and its affiliates with respect to ownership of their respective Lots) shall not be entitled to any Memberships for the Owner's Exempt Property. The exemptions provided for herein may be modified or limited by Declarant in any Tract Declaration for portions of SaddleBrooke Ranch subject to the Tract Declaration.

9.12 No Parcel Assessments. Except as otherwise provided in any applicable Tract Declaration, Parcels shall not be subject to any Assessments levied by the Association, and no Memberships shall be attributable to Parcels.

ARTICLE 10 ENFORCEMENT OF ASSESSMENTS AND ASSESSMENT LIEN

10.1 Association's Remedies to Enforce Payment. If any Member fails to pay any Assessments or other charges payable hereunder, when due, the Association may enforce the payment thereof by exercising any remedy available at law or in equity including, but not limited to, taking either or both of the following actions, concurrently or separately (and by exercising any particular remedy, the Association does not prejudice or waive its rights to exercise any other remedies available at law or in equity):

(a) Bring an action at law to recover judgment against the Member personally obligated to pay the Assessments or other sums; and

(b) To the extent permitted by applicable law, including, but not limited to, A.R.S. § 33-1807 or any successor statute, foreclose the Assessment Lien against the Lot in accordance with the then-prevailing Arizona law relating to the foreclosure of realty mortgages (including any right to recover a deficiency). The Association may bid on the foreclosed property at any foreclosure sale.

Notwithstanding the subordination of the Assessment Lien as described in Section 10.2 hereof, the delinquent Member shall remain personally liable for the Assessments and related costs after the delinquent Member's Membership is terminated by foreclosure or deed in lieu of foreclosure or otherwise. Nothing contained in this Section limits any other rights or remedies available to the Association for a Member's failure to timely pay its Assessments or perform its obligations hereunder such as, without limitation, the right to suspend the Member's right to use Association facilities pursuant to Section 3.1(c) above.

10.2 Subordination of Assessment Lien. The Assessment Lien provided for herein shall be subordinate to any first mortgage lien held by, or first deed of trust of which the beneficiary is, a lender who has loaned funds with the Lot as security, or the lender's successors and assigns, and shall also be subject and subordinate to liens for taxes and other public charges that are expressly made superior by applicable law. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances that hereafter in any manner

may arise or be imposed upon each Lot. Notwithstanding the foregoing, sale or transfer of any Lot, whether by foreclosure of a first lien mortgage or otherwise, shall not affect the Assessment Lien; provided, however, that if the sale or transfer is pursuant to foreclosure of a mortgage or a deed of trust to which the Assessment Lien is subordinate, or pursuant to any sale or proceeding in lieu thereof, the purchaser at the mortgage foreclosure or deed of trust sale, or any grantee taking by deed in lieu of foreclosure, shall take the Lot free of the Assessment Lien for all charges that have accrued up to the date of issuance of a sheriff's or trustee's deed or deed in lieu of foreclosure; but any such purchaser or grantee shall take title subject to all Assessments and other amounts payable hereunder, and the Assessment Lien therefor, first accruing subsequent to the date on which title is acquired by the purchaser or grantee.

ARTICLE 11 LEGAL PROCEEDINGS/CLAIM AND DISPUTE RESOLUTION

11.1 Approval of Certain Legal Proceedings. Except for any legal or collection proceedings initiated by the Association to (a) enforce the use restrictions contained in this Declaration; (b) enforce the Community Rules; (c) enforce the Architectural and Landscape Guidelines; (d) collect any unpaid Assessments or other amounts levied pursuant to this Declaration; (e) challenge taxation; or (f) enforce a contract entered into by the Association with vendors or other parties providing services to the Association, the Association shall not incur legal expenses including, but not limited to, reasonable attorneys' fees, witness fees, costs and related expenses, or liability for costs and fees of an adverse party, where the Association initiates legal proceedings or joins as a plaintiff in legal proceedings (but not including counterclaims and other claims brought by the Association in suits instituted against it), without the prior approval of Members holding more than 50% of the total votes then entitled to be cast by all Members (excluding the vote of any Member who would be a defendant in such proceedings). The costs of any legal proceedings initiated by the Association that are not included in the above exceptions shall be financed by the Association only with monies that are collected for that purpose by Special Assessment, and the Association shall not borrow money, use reserve funds (if any), or use monies collected for other Association obligations. Each Owner shall notify prospective purchasers of such legal proceedings initiated by the Association and not included in the above exceptions. Nothing in this Section shall preclude the Board from incurring expenses for legal advice in the normal course of operating the Association to (i) enforce this Declaration and related documents; (ii) comply with the statutes, regulations and other legal requirements related to the operation of the Association; (iii) amend this Declaration and related documents in accordance with their terms; (iv) grant easements or convey Common Area as provided in this Declaration; or (v) perform the obligations of the Association as provided in this Declaration and related documents. Subject to the exceptions in the first sentence of this Section, with respect to matters involving property or Improvements to property, the Association additionally shall not initiate legal proceedings or join as a plaintiff in legal proceedings unless (1) the property or Improvement is owned either by the Association or jointly by all Members of the Association, (2) the Association has the maintenance responsibility for the property or Improvements pursuant to this Declaration or a Tract Declaration, or (3) the Owner who owns the property or Improvements consents in writing to the Association initiating or joining the legal proceeding.

11.2 Right to Inspect Alleged Defect. If the Association, the Board or any other Owner or person (“Claimant”) claims, contends, or alleges the existence of an alleged defect in any Improvement on any Lot, Parcel or Common Area constructed by Declarant or its affiliates (each, an “Alleged Defect”), the Declarant or its affiliates (as applicable) shall have the right to inspect the Alleged Defect as set forth herein.

11.2.1 Notice of Alleged Defect. If a Claimant discovers an Alleged Defect, the Claimant shall give written notice of the Alleged Defect (“Notice of Alleged Defect”), including a description of the specific nature of the Alleged Defect, to the Declarant or its affiliates (as applicable), within 30 days after discovery of the Alleged Defect.

11.2.2 Right to Enter, Inspect and Perform Tests. Within a reasonable time after the receipt of a Notice of Alleged Defect, or the independent discovery of any Alleged Defect by Declarant or its affiliates, Declarant and its affiliates, subcontractors, contractors, agents and employees shall have the right, upon reasonable notice to the Claimant and during normal business hours, to enter onto or into the Common Area, Lot, Parcel or Dwelling Unit, and/or any other Improvements or portion of the Property for the purposes of inspecting and/or conducting testing regarding the Alleged Defect. After completing any inspection and testing that Declarant or its affiliates (as applicable) desires, Declarant or its affiliates (as applicable) shall notify Claimant what repairs, replacement or other actions, if any, that Declarant is willing to take with respect to the Alleged Defect. If Declarant or its affiliates (as applicable) and Claimant are unable to reach an agreement with respect to repair, replacement or other action to cure the Alleged Defect, any legal action must comply with the remaining terms of this Article 11.

11.2.3 No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in this Article 11 shall be construed to impose any obligation on Declarant or any of its affiliates to inspect, test, repair, or replace any item or Alleged Defect for which Declarant (or its affiliates, as applicable) is not otherwise obligated under applicable law or any warranty provided in connection with the sale of the Lots and Parcels and Dwelling Units and/or the Improvements constructed thereon. The right reserved to Declarant and its affiliates to enter, inspect and test for an Alleged Defect shall be irrevocable and may not be waived or otherwise terminated, except by a written document executed by Declarant or its affiliates (as applicable).

11.3 Use of Any Judgment Related to Alleged Defect. If a Claimant initiates any legal action against Declarant or any of its affiliates alleging damages for costs related to an Alleged Defect (“Alleged Defect Costs”), any judgment or award in connection therewith shall first be used to correct and or repair the Alleged Defect or to reimburse the Claimant for any costs actually incurred by the Claimant in correcting and/or repairing the Alleged Defect.

11.4 Notification of Legal Action Regarding Alleged Defect. If the Association is a Claimant with respect to an Alleged Defect, the Association must provide a written notice to all Members prior to initiation of any legal action against Declarant or any of its affiliates including, at a minimum: (a) a description of the Alleged Defect; (b) a description of any offer of Declarant or its affiliates to correct the Alleged Defect and the opportunities provided to the Declarant to correct the Alleged Defect; (c) a certification from an architect or engineer licensed in the State of Arizona that the Alleged Defect exists, along with a description of the scope of work

necessary to cure the Alleged Defect; (d) the estimated Alleged Defect Costs; (e) the estimated attorneys' fees and expert fees and costs necessary to pursue the claim against Declarant or its affiliates and the source of the funds that will be used to pay the fees and expenses; and (f) a statement disclosing that the Association may be required to pay the fees and costs of Declarant or its affiliates if the Association's claim is unsuccessful.

11.5 Alternative Dispute Resolution. Any dispute or claim (each, a "Dispute") between or among (a) Declarant (or its affiliates, brokers, agents, consultants, contractors, subcontractors, or employees) on the one hand, and any Owner or the Association on the other hand; or (b) the Association and any Owner, including, but not limited to, any claim based on contract, tort, or statute, arising out of or relating to (i) the rights or duties of the parties under this Declaration, any Tract Declaration, the Articles and Bylaws, the Community Rules, or the Architectural and Landscape Guidelines; (ii) the design or construction of any portion of SaddleBrooke Ranch, or (iii) an Alleged Defect, but excluding disputes relating to the payment of any type of Assessment and routine enforcement of the architectural and use restrictions set forth herein, shall be subject first to mediation and then arbitration as set forth in this Section 11.5, in lieu of instituting litigation with regard to the Dispute. EACH OWNER, BY ACCEPTING TITLE TO A LOT OR A PARCEL, AND ALL OTHER PERSONS HEREAFTER ACQUIRING ANY OTHER INTEREST IN SADDLEBROOKE RANCH, ACKNOWLEDGE AND ACCEPT THAT THEY WILL HAVE NO RIGHT TO HAVE THE DISPUTES DESCRIBED ABOVE TRIED IN COURT. NOTWITHSTANDING THE FOREGOING, LOT PURCHASE AGREEMENTS, HOME WARRANTIES AND OTHER DOCUMENTS MAY INCLUDE SEPARATE DISPUTE RESOLUTION PROCEDURES, THIS SECTION 11.5 SHALL APPLY ONLY TO DISPUTES AND CLAIMS THAT ARE NOT REQUIRED TO FOLLOW ANOTHER DISPUTE RESOLUTION PROCEDURE.

11.5.1 Mediation.

11.5.1.1 Initiation of Mediation. Mediation shall be initiated by the party or parties instituting the Dispute (each, a "Disputing Party") delivering written notice of the intent to mediate to the party or parties against whom the Dispute is alleged (each, a "Respondent"). Within ten days from the date the mediation notice is delivered to the last Respondent, the parties shall agree upon a mediator. If the parties are unable to agree upon a mediator within ten days, the Disputing Party (or Disputing Parties, if there are more than one) shall promptly select one mediator, and the Respondent (or Respondents, if there are more than one) shall promptly select one mediator, and those two mediators shall select a third independent mediator who shall serve as the sole mediator of the Dispute. If there is more than one Disputing Party and the multiple Disputing Parties are unable to agree upon a single mediator within a reasonable time period, the mediator selected by the Respondent (or Respondents, if there are more than one) shall select the independent mediator who shall serve as the sole mediator of the Dispute. If there is more than one Respondent and the multiple Respondents are unable to agree upon a single mediator within a reasonable time period, the mediator selected by the Disputing Party (or Disputing Parties, if there are more than one) shall select the independent mediator who shall serve as the sole mediator of the Dispute.

11.5.1.2 Conduct of Mediation. Unless otherwise agreed by the parties, the mediation shall be held in Maricopa County or Pinal County. The mediator shall

have the discretion to conduct the mediation in the manner in which the mediator believes is most appropriate for reaching a settlement of the Dispute. The mediator is authorized to conduct joint and separate meetings with the parties to the Dispute and to make oral and written recommendations for settlement. Whenever necessary, the mediator may also obtain expert advice concerning technical aspects of the Dispute, provided the parties to the Dispute agree to obtain, and to assume the expenses of obtaining, the expert advice as provided in Section 11.5.3. Persons other than the parties to the Dispute, and their attorneys, may attend mediation sessions only with the written permission of all parties to the Dispute and with the consent of the mediator. There shall be no stenographic record of the mediation process.

11.5.1.3 Conclusion of Mediation. The mediator shall not have the authority to impose a settlement on any party to the Dispute. Upon termination of the mediation, the mediator shall notify the parties to the Dispute, in writing, of the date on which the mediation terminated. Any offers of compromise or settlement at the mediation shall not be admissible in any subsequent dispute resolution or legal forum.

11.5.2 Final and Binding Arbitration.

11.5.2.1 Initiation of Arbitration. If the parties cannot resolve their Dispute pursuant to the mediation procedures described in Section 11.5.1 above, the Disputing Party shall have 90 days following termination of mediation proceedings (as determined by the mediator in writing) to submit the Dispute to final and binding arbitration by delivering written notice of the intent to arbitrate to all Respondents. If the Disputing Party does not submit the Dispute to arbitration within 90 days after termination of mediation proceedings, the Disputing Party shall be deemed to have waived any claims related to the Dispute, and all Respondents shall be released and discharged from any and all liability to the Disputing Party on account of the Dispute; provided, however, nothing herein shall release or discharge any party from any liability to persons who are not a party to the proceedings.

11.5.2.2 Necessary Parties. The parties to the Dispute shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the arbitration proceeding. If the Respondents cannot, despite reasonable diligence and good faith efforts, cause all necessary parties to be included in the arbitration, the Respondents shall be entitled to opt out of binding arbitration with respect to the Dispute and to have the Dispute adjudicated in court.

11.5.2.3 Arbitrator. Within ten days from the date the written notice of arbitration is delivered to the last Respondent, the parties shall agree upon an arbitrator. If the parties are unable to agree upon an arbitrator within ten days, the Disputing Party (or Disputing Parties, if there are more than one) promptly shall select one arbitrator, and the Respondent (or Respondents, if there are more than one) promptly shall select one arbitrator, and those two arbitrators shall select a third independent arbitrator who shall serve as the sole arbitrator of the Dispute. If there is more than one Disputing Party and the multiple Disputing Parties are unable to agree upon a single arbitrator within a reasonable time period, the arbitrator selected by the Respondent (or Respondents, if there are more than one) shall select the independent arbitrator who shall serve as the sole arbitrator of the Dispute. If there is more than one Respondent and the multiple Respondents are unable to agree upon a single arbitrator within

a reasonable time period, the arbitrator selected by the Disputing Party (or Disputing Parties, if there are more than one) shall select the independent arbitrator who shall serve as the sole arbitrator of the Dispute. If an arbitrator resigns or becomes unwilling or unable to continue to serve as an arbitrator in the Dispute, a replacement shall be selected in accordance with this Section 11.5.2.3. Any arbitrator selected pursuant to this Section 11.5.2.3 shall be impartial, fully active in the arbitrator's occupation, knowledgeable as to the subject matter involved in the Dispute and experienced in arbitration proceedings. The foregoing shall not preclude otherwise qualified retired judges or lawyers.

11.5.2.4 Arbitration Proceedings. Unless otherwise agreed by the parties, the arbitration proceedings shall be held in Maricopa or Pinal County. The arbitrator shall have the authority to try all issues, whether of fact or law, and shall have the power to hear and dispose of all motions (including, but not limited to, motions to dismiss and summary judgment motions) in the same manner as a trial court judge. Except as otherwise specifically provided in this Section 11.5.2, the arbitrator shall have the discretion to conduct the arbitration in the manner in which the arbitrator believes is most appropriate for the Dispute. Within 20 days of being selected as the arbitrator, the arbitrator shall produce a written arbitration management plan, describing how the arbitration will proceed, which may include, but need not be limited to, deadlines for conducting discovery and hearing motions, one or more pre-hearing conferences, and limitations on discovery (in addition to those described Section 11.5.2.5 below).

11.5.2.5 Discovery. The parties to the Dispute shall be entitled to limited discovery only, consisting of the exchange between the parties of the following matters: (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the Dispute including, but not limited to, destructive or invasive testing; and (vi) trial briefs. Declarant and its affiliates also shall be entitled to conduct further tests and inspections as provided in Section 11.2. Any other discovery shall be permitted by the arbitrator upon a showing of good cause or based on the mutual agreement of the parties to the Dispute. The arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

11.5.2.6 Final Award. The arbitrator shall render a final decision, in writing, no later than 60 days following the conclusion of the arbitration proceedings.

11.5.2.7 Remedies. The arbitrator shall have the power to award compensatory damages and to grant all other legal and equitable remedies, but not the power to grant punitive or consequential damages.

11.5.3 Expenses of Mediation and Arbitration. Each party to the Dispute shall bear all of its own costs incurred prior to and during the mediation and arbitration proceedings including, but not limited to, the fees and costs of its attorneys or other representatives, discovery costs, expert costs (unless agreed to be a shared expense) and expenses of witnesses produced by the party. Unless one party agrees to bear a higher percentage of the costs at the time of any mediation or arbitration or unless otherwise agreed to by the parties, each party to the Dispute shall share equally all charges of the mediator(s), arbitrator(s),

and all costs of obtaining expert advice concerning technical aspects of the Dispute (for which the parties to the Dispute agreed to pay).

11.5.4 Enforcement of Resolution. If the parties to a Dispute resolve the Dispute through mediation in accordance with Section 11.5.1 and any party thereafter fails to abide by the terms of such mediation, or if an arbitration award is made in accordance with Section 11.5.2 and any party to the Dispute thereafter fails to comply with such resolution or award, then the other party or parties to the Dispute may file suit or initiate administrative proceedings to enforce the terms of the mediation resolution or arbitration award without the need to again comply with the procedures set forth in this Article. In that event, the party taking action to enforce the terms of the mediation or the arbitration award shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties pro rata), all costs incurred to enforce the terms of the mediation or arbitration award including, but not limited to, all attorneys' fees, witness fees, costs and all related expenses.

11.5.5 Confidentiality. All papers, documents, briefs, written communication, testimony and transcripts as well as any and all mediation resolutions and arbitration decisions shall be confidential and not disclosed to anyone other than the mediator, arbitrator, the parties to the Dispute, the attorneys of the parties to the Dispute and expert witness (where applicable to their testimony), unless: (a) the prior written consent of all parties to the Dispute has been obtained; (b) the information is otherwise available to the public through no act of the party or parties that received the information in the course of the Dispute; or (c) a court order requires otherwise.

11.6 Class Action Claims. The provisions set forth in this Article 11 are also intended to apply to any class action claims.

11.7 Statutes of Limitations. Nothing in this Article 11 shall be construed to toll, stay or extend any applicable statute of limitations. Section 11.5.2.1 may, however, in some instances, reduce any applicable statute of limitations. All statutes of limitation applicable to claims that are subject to mediation and arbitration pursuant to the alternative dispute resolution provisions of Section 11.5 above shall apply to the commencement of mediation proceedings pursuant to Section 11.5.1.

ARTICLE 12 USE OF FUNDS; BORROWING POWER.

12.1 Purposes for Which Association's Funds May Be Used. The Association shall apply all funds and property collected and received by it (including the Annual and Special 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 SaddleBrooke Ranch, and the Owners and Residents, by devoting the funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of all land, properties, Improvements, facilities, services, projects, programs, studies and systems, within or without SaddleBrooke Ranch, which in the Board's determination may be necessary, desirable or beneficial to the general common interests of SaddleBrooke Ranch, the Members and the Residents.

12.1.1 General Purposes. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for the common benefit: social interaction among Owners and Residents; maintenance of landscaping and Improvements on Common Areas and public rights-of-way; maintenance and repair of trails, private roadways, washes and drainage areas adjoining SaddleBrooke Ranch; the provision of services by designated service providers, as described in Section 7.8; recreation; short-term and long-term leases of real and personal property; payments of assessments to community facilities districts and improvement districts; liability and other insurance; communications; ownership and operation of recreational and other facilities; vehicle storage areas; transportation; health; utilities; public services; patrol and security services; establishment of replacement and maintenance reserves (in the Board's discretion, in each year); and indemnification of officers and directors of the Association. Subject to this Declaration and the Articles and Bylaws, the Association may expend its funds in any manner permitted under the laws of the State of Arizona. **NOTHING WITHIN THIS SECTION, OR ELSEWHERE IN THIS DECLARATION, SHALL BE CONSTRUED AS PLACING A REQUIREMENT UPON THE BOARD OR DECLARANT TO SET UP A RESERVE FUND. DECLARANT SHALL HAVE NO OBLIGATION TO MAKE A CONTRIBUTION TO A RESERVE FUND AT ANY TIME. THE BOARD SHALL HAVE NO RIGHT TO ALLOCATE FUNDS TO ANY RESERVE FUND DURING ANY YEAR IN WHICH DECLARANT MAKES A CONTRIBUTION TO THE ASSOCIATION IN ORDER TO SUBSIDIZE ANY DEFICIT THAT THE ASSOCIATION MAY HAVE IN THAT YEAR.**

12.1.2 Amenities Funding.

12.1.2.1 In addition to any other sums authorized by Section 12.1.1 hereof, the Association shall pay Declarant a monthly Amenities Fee in consideration of any clubhouses and other amenities constructed and/or transferred by Declarant to the Association or held by Declarant, or a trustee of a trust for the benefit of Declarant, for eventual transfer to the Association (not including any Golf Course Land, which the owner of the Golf Course Land shall have no obligation to transfer to the Association). The Amenities Fee shall commence on the first full month following the initial conveyance of a Lot to a retail buyer. The Amenities Fee shall consist of \$25 per month for each Lot sold to a retail buyer after the date this Declaration is recorded, subject to increase based on increases in the CPI as set forth below. For each such Lot, the Association shall pay the Amenities Fee for the Lot each month from the month following the date of initial sale of the Lot and continuing (as to each such Lot) for a period of 40 years. The Association's obligations to Declarant under this Section 12.1.2 shall not be dependent upon the payment by Owners of Amenities Fees required by Section 9.6 hereof.

12.1.2.2 The Amenities Fee for each Lot shall be adjusted upward as of January 1 of each year (the "Adjustment Dates"), commencing January 1, 2009, as follows:

(a) Declarant shall ascertain the Consumer Price Index for All Urban Consumers -- U.S. Cities Average -- All Items (the "CPI") published by the United States Department of Labor, Bureau of Labor Statistics (1982-1984 = 100) for October, 2007 (the

“Base Index”) and for October of the year immediately prior to the adjustment (the “Comparison Index”);

(b) The Amenities Fee commencing as of such Adjustment Date shall be equal to the original Amenities Fee as set forth in (a) above times a fraction, the numerator of which is the Comparison Index and the denominator of which is the Base Index, illustrated in the following formula:

$$\text{Adjusted Amenities Fee} = \frac{\text{Comparison Index}}{\text{Base Index}} \times \text{Original Amenities Fee}$$

(c) Notwithstanding the foregoing, in no event shall the Amenities Fee be decreased on any Adjustment Date. If at any time the CPI is no longer published or its manner of calculation is materially changed, Declarant may substitute such substitute index, reconciled to October, 2007, as reasonably reflects changes in the purchasing power of the dollar.

12.2 Borrowing Power. The Association may borrow money in such amounts, at such rates, upon such terms and security, and for such periods of time as is necessary or appropriate in the discretion of the Board.

12.3 Association’s Rights in Spending Funds From Year to Year. The Association shall not be obligated to spend in any year all the sums received by it in that year (whether by way of Annual or Special Assessments, fees or otherwise), and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of an Annual Assessment in any succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year any 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.

12.4 Eminent Domain. The term “Taking” as used in this Section shall mean condemnation by eminent domain or sale under threat of condemnation. In the event of a threatened Taking of all or any portion of the Association Land or the Association’s interest in other portions of the Common Area, the Members hereby appoint the Board, and such persons as the Board may delegate, to represent all of the Members in connection with the Taking. The Board shall act in its sole and absolute discretion with respect to any awards made or to be made in connection with the Taking and shall be entitled to make a voluntary sale to the condemner in lieu of engaging in condemnation action. Any awards received on account of the Taking shall be paid to the Association. In the event of a total or partial Taking, the Board may retain any award in the general funds of the Association to be used to accomplish the purposes of the Association.

12.5 Insurance.

12.5.1 Authority to Purchase. The Association shall purchase and maintain insurance in accordance with this Section 12.5. Except as otherwise specifically provided herein, insurance policies shall be on such terms and conditions as the Board shall

determine in its discretion. All policies maintained by the Association and endorsements thereon shall be deposited with the Association. Upon request, the Association shall advise Owners of the coverage of any policies purchased by the Association in order to permit the Owners to determine which particular terms are included within the coverage so that the Owners may insure themselves as they see fit if certain items are not insured by the Association. All of the Association's insurance policies and claims thereunder shall be administered by the Board.

12.5.2 Owner's Responsibility. Each Owner shall be responsible for providing insurance on the Owner's Lot or Parcel, any additions and other Improvements thereto, any furnishings and personal property therein, the Owner's personal property stored elsewhere within SaddleBrooke Ranch, the Owner's personal liability and any other insurance the Owner desires. No Owner shall maintain any insurance, whether on the Owner's Lot or Parcel or otherwise, that would limit or reduce the insurance proceeds payable under the casualty insurance maintained by the Association in the event of damage to the improvements or fixtures on the Common Areas or Association Land.

12.5.3 Required Coverage. The Association shall maintain and pay for policies of insurance as follows:

(a) A blanket property insurance policy on an "all risk" basis (or comparable coverage) and replacement cost basis, covering all real and personal property belonging to the Association or that the Association is otherwise required to insure;

(b) A policy of commercial general liability insurance covering all of the Common Areas and acts for which the Association might be responsible in an amount determined by the Board but not less than \$1,000,000 combined single limit per occurrence, \$2,000,000 general aggregate limit and \$2,000,000 products/completed operations aggregate limit, including coverage for liability for non-owned and hired automobiles, liability arising in connection with the operation, maintenance and use of the Common Areas and contractual liability;

(c) A worker's compensation policy, if and to the extent necessary to comply with all applicable laws; and

(d) If at any time any of the foregoing types of coverage are not reasonably available, the Association shall maintain the most nearly equivalent coverages that are reasonably available.

12.5.4 Optional Coverage. The Association may acquire and maintain such other insurance as the Board may determine necessary or desirable from time to time (in such amounts and on such terms as the Board may determine from time to time) including, but not limited to, the following:

(a) A policy of fidelity insurance coverage against dishonest acts on the part of directors, officers, managers, trustees, agents, employees or other individuals responsible for handling funds belonging to or administered by the Association. If funds of the Association are handled by a management agent, fidelity insurance coverage may also be obtained for the officers, employees or agents thereof handling or responsible for Association funds; and

(b) A policy of “directors and officers” liability insurance, including errors and omissions coverage, which may include coverage for employment practices liability;

12.5.5. Required Provisions of Insurance Policies. The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:

(a) The property insurance policies purchased by the Association shall be endorsed as necessary to prevent contribution from, or proration with, any insurance that may be purchased by any Owner or mortgagee;

(b) The conduct of any one or more Owners shall not constitute grounds for avoiding liability on any of the policies;

(c) A “severability of interest” endorsement shall be obtained that shall preclude the insurer from denying the claim of an Owner because of the conduct or negligent acts of the Association and its agents or other Owners;

(d) Coverage must not be prejudiced by (a) any act or neglect of Owners when the act or neglect is not within the control of the Association or (b) any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control;

(e) Coverage may not be cancelled or substantially modified without at least 30 days’ prior written notice to the Association;

(f) Any policy of property insurance that gives the carrier the right to elect to restore damage in lieu of a cash settlement must provide that the election is not exercisable without the prior written approval of the Board, or when in conflict with any requirement of law;

(g) Each insurance policy shall be written by an insurance carrier that has an A.M. Best Company rating of “A-” or better and is assigned a financial size category of V or larger. If this rating service is discontinued, the insurance policies shall have an equivalent rating by a successor thereto or a similar rating service; and

(h) Each insurance carrier must be specifically licensed or authorized by law to transact business within the State of Arizona.

12.5.6 Non-Liability of Association/Board/President. Notwithstanding the duty of the Association to obtain insurance coverage as stated herein, neither the Association, the officers and members of the Board, Declarant and its affiliates, nor any of their respective employees shall be liable to any Owner, Resident, mortgagee or other person if any risks or hazards are not covered by insurance or if the amount of insurance is not adequate, and it shall be the responsibility of each Owner to ascertain the coverage and protection afforded by the Association’s insurance and to procure and pay for additional insurance coverage and protection as the Owner may desire.

12.5.5 Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association, except that the amount of increase over any annual or other premium arising from the use, misuse, occupancy or abandonment of a Lot, Parcel, appurtenances thereto, or of the Common Areas, by an Owner may be assessed against that particular Owner.

12.5.6 Insurance Claims. The Board, acting for the Association, is hereby irrevocably appointed and authorized, subject to the provisions contained herein, to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims, and to do all other acts reasonably necessary to accomplish any of the foregoing. The Board has full and complete power to act for the Association in this regard and may, at its discretion, appoint an authorized representative, or enter into an insurance trust agreement wherein the trustee shall have authority to negotiate losses under any policy purchased by the Association.

12.5.7 Benefit. Except as otherwise provided herein, all insurance policies purchased by the Association shall be for the benefit of, and any proceeds of insurance received by the Association or any insurance trustee shall be held or disposed of in trust for, the Association.

ARTICLE 13 MAINTENANCE.

13.1 Common Areas and Public Rights-of-Way.

13.1.1 Areas of Association Responsibility. The Association, or its duly delegated representative, shall maintain and otherwise manage all Common Areas and Improvements thereon, but the Association shall not be required to maintain (but may elect to maintain) areas that (a) an improvement district or other governmental entity is obligated to maintain; (b) an Ancillary Association is obligated under a Tract Declaration to maintain; (c) are to be maintained by the Owners of a Lot or Parcel pursuant to Section 5.2.3 hereof; or (d) are Common Areas on any Lot or Parcel. In addition, all drainageways (including those for the benefits of streets and other Common Areas or any Lot or Parcel or the golf course), whether platted as a separate Tract or Common Area or as part of the Golf Course Land, shall be maintained by the Association, or its duly delegated representative, except to the extent the owner of such drainageway elects in its sole discretion, at any time or from time to time, to maintain all or any portion of such drainageway that it owns. Specific areas to be maintained by the Association may, but are not required to, be identified on recorded subdivision plats or Tract Declarations executed or approved by Declarant, and/or in deeds from Declarant to the Association or to a transferee of a Lot or Parcel, but the failure to identify such areas shall not affect the Association's rights or responsibilities with respect to Common Areas or the Association's rights with respect to other areas intended for the general benefit of SaddleBrooke Ranch. Notwithstanding anything to the contrary herein, Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) or the Board shall have discretion to enter into an agreement with any governmental entity with jurisdiction to permit the Association to upgrade and/or maintain landscaping on property owned by the governmental entity, held on behalf of the governmental entity, or intended to be dedicated to the

governmental entity, whether or not the landscaping is within SaddleBrooke Ranch, if Declarant or the Board determines that such an agreement benefits the Association, its Members or the development of SaddleBrooke Ranch.

13.1.2 Standards of Care. The Board shall use a reasonable standard of care in providing for the repair, operation, management and maintenance of the Common Areas and other properties maintained by the Association, but the Board shall be the sole judge as to the appropriate maintenance of all such areas.

13.1.3 Delegation of Responsibilities. If any subdivision plat, Tract Declaration, deed restriction or this Declaration permits the Board to determine whether or not certain Owners or an Ancillary Association will be responsible for maintenance of certain Common Areas or public right-of-way areas or operation of certain services, the Board shall have the sole and absolute discretion to determine whether or not it would be in the best interest of the Owners and Residents of SaddleBrooke Ranch for the Association or for individual Owners or for an Ancillary Association to be responsible for the maintenance, considering cost, uniformity of appearance, location and other factors deemed relevant by the Board. The Board may cause the Association to contract with others for the performance of the maintenance and other obligations of the Association under this Article 13 and, in order to promote uniformity and harmony of appearance, the Board also may cause the Association to contract to provide maintenance services to Owners of Lots in exchange for the payments of such fees as may be established by the Board.

13.2 Assessment of Certain Maintenance Costs. If the need for maintenance or repair of Common Areas, Improvements or other property maintained by the Association is caused by the willful or negligent act of any Member, or that Member's family, guests or tenants, the cost of the maintenance or repair shall be added to and become part of the Assessment against the Member and the Member's Lot and shall (to the extent permitted by applicable law) be secured by the Assessment Lien. Any charges or fees to be paid by the Member pursuant to Section 13.1.3 hereof also shall become a part of the Assessment and shall (to the extent permitted by applicable law) be secured by the Assessment Lien. Any such charge-back shall not count towards the Maximum Annual Assessment.

13.3 Improper Maintenance and Use of Lots. If any portion of any Lot is maintained or used so as to present a nuisance or unreasonable annoyance, or to substantially detract from the appearance or quality of the surrounding Lots and/or other areas of SaddleBrooke Ranch that are substantially affected thereby or related thereto, or any portion of a Lot is being used in a manner that violates this Declaration or any applicable Tract Declaration, or a Member is failing to perform any of the Member's obligations under this Declaration, any Tract Declaration, the Community Rules or the Architectural and Landscape Guidelines, the Board may make a finding to that effect, specifying the particular condition or conditions that exist. In that event, the Board shall give notice to the offending Member that, unless corrective action is taken within 14 days, the Board may cause corrective action to be taken at the Member's cost. If the requisite corrective action has not been taken at the expiration of the 14-day period of time, in addition to any other remedies available to the Association, the Board shall be authorized and empowered to cause the action to be taken and the cost thereof shall be added to and become a part of the Assessment against the offending Member and the Member's Lot, secured (to the extent

permitted by applicable law) by the Assessment Lien. Any such charge-back shall not count towards the Maximum Annual Assessment.

13.4 Maintenance of Vacant Lots. To keep vacant Lots that are owned by Members other than Declarant neat, clean and tidy from weeds, trash and other undesirable elements so as to maintain the aesthetic quality of SaddleBrooke Ranch, the Association may, in the Board's sole and absolute discretion, assume the responsibility of the upkeep of the vacant Lots. In which case, the Association shall charge the Owners of the vacant Lots being maintained by the Association a fee (the "Lot Maintenance Fee"). The Lot Maintenance Fee shall be fair and reasonable, shall not count towards the Maximum Annual Assessment, and shall (to the extent permitted by applicable law) be secured by the Assessment Lien.

ARTICLE 14 ARCHITECTURAL AND LANDSCAPE COMMITTEE.

14.1 Appointment of Committee. The Board shall, at a time deemed appropriate by the Board, appoint an Architectural and Landscape Committee, which shall consist of not less than three persons, all of whom are appointed by the Board from time to time. The Board may elect to appoint all or some of the members of the Board as the members of the Architectural and Landscape Committee. The Board shall select one of the members of the Architectural and Landscape Committee to serve as Chairman of the Architectural and Landscape Committee. The Chairman so selected, when unavailable, shall appoint one of the other members of the Architectural and Landscape Committee to serve as acting Chairman. Members of the Architectural and Landscape Committee shall not be entitled to compensation for their services, unless otherwise approved by the Board. In the event of the death, disability or resignation of any member of the Architectural and Landscape Committee, the Board shall have full authority to appoint a successor. The members of the Architectural and Landscape Committee shall serve at the pleasure of the Board and may be removed with or without cause by the Board. Prior to appointment of the Architectural and Landscape Committee, the Board shall exercise all rights, powers and duties of the Architectural and Landscape Committee. After the appointment of the Architectural and Landscape Committee, in the sole and absolute discretion of the Board, the Board may, from time to time, (a) exercise any or all of the rights, powers and duties of the Architectural and Landscape Committee in place of the Architectural and Landscape Committee; or (b) overrule any action taken by the Architectural and Landscape Committee.

14.2 Purpose of the Architectural and Landscape Committee. The purpose of the Architectural and Landscape Committee shall be to review and evaluate proposals, plans and specifications submitted by Members for the construction, landscaping, modification and repair of Dwelling Units and other Improvements on or to the Lots, to recommend action to the Board, to investigate possible violations of this Declaration concerning architectural and landscape matters, to carry out decisions of the Board and to take such other action as is authorized by the Board from time to time.

14.3 Architectural and Landscape Guidelines.

14.3.1 Adoption and Amendment. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt,

amend and repeal Architectural and Landscape Guidelines for SaddleBrooke Ranch. The Architectural and Landscape Guidelines must be fair and reasonable and must not be inconsistent with the provisions of this Declaration, the Articles and the Bylaws. The Architectural and Landscape Guidelines may include, among other things:

- (a) Required documentation for submissions pursuant to Section 14.4 hereof;
- (b) Procedures and time frames for review and approval or disapproval of plans submitted pursuant to Section 14.4 hereof;
- (c) Time limitations for the completion of improvements after approval is received pursuant to Section 14.4 hereof;
- (d) Additional limitations and restrictions that the Board, in its discretion, may adopt including, but not limited to, the regulation of all landscaping (including, but not limited to, absolute prohibition of certain types of landscaping, trees and plants), construction, reconstruction, exterior addition, change or alteration to or maintenance of any building, structure, wall or fence (including, but not limited to, limitations on the nature, kind, shape, height, materials, exterior color, surface texture, and location of any Improvements). Notwithstanding the foregoing, in no event shall any change in the Architectural and Landscape Guidelines rescind or invalidate approvals previously given;
- (e) Requirements that certain landscaping materials and/or species be used, or be used at particular locations. WITHOUT LIMITING THE FOREGOING, THE ARCHITECTURAL AND LANDSCAPE GUIDELINES MAY CONTAIN REQUIREMENTS THAT TREES OF PARTICULAR SPECIES AND OF NOT LESS THAN PARTICULAR SIZES (WHICH MAY BE SPECIFIED BY HEIGHT, CALIPER MEASUREMENT OR BOTH) BE PLANTED AND MAINTAINED BY THE LOT OWNER AT PARTICULAR LOCATIONS ON A LOT. Declarant intends that various streets within the Community shall be themed such that the same variety of tree shall be planted at specific locations on the Lots on the same street. Different streets are expected to be planted with different species of trees. Each Owner of a Lot shall be required to plant, irrigate, maintain and replace as necessary particular species of trees at specific locations in accordance with the landscape plan approved by the Architectural and Landscape Committee for the Lot, which landscape plan must contain the required trees specified by the Architectural and Landscape Guidelines at the specific locations specified by the either the Architectural and Landscape Guidelines or otherwise by the Association.

14.3.2 Delegation to Committee. The Board, in its sole and absolute discretion, shall have the right, but not the obligation, to delegate the promulgation, amendment and repeal of Architectural and Landscape Guidelines to the Architectural and Landscape Committee. In the event of such a delegation, the adoption of Architectural and Landscape Guideline and any amendment or repeal thereof shall be subject to review and approval by the Board.

14.3.3 Effectiveness. Upon adoption, the Architectural and Landscape Guidelines shall have the same force and effect as if they were set forth in and were a

part of this Declaration, except that in the event of any inconsistency between the Community Rules and the Architectural and Landscape Guidelines, the Community Rules shall control, and in the event of any inconsistency between the Architectural and Landscape Guidelines and any of the provisions of this Declaration or of the Articles or Bylaws, the provisions of this Declaration, the Articles and the Bylaws shall govern and control.

14.4 Approval Requirement.

14.4.1 Scope of Authority. Except as otherwise expressly provided in this Declaration, the Architectural and Landscape Guidelines or in any applicable Tract Declaration, no temporary or permanent Improvements (including, but not limited to, buildings, fences, walls, exterior landscaping, awnings and sunshades), alterations, repairs, excavation, grading, lighting, painting, landscaping or other work that in any way alters the exterior appearance of any property within SaddleBrooke Ranch may be commenced, erected, placed, altered, maintained, or performed on any Lot or Parcel until the required plans and specifications have been approved in writing by the Architectural and Landscape Committee. Any subsequent addition, change or alteration that affects the exterior appearance of any property within SaddleBrooke Ranch shall require the prior written approval of the Architectural and Landscape Committee. In addition, fences constructed between Lots, Parcels and other portions of SaddleBrooke Ranch must be designed and constructed so as to satisfy requirements established by the Association for drainage purposes. Once construction of an Improvement has been commenced, the Owner shall diligently pursue completion of the Improvement in accordance with approved plans.

14.4.2 Plan Requirements. Plans and specifications being submitted to the Architectural and Landscape Committee for review shall meet all requirements (including multiple copies) set forth in the Architectural and Landscape Guidelines or as otherwise specified by the Architectural and Landscape Committee from time to time.

14.4.3 Review Process and Requirements. The Architectural and Landscape Committee shall approve or disapprove any plans submitted to it in accordance with this Declaration, the Architectural and Landscape Guidelines and any applicable Tract Declaration. The Architectural and Landscape Committee shall have the right to disapprove plans and specifications submitted if, in its opinion, (a) the plans and specifications are not in accordance with all of the provisions of this Declaration, the Architectural and Landscape Guidelines and any applicable Tract Declaration; (b) the plans and specifications are not complete; or (c) the design, color scheme, materials or location of the proposed structure or Improvement is not in harmony with the general surroundings and topography of the Lot or with other buildings and structures in the vicinity. However, compliance with each stated criteria in this Declaration, the Architectural and Landscape Guidelines and any applicable Tract Declaration shall not require approval of any plans or specifications, and it is expressly acknowledged that the Architectural and Landscape Committee will exercise aesthetic judgment, which cannot be reduced to objective criteria, in reaching its decisions. The Architectural and Landscape Committee shall, in the exercise of its judgment and determination, act reasonably and in good faith. Except as otherwise provided herein, the decision of the Architectural and Landscape Committee shall be final. Notwithstanding the foregoing, the Board shall have the

right and power to overrule any and all decisions of the Architectural and Landscape Committee as provided in Section 14.1 above.

14.4.4 Fees Chargeable. The Architectural and Landscape Committee may charge a party submitting plans a reasonable charge for reviewing and approving or disapproving the proposed plans. The charge shall be determined by the Architectural and Landscape Committee from time to time and shall be collected at the time of submission of the plans. The Architectural and Landscape Committee shall have no obligation to review plans that are not accompanied by payment of the required charge.

14.4.5 Outside Consultants. With the approval of the Board, the Architectural and Landscape Committee may engage the services of architectural consultants to assist it in its evaluation of submitted plans.

14.4.6 Unauthorized Plan Changes. No change or deviation in or from the plans and specifications approved by the Architectural and Landscape Committee shall be made without the prior written approval of the Architectural and Landscape Committee.

14.5 Waiver. The Architectural and Landscape Committee, in its discretion, from time to time, may waive compliance with the restrictions set forth in this Article 14 or any comparable restrictions set forth in this Declaration, the Architectural and Landscape Guidelines or any applicable Tract Declaration; provided, however, following the Transition Date, any such waiver shall require the prior written approval of Declarant, so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially.

14.6 Liability. Neither the Board, nor the Association, nor the Architectural and Landscape Committee, nor any members of any of the foregoing, shall be responsible in any way for any defects in any plans and specifications approved by them, or for any structure or Improvement erected, placed or maintained according to those plans or other specifications. By approving plans and specifications, the foregoing parties do not assume any liability or responsibility for compliance with building or zoning ordinances, or for other applicable requirements of governmental authorities or industry standards. Neither the Board, nor the Association, nor the Architectural and Landscape Committee, nor any members of any of the foregoing shall be liable to any Member or to any other party for any damage, loss or prejudice suffered or claimed on account of:

- (a) The approval or disapproval of any plans, drawings or specifications, whether or not defective;
- (b) The construction or performance of any work, whether or not pursuant to approved plans, drawings and specifications;
- (c) The development of any property within SaddleBrooke Ranch;
- (d) The execution of any estoppel certificate, whether or not the facts therein are correct; or

(e) The enforcement of this Declaration or of Architectural and Landscape Guidelines or the granting of variances therefrom.

However, the person seeking the protection of this Section must have acted in good faith on the basis of the information possessed by that person at the time of acting. The approval by the Architectural and Landscape Committee of any plans, specifications or other matter shall not be deemed to constitute a waiver of any right to withhold approval of any similar plans, specifications or other matter subsequently submitted for approval.

14.7 Not Applicable to Declarant. Without limiting the generality of Declarant's exemption set forth in Section 17.2 hereof, Declarant and its affiliates (and any other parties designated by Declarant in a written instrument) shall be exempt from the requirements of this Article 14.

ARTICLE 15 DURATION AND AMENDMENTS.

15.1 Duration. This Declaration shall run with the land and shall bind all persons having any interest in it, all Owners, and their heirs, legal representatives, successors and assigns unless there is an affirmative vote to terminate this Declaration by Members casting 90% of the total votes then eligible to be cast by all Members.

15.2 Withdrawal by Declarant. This Declaration may be terminated by Declarant without the approval or consent of any other person if the action is taken before any sale of a Lot by Declarant. Any plat may be withdrawn by Declarant, without the approval or consent of any other person (other than the owner of the land subject to the plat, if the owner is other than Declarant), if the action is taken before the sale of any real property shown on that plat.

15.3 Amendments. Except as otherwise provided in this Article, amendments, changes or terminations of this Declaration must be in a written recorded instrument approved by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) and by Members casting at least 50% of the total votes then eligible to be cast by all Members. Any amendment pursuant to this Section 15.3 may be effected only by an instrument in recordable form executed by Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) and by the President or Vice President and the Secretary or Assistant Secretary of the Association and shall be recorded in the Official Records of Pinal County. Notwithstanding anything herein to the contrary, no rights, easements, privileges, exemptions or obligations of the Golf Course owner can be amended without the prior written consent of Declarant (so long as Declarant or any of its affiliates owns any property in SaddleBrooke Ranch in fee or beneficially) and the Golf Course owner (if other than Declarant). Notwithstanding anything to the contrary in this Declaration, no rights, privileges, easements, exemptions or obligations of Declarant can be amended without the prior written consent of Declarant.

15.4 Limitation on Amendments. Any amendment to this Declaration that limits or terminates membership in the Association must also be signed by 2/3 of the members of the Board.

15.5 Requested Amendment. Anything in this Article 15 notwithstanding:

15.5.1 Governmental or Financing Requirements. Declarant reserves the right to amend all or any part of this Declaration to such an extent and with such language as may be requested by "Governmental Mortgage Agencies" or by any other federal, state or local governmental agency that requests such an amendment as a condition precedent to the agency's approval of this Declaration or approval of sales of property in SaddleBrooke Ranch, or by any federally chartered lending institution as a condition precedent to lending funds upon the security of any Lot or any other portions of SaddleBrooke Ranch. Any such amendment shall be effected by the Declarant recording a Certificate of Amendment duly signed by or on behalf of the authorized agents, or authorized officers of Declarant, as applicable, with their signatures notarized, specifying the Governmental Mortgage Agency, the federal, state or local governmental agency or the federally chartered lending institution requesting the amendment and setting forth the amendment requested by such agency or institution. Recordation of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for the amendment, and the Certificate, when recorded, shall be binding upon all of SaddleBrooke Ranch and all persons having an interest therein. For purposes of this Section 15.5, "Governmental Mortgage Agency" means the Federal Housing Administration, the Veterans Administration, the Federal Home Loan Mortgage Corporation, the Government National Mortgage Association or the Federal National Mortgage Association or any similar entity, public or private, authorized, approved or sponsored by any governmental agency to insure, guarantee, make or purchase mortgage loans.

15.5.2 Substitute Control Amendment. It is the desire of Declarant to retain substantial control of the Association and its activities during the anticipated period of planning and development until the Transition Date. If any amendment requested pursuant to the provisions of this Section 15.5, or change in applicable law, deletes, materially diminishes or materially alters that control, Declarant shall have the right to prepare, provide for and adopt an amendment implementing other and different provisions to achieve comparable control (or the most control permitted by applicable law), by executing and recording an amendment hereto without the approval or vote of any other person.

15.6 Declarant's Right of Amendment. Notwithstanding anything to the contrary in this Declaration, at any time prior to the Transition Date, Declarant shall be entitled to amend this Declaration unilaterally to correct minor errors and omissions.

15.7 Rule Against Perpetuities. If any of the provisions, privileges, Covenants or rights created by or set forth in this Declaration is unlawful, void or voidable for violation of the rule against perpetuities, then the provision shall continue until 21 years after the death of the survivor of the now living descendants of Edward J. Robson.

ARTICLE 16
ANNEXATION AND DE-ANNEXATION OF PROPERTY.

16.1 Right of Annexation. Declarant expressly reserves the right (without obligation), at any time, to expand SaddleBrooke Ranch, without the consent of any Owner, Member, mortgagee or any other person, by annexing all or any portion of the Annexable Property. The

annexation of any or all of the Annexable Property shall be accomplished by Declarant recording an Annexation Declaration in the Official Records of Pinal County, which subjects the annexed property to the Declaration and includes the legal description of the portion of the Annexable Property being annexed. Any such Annexation Declaration may, in Declarant's discretion, be combined with a Tract Declaration. An Annexation Declaration annexing property as permitted hereunder may contain such complementary additions and modifications of the Covenants and other provisions contained in this Declaration as may be necessary or appropriate, in Declarant's sole and absolute discretion, to reflect the different character, if any, of the annexed property, provided they are not materially inconsistent with this Declaration. Declarant may annex noncontiguous portions of the Annexable Property. Declarant shall not be obligated to annex all or any portion of the Annexable Property and may elect not to develop such property or to develop such property separate from, and not as a part of, SaddleBrooke Ranch.

16.2 De-annexation of Parcels. Declarant expressly reserves the right at any time to de-annex any Parcel, or any area covered by a single subdivision plat, or any area that is not included in a subdivision plat, from SaddleBrooke Ranch and from the scope of this Declaration, without the consent of any Owner, Member, mortgagee or other person, other than the Owner of the Parcel or area being de-annexed. The de-annexation of a Parcel or other area shall be accomplished by Declarant recording a certificate of de-annexation executed by Declarant and the Owner of the Parcel or other area (if other than Declarant).

ARTICLE 17 MISCELLANEOUS.

17.1 Housing for Older Persons. SaddleBrooke Ranch is intended to provide housing for persons 55 years of age and older as an age-restricted community in compliance with all state and federal laws. Subject to the Requirements for Exemption set forth below, all occupied Dwelling Units must be occupied by at least one person who is 40 years of age or older, and no person under 19 years of age may reside permanently at SaddleBrooke Ranch. The Board, in its sole and absolute discretion, shall have the right and power to establish Community Rules allowing for limited periods of occupancy by persons under the age of 19. By way of illustration, but not limitation, of the preceding sentence, Community Rules may limit (a) the number of days consecutively, (b) the number of days within a period such as a month, and (c) the number of times within a period such as a year, in which occupancy by any person under the age of 19 will be permitted.

(a) Title VIII of the Civil Rights of 1968 (as amended, the "Fair Housing Act") prohibits discrimination in the sale, rental and financing of dwellings based on familial status; that is, discrimination based on the domicile of individuals under 18 years of age. However, the Fair Housing Act provides that a community is exempt from this restriction if the community meets certain standards. The standards for exemption were provided for in the federal Housing for Older Persons Act of 1995 (as amended, "HOPA");

(b) HOPA and regulations promulgated thereunder provide an exemption from the familial discrimination provisions of the Fair Housing Act when the following requirements ("Requirements for Exemption") are satisfied: (i) the community is intended for occupancy by persons of age 55 and older, (ii) at least 80% of the occupied dwelling units are

occupied by at least one person of age 55 or older, (iii) the community publishes and adheres to policies and procedures that demonstrates its intent to provide housing for persons of age 55 and older; and (iv) the community is able, at all times, to produce verification of compliance with HOPA regulations through reliable surveys and affidavits updated at least once every two years.

(c) Declarant intends that SaddleBrooke Ranch comply with the Requirements for Exemption. Therefore, (i) at least one occupant in each occupied Dwelling Unit must be 55 or older, except as provided below; (ii) the Board is directed to publish and adhere to policies and procedures that demonstrate an intent to provide housing for persons 55 and older, (iii) the Board is directed to comply with rules issued by the Secretary for Housing and Urban Development for verification of occupancy requirements, including, but not limited to, providing for routine determination of the occupancy status of each Dwelling Unit and whether at least one occupant is of age 55 years or older, and for updates of such determination at least once every two years, and (iv) the Board is directed to maintain and make available for inspection upon reasonable notice by any person a summary of occupancy surveys (but the Board need not make available for inspection the affidavits and documentation supporting such summary);

(d) The Requirements for Exemption contemplate that up to 20% of the occupied units in a community may be occupied by persons who are under the age of 55 without loss of the exemption and that the 80% requirement does not apply until 25% of the units in the community are occupied. Accordingly, the Board, upon application by an Owner, tenant, purchaser or proposed lessee, shall have the right and option, in the Board's sole and absolute discretion, to allow a Dwelling Unit to be occupied by persons who are all under the age of 55 provided at least one occupant of the Dwelling Unit is at least 40 and further provided that the Board takes appropriate action to comply with the Requirements for Exemption. The Board shall exercise its discretion based upon criteria that the Board shall determine, which shall include (by way of illustration and not limitation) information then known to the Board concerning potential or pending changes in occupancy of other Dwelling Units, if any, and the ages of any likely remaining occupants of any such Dwelling Units, proximity to the age of 55 of those occupants of other Dwelling Units then under the age of 55, and any other information known to and deemed relevant by the Board in its sole and absolute discretion. The Board shall have the right and power to promulgate rules and requirements as a part of the Community Rules to the extent necessary or convenient to comply with the Requirements for Exemption;

(e) Notwithstanding the foregoing, Declarant shall have the right to convey Dwelling Units owned by Declarant to purchasers who intend that the Dwelling Units be occupied initially by at least one person who is 40 or older, but not by anyone who is 55 or older. However, for so long as the Fair Housing Act is in effect, Declarant will take reasonable action to ensure that such conveyances by Declarant to purchasers under the age of 55 do not constitute a violation of the Requirements for Exemption. Each Dwelling Unit shall at the first change of occupancy thereafter be subject to the requirement that at least one occupant be fifty-five (55) years of age or over unless waived by the Board pursuant to the provisions of this Section 17.1; and

(f) Declarant may, in any Tract Declaration, specify that the portions of SaddleBrooke Ranch subject to the particular Tract Declaration will not be included in the

portions of the community intended to be housing for older persons or to be subject to the Requirements for Exemption.

17.2 EXEMPTION OF DECLARANT FROM RESTRICTIONS. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS DECLARATION, NONE OF THE COVENANTS OR OTHER PROVISIONS IN THIS DECLARATION SHALL BE CONSTRUED OR DEEMED TO LIMIT, PROHIBIT OR INTERFERE WITH ANY ACT OF DECLARANT, ITS AFFILIATES, EMPLOYEES, AGENTS, CONTRACTORS, DESIGNATED BUILDERS (TO THE EXTENT PROVIDED BY DECLARANT), OR OTHER PARTIES DESIGNATED BY DECLARANT (TO THE EXTENT PROVIDED BY DECLARANT) IN CONNECTION WITH THE CONSTRUCTION, COMPLETION, DEVELOPMENT, MARKETING, LEASING AND SALE OF ANY PORTION OF SADDLEBROOKE RANCH. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING IN ANY WAY AND NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS DECLARATION, (A) DECLARANT AND ITS AFFILIATES ARE EXPRESSLY EXEMPTED FROM THE PROVISIONS OF THIS DECLARATION REQUIRING SUBMITTALS TO, OR AUTHORIZATIONS BY, THE ARCHITECTURAL AND LANDSCAPE COMMITTEE, INCLUDING BUT NOT LIMITED TO SECTION 14.4; (B) THE PROVISIONS OF ARTICLE 14 ARE NOT APPLICABLE TO ANY PROPERTY OWNED BY DECLARANT OR ANY OF ITS AFFILIATES; (C) THE RESTRICTIONS SET FORTH IN SECTION 5.2.5 ARE NOT APPLICABLE TO ANY ACTIVITY CONDUCTED BY DECLARANT, ITS AFFILIATES, CONTRACTORS, SUBCONTRACTORS, AGENTS, EMPLOYEES, DESIGNATED BUILDERS (TO THE EXTENT PROVIDED BY DECLARANT) OR OTHER DESIGNEES (TO THE EXTENT PROVIDED BY DECLARANT); AND (D) DECLARANT, ITS AFFILIATES, CONTRACTORS, SUBCONTRACTORS, AGENTS, EMPLOYEES, DESIGNATED BUILDERS (IF PERMITTED BY DECLARANT) AND OTHER PARTIES DESIGNATED BY DECLARANT SHALL HAVE THE RIGHT TO PLACE WITHIN SADDLEBROOKE RANCH SUCH STRUCTURES, CONSTRUCTION TRAILERS, EQUIPMENT YARDS, LANDSCAPE OR MATERIALS STORAGE, SIGNS, MODEL HOMES, SALES OFFICE AND FACILITIES, ADMINISTRATIVE OFFICES, OR OTHER OFFICES OR FACILITIES AS DECLARANT DEEMS TO BE NECESSARY OR CONVENIENT TO THE DEVELOPMENT, MARKETING, SALE OR OPERATION OF SADDLEBROOKE RANCH.

17.3 Limitation on Declarant's Liability. Notwithstanding anything to the contrary in this Declaration, each Owner, by accepting any interest in any portion of SaddleBrooke Ranch and becoming an Owner, acknowledges and agrees that neither Declarant (including, but not limited to, any assignee of the interest of Declarant hereunder); nor its affiliates; nor any of their respective partners, officers, directors, shareholders, employees or agents (or any partner or shareholder in any such assignee), shall have any personal liability to the Association, or any Owner, Member or any other person, arising under, in connection with, or resulting from (including, but not limited to, resulting from action or failure to act with respect to) this Declaration, any of the related documents provided for herein, or the Association except, in the case of Declarant (or its assignee), to the extent of its interest in the property served by the Association. In the event of a judgment, no execution or other action shall be sought or brought thereon against any other assets or be a lien upon such other assets of the judgment debtor. The

provisions of this Section shall not be deemed to create any lien on any property or any liability on the part of the foregoing parties.

17.4 Use of Effluent. Sewage effluent may be used on the Common Areas and Golf Course Land provided the effluent is adequately treated for such use.

17.5 Use of Recreational Facilities. Declarant and its affiliates, and all of their respective employees, agents, guests, invitees and designees may use any clubhouse and other recreational facilities (and if there is more than one, all clubhouses and recreational facilities) located in SaddleBrooke Ranch for sales, promotional and other purposes, including, but not limited to, purposes related to the marketing of SaddleBrooke Ranch or other development projects of Declarant or its affiliates, as long as Declarant or any of its affiliates is the owner of any real property located within SaddleBrooke Ranch in fee or beneficially, without charge, regardless of whether or not legal title to one or more of the Common Areas passes to the Association. Without limiting the generality of the foregoing, Declarant is specifically authorized to permit potential purchasers of Lots or Parcels to use the Common Areas, recreational amenities and other facilities within SaddleBrooke Ranch on the same terms as Owners and Residents are permitted to use the facilities, without charge. No portion of the facilities and amenities located within SaddleBrooke Ranch and commonly known as a "clubhouse" shall be used by anyone other than Declarant or its affiliates for the purpose of soliciting any prospective purchaser being escorted or shown through or viewing the clubhouse at the invitation of Declarant, its affiliates, sales agents or employees. No one, other than Declarant, its affiliates, its sales agents or employees and Declarant's designees, shall use any part of a clubhouse to consummate the purchase or sale of any property whatsoever. Nothing herein shall be construed to prevent anyone from showing a clubhouse or any other part of the Association facilities or Common Areas to any prospect or customer.

17.6 Private Roadways and Guard Gates. Except as otherwise provided in an applicable plat, Tract Declaration or easement executed by Declarant, the right to use of the private roadways within SaddleBrooke Ranch, if any, shall be limited to Declarant; Declarant's affiliates; Owners; Members; Residents; those who are entitled to use the Golf Course Land; those who are permitted to use such roadways pursuant to reciprocal or other use agreements executed by Declarant or the Association; those who have an easement or other legal right to use such roadways; all of the foregoing parties' respective employees, guests and invitees; and applicable governmental agencies and entities. The Board shall have the right to assess the Members for the repair, reconstruction, replacement and maintenance of the private roadways, curbs and gutters, the electricity for street lighting and the operation and maintenance of guard gates, guard stations and guard service pursuant to Article 9 hereof. Neither Declarant nor any owner of the Golf Course shall be assessed or charged for use of the private roadways by their respective guests, customers, agents, employees or subcontractors, nor shall Declarant or any owner of the Golf Course be assessed or charged in any way for normal wear and tear on the private roadways caused by the foregoing parties. Declarant reserves the right, in its sole and absolute discretion, to cause title to all or any part of the private roadways to be conveyed to the Association or an Ancillary Association at any time. Until private roadways are conveyed to the Association or an Ancillary Association, Declarant reserves the right to cause all or any part of the private roadways to be dedicated to a city, county or other public entity.

17.7 Transfer of Title to the Common Areas. Declarant shall transfer the Common Areas to the Association on or before the Transition Date (at a time, and from time to time, as determined by Declarant in its sole and absolute discretion). The Association's consent or acknowledgement or signature on the deed or otherwise is not required for Declarant to transfer all or any portion of the Common Area to the Association. The condition of the facilities at the time of transfer shall be reasonable, subject to normal wear and tear. The Common Areas may, upon transfer, be subject to mortgages or encumbrances securing indebtedness of the Association, provided the indebtedness was incurred for the operation of the Association or payment of the debts or obligations of the Association. Declarant shall have no obligation to the Association or to any Member or other person to pay any such indebtedness or the interest thereon.

17.8 Interpretation of the Covenants. Except for judicial construction, the Declarant shall have the exclusive right to construe and interpret the provisions of this Declaration, and the related documents provided for herein, that relate to Declarant's rights, privileges, obligations and exemptions. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Declarant's interpretation of the foregoing provisions shall be final, conclusive and binding. With respect to all other provisions of this Declaration, and the related documents provided for herein, and except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the foregoing provisions shall be final, conclusive and binding as to all persons and property benefited or bound by the Covenants.

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

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

17.11 DECLARANT'S DISCLAIMER OF REPRESENTATIONS. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS DECLARATION, AND EXCEPT AS OTHERWISE MAY BE EXPRESSLY SET FORTH ON A RECORDED PLAT OR OTHER INSTRUMENT RECORDED IN THE OFFICIAL RECORDS OF PINAL COUNTY, DECLARANT MAKES NO WARRANTIES OR REPRESENTATIONS WHATSOEVER THAT THE PLANS PRESENTLY ENVISIONED FOR THE COMPLETE DEVELOPMENT OF SADDLEBROOKE RANCH CAN OR WILL BE CARRIED OUT, OR THAT ANY LAND NOW OWNED OR HEREAFTER ACQUIRED BY DECLARANT IS OR WILL BE SUBJECTED TO THIS DECLARATION OR ANY OTHER DECLARATION, OR THAT ANY SUCH LAND (WHETHER OR NOT IT HAS BEEN SUBJECTED TO THIS DECLARATION) IS OR WILL BE COMMITTED TO, OR DEVELOPED FOR, A PARTICULAR (OR ANY) USE, OR IF THAT LAND IS ONCE USED FOR A PARTICULAR USE, THAT THE SAME USE WILL CONTINUE IN EFFECT. DECLARANT PROVIDES NO GUARANTY OR WARRANTY THAT ANY PARTICULAR PROPOSED AMENITIES OR FACILITIES WILL BE CONSTRUCTED IN SADDLEBROOKE RANCH OR WILL BE

CONSTRUCTED WITHIN ANY PARTICULAR TIME FRAME. IN ADDITION, THERE ARE NO ASSURANCES, WHETHER TO THE ASSOCIATION OR ANY OWNER, THAT ANY OF PORTION OF SADDLEBROOKE RANCH WILL BE IMPROVED IN STRICT ACCORDANCE WITH ANY APPROVED PLANS OR THAT THE LOCATION, DESIGN OR CONSTRUCTION MATERIALS OF ANY IMPROVEMENTS (SUCH AS WALLS, LANDSCAPING, OPEN SPACE, SPORTS FACILITIES, PARK AREAS, OR ANY AMENITIES) WILL BE CONSISTENT THROUGHOUT SADDLEBROOKE RANCH AS A WHOLE OR EVEN WITHIN A PARTICULAR PHASE OR UNIT OR OTHER PORTION THEREOF.

17.12 No Warranty of Enforceability. Declarant makes no warranty or representation as to the present or future validity or enforceability of any Covenants contained in this Declaration. Any Owner acquiring a Lot or Parcel in SaddleBrooke Ranch shall assume all risks of the validity and enforceability hereof and, by acquiring any Lot or Parcel, agrees that Declarant shall have no liability therefor.

17.13 References to the Covenants in Deeds. Deeds and any other instruments affecting any part of SaddleBrooke Ranch may contain a reference to the Covenants herein set forth; but regardless of whether any such reference is made in any deed or other instrument, each and all of the Covenants shall be binding upon the grantee Owner or other person claiming through any such instrument and the Owner's heirs, executors, administrators, successors and assigns.

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

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

17.16 Notices. If notice of any action or proposed action by the Board or of any committee or of any meeting is required by applicable law, this Declaration or resolution of the Board to be given to any Owner, Member or Resident then, unless otherwise specified herein or in the resolution of the Board or otherwise required by applicable law, the notice requirement shall be deemed satisfied if notice is published once in any newspaper in general circulation within SaddleBrooke Ranch. This Section shall not be construed to require that any notice be given if not otherwise required, and shall not prohibit satisfaction of any notice requirement in any other manner. If notice is made by mail, it shall be deemed to have been delivered and received 24 hours after a copy has been deposited in the United States mail, postage prepaid, addressed to the address given to the Association for the purpose of service of notice, or to the address of the Lot or Parcel owned by the person if no other address has been given. Notice to the Board shall be delivered or sent certified mail to the office of the Association.

17.17 Use of the Words "SaddleBrooke Ranch". No person other than Declarant shall use the words "SaddleBrooke Ranch", "SaddleBrooke Ranch Resort Community" or any

derivative thereof in any printed, promotional or other material without the prior written consent of Declarant. However, Members may use the foregoing terms in printed or promotional material where the term is used solely to specify that the particular property is located within SaddleBrooke Ranch.

17.18 Governing Law. This Declaration shall be governed by and construed in accordance with the laws of the State of Arizona.

17.19 Effective Date. This Declaration shall become effective when it is recorded in the Official Records of Pinal County, Arizona.


IN WITNESS WHEREOF, the undersigned has executed this Declaration as of the day and year first above written.

DECLARANT:

ROBSON RANCH MOUNTAINS, LLC, a Delaware limited liability company

By: Arlington Property Management Company,
an Arizona corporation

Its: Manager

By: 

Its: VP

STATE OF ARIZONA)
) s.s.
County of Maricopa)

The foregoing instrument was acknowledged before me this 25 day of October, 2007, by Steve Soriano, the Vice President of Arlington Property Management Company, an Arizona corporation, as the Manager of Robson Ranch Mountains, LLC, a Delaware limited liability company, on behalf thereof.

Veronica Cabbage
Notary Public

My Commission Expires

8-1-2008



EXHIBIT "A"

LEGAL DESCRIPTION

All real property comprising any portion of:

Final Plat SaddleBrooke Ranch Unit One, recorded in Cabinet G, Slide 39, in the office of the County Recorder, Pinal County Arizona;

Final Plat SaddleBrooke Ranch Unit Two, recorded in Cabinet G, Slide 40, in the office of the County Recorder, Pinal County Arizona;

Final Plat SaddleBrooke Ranch Unit Three, recorded in Cabinet G, Slide 182, in the office of the County Recorder, Pinal County Arizona; and

Final Plat SaddleBrooke Ranch Unit Seven, recorded in Cabinet G, Slide 183, in the office of the County Recorder, Pinal County Arizona;

EXHIBIT "B"
ANNEXABLE PROPERTY

(see attached legal description)

Legal Description

SaddleBrooke Ranch CC&Rs
Annexable Property

October 10, 2007

PARCEL 1

A parcel of land located in the South half of Section 31, T.9S., R.14E., and a portion of Section 6 and a portion of Section 7, T.10S., R14E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

All of the South half of said Section 31, and;

All of said Section 6, and;

All of the North half of said Section 7;

EXCEPTING therefrom a portion of the South half of Section 6 and the North half of Section 7, T.10S., R14., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

COMMENCING at the East quarter corner of said Section 7;

THENCE along the East-West mid-section line of said Section 7, S89°46'11"W, a distance of 1865.30 feet;

THENCE leaving said East-West mid-section line, N28°49'31"W, a distance of 232.85 feet;

THENCE N13°52'08"W, a distance of 525.87 feet;

THENCE N10°51'40"E, a distance of 678.08 feet;

THENCE N01°12'32"E, a distance of 352.87 feet;

THENCE N15°35'38"E, a distance of 171.68 feet to the TRUE POINT OF BEGINNING;

THENCE N15°35'38"E, a distance of 681.92 feet;

Legal Description

SaddleBrooke Ranch CC&Rs
Annexable Property (cont'd)

October 10, 2007

THENCE N03°52'35"E, a distance of 752.37 feet to the beginning of a tangent curve, concave to the Southeast, having a radius of 425.00 feet;

THENCE Northeasterly along said curve, through a central angle of 60°42'38", an arc distance of 450.33 feet;

THENCE N64°35'13"E, a distance of 204.50 feet to the beginning of a tangent curve, concave to the Northwest, having a radius of 450.00 feet;

THENCE Northeasterly along said curve, through a central angle of 74°56'15", an arc distance of 588.56 feet;

THENCE N10°21'02"W, a distance of 259.89 feet;

THENCE N66°50'42"W, a distance of 1,459.55 feet;

THENCE S49°41'26"W, a distance of 2,762.49 feet;

THENCE S34°07'14"E, a distance of 1,271.46 feet;

THENCE S77°57'04"E, a distance of 392.51 feet;

THENCE S80°37'36"E, a distance of 1,508.22 feet to the POINT OF BEGINNING.

EXCEPTING therefrom a portion of the Northwest quarter of Section 7, T.10S., R14., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

The East half of the Southeast quarter of the Northwest quarter of said Section 7, and;

The Southwest quarter of the Southeast quarter of the Northwest quarter of said Section 7, and;

The South half of the Northwest quarter of the Southeast quarter of the Northwest quarter of said Section 7.

PARCEL 2

Section 32, T.9S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona;

Together with the South half of Section 33, T.9S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona, except the North half of the Northeast quarter of the Northeast quarter of the Southeast quarter;

Legal Description

SaddleBrooke Ranch CC&Rs
Annexable Property (cont'd)

October 10, 2007

Together with the South half of Section 34, T.9S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona, except the North half of the Northwest quarter of the Northwest quarter of the Southwest quarter;

Together with the North half of Section 4, T.10S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona;

Together with Section 5, T.10S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona.

PARCEL 3

A portion of Section 7, T.10S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

BEGINNING at the East quarter corner of said Section 7;

THENCE along the East line of the Southeast quarter of said Section 7, S00°10'16"E, 1,786.42 feet;

THENCE leaving said East line S55°09'49"W, 1,582.28 feet to the Southerly line of said Section 7;

THENCE along the South line of the Southeast quarter of said Section 7, S89°41'55"W, 435.38 feet;

THENCE leaving said South line N07°39'14"E, 506.16 feet;

THENCE N13°48'57"W, 676.93 feet

THENCE N00°00'00"E, 403.96 feet;

THENCE N10°30'14"W, 967.35 feet;

THENCE N31°35'23"W, 196.47 feet to the North line of the Southeast quarter of said Section 7;

THENCE along the North line of said Southeast quarter N89°41'51"E, 2,102.28 feet to the TRUE POINT OF BEGINNING.

PARCEL 4

A portion of Section 8, T.10S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Legal Description

SaddleBrooke Ranch CC&Rs
Annexable Property (cont'd)

October 10, 2007

BEGINNING at the Northwest corner of said Section 8, said corner being marked by a 5/8" rebar with 2" aluminum cap, tagged L.S. 24530;

THENCE along the North line of the Northwest quarter of said Section 8, S89°42'52"E, 2,634.67 feet to the North quarter corner of said Section 8;

THENCE along the North line of the Northeast quarter of said Section 8, S89°43'06"E, 2,634.65 feet to the Northeast corner of said Section 8;

THENCE S54°23'24"W, 368.86 feet;

THENCE S88°06'08"W, 600.79 feet;

THENCE S70°27'04"W, 626.15 feet;

THENCE N37°30'19"W, 185.42 feet;

THENCE S69°18'39" W, 440.01 feet;

THENCE S32°39'16"W, 790.12 feet;

THENCE S62°36'44"W, 214.75 feet;

THENCE S53°43'39"W, 357.73 feet;

THENCE S81°25'31"W, 552.49 feet;

THENCE S14°00'58"W, 395.46 feet;

THENCE S00°34'07"W, 245.06 feet;

THENCE S65°30'52"W, 370.07 feet;

THENCE S33°28'47"W, 216.79 feet;

THENCE S03°08'24"W, 212.05 feet;

THENCE S69°12'03"W, 289.75 feet;

THENCE S40°50'26"W, 201.11 feet;

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THENCE S53°05'26"W, 587.67 feet;

THENCE S22°50'33"W, 109.03 feet;

THENCE S43°20'37"W, 134.92 feet;

THENCE S10°01'34"E, 436.16 feet;

THENCE S08°18'02"W, 359.21 feet;

THENCE S55°09'49"W, 292.31 feet to the West line of the Southwest quarter of said Section 8;

THENCE along the West line of said Section 8, N00°10'16"W, 4,469.82 feet to the TRUE POINT OF BEGINNING.

PARCEL 5

A parcel of land located in the Northwest Quarter of Section 3, T.10S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Beginning at the Northwest corner of said Section 3, a found chiseled X in stone, from which the West-quarter corner of said Section 3, a found 1/2 inch rebar, bears S00°35'04"E, 2700.89 feet;

Thence along the North line the Northwest quarter of said Section 3, N89°37'31"E, 2263.93 feet;

Thence S53°15'14"W, 494.19 feet;

Thence S69°28'31"W, 1423.88 feet;

Thence S50°48'40"W, 673.62 feet, to the West line of the Northwest quarter of said Section 3;

Thence along said West line, N00°35'04"W, 1,205.80 feet to the POINT OF BEGINNING.

PARCEL 6

A parcel of land located in the Southwest Quarter of Section 4, T.10S., R.14E., of the Gila and Salt River Meridian, Pinal County, Arizona, more particularly described as follows:

Beginning at the West quarter corner of said Section 4, a found 2 inch aluminum cap, from which the Southwest corner of said Section 4, a found chiseled X in stone, bears S00°31'12"E, 2712.57 feet;

Thence along the East-West midsection line of said Section 4, N89°30'40"E, 2431.66 feet;

Thence S13°35'35"W, 482.55 feet;

Legal Description

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Annexable Property (cont'd)

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Thence S83°02'51"W, 299.15 feet;

Thence N51°20'20"W, 251.21 feet;

Thence S09°41'13"E, 408.95 feet;

Thence S16°54'31"E, 252.79 feet;

Thence S36°35'10"W, 692.49 feet;

Thence S89°26'09"W, 282.68 feet;

Thence S46°38'27"W, 384.73 feet;

Thence S17°50'30"W, 344.36 feet;

Thence S55°39'08"W, 1,044.20 feet to the West line of the Southwest quarter of said Section 4;

Thence along said West line, N00°31'12"W, 2,712.57 feet to the POINT OF BEGINNING.

EXCEPTING therefrom any portion of the Final Plat Saddlebrooke Ranch Unit One, recorded in Cabinet G, Slide 39, in the office of the County Recorder, Pinal County, Arizona;

ALSO EXCEPTING therefrom any portion of the Final Plat Saddlebrooke Ranch Unit Two, recorded in Cabinet G, Slide 40, in the office of the County Recorder, Pinal County, Arizona;

ALSO EXCEPTING therefrom any portion of the Final Plat Saddlebrooke Ranch Unit Three, recorded in Cabinet G, Slide 182, in the office of the County Recorder, Pinal County, Arizona;

ALSO EXCEPTING therefrom any portion of the Final Plat Saddlebrooke Ranch Unit Seven, recorded in Cabinet G, Slide 183, in the office of the County Recorder, Pinal County, Arizona;

Above described parcels contain 3599.83 acres, more or less.

