

Council Evening Mtg – 08/14/07
Item No. 24 – Rezoning App
ZON06-07: Northern Place –
8707 West Northern Avenue

Northern Place

GLENDALE, ARIZONA

8707 West Northern Avenue

ZON06-07

Northern Place Development Plan

Applicant:

Malouf Homes

8709 N. 47th St.

Phoenix, AZ. 85028

Case Number: ZON06-07

Prepared by:

Brad Chelton

Malouf Homes

Revised: May 7th, 2007

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Project Summary

Program

Northern Place is a proposed residential community located at the southeast corner of 87th Avenue and Northern Avenue. We intend to develop twenty-seven 10,000 square foot lots in a single development phase and build semi-custom residential homes ranging from 3,100 to 3,800 square feet in size. We will utilize several unique and classical styles of architecture throughout the community to provide a sense of cohesiveness throughout the project.

Builder and Developer

Malouf Homes, the developer and homebuilder for the project, has been operating in the Valley for 40 years. The Malouf family brings three generations of commitment to designing and building award winning boutique subdivisions of lasting value that set a high standard for excellence in design, construction and, above all, customer service. Northern Place is designed to appeal to the City's growing upper income population and provide a unique and elegant community in the heart of the City's growing lifestyle corridor.

Location

The project is an approximate 11.2 acre rectangular shaped parcel generally located along the south side of Northern Avenue, between 83rd and 91st Avenue, directly adjacent to the Rovey Farms community, and is depicted in more detail in Figure 1 of this document. The parcel is currently located in Maricopa County; however, we have applied for, and have received, staff and council support for annexation.

Current Zoning

The property is currently zoned R-43 within the Maricopa County jurisdiction and has been operated as a rodeo, feed supply and horse boarding facility. There are a number of structures on the parcel that we intend to remove.

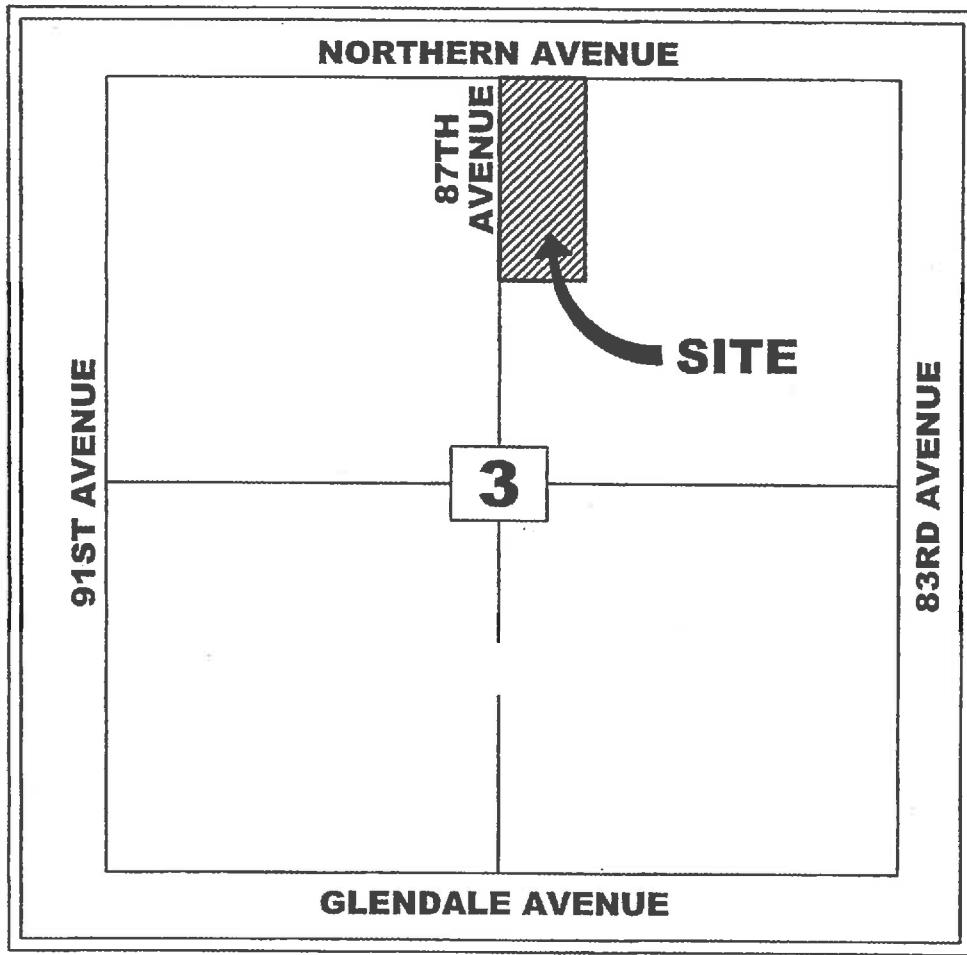


FIGURE 1

PK KLAND

CONSULTING CIVIL ENGINEERS, L.L.C.

6045 N. Scottsdale Rd.
Suite 105
Scottsdale, AZ 85250

Phone: (480) 344-0480
Fax: (480) 344-0423

www.pkkland.com

NORTHERN PLACE
VICINITY MAP

DATE:
10-16-06

PROJECT NUMBER
K60113

Surrounding Parcels

Rovey Farms borders our parcel on the west and south property lines. The Northern Avenue right of way establishes our north boundary and there are three residential parcels that border our eastern property line. During the acquisition of our parcel we contacted the adjacent property owners along the east side and they do not have any current intentions to develop.

Annexation

Our parcel has been annexed into the City of Glendale, and we plan to rezone the land use to R1-10 PRD (Single Residence, Planned Residential Development). Please see Figure 2 for our proposed site map. We are committed to work in cooperation with the City to meet their needs for right of way and landscape buffers along Northern Parkway. Our site plan reflects all of the requirements established by the various City departments for the Northern Parkway ultimate section.

Land Use

It is our intent to maintain the vast majority of the R1-10 zoning standards. Table 1 below is a quick summary of the key development criteria for the Northern Place R1-10 PRD standards.

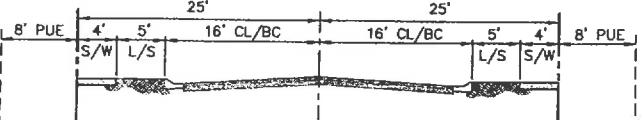
Table 1: Northern Place Land Use Data

	Northern Place R1-10 PRD
Gross Area	11.616 Acres
Net Area	11.244 Acres
Number of Lots	27
Minimum Lot Size	10,000 SF
Average Lot Size	10,034 SF
Existing Zoning	R-43
Proposed Zoning	R1-10 PRD
Open Space Area	1.91 Acres
Gross Density	2.32 DU/AC.
Net Density	2.41 DU/AC

The surrounding properties are a mix of developed residential subdivisions zoned R1-7 and R1-8 on the south and west, existing rural land use in the R-43 zoning classification on the east, and Northern Parkway right of way. Figures 3 and 4 help the reader better understand the adjacent property owners and the associated zoning classifications.

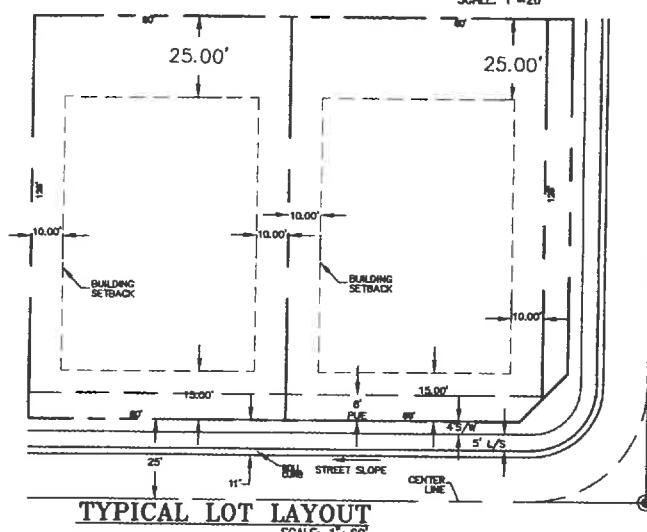
NORTHERN PLACE SEC OF 87TH AVE AND NORTHERN AVE SITE PLAN

LOCATED IN THE NORTHEAST QUARTER OF SECTION 3, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA.



TYPICAL STREET SECTION

SCALE 1=20



TYPICAL LOT LAYOUT

SCALE 1=60

LEGAL DESCRIPTION

PARCEL NO. 1:

THE WEST HALF OF THE WEST 396 FEET OF G.L.O. LOT 2, SECTION 3, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THE FOLLOWING DESCRIBED PROPERTY:

THE SOUTH 16.00 FEET OF THE NORTH 56.00 FEET OF THE WEST 22.00 FEET OF G.L.O. LOT 2, SECTION 3, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA; AND

EXCEPT THE NORTH 40 FEET FOR ROADWAY PURPOSES.

PARCEL NO. 2:

THE WEST HALF OF THE WEST 396 FEET OF G.L.O. LOT 2, SECTION 3, TOWNSHIP 2 NORTH, RANGE 1 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA;

EXCEPT THE NORTH 40 FEET FOR ROADWAY PURPOSES.

AREA

PARCEL NO. 1 CONTAINS 244,774 SQ. FT. OR 5.619 ACRES NET
PARCEL NO. 2 CONTAINS 245,024 SQ. FT. OR 5.625 ACRES NET
TOTAL AREA 489,798 SQ. FT. OR 11.244 ACRES NET

ENGINEER

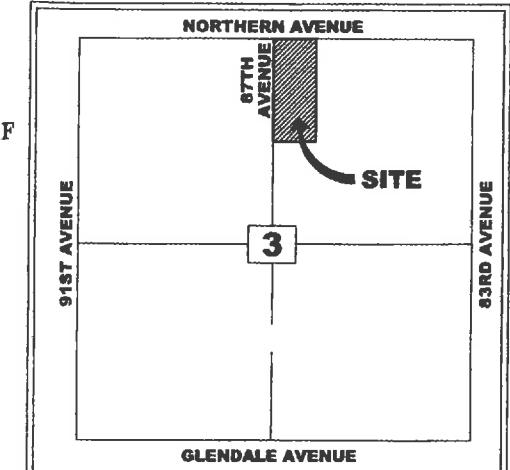
PK KLAND
7434 EAST MCDONALD, STE. B
SCOTTSDALE, ARIZONA 85250
PH: (480) 344-0480
FX: (480) 922-3739
CONTACT: LESLIE KLAND

ADDRESS

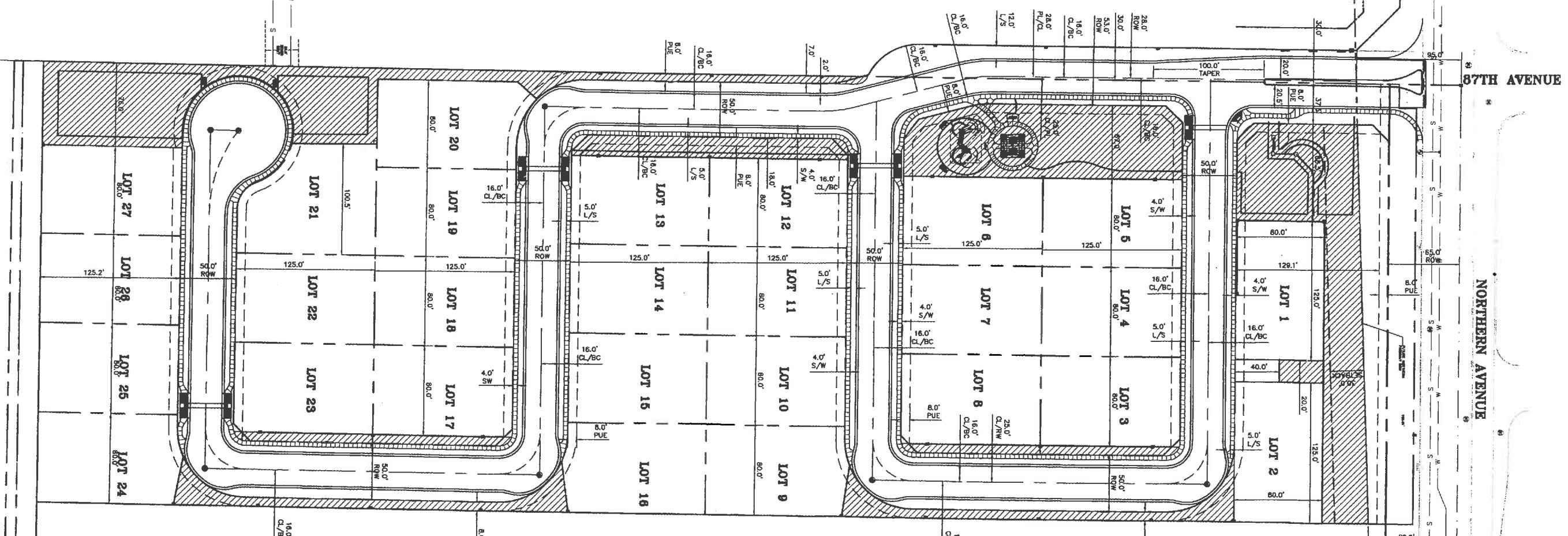
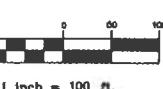
SEC OF 87TH AVE AND NORTHERN AVE
MARICOPA COUNTY, ARIZONA

BENCHMARK

GDAC CORNER 23127-1, BRASS CAP
IN HANDBOLE AT THE NORTH QUARTER
CORNER OF SECTION 3, T 2-N, R 1-E
G&SRB&M. ELEVATION = 1098.675
NAVD 88.



VICINITY MAP
N.T.S.



NORTHERN PLACE SITE PLAN

SCALE PLAN

ENGINEER L. KLAND
DESIGNER L. KLAND
CAD TECHNICIAN D. WAGONER
SCALE (HORIZ) 1=100'
SCALE (VERT) N/A
DATE 05-03-07



PROJECT NUMBER
K60118

SHEET
1
OF
1

FIGURE 2
PAGE 4

PK KLAND
CONSULTING CIVIL ENGINEERS, L.L.C.
6015 N. Scottsdale Rd.
Suite 100
Scottsdale, AZ 85250
Phone: (480) 344-0480
Fax: (480) 344-0233
www.pkland.com

ADJACENT ZONING EXHIBIT
NORTHERN PLACE
GLENDALE, ARIZONA

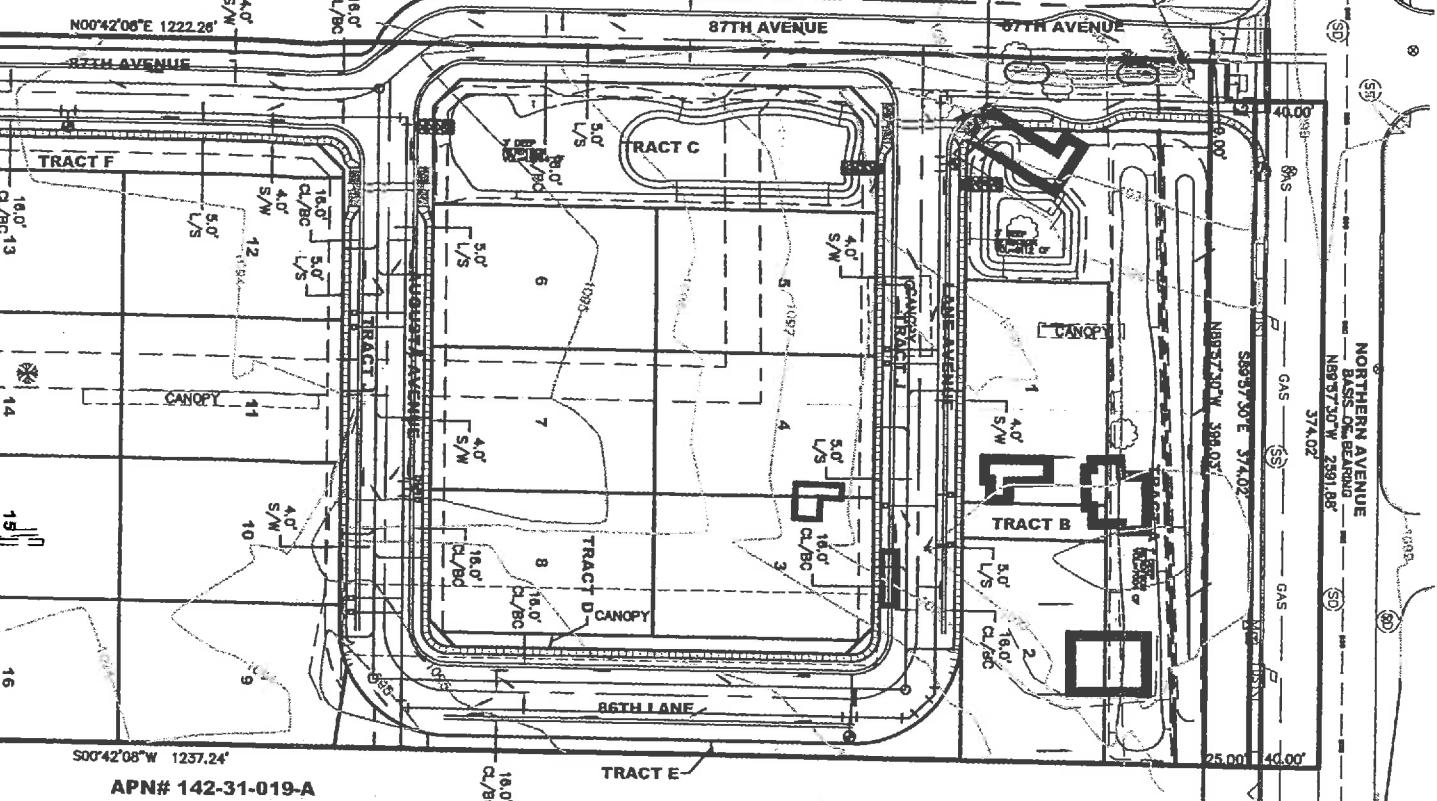


REVISIONS:

 DRAWING NAME: SITE PLAN EXHIBIT
 JOB NO. 06028.10
 DRAWN: RMH
 CHECKED: JAS
 DATE: 09/11/06
 SCALE: 1"=50'
 SHEET: 1 OF 1

FIGURE 3, PAGE 5

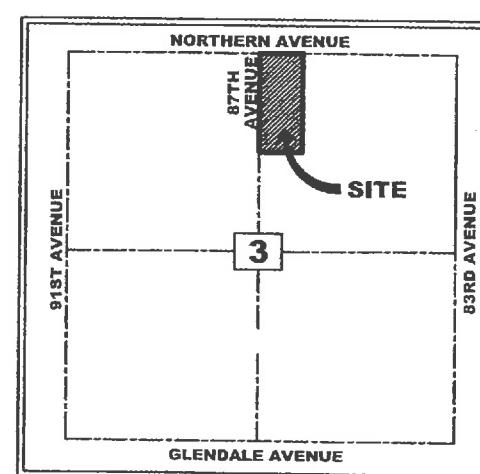
ROVEY FARM ESTATES NORTH
BK. 611, PG. 3 M.C.R.
ZONED: R1-7



LEGEND

EXISTING	DESCRIPTION	PROPOSED
○	SURVEY MARKER	○
—	CURB & GUTTER	—
—	SIDEWALK	—
—	REDUCER	►
—	TAPPING SLEEVE	—
—	WATER METER	—
—	WATER LINE AND VALVE	—
—	FIRE HYDRANT	—
—	SEWER LINE & MANHOLE	—
—	SEWER CLEANCUT	—
—	STORM DRAIN	—
—	PROJECT BOUNDARY	—
—	HIGH WATER ELEV.	HW 71.00
—	BOT.	BOTTOM OF BASIN
—	FLOWLINE	—
—	LOT #	100
—	FF	FINISH FLOOR
—	PAD	PAD GRADE
—	RIP RAP	—
—	EXISTING CONTOURS	—
—	WALLS	—
—	GRADE	TOP OF CURB ELEVATION
—	BUILDING ENVELOPE	—
—	DRAINAGE FLOW ARROW	—

LINE TABLE		
LINE	BEARING	LENGTH
L1	N89°57'30"W	22.00
L2	S00°42'08"W	16.00



VICINITY MAP

NOT TO SCALE

Figure 4: Glendale Zoning Map

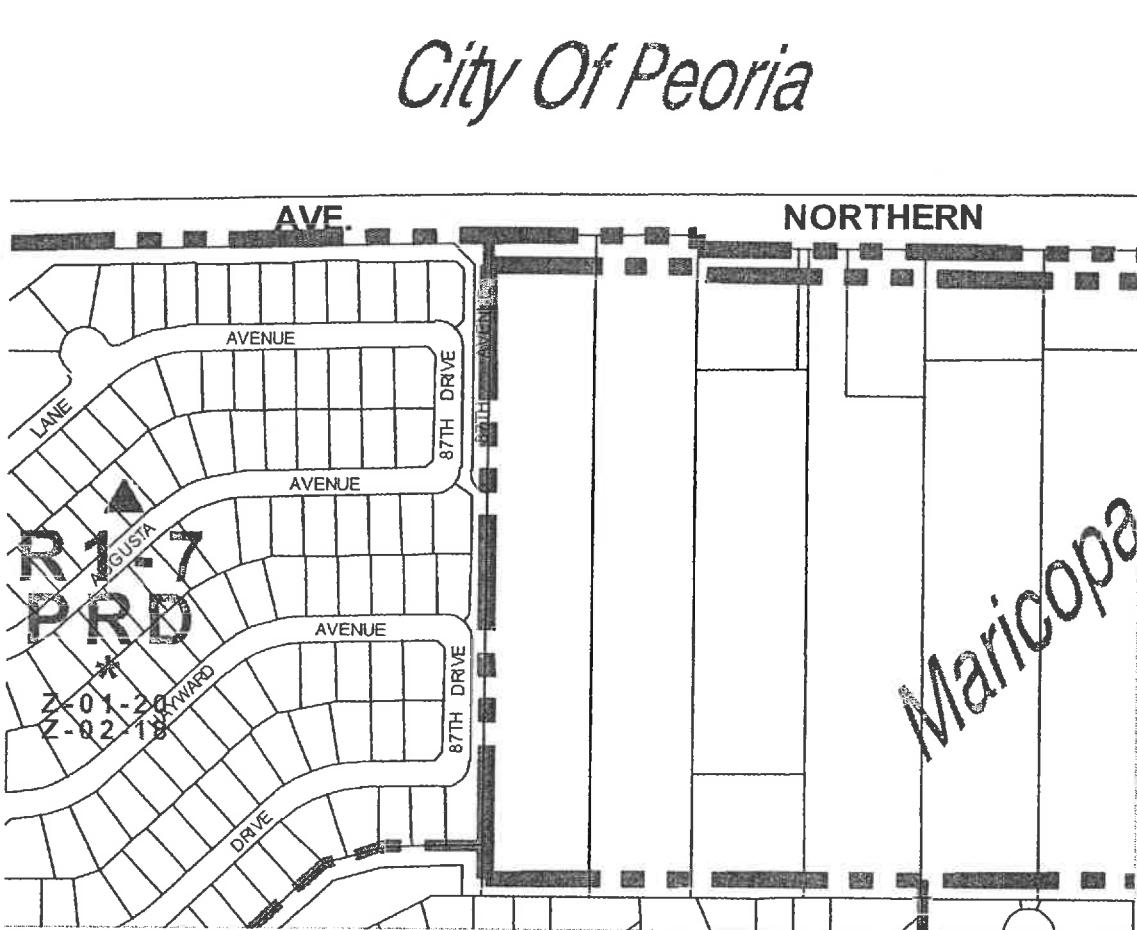


Figure 4

PRD Development Plan

General Plan, Zoning and Density

The existing zoning district within the County is R-43 and the current City of Glendale general plan designation for the parcel is 1-2.5 units per acre as shown in Figure 5 below. We are proposing a project that will meet the City's density requirements; therefore a general plan amendment will not be necessary. At 2.5 units per acre, the general plan will allow for up to 28 lots on the parcel; however we intend to subdivide the parcel into 27 residential lots, with each lot having no less than 10,000 square feet, which will yield a density of approximately 2.41 units to the acre. We are requesting that, upon annexation, the City zone the parcel to R1-10 PRD, which zoning is consistent with the City's general plan.

Figure 5: Glendale General Plan

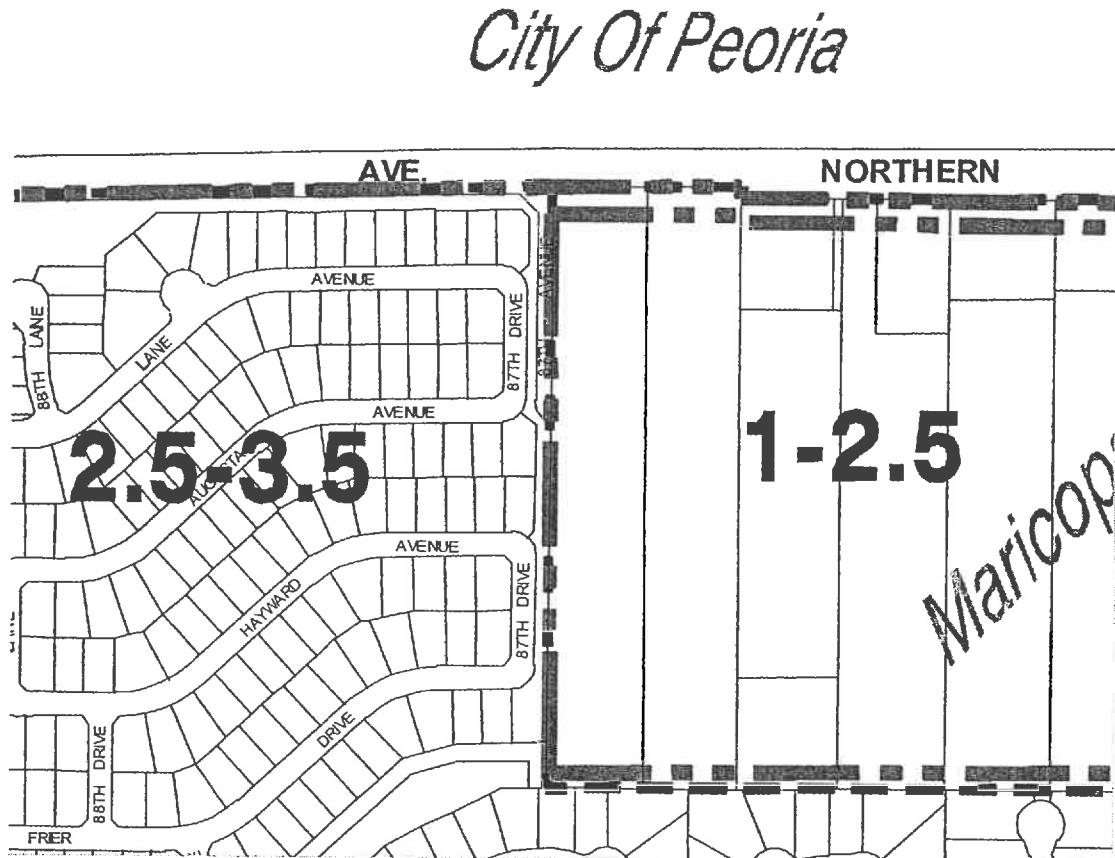


Figure 5

Lotting and Layout

To achieve 10,000 square foot lots on our uniquely shaped parcel we are proposing a PRD district that will allow lot dimensions of 80 feet wide by 125 feet deep. We believe that this lot configuration best utilizes the parcels potential with north-south facing lots, the creation of meaningful open space and better traffic and pedestrian circulation throughout the community.

Northern Parkway

During the preliminary application process, and in subsequent conversations with City of Glendale staff, we have come to fully understand the importance of the Northern Parkway. We believe that our site plan meets all of the City's requirements along the corridor.

Surrounding Parcels

As mentioned in the Project Summary section of this narrative and depicted in Figure 3 above, the Northern Place project is directly adjacent to other residential developments on three sides and Northern Parkway on the northern boundary. The west side of the project is directly adjacent to and shares a common wall with the Rovey Farms development. This portion of the development consists of R1-7 zoning classifications and average lot sizes of roughly 7500 square feet. Our main entry and primary north-south roadway will be adjacent to our western property line and therefore provide a transition and buffer between our homes and those in the Rovey Farms development. Please refer back to our site plan in Figure 2 for clarification.

The southern property line is directly adjacent to a narrow SRP parcel with a irrigation delivery channel in it which we will be improving under ground as a part of our site improvements. The easement is approximately 27.5 feet wide and will provide a nice buffer from the Rovey Farms homes on the south side of that parcel. The underlying zoning on this portion of the Rovey Farms development is R1-8.

The eastern property line borders three residential parcels all consisting of R-43 zoning in Maricopa County. These parcels are currently being used as residences with structures well within the setbacks allowed by the existing zoning. In addition to the setbacks on both sides of the property line we will only have four lots that will share this common eastern property line and the impact from either side of the property line on the other will be very minimal, if at all.

Northern Parkway is the northern property boundary of the project. The existing right of way is 40 feet from centerline and the proposed dedication is 65 feet south of center line. We have had extensive conversations with City staff to allow for the purchase of additional right of way when the City deems appropriate. Our site plan has also accounted for a 30 foot landscape buffer setback from the ultimate Northern Parkway right of way. This buffer will be owned, landscaped and maintained by the Northern Place HOA.

The ultimate section of Northern Parkway will consist of roughly 18 feet from the back of curb to the right of way line, a 30 foot landscape buffer between traffic and our northern most site wall, and a 10 foot side yard setback to the home. To mitigate the impact of Northern Parkway even more, we are proposing an 8 foot perimeter wall for the two lots that are adjacent to the 30 foot landscape buffer. When all of these items are considered, we believe that the transition and buffer between Northern Parkway and our project is appropriate and reasonable for both the City and our project.

Planned Development Guidelines

Northern Place is developing under the PRD zoning overlay district. In addition, Northern Place has tried to meet the intent of each of the development guidelines and provide a quality housing development that meets the expectations and needs of the City. Northern Place complies with the General Plan, Subdivision Regulations and R1-10 PRD zoning districts. Every effort has been made to honor the intent of the Single Family Residential Design Guidelines to make this project an asset to the City of Glendale. It presents a high quality development that meets the qualitative design guidelines set by the City.

The following is a list of the Single Family Design Guidelines for PRD projects along with a brief explanation on how each guideline is implemented or cannot be implemented.

Open Space Amenities

Guidelines	Comments
1. Provide retention areas that meander through the subdivision as a green belt instead of a single rectangular basin.	Northern Place provides open space retention in the center of the project and in areas that are useful to the community.
2. Provide landscape open spaces visible from arterial street views as well as from residential street views.	The main entry and north/south circulation street to Northern Place is framed by open space on both sides throughout the project.
3. Provide usable common open space that is centrally located, and improved with recreational facilities.	A centrally located recreation area is provided that includes a large turf area, a tot lot, a ramada and some park benches for pedestrians and residents.

4. Provide an internal pathway system	The PRD includes detached sidewalks on both sides of the internal streets as well as paths to the central amenity.
5. Provide amenities such as golf courses and lakes.	The limited size of this project precludes either a golf course or a lake. The project does include appropriate amenities for a development of its size as described above.

Streets

Guidelines	Comments
1. Provide an enhanced curvilinear street system.	Northern Place provides curvilinear streets where possible. The size of the project precludes the ability to create wide sweeping radii on the streets.
2. Provide minimum 6' wide landscape tracts at the ends of blocks.	All cul-de-sacs open to landscape tracts and the minimum tract will be provided at the ends of blocks.
3. Open streets and cul-de-sacs to common open space.	Many of the streets and the cul-de-sac open to common open space.
4. Provide local streets with detached sidewalks and street trees.	Detached sidewalks are provided on all streets with homes fronting on them. Some sidewalks along the access roads will be eliminated where good planning dictates.
5. Provide landscape islands with prominent landscaping in cul-de-sacs.	Landscape islands have been provided at the entry to the project and there is sufficient open space at the end of the cul-de-sac to satisfy the intent of this guideline.
6. Provide enhanced traffic calming devices when needed.	Due to the desirable short length of our streets, traffic calming devices will not be necessary.
7. Provide collector streets with landscaped medians, detached sidewalks and enhanced landscaping to create a boulevard effect.	We comply with this guideline.

Perimeter Improvements

Guidelines	Comments
1. Provide enhanced entrances from arterial and collector streets.	The entrance to the project from Northern Parkway will be framed by walls and landscaping. This is detailed on Figure 9 of this document.
2. Provide enhanced perimeter theme walls along arterial and collector streets.	All walls in the Northern Place development will be covered with stucco. Stone veneer columns will be located throughout the community in highly visible locations.

3. Provide distinctive horizontal and vertical relief in perimeter walls adjacent to streets.	This guideline will be met by the short length of streets and walls throughout the community.
4. Provide a landscape tract between the street right of way and the perimeter wall.	The site plan for Northern place provides an 8 foot wide easement for landscaping between right of way and property lines throughout the project.

Lot Layout and Setbacks

Guidelines	Comments
1. Vary the width of lots that are side by side by 5 feet or more.	No street in Northern Place has more than four lots fronting on and single side and the same home will not be allowed adjacent to one another and therefore the intent of this guideline has been met.
2. Stagger the front yard setbacks by 3 feet or more on adjoining lots and provide a range of 6 feet or more on the same block.	The homes have been designed with recessed and side loaded garages to vary the street scene. There are also front court yards and casita options to vary the front yard setbacks as well. This guideline will be accomplished by the nature of the product and the semi-custom options that the buyer chooses.
3. Provide variation in the width of side yards and in separation between houses.	Similar to the guideline above, no more than four homes will front on the same side of a street and the homes will have side yard courtyards to eliminate a canyon like feel to the side yards of the homes. This guideline will be accomplished by the nature of the product and the semi-custom options that the buyer chooses.
4. Provide minimum 15 foot side yard for 2 story houses	This requirement was not selected due to our standard 80' x 125' lot dimension.
5. Provide a minimum of 30 foot rear yard setback for 2 story houses.	This requirement was not selected due to our standard 80' x 125' lot dimension.
6. Widen corner lots by 10 feet or more than the interior lots on the same block.	13 of the 27 lots in the development are corner lots or side to open space tracts. This guideline is accomplished in theory by the layout of the development.

7. Orient the house at an angle within the building envelope on corner lots.	One of the three floor plans that will be offered will have an angled entry front door to accommodate this guideline.
8. Stage rear setbacks where a row of lots backs to an arterial or collector street.	Due to the design and dimension of the homes the rear yard setback will vary depending on the home that is placed on each individual lot. The single story home is the only home in the development that touches both the front and rear yard setback.
9. Vary the depth of perimeter lots to provide variation in perimeter wall alignments.	There are only two perimeter lots on the project and they have been oriented to reduce the impact to the adjacent Northern Parkway.
10. Provide a difference of at least 2000 square feet between the minimum lot size of two or more parcels in a multi-parcel development.	This is a single parcel development.

House Products

Guidelines	Comments
1. Provide distinctive architectural details on front elevations.	The homes in Northern Place will be very enhanced architecture and provide for a very pleasing street scene. Please see Figure 10 for the front elevations of the homes.
2. Provide significant architectural differences in the choice of elevations offered for each floor plan.	There will be three distinct architectural choices for each of the three floor plans providing numerous variability in the street scene of the project. Please see Figure 8 for the elevations that we intend to use for the project.
3. Locate houses with different front elevations on adjoining lots.	The sales documents and CC&R's will restrict two identical style homes either in elevation or color scheme to be adjacent to one another.
4. Provide distinctive architectural detailing on the rear elevation of houses backing onto arterial and collector streets and common areas.	Significant effort has been made to provide enhanced rear elevations on all homes in the community.

5. Locate houses with different rear elevations on adjoining lots backing onto arterial and collector streets and common areas.	There are no lots backing onto arterial or collector streets in the Northern Place community.
6. Provide a variety of roof forms and ridge lines on houses backing onto arterial and collector streets and common areas.	As in the guideline above, there are no homes that back onto arterial or collector roadways in the Northern Place community.
7. De-emphasize garage fronts as the most prominent feature on front elevations.	Recessed and side loaded garages are offered on the majority homes in the project.
8. Provide covered rear patios which match the architecture of the houses.	All homes will have standard covered rear patios that match the architecture of the homes.
9. Incorporate a variety of durable exterior materials and finishes.	All houses are designed with stucco or equivalent exteriors, metal garage doors, baked enamel or anodized window frames and tile roofs.
10. Provide a variety of roof colors and textures.	There will be 4-6 different roof tile styles and colors for the home owners to choose from.
11. Provide a variety of front yard landscaping packages.	In addition to the street trees that will be provided to create a boulevard style street scene along the internal streets, the developer will provide a variety of front yard landscaping or landscaping packages to the buyers.
12. Provide enhanced decorative return walls on individual lots.	The community will have decorative return walls on individual lots.

In addition to the 38 design guidelines listed above in the previous tables, Single Family Design Guidelines also include discussions on a variety of design criteria used to help evaluate PRD proposals. The following is a listing of criteria identified in the text of the Guidelines along with an explanation of how the additional guidelines are addressed. The additional text of the Single Family Design Guidelines is bold and italicized:

- ***"Not more than 20% of the total number of lots in any PRD shall have a lot area less than the minimum required by the underlying zoning district."*** None of the lots in the Northern Place community will have a lot area of less than the underlying zoning district.
- ***"The reduced lot area on individual lots shall be transferred on a 1:1 ratio to usable common open space that is not inundated by storm water."*** Northern Place will not have any reduced lots and therefore no usable common space will be allocated to account for the shortage.

- ***“The average lot area for all lots in a parcel of land or within any phase of a multi phased development shall be at least 500 square feet greater than the minimum lot area required by the underlying zoning district.”*** Because there is only one lot size proposed for Northern Place, with a minimum area of 10,000 square feet, this phasing is not necessary
- ***“The minimum front yard setback from the property line is 20 feet when a detached sidewalk is provided.”*** The front yard setback to garage face will be 20 feet. The setback to livable area will be 15 feet as proposed in this PRD.
- ***“Provide variation in the width of side yards and in the separation between houses on 25% of the lots.”*** Only 14 of the 27 lots in Northern Place are interior lots and the longest street has only 4 homes on either side. Therefore the intent of this criterion has been met.
- ***“Group wider side yards together on some adjoining lots to provide a separation of 20 feet or more between houses.”*** The minimum distance between adjoining homes will be 20 feet.
- ***“The minimum separation between houses on adjoining lots is 15 feet.”*** The minimum distance between adjoining homes will be 20 feet.
- ***“The minimum side yard is 5 feet.”*** The minimum side yard for the Northern Place R1-10 PRD is 10 feet.
- ***“Wider corner lots by 10 feet or more than interior lots on the same block.”*** Corner lots will have additional open space tracts on the side that is open and almost half of the lots in the development are corner lots and this meets the intent of this criterion.
- ***“Stage the rear yard setback where a row of lots back to an arterial or collector street.”*** There are no lots in the development that back onto an arterial street, however, there are 2 lots that side onto Northern Parkway. We are in compliance with this criteria because they are adjacent to a 30' landscape buffer and have different floor plans and side elevations for each home.
- ***“The minimum rear yard setback is 20 feet.”*** The northern Place R1-10 PRD has a minimum rear yard setback of 25 feet.
- ***“Limit the number of lots in a row backing onto an arterial or collector street or common area to 6 or less.”*** There are no lots in the Northern Place community that back to a collector street, however, there are 2 lots that side onto Northern Parkway. We are in compliance with this criteria because the two lots are adjacent to a 30' landscape buffer and have different floor plans and side elevations.
- ***“Provide a minimum 6 foot wide landscape tract at the end of blocks.”*** A minimum 6 foot wide landscape tract has been provided at the end of blocks in the Northern Place project.
- ***“In the perimeter wall design use upgraded materials such as painted stucco over concrete block, stone, or enhanced materials.”*** All perimeter walls in Northern Place will have painted stucco, stone veneer columns and enhanced materials.
- ***“In the perimeter wall design provide distinctive horizontal and vertical relief on perimeter walls adjacent to streets. Use curves, staggers, alternating materials, decorative pilasters, angled alignments, or breaks to provide***

horizontal relief. The variations should occur regularly and in a comfortable pattern." The perimeter walls are no longer than 2 lots in length and provide relief in a regular and comfortable pattern.

Project Design Approach

Home Design

We intend to develop a lush community with a unique and sophisticated ambiance. To do this we intend to utilize three different styles of architecture that will complement one another nicely to blend community cohesiveness with each buyer's individuality. The home buyer will have the option to choose from three different floor plans. Each floor plan will have three different elevations and architecture styles from which to choose.

Active Amenities

We will amenitize the community with a centrally located park and ramada structure with permanent seating for year round use. We intend to provide a boulevard style street scene with uniform tree species being provided along the main drive and the front of the lots. It is our intention to utilize the open space to its best use, through activating the larger areas with amenities that encourage use by the residents and to landscape the non-active areas with appealing plant materials to create a lush and green environment.

Entry Feature

We will develop an entry feature that will include a unique wall and planter configuration to generate a sense of arrival upon reaching the enhanced paving at the entry. We will employ a wall theme that will lend itself to an upscale environment with detailed columns and column caps, as well as treatments along the facade of the wall itself.

Access and Circulation

After close coordination with the City Transportation Department we have determined together that Northern Place will have a single point of entry for the project off of Northern Avenue with a "right in / right out" only configuration in the interim as well as ultimate condition. It is our intent to build a right in and right out configuration during the interim condition of the connection to Northern Parkway. We intend to utilize the City standard residential street section for our internal streets with a few modifications to the concrete side walk locations and pedestrian circulation where good planning dictate. A typical street section detail is shown on Figure 2 above. There will be a single cul-de-sac at the south end of the project that will meet all turning radius requirements for emergency vehicles and refuse.

Grading and Drainage Design

The parcel is fairly flat with a gentle and consistent north to south slope running the depth of the project. Figure 6 depicts the existing and proposed grades across the site and provides the concept drainage design that is anticipated to adequately handle the storm water runoff and drainage requirements for the project. The site is designed with retention areas as a part of the landscape open space. A drainage plan and report is provided as a part of the preliminary plat under separate cover.

Retention is provided for Northern Avenue south half street for the length of our property frontage. Storm water that exceeds the onsite retention capacity will out fall at the southwest corner of our site to a retention basin in the Rovey subdivision. This is the historic out fall for the site.

Lots will be designed to drain to the streets. No on-lot retention is planned for this project. Lots adjacent to a retention basin may drain directly into the basin. The streets will discharge directly into the basins. If necessary vertical curb and storm pipe will be used to route the storm water.

Finish floor elevations will be placed at a minimum of either 12" above high adjacent curb or 18" above low curb which ever is greater

Utility Service Design

It is anticipated that the project will be served by City of Glendale water and sewer services. The project will tie into an existing 8-inch sewer service at the southwest corner of the parcel that will flow through the Rovey Farms development. Water service will be provided by two lines adjacent to the project. The first is a line that extends from the Rovey Farms development and the second is a line that is in Northern Parkway. Our conceptual utility configuration is shown in Figure 7 below.



PK CONSULTING CIVIL ENGINEERS, L.L.C.
CONSULTING CIVIL ENGINEERS, L.L.C.

101 N. Scottsdale Rd.
Suite 105
Scottsdale, AZ 85250
Phone: (480) 344-0480
Fax: (480) 344-0423
www.okklan.com

Phone: (480) 344-0480
Fax: (480) 344-0423
nd.com

NORTHERN PLACE

CONCEPCIONAL GRADING AND DRAINAGE PLAN SEC 87TH AVE AND NORTHERN AVE

SEC 81H AVE AND NORTHERN AVE

Phone: (480) 344-0480
Fax: (480) 344-0423
md.com

8045 N. Scottsdale Rd.
Suite 105
Scottsdale, AZ 85250
www.pkkids.com

**CONCEPTUAL GRADING AND DRAINAGE PLAN
SEC 87TH AVE AND NORTHERN AVE**

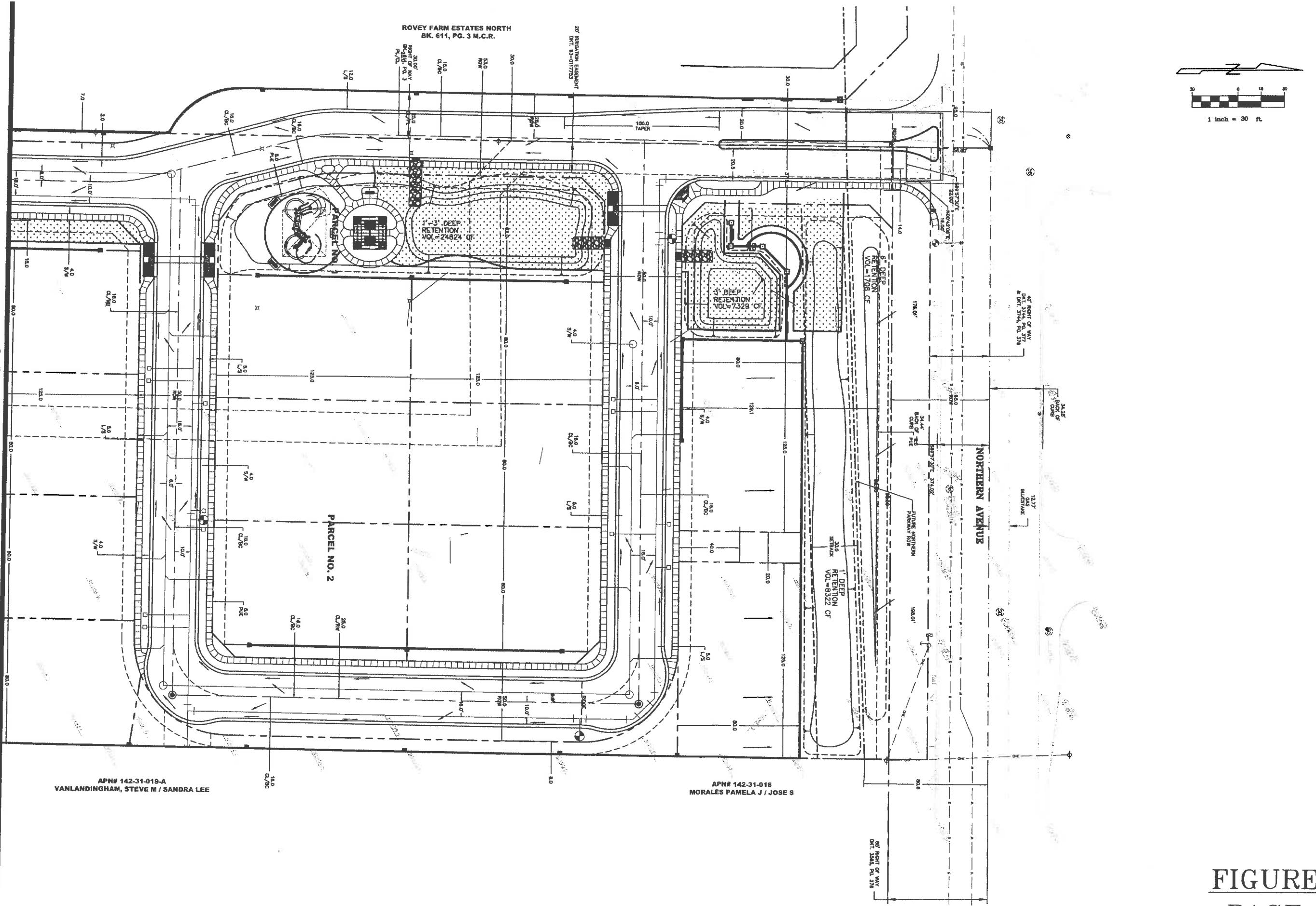
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KLAND
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WAGONER
1"=30'
N/A
-07

NUMBER
13

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FIGURE 6
PAGE 18

MATCH SHEET 3



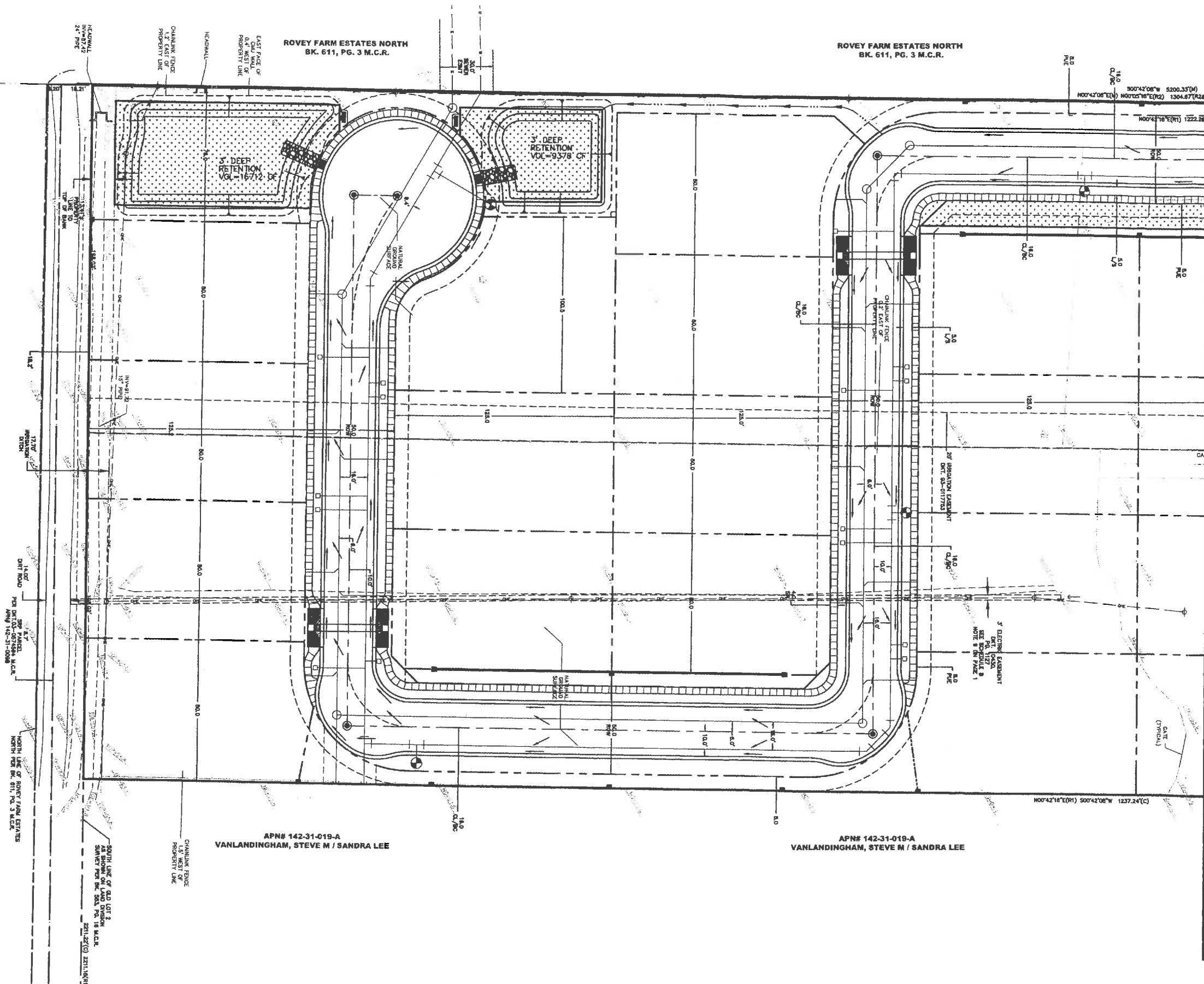


FIGURE 6
PAGE 18

NORTHERN PLACE
CONCEPTUAL GRADING AND DRAINAGE PLAN
SEC 87TH AVE AND NORTHERN AVE

PK CONSULTING CIVIL ENGINEERS, L.L.C.
6045 N. Scottsdale Rd.
Suite 105
Scottsdale, AZ 85250
Phone: (480) 344-0480
Fax: (480) 344-0423
Engineering, Landscaping, Surveying

Phone: (480) 344-0480
Fax: (480) 344-0423
www.com

Phone: (480) 344-0480
Fax: (480) 344-0423
www.com

ENGINEER	L. KLAND
SIGNER	L. KLAND
TECHNICIAN	D. WAGONER
LE (HORIZ)	1"=30'
LE (VERT)	N/A
TE	
05-03-07	

A circular stamp with a double-line border. The words 'PRELIMINARY' and 'NOT FOR COMMERCIAL RELEASE' are at the top. The words 'CONSTRUCTION' and 'OR RECORDING' are at the bottom. The center of the stamp contains the text 'NOT FOR COMMERCIAL RELEASE' and 'CONSTRUCTION OR RECORDING'.

PROJECT NUMBER
K60113

SHEET
3
OF
3

MATCH SHEET 2

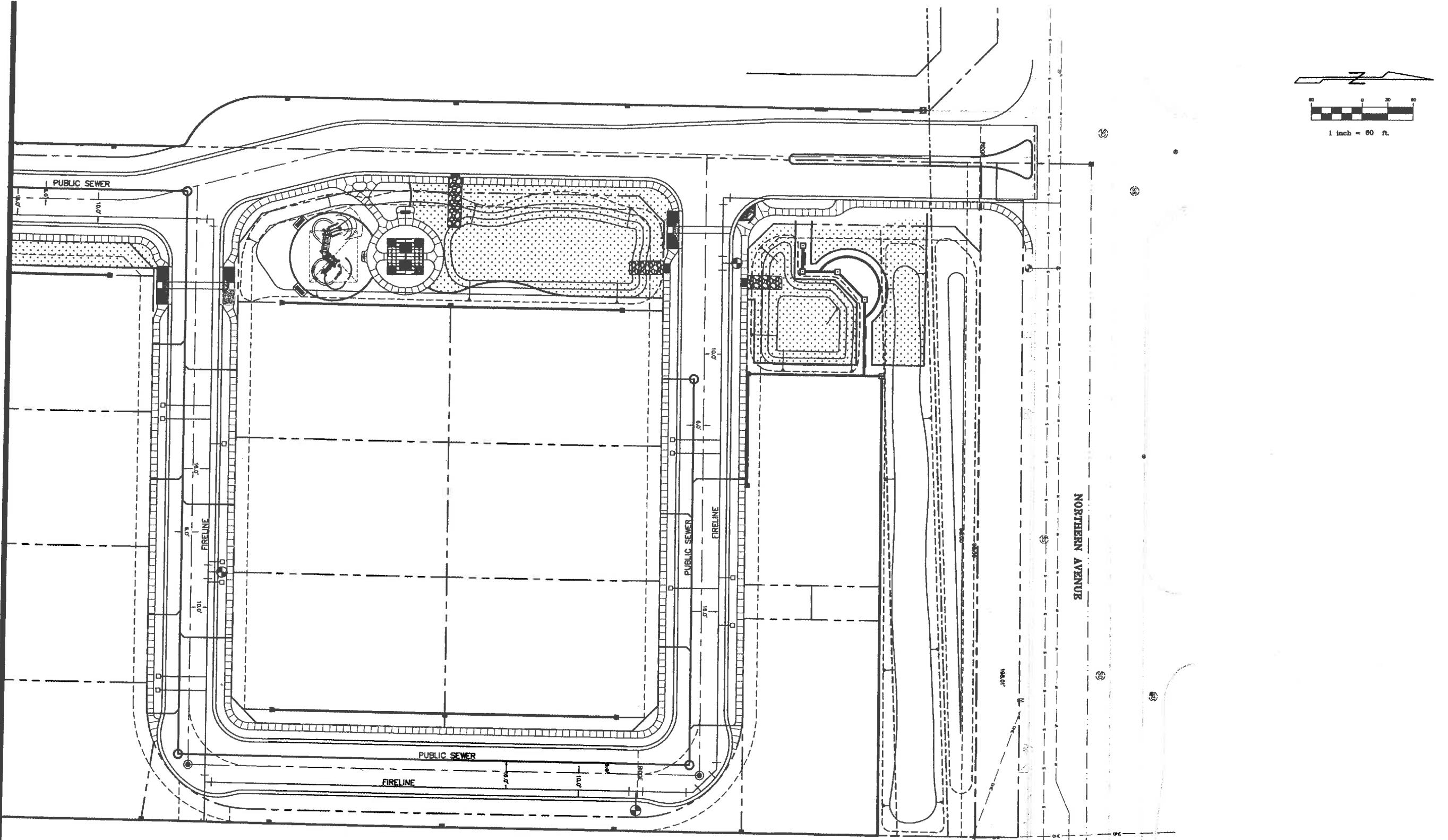


FIGURE 7
PAGE 19

NORTHERN PLACE
CONCEPT UTILITY PLAN

PK KLAND

CONSULTING CIVIL ENGINEERS, L.L.C.

6015 N. Scottsdale Rd.

Scottsdale, AZ 85250

Phone: (480) 344-0480

Fax: (480) 344-0423

www.pkkland.com

ENGINEER L. KLAND
DESIGNER L. KLAND
CAD TECHNICIAN C. GONZALEZ
SCALE (HORIZ) N/A
SCALE (VERT) 1"=60'
DATE 05-03-07

PRELIMINARY
NOT FOR CONSTRUCTION
OR RECORDING

PROJECT NUMBER K60113
SHEET 1
OF 2

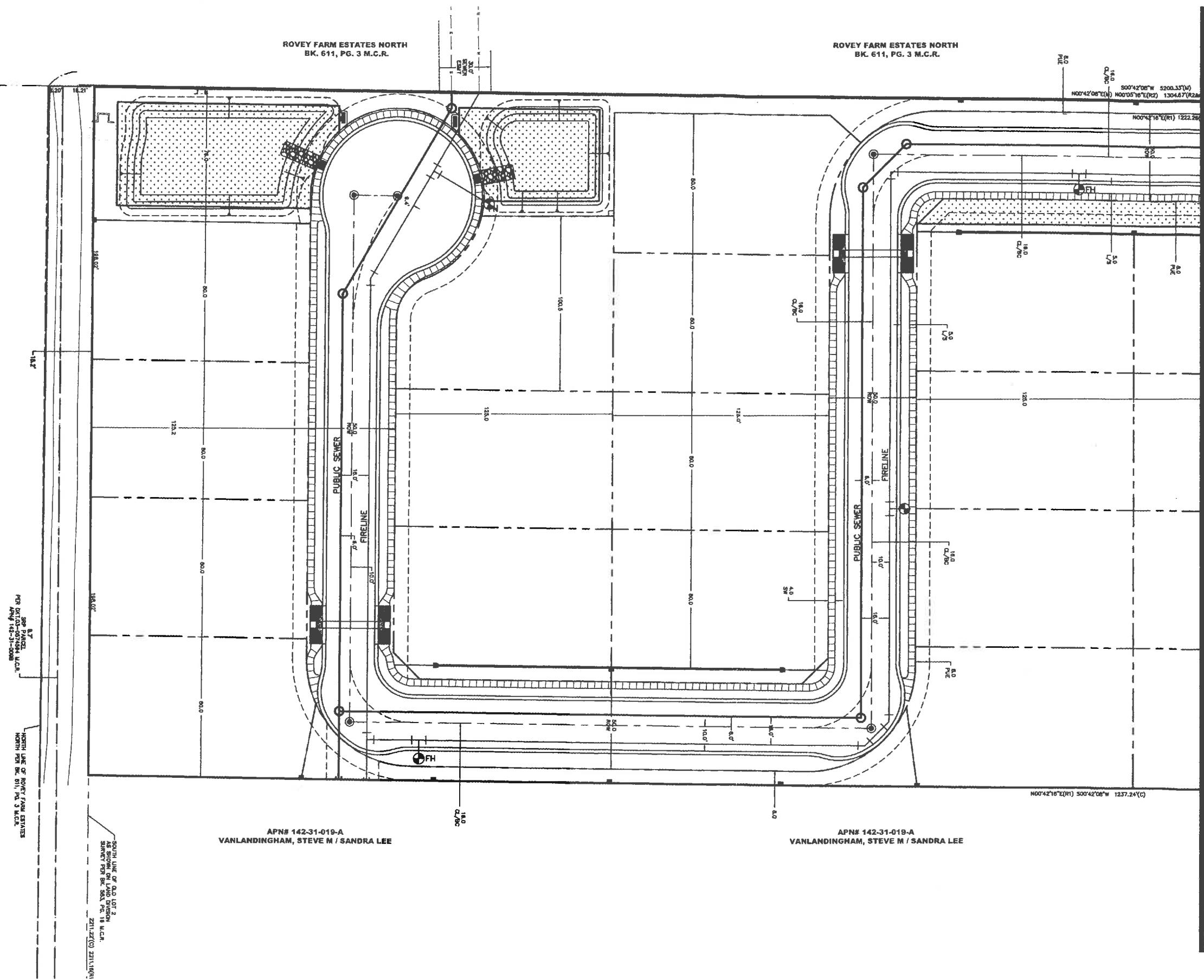


FIGURE 7
PAGE 19

NORTHERN PLACE

CONCEPT UTILITY PLAN

ENGINEER L. KLAND
 SIGNER L. KLAND
 D. TECHNICIAN C. GONZALEZ
 (ALE (HORIZ)) N/A
 (ALE (VERT)) 1° = 60°
 TE 05-03-07

PROJECT NUMBER
K60113

SHEET
2
OF
2

PRD Findings

The proposed R1-10 PRD is consistent with the required findings identified in Section 6.205 of the Glendale Zoning Ordinance.

- A. The PRD is consistent with the General Plan designation. The proposed single family density of 2.41 dwelling units to the acre falls below the general plan designation of 2.5 dwelling units to the acre.
- B. The R1-10 PRD is compatible with the surrounding existing R1-7 and R1-8 zoning districts to the west and south and provides a nice transition to the existing R-43 zoning and possible future development to another low density development to the east.
- C. The PRD meets the intent of the Guidelines to encourage innovation, quality and diversity in the City's housing stock. The PRD meets all of the housing product design criteria for architecture. It meets all of the landscape and open space guidelines and the applicant has made every effort to meet every design guideline possible within the context of the proposed unique house products and site.
- D. The PRD will result in a quality product to serve Glendale's maturing and affluent families with a truly semi-custom home with style and elegance to match the home owners' personal taste while conforming with and complementing the Glendale Design Guidelines.
- E. The PRD offers active open space and amenities in proportion to its size and unit count. Detached sidewalks leading to tot lots and ramadas in the central core of the project promote pedestrian traffic. An elegant entry feature and private gate system accented by enhanced perimeter walls complete the amenities that are adequate and appropriate for a community of this size and nature.
- F. The housing products with varied front elevations, recessed garages, varied setbacks and front and side court yards promote quality development that is consistent with the intended character of a development within the City of Glendale.

Landscape Architecture

Landscape Theme

The landscaping theme at Northern Place is envisioned to be a community of densely planted lush and mature landscaping. The open space and amenity areas will include mostly turf and low shrubs and flowers with mature trees planted around the perimeter of the open space and adjacent to the streets and community walls. A tot lot and an adequately sized ramada with benches and tables are planned for the open space area at the center of the project. We have sized this active amenity to be roughly 20,000 square feet in area.

Street Scene

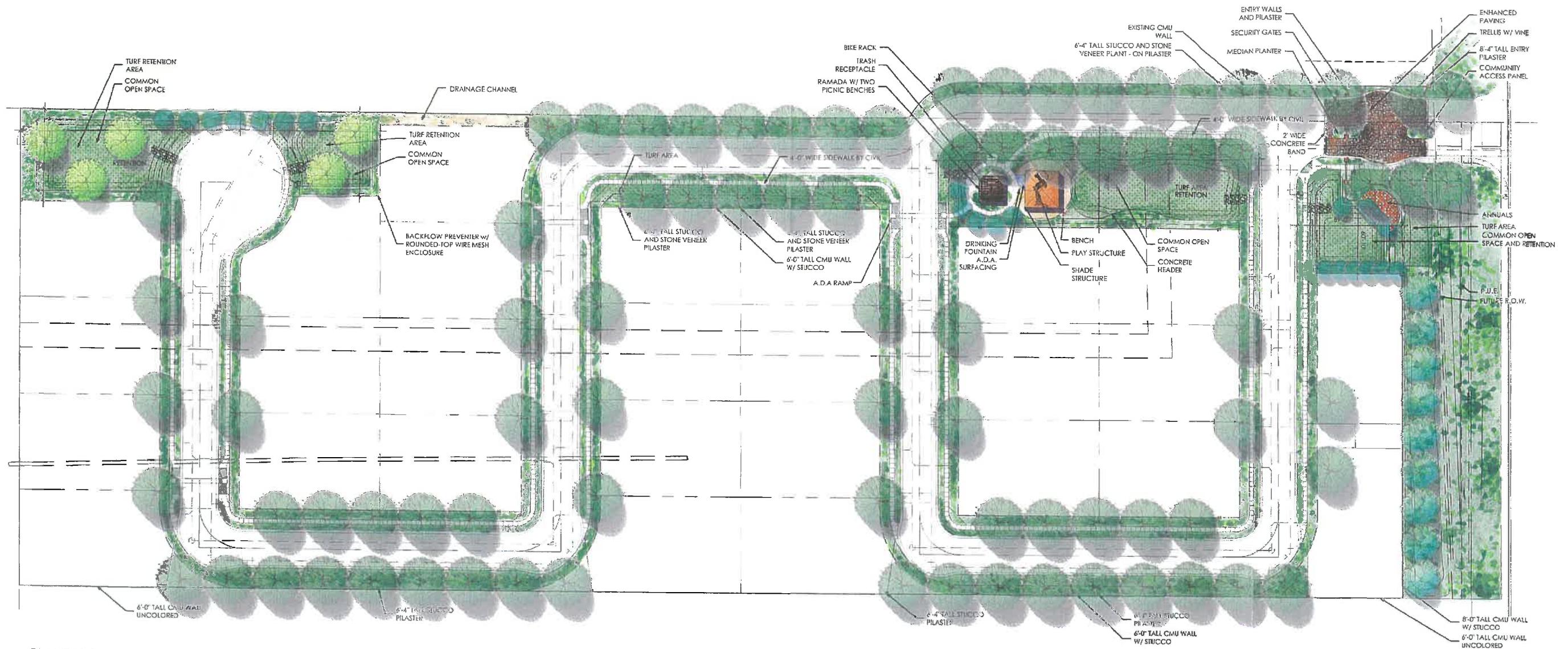
We intend to create a boulevard style street scene with turf front yards and multiple trees that will be included and installed with the standard front yard landscape package of all homes to ensure that the project matures with an elegance that matches the architectural elements of the homes. This arrangement is shown in Figure 8 of this report to better communicate the density of plant material within this project. As stated previously in this narrative, this project will be a private gated community with private streets and amenities. These improvements and common areas will be owned, operated and maintained by a home owners association that is governed by a recorded set of Conditions, Covenants and Restriction, (CC&R's). Please see Appendix A for a preliminary draft of the Northern Place CC&R's.

Pedestrian Circulation

To activate the community and to encourage pedestrian traffic throughout the project to the amenity we plan to install 4' detached concrete sidewalks on both sides of the internal streets and throughout the open spaces with the exception of a few locations where good planning dictates. We intend to utilize the current City of Glendale residential street section with detached sidewalks off set from curbs.

Hardscape

The hardscape elements of the project are designed so that they complement and identify with the architecture of the homes to create a cohesive community in every aspect. The entry feature shown in Figure 9 will frame the access to the community with 10' columns complemented by a stucco wall with concrete caps and iron ornaments. The columns will be accented by a stacked stone veneer base and a concrete cap that will be a theme of the community on the walls as well as the homes. Detailed elevations and conceptual wall locations throughout the community can be seen by examining Figure 9 below.



PLANT LEGEND

SYMBOL	SPECIES	SIZE	QUANTITY	SPACING
Trees				
	<i>Fraxinus velutina 'Rio Grande'</i> Tanoak Ash	24" Box	9	PER PLAN
	<i>Prunus cerasifera</i> Purple Leaf Plum	24" Box	23	PER PLAN
	<i>Rhus lancea</i> African Sumac	24" Box	5	PER PLAN
	<i>Ulmus parvifolia</i> Ailanthus Evergreen Elm	24" Box	84	PER PLAN

PLANT LEGEND

SYMBOL	SPECIES	SIZE	QUANTITY	SPACING
Shrubs				
	<i>Comandra umbellata ssp. Ground Morning Glory</i>	5 gal.	4' O.C.	
	<i>Dodonaea viscosa</i> Hop Bush	5 gal.	8' O.C.	
	<i>Ficus microcarpa nitida</i> Ficus Nitida	5 gal.	5' O.C.	
Accents/Cactus				
	<i>Hesperaloe parviflora</i> Red Yucca	5 gal.	3' O.C.	
	<i>Euphorbia hyperborea</i> Gopher Plant	5 gal.	3' O.C.	
	<i>Muhlenbergia capillaris</i> Regal Millet	5 gal.	3' O.C.	

PLANT LEGEND

SYMBOL	SPECIES	SIZE	QUANTITY	SPACING
Groundcovers				
	<i>Acacia redolens 'Low Ray'</i> Trailing Acacia	5 gal.	4' O.C.	
	<i>Lantana montevidensis 'Purple'</i> Purple Trailing Lantana	5 gal.	2' O.C.	
	<i>Lonicera japonica 'Halliana'</i> Kats' Kareyukide	5 gal.	2' O.C.	
	<i>Rosmarinus officinalis 'Prostratus'</i> Dwarf Rosemary	5 gal.	2' O.C.	
Vines				
	<i>Trachelospermum jasminoides</i> Star Jasmine	5 gal.	PER PLAN	

MASS PLANTING

	TURF AREA 30,808 S.F.
	ANNUALS: COLOR TO BE SELECTED BY LANDSCAPE ARCHITECT.

SITE PLAN PLANTING DATA:

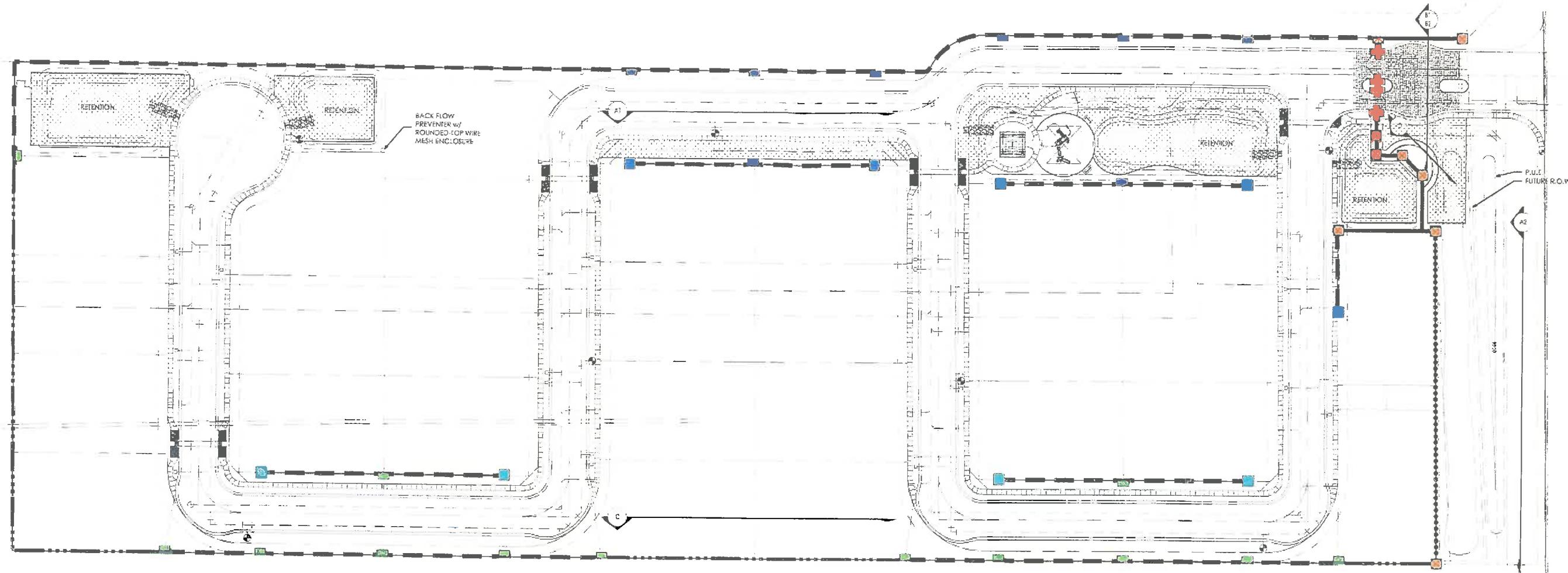
LANDSCAPE AREAS	TOTAL
1. QUANTITY OF TOTAL LANDSCAPE AREA	126,169 S.F.
2. TOTAL LOT OPEN SPACE	20,901 S.F.
3. TOTAL TURF AREA	30,808 S.F.
4. TOTAL PLANTED SHRUB AREA	74,078 S.F.
5. PERCENTAGE OF GROUNDCOVER VEGETATIVE	62%

NOTES:
1. ALL BENCHES, DRINKING FOUNTAINS, AND TRASH RECEPTACLES WILL BE MAINTAINED BY THE I.O.A.

January 16, 2007

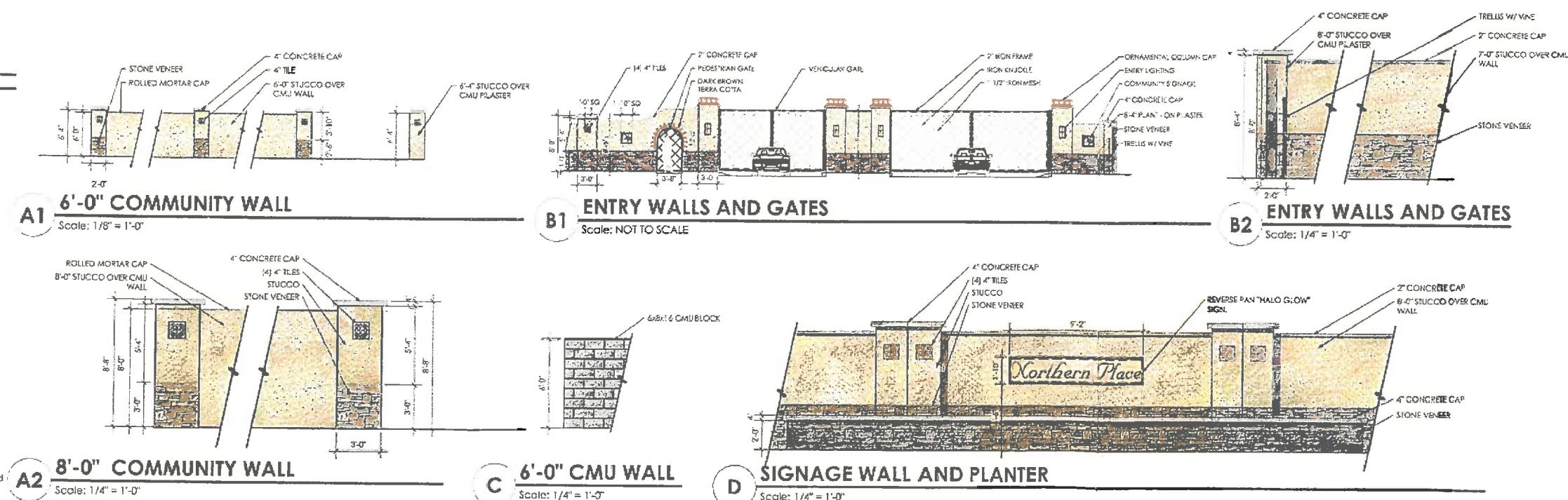
GREY | PICKETT
landscape architecture / community design
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Grey | Pickett Professional Corp.
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NOT TO BE USED FOR CONSTRUCTION

NORTHERN PLACE LANDSCAPE PLAN



WALL LEGEND		
SYMBOL	DESCRIPTION	DETAIL
— — — — —	ENTRY WALLS AND GATES	B1,B2, D
*****	8'-0" COMMUNITY WALL	A2
— — — — —	6'-0" COMMUNITY WALL	A1
— — — — —	6'-0" CMU WALL	C
	10'-0" ENTRY PILASTER	B1
	8'-4" ENTRY PILASTER	A2,B1 & B2
	8'-4" ENTRY PLANT - ON PILASTER	B1
	6'-4" STUCCO & STONE VENEER PILASTER	A1
	6'-4" STUCCO & STONE VENEER PLANT - ON PILASTER	A1
	6'-4" STUCCO PILASTER	A1
	6'-4" STUCCO PLANT - ON PILASTER	A1

NOTE: Locations and configurations of walls on this plan are schematic only and shall be adjusted in the field as necessary to meet the design intent as suggested on this conceptual plan.



January 16, 2007

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1987-1988 CLASSIFICATION

NORTHERN PLACE HARDSCAPE AND WALL PLAN

FIGURE - 9

Home Design

Housing Product

Malouf Homes is creating an entire line of new and unique floor plans and elevations for the Northern Place community that are at the forefront of luxury and function for today's sophisticated buyer. We will offer three base floor plans that will consist of a single story 3100 square foot floor plan, a two story 3500 square foot and a two story 3800 square foot floor plan. Each plan will include a standard 2 car garage and a separate single car garage and a list of structural options and additions to create a truly semi-custom building environment that will cater to the buyers needs.

Architecture

To create a truly unique home for each buyer we are developing 3 different styles of architecture for the community that will be consistent for all homes but can be applied to any of the three floor plans. The architecture styles that we will be implementing are Tuscan, Mediterranean and Monterey. Examples of these styles can be seen in Figure 10 below as well as a street scene in Figure 11. We have determined our preliminary color selections, veneer stone facade and roof tile for the homes and have provided them in Figures 12a through 12f of this PRD. These colors will be reviewed more closely during the Design Review portion of the approval process and are subject to modification by the City or Developer. We feel that these styles offer an elegance and interest to the homes, while maintaining the southwest roots of Phoenix Valley home building.

Semi-Custom Homes

By offering many choices and semi-custom modifications to the buyer, the floor plans for these homes will be as unique as the elevations. We have chosen to employ a style of architecture that creates tremendous undulation in the street scene by designing and implementing entry way court yards, side entry third car garages and separate detached casitas. We have also incorporated the same style to the side and rear elevations of the homes to create interest on all sides. The following is a list of some of the areas we will be allowing semi-customization to the home owners at Northern Place. Since we will be a semi-custom home subdivision we will allow almost any upgrade that is consistent with the building codes of the City of Glendale.

- All of the standard room options shown on our drawings
- Interior colors
- Interior door design and stain packages
- Cabinet design and colors
- Appliances – limitless ability to upgrade
- Back yard landscaping and swimming pool packages
- Carpet
- Ceramic Tile – floors and walls
- Built-in Barbecues
- Fountains in courtyards and side yards
- Closet design packages
- Entertainment Centers

- Upgrade bath fixtures
- Upgrade plumbing fixtures
- Upgrade light fixtures
- Installation of wet bars
- Garage interior finishing – cabinets
- Epoxy floors in garages
- Lighting modifications and upgrades
- Drywall texture
- Additional beams and built-ins of all kinds
- Cabinet and door hardware
- Water purification systems
- Soft water systems
- Security system upgrades
- Home monitoring and electrical control systems
- Structured wiring upgrades and audio/visual systems
- Extensive landscaping upgrades in front yards
- Upgrade insulation package

Lot Number 1 and 2

On the north end of the parcel we have developed a solution with the City planning staff that accommodates both the street section that has been requested for Northern Avenue and the rectangular dimensions of our parcel to create the best possible lot configuration for the project. The north tier of lots incorporates 2 side facing homes that have angular front doors to face the street and a common driveway to access the garages. The both of these lots will be one story homes to soften and preserve the open feel of the entry to the community. As mentioned above, the architectural elements on the side of the homes will be elegant and in complete concert with the front elevations of the homes across the street. The elements of these two homes will be customized to enhance their compatibility with the other homes in the project. The side loaded lots will tie in with the rest of the community elements by way of the cohesive community theme walls and columns along the side yard and consistent landscaping elements from the entry and main drive within the community.

Figure 10a: Typical Elevation

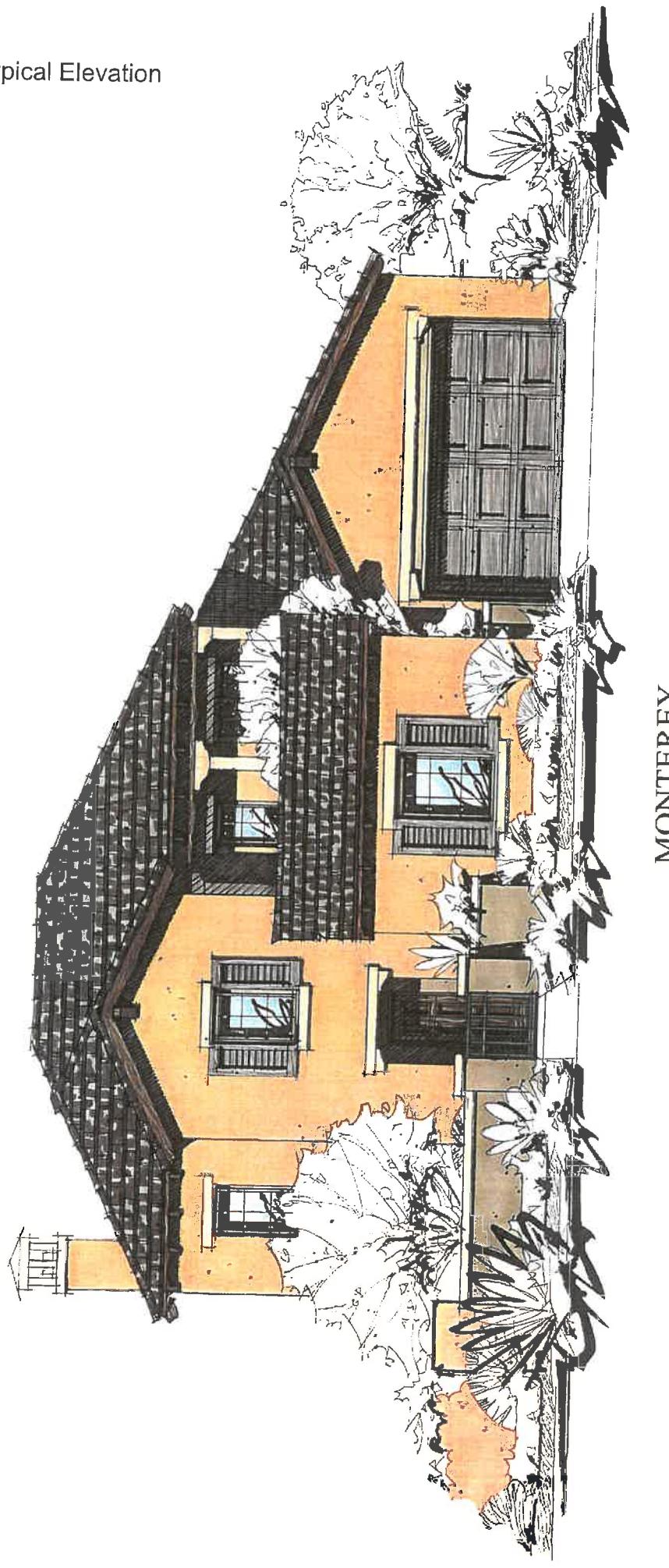


Figure 10b: Typical Elevation



Figure 10b
Page 28

Figure 10c: Typical Elevation



MALOOF HOMES

Northern Place

60° WIDE PRODUCT SERIES

LINDEROTH ASSOCIATES
941-762-5866

Figure 10c

Page 29

Figure 11: Street Scene

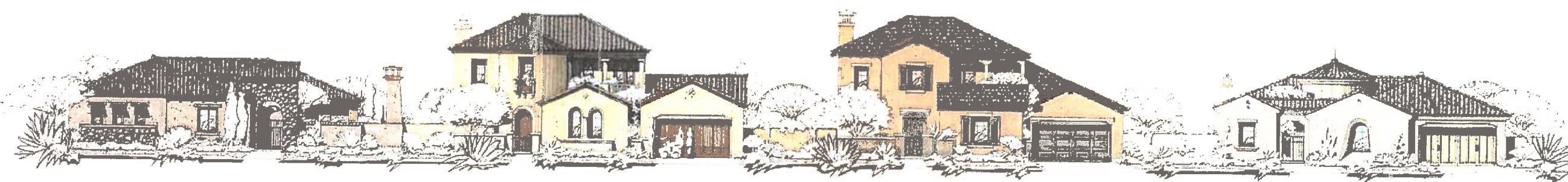


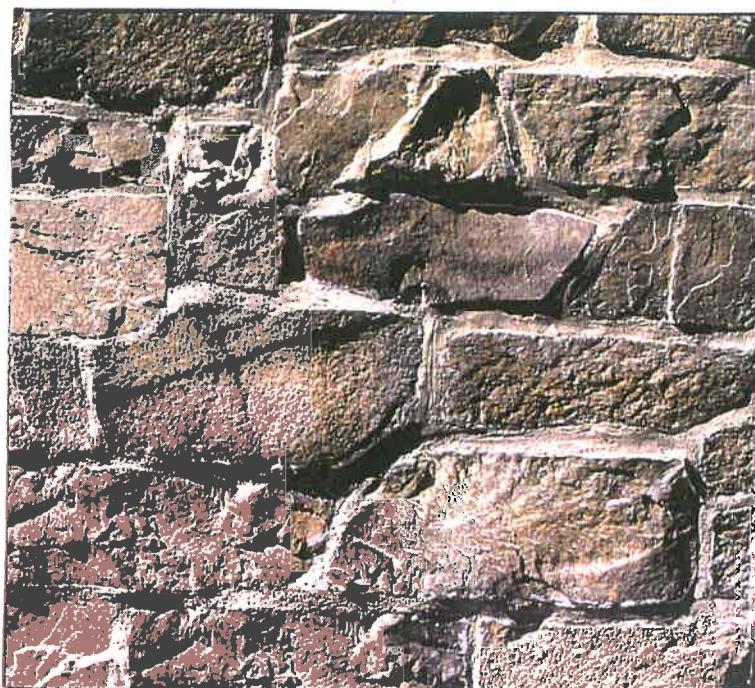
Figure 11
Page 30

Figure 12 a



MonierLifetile

Style: Madera
Product #: 1MDCL5001
Color: Mountainwood



Coronado Stone

Style: Tuscan Villa Stone
Color: Romano

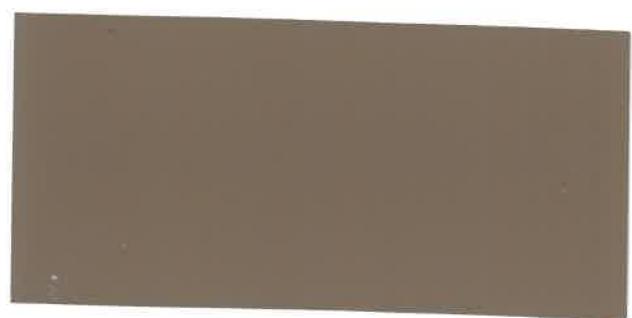
Main House

Product #: DE6128
Color: Sand Dune



Trim

Product #: DE6068
Color: Cobblestone Path



Accent

Product #: DE6069
Color: Bannister Brown

Figure 12 a

Figure 12 b



MonierLifetile

Style: Shake
Product #: 2SKCB3453
Color: Walnut

Main House

Product #: DE6129
Color: Rustic Taupe



Trim

Product #: DE6131
Color: Teddy Bear



Accent

Product #: DE6132
Color: Big Stone Beach



Coronado Stone

Style: Old Country Ledge
Color: Dakota Brown

Figure 12 b

Figure 12 c

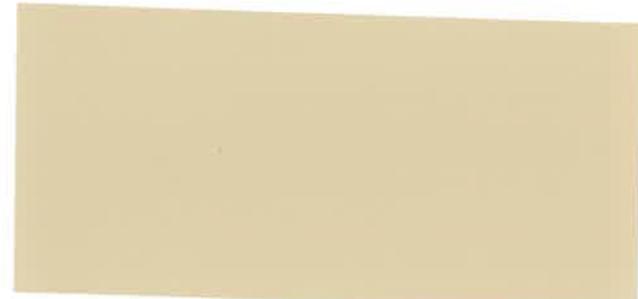


MonierLifetile

Style: Madera
Product #: 1MDCL5011
Color: Vintagewood

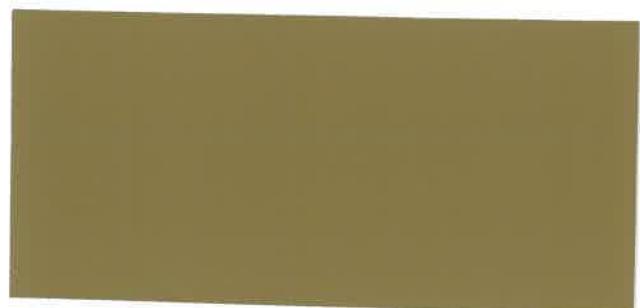
Main House

Product #: DE6171
Color: Sand Dollar



Trim

Product #: DE6172
Color: Bungalow Taupe



Accent

Product #: DE6175
Color: Burlap



Coronado Stone

Style: Quick Stack
Color: Antique Cream

Figure 12 c

Figure 12 d



MonierLifetile

Style: Madera
Product #: 1MDCL4002
Color: Sagewood



Coronado Stone

Style: Country Rubble
Color: Golden Brown

Main House

Product #: DE6219
Color: Crystal Haze



Trim

Product #: DE6242
Color: Wells Gray



Accent

Product #: DE6236
Color: Wilderness

Figure 12 d

Figure 12 e

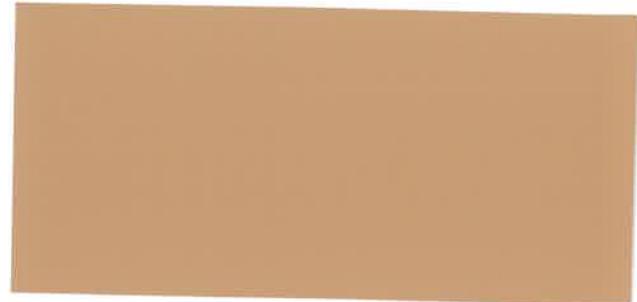


MonierLifetile

Style: Mission "S"
Product #: 1MSCS4904
Color: Deerfield

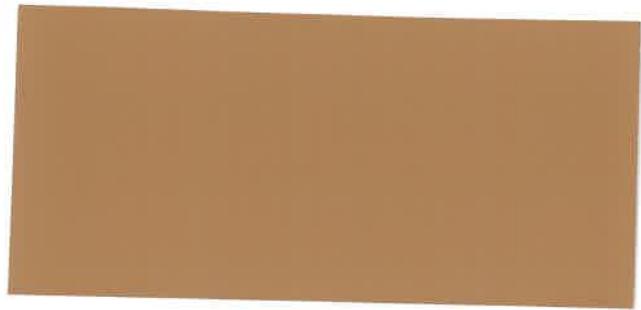
Main House

Product #: DE6114
Color: Dry Dune



Trim

Product #: DE6110
Color: Warm Hearth



Accent

Product #: DE6111
Color: S'mores



Figure 12 e

Figure 12 f



MonierLifetile

Style: Boosted Barcelona Caps
Product #: 1BECS 3940
Color: Cliffside

Main House

Product #: DE6141
Color: Salt Box



Trim

Product #: DE6143
Color: Almond Latte



Accent

Product #: DE6144
Color: Graham Cracker



Figure 12 f

Figure 13: Side Loaded Elevation



Northern Place
8707 West Northern Avenue
R1-10 PRD Development Standards

Case Number: ZON06-07

Northern Place R1-10 PRD	
Minimum Lot Area	10,000 square feet
Front Yard	15 feet to livable, porch or side entry garage 20 feet to front entry garage
Side Yard	10 feet
Street Side Yard	10 feet
Rear Yard	20 feet
Lot Coverage	45 percent
Building Height	2 stories or 30 feet

Summary

Malouf Homes has a strong passion and a generational track record for building neighborhoods with a livability that grows with elegance as they mature. We feel strongly that Northern Place is that same type of neighborhood and with the support of the City of Glendale we would be pleased to build a boutique community that will enhance the City's growing reputation for quality and excellence.

Appendix A: Preliminary Draft CC&R's

WHEN RECORDED, RETURN TO:

**DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTHERN PLACE**

Northern Place Declaration of Covenants, Conditions and Restrictions

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- Article 1 - Definitions
 - 1.1 Annual Assessment
 - 1.2 Architectural Committee
 - 1.3 Areas of Association Responsibility
 - 1.4 Articles
 - 1.5 Assessable Lot
 - 1.6 Assessment
 - 1.7 Assessment Lien
 - 1.8 Assessment Period
 - 1.9 Association
 - 1.10 Association Documents
 - 1.11 Association Rules
 - 1.12 Board
 - 1.13 Bylaws
 - 1.14 Common Area
 - 1.15 Common Expenses
 - 1.16 Declarant
 - 1.17 Declaration
 - 1.18 Design Guidelines
 - 1.19 Developer
 - 1.20 FCC Rules
 - 1.21 First Mortgage
 - 1.22 First Mortgagee
 - 1.23 Improvement
 - 1.24 Lessee
 - 1.25 Lot
 - 1.26 Maintenance
 - 1.27 Member
 - 1.28 Owner
 - 1.29 Person
 - 1.30 Plat
 - 1.31 Property or Project
 - 1.32 Purchaser
 - 1.33 Recording
 - 1.34 Resident
 - 1.35 Residential Unit
 - 1.36 Sidewalk
 - 1.37 Special Assessment
 - 1.38 Successors
 - 1.39 Visible from Neighboring Property
 - 1.40 Work

Article 2 - Property and Persons Bound by the Declaration

- 2.1 General Declaration
- 2.2 Disclaimer of Implied Covenants
- 2.3 Effect of Declaration

Article 3 - Architectural Control

- 3.1 Approval Required
- 3.2 Review of Plans
- 3.3 Construction of Improvements
- 3.4 No Changes Without Approval
- 3.5 Review Fee
- 3.6 New Construction
- 3.7 No Warranty
- 3.8 Conditional Approval
- 3.9 Improvements to Areas of Association Responsibility
- 3.10 Architectural Committee

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- 4.2 Temporary Occupancy and Temporary Buildings
- 4.3 Nuisances: Construction Activities
- 4.4 Diseases and Insects
- 4.5 Antennas
- 4.6 Mineral Exploration
- 4.7 Trash Containers and Collection
- 4.8 Clothes Drying Facilities
- 4.9 Utility Service
- 4.10 Overhead Encroachments
- 4.11 Animals
- 4.12 Machinery and Equipment
- 4.13 Signs
- 4.14 Further Subdivision, Property Restrictions, Rezoning and Timeshares
- 4.15 Vehicles and Parking
- 4.16 Variances
- 4.17 Drainage
- 4.18 Garages and Driveways
- 4.19 Window Treatments
- 4.20 Rooftop HVAC Equipment Prohibited
- 4.21 Basketball Goals and Backboards
- 4.22 Flagpoles
- 4.23 Playground Equipment
- 4.24 Rental of Lots
- 4.25 Violations of Statutes, Ordinances and Regulations
- 4.26 Installation of Landscaping

Article 5 Easements

- 5.1 Easements for Use of Common Area
- 5.2 Utility and Development Easements
- 5.3 Easements to Facilitate Development
- 5.4 Dedications and Easements by Governmental Authority
- 5.5 Easement for Maintenance and Enforcement
- 5.6 Easements for Encroachments

Article 6 - The Association: Organization, Membership and Voting Rights

- 6.1 Formation of Association
- 6.2 Board of Directors and Officers
- 6.3 The Association Rules
- 6.4 Personal Liability
- 6.5 Implied Rights
- 6.6 Identity of Members
- 6.7 Classes of Members and Voting Rights
- 6.8 Voting Procedures
- 6.9 Transfer of Membership
- 6.10 Conveyance, Lease or Encumbrance of Common Areas
- 6.11 Suspension of Voting Rights
- 6.12 Powers and Duties of the Association
- 6.13 Contracts with Others

Article 7 - Covenant for Assessments and Creation of Lien

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- 7.2 Annual Assessment
- 7.3 Special Assessments
- 7.4 Assessment Period
- 7.5 Commencement Date of Assessment Obligation
- 7.6 Obligation of Declarant for Deficiencies
- 7.7 Rules Regarding Billing and Collection Procedures
- 7.8 Effect of Nonpayment of Assessments: Remedies of the Association
- 7.9 Purposes for which Association's Funds May Be Used
- 7.10 Surplus Funds
- 7.11 Working Capital Fund
- 7.12 Transfer Fee

Article 8 - Maintenance

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- 8.3 Assessment of Certain Costs of Maintenance and Repair
- 8.4 Improper Maintenance and Use of Lots
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- 9.2 Payment of Premiums
- 9.3 Payment of Insurance Proceeds
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- 10.2 Duration: Termination
- 10.3 Amendments
- 10.4 Condemnation of Common Area
- 10.5 Interpretation
- 10.6 Severability
- 10.7 Change of Circumstances
- 10.8 Notice of Violation
- 10.9 Laws, Ordinances and Regulations
- 10.10 References to this Declaration in Deeds
- 10.11 Gender and Number
- 10.12 Captions and Titles
- 10.13 No Absolute Liability
- 10.14 Annexation
- 10.15 De-Annexation of Property

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- 11.1 Agreement to Resolve Certain Disputes Without Litigation
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Exhibit A - Description of Property Subject to Declaration

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
NORTHERN PLACE

This Declaration of Covenants, Conditions, and Restrictions for NORTHERN PLACE (the "Declaration") is made this _____ day of _____, 2007, by Northern Place, LLC (the "Declarant").

INTRODUCTION

A. Declarant is the Owner of fee title to the real property located in Maricopa County, Arizona, legally described on Exhibit A attached hereto (the "Property").

B. The Property will be developed to contain single family dwelling units. As part of the development of the Property, certain easements will be created over portions of the Property which will benefit all portions of the Property.

C. Declarant desires to create a nonprofit corporation under the laws of the State of Arizona to administer, maintain, repair and replace the Areas of Association Responsibility (as defined in Section 1.4 below) and to provide for the levying and collecting of Assessments and other charges by the Association for the purpose, among other things, of paying all costs and expenses incurred or to be incurred by the Association in connection with the maintenance, repair and replacement and administration of the Common Area.

D. By this Declaration, Declarant intends to create equitable servitudes and covenants appurtenant to and running with the Property and which will be binding upon all future Owners of all or any portion of the Property and any other person or entity acquiring any right, title or interest in or to all or any portion of the Property.

ARTICLE 1

DEFINITIONS

Unless otherwise defined, the following words and phrases when used in this Declaration shall have the meanings set forth in this Article.

1.1 "Annual Assessment" means the assessments levied against each Lot, and the Owner thereof, pursuant to Section 7.2.

1.2 "Architectural Committee" means the committee created pursuant to Section 3.10.

1.3 "Areas of Association Responsibility" means (a) all Common Area; and (b) all land, and the Improvements situated thereon, located within the boundaries of a Lot which the Association is obligated to maintain, repair and replace pursuant to the terms of this Declaration or the terms of another Recorded document executed by the Association.

1.4 "Articles" means the Articles of Incorporation of the Association, as amended from time to time.

1.5 "Assessable Lot" means each Lot other than Lots owned by Declarant.

1.6 "Assessment" means the Annual Assessment, Special Assessment, and any fine or penalty levied by the Association for non-compliance with this Declaration.

1.7 "Assessment Lien" means the lien created and imposed by Article 7.

1.8 "Assessment Period" means the Quarterly period, or such other basis as may be selected by the Board for which an Annual Assessment is to be levied.

1.9 "Association" means Northern Place Homeowners' Association, an Arizona nonprofit corporation, and its successors and assigns.

1.10 "Association Documents" means, collectively, this Declaration, the Articles, the Bylaws, the Association Rules and Design Guidelines, all as amended from time to time.

1.11 "Association Rules" means the rules adopted by the Board pursuant to Section 6.3, as amended from time to time.

1.12 "Board" means the board of directors of the Association.

1.13 "Bylaws" means the bylaws of the Association, as amended from time to time.

1.14 "Common Area" means all real property (including the Improvements thereon, all easements and licenses, all other real property interests, and all personal property and facilities) owned, managed or maintained by the Association for the common use and enjoyment of the Owners, except that Common Areas shall not include any Lot the Association acquires by foreclosure of the Assessment Lien.

1.15 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.16 "Declarant" means Northern Place, LLC, and any Person to whom it may expressly assign any or all of its rights under this Declaration by a Recorded instrument.

1.17 "Declaration" means this Declaration of Covenants, Conditions, and Restrictions, as amended from time to time.

1.18 "Design Guidelines" means the procedures, standards and guidelines adopted by the Architectural Committee pursuant to Section 3.10, as amended or supplemented from time to time.

1.19 "Developer" means a Person to whom Declarant sells a portion of the Project to develop and construct Residential Units on multiple Lots for resale. The portion of the Project transferred to a Developer shall be referred to as a "Developer Parcel."

1.20 "FCC Rules" means Federal Communications Act and the Regulations adopted pursuant to such Act.

1.21 "First Mortgage" means any mortgage or deed of trust on a Lot which has priority over all other mortgages and deeds of trust on the same Lot.

1.22 "First Mortgagee" means the holder or beneficiary of any First Mortgage.

1.23 "Improvement" means: (a) any Residential Unit, building, fence or wall; (b) any swimming pool, basketball goal, backboard or apparatus or playground equipment; (c) any road, driveway or parking area; (d) any trees, plants, shrubs, grass or other landscaping improvements of any type and kind; (e) any statuary, fountain, artistic work, craft work, figurine or ornamentation of any type or kind, and (f) any other structure of any type, kind or nature.

1.24 "Lessee" means the lessee or tenant under a lease, oral or written, of any Lot including an assignee of the lessee's or tenant's interest under a lease.

1.25 "Lot" means a parcel of land within the Project, whether improved or unimproved, intended for independent ownership and use and designated as a "lot" on the Plat and any Residential Unit, building, structure or other Improvements situated thereon. The Lots are sometimes referred to herein by the number associated with such Lot on the Plat. For example, Lot 5 means and refers to Lot 5 on the Plat.

1.26 "Maintenance" means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

1.27 "Member" means any Person who is a member of the Association as provided in Section 6.6.

1.28 "Owner" means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Lot. Owner shall not include Persons having an interest in a Lot merely as security for the performance of an obligation or a Lessee. Owner shall include a purchaser under a Recorded contract for the conveyance of real property subject to the provisions of A.R.S. § 33-741 *et seq.* Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to the executory contracts pending the closing of a sale or purchase transaction. In the case of Lots subject to a deed of trust pursuant to Arizona Revised Statutes, Section 33-801, *et seq.*, the Trustor shall be deemed to be the Owner. In the case of the Lots the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the trust property shall be deemed to be the Owner.

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

1.30 "Plat" means the plat recorded or to be recorded in the official records of Maricopa County, Arizona, and all amendments, supplements and corrections thereto.

1.31 "Property" or "Project" means the real property described on Exhibit A, together with all Improvements located thereon.

1.32 "Purchaser" means any Person, other than Declarant, who by means of a voluntary transfer becomes the Owner of a Lot, except for: (a) a Person who purchases a Lot and then leases it to Declarant for use as a model in connection with the sale or lease of other Lots; or (b) a Person who, in addition to purchasing a Lot, is assigned any or all of Declarant's rights under this Declaration.

1.33 "Recording" means placing an instrument of public record in the office of the County Recorder of Maricopa County, Arizona, and "Recorded" means having been so placed of public record.

1.34 "Resident" means each person occupying or residing in any Residential Unit.

1.35 "Residential Unit" means any building, or portion of a building, situated upon a Lot and designed and intended for independent ownership and for use and occupancy as a residence.

1.36 "Sidewalk" means the sidewalk to be installed by the Declarant within the sidewalk easement shown on the Plat.

1.37 "Special Assessment" means any assessment levied and assessed pursuant to Section 7.3.

1.38 "Successors" means heirs, successors, successors in title, assigns, personal representatives and transferees.

1.39 "Visible From Neighboring Property" shall mean that an object is or would be visible to a person six feet (6') tall standing on a neighboring Lot, neighboring Common Area, or street at an elevation not greater than the elevation at the base of the object being viewed.

1.40 "Work" means any construction, installation, addition, alteration, repair, change, replacement or other work related thereto.

ARTICLE 2

PROPERTY AND PERSONS BOUND BY DECLARATION

2.1 General Declaration. Declarant is the record owner of fee title to the Property. Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions in furtherance of the general plan for the development, sale and use of the Property and for the administration, maintenance, preservation, use and enjoyment of the Property. All of the Property shall be held, sold, used and conveyed subject to the easements, restrictions, conditions and covenants set forth in this Declaration which are for the purpose, among other

things, of protecting the value, desirability and appearance of the Property. All easements, restrictions, conditions and covenants in this Declaration shall run with the Property and shall be binding upon and inure to the benefit of Declarant and all Owners, Lessees and Residents and all other Persons having or acquiring any right, title or interest in the Property or any part thereof, and their Successors. By acceptance of a deed or by acquiring any interest in any of the Property, each Person, and such Person's Successors, binds such Person or the Person's Successors to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the development, sale, lease and use of the Property and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. This Declaration shall also be binding upon and shall be for the benefit of and enforceable by the Association. A Developer shall have the rights of Declarant set forth in this Declaration with respect to the Developer Parcel owned by that Developer; provided, however, that Declarant shall continue to have all rights hereunder with respect to the entire Project during the time that Declarant owns at least one Lot. At the time that Declarant no longer owns a Lot in the Project, each Developer shall be considered Declarant with respect to its respective Developer Parcel.

2.2 Disclaimer of Implied Covenants. Nothing contained in this Declaration and nothing which may be represented to a Purchaser by real estate brokers or sales persons shall be deemed to create any implied covenants, servitudes or restrictions with respect to the use of any property subject to this Declaration.

2.3 Effect of Declaration. Declarant makes no warranties or representations, express or implied: (a) as to the binding effect or enforceability of all or any portion of this Declaration, (b) as to the compliance of any of the provisions with public laws, ordinances and regulations applicable thereto, (c) that the Project will be completed in accordance with the plans for the Project as they exist on the date this Declaration is Recorded, (d) that any portion of the Project will be committed to or developed for a particular use or for any use, except that all such shall be consistent with the development of the Project as a single family residential neighborhood, or (e) that the use of any portion of the Project will not be changed in the future.

ARTICLE 3

ARCHITECTURAL CONTROL

3.1 Approval Required. The prior written approval of the Architectural Committee is required for the following activities on any Lot: (a) landscaping, de-vegetation (except for weeds, briars and other noxious plants), excavation or grading work; (b) any Improvement that is Visible From Neighboring Property; or (c) any Work which in any way alters the appearance of any part of a Lot, or the exterior appearance of any Improvements located thereon, unless not Visible From Neighboring Property. Any Owner desiring to perform Work that requires the approval of the Architectural Committee shall submit a written request for approval in such form as may be provided or approved by the Board for approval specifying in detail the nature and extent of the Work that the Owner desires to perform. The request for approval must be

accompanied by plans or specifications showing the nature, kind, color, shape, height, materials and location of the Improvements and such other information as may be required by the Design Guidelines. Any Owner requesting the approval of the Architectural Committee shall also submit to the Architectural Committee any additional information, plans and specifications which the Architectural Committee may request. If the Architectural Committee fails to approve or disapprove an application within forty five (45) days after the application, together with any fee payable pursuant to Section 3.5 and all supporting information, plans and specifications requested by the Architectural Committee is submitted, the application will be deemed to have been disapproved. The disapproval by the Architectural Committee of any Work shall not be deemed a waiver of the Architectural Committee's right to approve any similar Work subsequently submitted for approval, by the Owner making the application or the Owner of any other lot in the Project.

3.2 Review of Plans. The Architectural Committee has sole discretion to approve or disapprove of plans and specifications for any Work that must be approved by the Architectural Committee pursuant to this Article 3. The Architectural Committee may disapprove plans and specifications for any Work even though the plans and specifications may be in substantial compliance with this Declaration and the Design Guidelines if the Architectural Committee, in its sole and absolute discretion, determines that the proposed Work, or some aspect or portion thereof, is unsatisfactory or aesthetically unacceptable. In reviewing the proposed plans and specifications, the Architectural Committee may consider any and all factors which the Architectural Committee, in its sole and absolute discretion, determines to be relevant including, but not limited to: (a) the harmony of the proposed Improvements with existing Improvements in the Project or with Improvements previously approved by the Architectural Committee but not yet constructed; (b) the proposed location of the proposed Improvements in relation to existing topography, finished grade elevations, roads, Common Area and other structures; and (c) the exterior design, finish materials and the color of the proposed Improvements. The Architectural Committee may not approve plans and specifications which fail in some material way to comply with the requirements of this Declaration or the Design Guidelines. The request for approval, if denied by the Architectural Committee, may be appealed to the Board, which may, in its sole and absolute discretion, grant a variance to the requirements of this Declaration or the Design Guidelines if such variance would be in the best interest of the Property. The provisions of this Article do not apply to, and approval of the Architectural Committee shall not be required for the Work made by, or on behalf of, the Declarant. The approval required of the Architectural Committee pursuant to this Article 3 shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation.

3.3 Construction of Improvements. Upon receipt of approval from the Architectural Committee for any Work, the Owner who had requested such approval shall proceed to perform, construct or make the Work approved by the Architectural Committee as soon as practicable and shall diligently pursue such Work so that it is completed as soon as reasonably practicable and within such time as may be prescribed by the Architectural Committee.

3.4 No Changes Without Approval. No change, deletion or addition to the plans and specifications approved by the Architectural Committee may be made without the prior written approval of the Architectural Committee.

3.5 Review Fee. The Architectural Committee shall have the right to charge a fee for reviewing requests for approval made pursuant to this Article 3, which fee shall be payable at the time the application for approval is submitted to the Architectural Committee. The fee charged by the Architectural Committee may include the actual or estimated fees or costs incurred or anticipated to be incurred by the Architectural Committee in consulting with an architect or engineer with respect to the plans submitted.

3.6 New Construction. All Improvements constructed on Lots shall be of new construction, and no buildings or other structures shall be removed from other locations on to any Lot; provided, however, that Declarant shall be able to place sales or construction trailers within the Project in accordance with Section 5.3.

3.7 No Warranty. The approval by the Architectural Committee of any Work pursuant to this Article 3 shall neither be deemed a warranty or representation by the Architectural Committee as to the quality of such Work nor a confirmation that such Work conforms to any applicable building codes or other federal, state or local law, statute, ordinance, rule or regulation.

3.8 Conditional Approval. The Architectural Committee may condition its approval of plans and specifications upon Owner's agreement to provide a cash deposit, in an amount determined by the Architectural Committee to be reasonably sufficient to: (a) assure the completion of the proposed Improvements or the availability of funds adequate to remedy any nuisance or unsightly conditions occurring as a result of the partial completion of such Improvement and (b) repair any damage which might be caused to any Area of Association Responsibility as a result of such Work. Provided there is no damage caused to any Area of Association Responsibility by the Owner or its agents or contractors and no claim for unpaid labor or materials, any such cash deposit shall be released and shall be fully refundable to the Owner upon: (a) the completion of the Improvements in accordance with the plans and specifications approved by the Architectural Committee; and (b) the Owner's written request to the Architectural Committee.

3.9 Improvements to Areas of Association Responsibility. If a proposed Improvement is within an Area of Association Responsibility for which the Association is responsible for the maintenance, repair and replacement of such Improvement, the Architectural Committee may condition its approval on the Owner's agreement to reimburse the Association for the future cost of the repair, maintenance or replacement of such Improvement.

3.10 Architectural Committee. The Architectural Committee shall consist of three (3) members. So long as Declarant owns any Lot, Declarant shall have the sole right appoint and remove the members of the Architectural Committee. At such time as Declarant no longer owns any Lot, the members of the Architectural Committee shall be appointed by the Board. Declarant may at any time voluntarily surrender its right to appoint and remove the members of the Architectural Committee, and in that event Declarant may require, for so long as Declarant owns any Lot, that specified actions of the Architectural Committee, as described in a Recorded instrument executed by Declarant, be approved by Declarant before they become effective. The Architectural Committee may adopt, amend and repeal architectural guidelines, standards and procedures (the "Design Guidelines") to be used in rendering its decisions. The Architectural

Committee may establish one or more subcommittees consisting of one or more members of the Architectural Committee and may delegate to such subcommittee or subcommittees the authority and power of the Architectural Committee to approve or disapprove the construction, installation or alteration of Improvements within a specified portion of the Project. So long as Declarant owns a Lot in the Project, the Architectural Committee shall have no authority to regulate Declarant's development of its respective Lots.

ARTICLE 4

USE RESTRICTION

4.1 Residential Use. All Residential Units shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Lot or in or from any Residential Unit, except that an Owner or other Resident of a Residential Unit may conduct a business activity within a Residential Unit 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 Residential Unit; (b) the business activity conforms to all applicable zoning ordinances or requirements for the Project; (c) the business activity does not involve persons coming to the Lot or the door-to-door solicitation of Owners or other Residents in the Project; (d) the use of the Residential Unit for trade or business in no way destroys or is incompatible with the residential character of the Residential Unit or the surrounding neighborhood; (e) the trade or business is conducted only inside the Residential Unit or inside an accessory building or garage, and does not involve the viewing, purchasing or taking delivery of good or merchandise at, to, from or in any Residential Unit; (f) the trade or business is conducted by a Resident or Residents of the Residential Unit with no employee working in or from such Residential Unit who is not a Resident thereof; (g) the volume of vehicular or pedestrian traffic or parking generated by such trade or business does not result in congestion or be in excess of what is customary in a residential neighborhood; (h) the trade or business does not utilize flammable liquids or hazardous materials in quantities not customary to a residential use; and (h) the use of the Residential Unit for a trade or business does not violate any other provision of the Association Documents. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended or does generate a profit; or (c) a license is required for such activity. No Lot may be used for institutional, commercial, manufacturing, industrial, mercantile, storing, vending or related purposes and in no event shall a garage, yard, patio or other type of sale be permitted on any Lot. The leasing of a Residential Unit by the Owner thereof shall not be considered a trade or business within the meaning of this Section. Nothing set forth in this Section 4.1 is intended to limit or affect Declarant's rights under Section 5.3.

4.2 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Temporary buildings, trailers or other structures used during the construction of Improvements approved by

the Architectural Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailer or other structures be maintained or kept on any property for a period in excess of twelve (12) months without the prior written approval of the Architectural Committee.

4.3 Nuisances; Construction Activities. No rubbish, weeds, dead trees or palants, or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No condition shall be permitted to exist or operate upon any Lot so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers (except speakers specified, designed and installed as built-in recessed exterior speakers for outdoor stereos may be installed provided that such speakers shall not be Visible From Neighboring Property and shall not be used in a manner so as to disturb the peace or the quiet, serenity or tranquility of the Residents of neighboring Lots), horns, whistles, bells or other sound devices, except ordinary and customary security devices used exclusively for security purposes, shall be located, used or placed on any Lot or any other portion of the Project. Normal construction activities and parking in connection with the building of Improvements on a Lot shall not be considered a nuisance or otherwise prohibited by this Declaration, but Lots shall be kept in a neat and tidy condition during construction periods, trash and debris shall not be permitted to accumulate, and supplies of brick, block, lumber and other building materials will be piled only in such areas as may be approved in writing by the Architectural Committee. In addition, any construction equipment and building materials stored or kept on any Lot during the construction of Improvements may be kept only in areas approved in writing by the Architectural Committee, which may also require screening of the storage areas. The provisions of this Section shall not apply to construction activities of Declarant. Owners are responsible for on site and construction clean up occasioned by their contractors or subcontractors.

4.4 Diseases and Insects. No Person shall permit any thing or condition to exist upon any Lot which shall induce, breed or harbor infectious diseases or noxious insects.

4.5 Antennas. Except to the extent that the FCC Rules prohibit prior approval for certain devices, no antenna, satellite or microwave dish or other device for transmission or reception of television or radio signals (collectively, the "antennas") shall be constructed, installed, used or maintained on any Lot without the prior written approval of the Architectural Committee, and shall be approved only if (a) the antenna is designed to assure the minimum visual intrusion possible (i.e., is located in a manner that minimizes visibility from the street or other Lots, and (b) the antenna complies to the maximum extent possible with the Design Guidelines within the confines of the FCC Rules (i.e., without precluding reception of an acceptable quality signal, or unreasonably increasing the cost of installation, maintenance, or use of the antenna). If any FCC Rules modify or override a portion of the Design Guidelines, the remaining Design Guidelines shall remain in full force and effect.

4.6 Mineral Exploration. No Lot shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, gas, earth or any earth substance of any kind.

4.7 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Lot except in covered containers of a type, size and style approved by the Architectural Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and then only for the shortest time reasonably necessary to effect such collection. Notwithstanding the foregoing, Owners shall be entitled to place garbage and trash on their Lots for periodic bulk trash collection by the City of Glendale, and such items may be left for a period of time not to exceed the time allowed by the City of Glendale for bulk trash collection. Such items shall be neatly piled and left next to the curb for pick up. No outdoor incinerators shall be kept or maintained on any Lot. This Section 4.7 shall not apply to trash containers, construction dumpsters, or other trash collection bins or devices for the benefit of Declarant or a Developer.

4.8 Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Lot.

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

4.10 Overhead Encroachments. No tree, shrub, or planting of any kind on any Lot shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way or Common Area from ground level to a height of eight feet without the prior written approval of the Architectural Committee.

4.11 Animals. No animal, bird, fowl, poultry, reptile or livestock may be kept on any Lot, except that dogs, cats, parakeets or similar household birds not to exceed a reasonable number, as determined by the Board, may be kept on a Lot if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. All domestic pets permitted under this Section shall be confined to an Owner's Lot, except that a dog may be permitted to leave an Owner's Lot on a leash not to exceed six (6) feet in length. Any person bringing a dog onto the Common Area shall immediately remove any feces deposited on the Common Area by the dog. The Board may restrict the portions of the Common Area on which dogs are permitted.

No domestic pet shall be allowed to make an unreasonable amount of noise or to become a nuisance. No structure for the care, housing or confinement of any domestic pet shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner, Lessee or Resident, the Board shall conclusively determine, in its sole discretion, whether, for the purposes of this Section, a particular animal is a nuisance or making an

unreasonable amount of noise. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions set forth in this Declaration.

The Board may adopt rules and regulations further restricting and governing animals within the Property, which rules may include, without limitation rules providing for the removal from the Property of a domestic pet which has bitten or attacked a person or other animal, has a propensity to attack persons or other animals or otherwise constitutes a threat to the safety of persons or other animals in the Property or which because of incessant barking or other behavior constitutes an unreasonable annoyance or nuisance to Owners and Occupants.

4.12 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot, except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction (during the period of construction) of a building, appurtenant structures, or other Improvements or such machinery or equipment which Declarant or the Association may require for the operation and maintenance of the Project.

4.13 Signs. No emblem, logo, sign, or billboard of any kind whatsoever (including commercial, political, "for sale", "for rent", and similar signs) which are Visible from Neighboring Property shall be erected or maintained on any Lot except: (a) signs required by legal proceedings; (b) Residential Unit identification signs not exceeding 6 x 12 inches in size; (c) one (1) standard size realty type "for sale" sign; (d) Project identification signs and other promotional or marketing signs installed by Declarant or the Association; (e) a maximum of one political sign (as defined in A.R.S. §33-1808) with maximum dimensions of 24 inches by 24 inches (or such greater number and/or greater size of political signs permitted by City ordinances if the City regulates the size and number of political signs on residential property) may be placed on a Lot by the Owner of that Lot; provided, however, that no political signs may be displayed pursuant to this Section earlier than 45 days before an election day or more than 7 days after an election day, and (f) such other signs as are approved by the Architectural Committee.

4.14 Further Subdivision, Property Restrictions, Rezoning and Timeshares. The Architectural Committee must approve: (a) the recording by any Owner, Lessee, or other Person other than Declarant of any further covenants, conditions, restrictions or easements against any Lot; and (b) any application for rezoning, variances or use permits pertaining to any Lot prior to the filing with any governmental authority by any Person other than Declarant of such application. No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner, or subjected to or used for any timesharing, cooperative, weekly, monthly or any other type or revolving or periodic occupancy by multiple owners, cooperators, licensees or timesharing participants.

4.15 Vehicles and Parking.

4.15.1 As used in this Section 4.15, the term "Motor Vehicle" means a car, van, truck, recreational vehicle, motor home, motorcycle, all terrain vehicle, dune buggy, utility vehicle, pickup truck or other motor vehicle.

4.15.2 No mobile home, travel trailer, tent trailer, trailer, camper shell, boat, boat trailer or other similar equipment or vehicle may be parked, kept or stored on any Lot or the Common Area so as to be Visible From Neighboring Property without the prior written approval of the Architectural Committee.

4.15.3 Except as permitted by Subsection 4.15.4 or 4.15.5, no Motor Vehicle may be parked, kept or stored on any Lot or the Common Area without the prior written approval of the Architectural Committee.

4.15.4 Motor Vehicles owned or leased by an Owner, Lessee or Resident of a Lot must be parked in the garage of the Residential Unit and shall not be parked in the driveway situated on the Lot except during daylight hours. All Residential Units must have sufficient garage parking for all Motor Vehicles owned or leased by an Owner, Lessee or Resident. No Motor Vehicle of any kind may be stored on a Lot except in a garage, and no Motor Vehicle of any kind may be stored on the Common Area. Boats, recreational vehicles, motor homes and similar vehicles owned or leased by an Owner, Lessee or Resident which exceed eight (8) feet in height and/or exceed twenty-four (24) feet in length may be parked in the driveway on a Lot for the purpose of loading or unloading, but in no event shall such recreational vehicle, motor home or similar vehicle be parked in the driveway for more than forty-eight (48) hours within any thirty (30) day period.

4.15.5 Motor Vehicles owned by guests of an Owner, Lessee or other Resident may be parked in the driveway on a Lot for a period not to exceed seventy two (72) hours within any seven (7) day period. Motor Vehicles owned by guests of an Owner may be parked on any roadway for a temporary period of time not to exceed six (6) hours provided that such parking is done in a fashion so as not to obstruct driveways on other Lots or traffic within the Property and that in no event may such vehicles be parked on any roadway or Common Area overnight. Motor Vehicles owned by guests of an Owner, Lessee or other Resident shall not include motor homes, travel trailers, or other such recreation vehicles. Such vehicles shall not be parked on roadways.

4.15.6 The Board shall have the right and power to adopt rules and regulations governing the parking of Motor Vehicles on Lots and the Common Area and implementing the provisions of this Section 4.15. In the event of any conflict or inconsistency between the provisions of this Section 4.15 and the rules and regulations adopted by the Board, the provisions of this Section 4.15 shall control.

4.15.7 No Motor Vehicle shall be constructed, reconstructed or repaired on any Lot or Common Area in such a manner as to be Visible From Neighboring Property, and no inoperable vehicle may be stored or parked on any Lot or Common Area in such a manner as to be Visible From Neighboring Property.

4.15.8 The Board shall have the right to have any Motor Vehicle which is parked, kept, maintained, constructed, reconstructed or repaired in violation of the Association Documents towed away at the sole cost and expense of the owner of the Motor Vehicle. Any expense incurred by the Association in connection with the towing of any Motor Vehicle shall be paid to the Association upon demand by the owner of the Motor Vehicle. If the Motor Vehicle is

owned by an Owner, any amounts payable to the Association shall be secured by the Assessment Lien, and the Association may enforce collection of suit amounts in the same manner provided for in this Declaration for the collection of Assessment.

4.16 Variances. The Architectural Committee may, with the approval of the Board, grant variances from the restrictions set forth in this Article 4 if the Architectural Committee determines in its discretion that (a) a restriction would create an unreasonable hardship or burden on an Owner, Lessee or Resident or a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete and (b) the activity permitted under the variance will not have any substantial adverse effect on the Owners, Lessees and Residents of the Project and is consistent with the high quality of life intended for residents of the Project.

4.17 Drainage. No Residential Unit, structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct, interfere with or change the direction or flow of water in accordance with the drainage plans for the Project, or any part thereof, or for any Lot as shown on the drainage plans on file with the county or municipality in which the Project is located.

4.18 Garages and Driveways. Except as originally installed by Declarant or Developer, no garage shall be converted to living spaces or altered or used for purposes that would prevent the use of the garage for the parking of the number of vehicles for which it was designed. The interior of all garages shall be maintained in a neat and clean condition. Garage doors shall be kept closed at all times except to the limited extent reasonably necessary to permit the entry or exit of vehicles or persons. Detached garages shall not be permitted.

4.19 Window Treatments. A Resident shall cover windows within any Residential Unit on a Lot with appropriate window treatments within sixty (60) days after becoming the Owner of a Lot. No reflective materials, including but not limited to, aluminum foil, reflective screens or glass, mirrors or similar-type items shall be installed or placed on the outside or inside of any windows. The exterior face of all drapes, curtains, or other window coverings shall be of a neutral or natural wood-toned color, or such other colors as permitted by the Architectural Committee.

4.20 Rooftop HVAC Equipment Prohibited. No heating, ventilating, air conditioning or evaporative cooling units or equipment related thereto may be mounted, installed or maintained on the roof of any Residential Unit or other building so as to be Visible From Neighboring Property.

4.21 Basketball Goals and Backboards. No basketball goal or backboard shall be attached to a Residential Unit or other building. Basketball goals and backboards attached to a free-standing pole may be installed on a Lot provided the location, design and appearance of the basketball goal and backboard is approved in writing by the Architectural Committee.

4.22 Flagpoles. The Association may adopt reasonable rules and regulations concerning the location and size of a flagpole and the display of flags. The official flag of the United States or the official or replica of a flag of the United States Army, Navy, Air Force, Marine Corps, or Coast Guard, the POW/MIA flag, the State of Arizona flag, and the Arizona Indian Nations Flag

may be displayed on any Lot provided (a) such flag is displayed in the position required under the United States government's Model Flag Policy from a pole attached to a residence on the Lot or a flagpole on the Lot, (b) the pole or flagpole is not higher than the top of the residence, (c) the pole is no longer than ten (10) feet in length and does not extend more than ten (10) feet from the edge of the residence, (d) the flag is no more than twenty-four (24) square feet in size, (e) any flag lighting does not violate this Declaration, and (f) the flag is maintained in good condition. No other flag may be displayed on any Lot so as to be Visible From Neighboring Property, provided that Declarant may display such flags, banners and signs in connection with its activities in the Project as it sees fit.

4.23 Playground Equipment. No jungle gyms, swing sets or similar playground equipment which would be Visible From Neighboring Property shall be erected or installed on any Lot without the prior written approval of the Architectural Committee.

4.24 Rental of Lots. No Owner may lease less than his entire Lot and the Residential Unit situated thereon. All leases must be in writing and must provide that the terms of the lease are subject in all respect to the provisions of this Declaration and the Association Rules and that any violation of this Declaration or the Association Rules by the lessee or the other occupants shall be a default under the lease. The form of lease must be approved by the Association and must be submitted for approval by the Association at least thirty (30) days prior to the commencement of the lease. There shall be no subleasing of Residential Units or assignments of leases. At least ten (10) days before commencement of the lease term, the Owner shall provide the Association with the following information: (a) the commencement date and expiration date of the lease term; (b) the names of each of the Lessees and each other person who will reside in the Residential Unit during the lease term; (c) the address and telephone number at which the Owner can be contacted by the Association during the lease term; and (d) the name, address and telephone number of a person other than the Owner whom the Association can contact in the event of an emergency involving the Lot. Any Owner who leases his Lot and the Residential Unit situated thereon must provide the Lessee with copies of this Declaration and the Association Rules. Any lease of a Lot or Residential Unit situated thereon must be for an initial term of at least six (6) months. The Owner shall be liable for any violation of this Declaration or the Association Rules by the Lessees or other persons residing in the Residential Unit and their guests or invitees and, in the event of any such violation, the Owner, upon demand of the Association, shall immediately take all necessary actions to correct any such violations.

4.25 Violation of Statutes, Ordinances and Regulations. No lot shall be maintained or utilized in such a manner as to violate any applicable statute, ordinance or regulation of the United States of America, the State of Arizona, County of Maricopa, the City of Glendale, or any other municipality governmental agency or subdivision authority having jurisdiction over the Lots or the use or occupation thereof.

4.26 Installation of Landscaping. (i) Within one hundred twenty (120) days after becoming the Owner of a Lot, the Owner shall install landscaping and irrigation improvements in that portion of his Lot which is between the street(s) adjacent to his Lot and the exterior wall of his Residential Unit or any wall separating the side or back yard of the Lot from the front yard of the Lot, and in any side or back yard of the Lot which is not completely enclosed by a solid wall or fence that is at least six (6) feet high. The landscaping and irrigation improvements shall be installed in compliance with the Design Guidelines and the applicable requirements of the applicable municipal zoning ordinances. Prior to installation of such landscaping, the Owner shall maintain the portions of such Lot required to be landscaped in a weed-free condition. Landscaping plans shall be approved by the Architectural Committee prior to installation and all landscaping shall be installed in compliance with applicable Design Guidelines and the approved plans. (ii) Within one hundred eighty (180) days after becoming the Owner of a Lot, the Owner shall install landscaping and irrigation improvements in that portion of his Lot which is inside the back yard of the Lot. Prior to installation of such landscaping, the Owner shall maintain the portions of such Lot required to be landscaped in a weed-free condition. All rear yard landscaping shall be installed in compliance with applicable Design Guidelines.

If any Owner fails to landscape any portion of his Lot within the time provided for in this Section 4.26, the Association shall have the right, but not the obligation, to enter upon such Owner's Lot to install such landscaping improvements as the Association deems appropriate, and the cost of any such installation shall be paid to the Association by the Owner of the Lot, upon demand from the Association. Any amounts payable by an Owner to the Association pursuant to this Section 4.26 shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of assessments.

This Section 4.26 shall not apply to Declarant or any Developer with respect to any Lot or any other property that has not been conveyed to an Owner with a Residential Unit already constructed thereon, except that this Section 4.26 shall apply upon commencement of residential occupancy of any Lot containing a Residential Unit.

ARTICLE 5

EASEMENTS

5.1 Easements for Use of Common Area.

5.1.1 Every Owner and Resident and their guests shall have a right and easement of enjoyment in and to the Common Area, which right shall be appurtenant to and shall pass with the title to every Lot, subject to:

(a) The right of the Association to dedicate, convey, transfer, lease or encumber the Common Area; provided, however, that if access to a Lot is over any part of the Common Area, any conveyance, lease or encumbrance of such Common Area shall be subject to an easement for ingress and egress in favor of the Owner and Residents of the Lot and their guests and invitees.

(b) The right of the Board to adopt rules, regulations or policies regulating the use of the Common Area including rules, regulations and policies limiting the number of guests who may use the Common Area and restricting or prohibiting access to such portions of the Common Area (such as landscaped areas) not intended for use by the Owners, Lessees or Residents.

(c) The rights and easements granted to the Association or the Declarant by this Declaration.

5.1.2 The right of easement and enjoyment of the Common Area may not be transferred or assigned except upon the conveyance or transfer of the Lot to which such right is appurtenant.

5.2 Utility and Development Easements.

5.2.1 There are hereby created easements upon, across, over and under the Common Area, Lots and other portions of the Property for reasonable ingress, egress, installation, replacement, repair and maintenance of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of these easements, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Common Area, Lots and other portions of the Property, but no sewers, electrical lines, water lines or other utility or service lines may be installed or located on the Common Area, Lots and other portions of the Property except as initially designed, approved and constructed by Declarant or as approved by the Board (and, in the case of a Lot, by the Owner of such Lot).

5.2.2 The Declarant hereby reserves the right to grant and reserve easements, rights of way and licenses over and through the Common Area for the purposes set forth in Section 5.2.1 or for any other purpose necessary or desirable for the orderly development of the Property. If the Person installing the utility or providing a service requests a specific easement by separate recordable documents, then the Declarant or the Association shall have the power to record a document locating such easements.

5.3 Easements to Facilitate Development.

5.3.1 Declarant hereby reserves to itself and its Successors a non-exclusive blanket easement over and through the Property for all purposes reasonably related to the development and completion of Improvements on the Property, including without limitation: (a) temporary construction easements; (b) easements for the temporary storage of supplies of building materials and equipment necessary to complete Improvements; and (c) easements for the construction, installation and Maintenance of Improvements on the Property or Improvements reasonably necessary to serve the Property.

5.3.2 Declarant hereby reserves to itself and any Developers, and their respective Successors the right to: (a) use any Lots owned or leased by Declarant/Developer, any other Lot with written consent of the Owner thereof, or any portion of the Common Area, as models, management offices, sales offices, a visitors' center, construction offices, customer service offices or sales office parking areas; (b) place and maintain in any location on the

Common Area and each Lot within ten (10) feet of any Lot boundary line abutting a public right-of-way or a private street or roadway, trails, paths and sidewalks, street lights, street and directional signs, temporary promotional signs, plantings, street lights, entrance features, "theme area" signs, lighting, stone, wood or masonry walls or fences and other related signs and landscaping features or to grant easements for the Maintenance of any of the foregoing; and (c) relocate or remove all or any of the above from time to time at Declarant's/Developer's sole discretion. Any Improvements installed on Lots pursuant to (b) above shall be Areas of Association Responsibility.

5.4 Dedications and Easements Required by Governmental Authority. Declarant hereby reserves to itself and its Successors (including any Developer with respect to such Developer's own Developer Parcel), the right to make any dedications and to grant any easements, rights-of-way and licenses required by any government or governmental agency over and through all or any portion of the Common Area.

5.5 Easement for Maintenance and Enforcement. The Association and its directors, officers, agents, contractors and employees, the Architectural Committee and any other Persons authorized by the Board are hereby granted the right of access over and through any Lots (excluding the interior of any Residential Unit), for: (a) the exercise and discharge of their respective powers and responsibilities under the Association Documents; (b) making inspections in order to verify that all Improvements on the Lot have been constructed in accordance with the plans and specifications for such Improvements approved by the Architectural Committee and that all Improvements are being properly maintained as required by the Association Documents; (c) correcting any condition originating in a Lot or in the Common Area threatening another Lot or the Common Area; (d) correcting drainage; (e) performing installations or Maintenance of utilities, landscaping or other Improvements located on the Lots, or any portion of the Lots, for which the Association is responsible for Maintenance; or (f) correcting any condition which violates the Association Documents.

5.6 Easements for Encroachments. If any Improvements on any Lot or portion of the Common Area now or hereafter encroach on any other portion of the Property by reason of: (a) the original construction thereof; (b) deviations within normal construction tolerances in the Maintenance of any Improvement; or (c) the settling or shifting of any land or Improvement, an easement is hereby granted to the extent of any such encroachment does not violate the City ordinances for the period of time the encroachment exists. The Owner of the encroaching Improvement shall also have an easement for the limited purpose of Maintenance of the encroaching Improvement. This easement does not relieve any Owner or any other Person from liability for such Owner's or other Person's negligence or willful misconduct.

ARTICLE 6

THE ASSOCIATION; ORGANIZATION; MEMBERSHIP AND VOTING RIGHTS

6.1 Formation of Association. The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration. In the event of any conflict or inconsistency

between this Declaration and the Articles, Bylaws, Association Rules or Design Guidelines, this Declaration shall control.

6.2 Board of Directors and Officers. 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. So long as Declarant owns any Lot, Declarant shall have the right to appoint and remove the members of the Board. After Declarant no longer owns any Lot, the Board shall be elected or appointed as provided in the Bylaws. Unless the Association Documents specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board.

6.3 The Association Rules. The Board may, from time to time, and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations pertaining to: (a) the management, operation and use of the Areas of Association Responsibility; (b) minimum standards for the Maintenance of Lots; or (c) restrictions on the use of Lots. In the event of any conflict or inconsistency between the provisions of this Declaration and the Association Rules, the provisions of this Declaration shall prevail. The Association Rules shall be enforceable in the same manner and to the same extent as the covenants, conditions and restrictions set forth in this Declaration.

6.4 Personal Liability. No director or officer of the Association, no member of the Architectural Committee or of any committee of the Association, and no manager or other person acting on behalf of the Board shall be personally liable to any Member, or to any other Person for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence in the discharge of such person's duties and responsibilities under the Association Documents provided such person acted in good faith, and further 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.

6.5 Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration, the Articles or the Bylaws, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

6.6 Identity of Members. Membership in the Association shall be limited to Owners of Lots including Declarant (so long as Declarant owns any Lot). An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

6.7 Classes of Members and Voting Rights. The Association shall have the following two classes of voting membership:

(a) Class A. Class A members are all Owners, with the exception of Declarant until the termination of the Class B membership, of Lots. Each Class A member shall be entitled to one vote for each Lot owned. Upon the termination of the Class B membership, Declarant shall be a Class A member so long as Declarant owns any Lot.

(b) Class B. The Class B member shall be Declarant. The Class B member shall be entitled to three votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership when the votes held by Class A members exceed the votes held by Declarant or when Declarant notifies the Association in writing that it relinquishes its Class B membership, whichever occurs first.

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

6.9 Transfer of Membership. The rights and obligations of any Member other than Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Lot, and then only to the transferee of ownership to the Lot. A transfer of ownership to a Lot may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage of record, or such other legal process as now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Lot shall operate to transfer the Membership appurtenant to said Lot to the new Owner thereof. Each Purchaser of a Lot shall notify the Association of his purchase within ten (10) days after he becomes the Owner of a Lot.

6.10 Conveyance, Lease or Encumbrance of Common Area.

6.10.1 Except as provided in Article 5 or Subsection 6.10.2 of this Declaration, the Common Area shall not be mortgaged, transferred, dedicated or encumbered without the prior written consent or affirmative vote of the Class B member of the Association and the affirmative vote or written consent of the Owners representing at least two-thirds (2/3) of the votes entitled to be cast by Class A members of the Association.

6.10.2 The Association may dedicate parts of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as the Board may determine to be in the best interests of the Association. The Association may grant permits, licenses and easements on, over, under and through the Common Area for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance and operation of the Property. The Association may lease all or any part of the Common Area for such purposes and on such terms and conditions as are approved by Members entitled to cast more than fifty percent (50%) of the votes represented in person or by absentee ballot, at an annual or special meeting of the Members at which the lease is submitted to the Members for approval.

6.11 Suspension of Voting Rights. If any Owner fails to pay any Assessments or other amounts due to the Association under the Association Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Association Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the violation, the Board shall have the right to suspend such Owner's right to vote until such time as all payments, including interest and attorneys' fees, are brought current, and until any other infractions or violations of the Association Documents are corrected.

6.12 Powers and Duties of the Association. 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 the Articles and Bylaws, together with such rights, powers and duties as are granted by law or as may be reasonably necessary in order to effect all of the objectives and purposes of the Association as set forth herein. A copy of the Articles and Bylaws shall be available for inspection at the office of the Association during reasonable business hours. The Association may enforce this Declaration in any manner provided for in this Declaration, the Articles or Bylaws, or by law or in equity, including, but not limited to:

(a) imposing reasonable monetary fines after notice and an opportunity to be heard is given to the Owner or other violator. An Owner shall be responsible for payment of any fine levied or imposed against a Resident or Lessee or by any guest or invitee of the Owner, Lessee or Resident and such fine shall be considered an Assessment;

(b) suspending an Owner's right to vote; and

(c) exercising self-help or taking action to abate any violation of the Declaration, Articles or Bylaws in which event the cost thereof shall be paid by the Owner to the Association upon demand and the payment of such amount shall be secured by the Assessment Lien.

6.13 Contracts with Others. Subject to the restrictions and limitations contained herein, or in the Articles, the Bylaws, and the laws of the State of Arizona (including, without limitation, A.R.S. §33-1811), the Association may enter into contracts or other transactions with other parties, including Declarant or its affiliated companies. Such contracts or other transactions shall not be void or voidable because one or more directors or officers of the Association are employed by, have a financial interest in or are otherwise affiliated with such other parties, including Declarant or its Affiliates (even if such officer(s) or director(s) is present and/or votes at the meeting of the Board or committee which authorizes the contract or transaction), if: (a) the fact of such interest has been previously disclosed or made known to the other members of the Board or the committee acting upon such contract or transaction, and (b) the transaction or contract is fair and reasonable. Notwithstanding the foregoing, any management contract entered into by the Association must be terminable, without penalty, by the Association, with or without cause, upon thirty (30) days written notice. No such management contract shall be of duration in excess of one (1) year, renewable by agreement of the parties for successive one (1) year periods.

6.14 Monitoring. The Association shall have the authority to enter into agreements with a monitoring service company for the purpose of providing monitoring to all Lots within the

Project. Any monitoring agreements shall be with such companies and upon such terms and conditions as the Board shall determine and the fees for such monitoring service shall be Common Expenses.

ARTICLE 7

COVENANT FOR ASSESSMENTS AND CREATION OF LIEN

7.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Lot owned by it, hereby covenants and agrees, and each Owner, other than Declarant, by becoming the Owner of a Lot, is deemed to covenant and agree, to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. The Assessments, together with interest, late charges and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Lot and shall be a continuing lien upon the Lot against which each such Assessment is made. Each Assessment, together with interest and all costs, including but not limited to reasonable attorneys' fees, incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of the Person who was the Owner of the Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them. No Owner shall be exempt from liability for Assessments because of such Owner's non-use of the Common Area, abandonment of such Owner's Lot or other circumstance. The obligation to pay Assessments is a separate and independent obligation on the part of each Owner. No diminution or abatement of Assessments or set-off shall be claimed or allowed for any alleged failure of the Association, the Board or the Architectural Committee to take some action or perform some function required of it.

7.2 Annual Assessments.

7.2.1 For each Annual Assessment Period, the Board shall prepare and adopt a budget for the Association containing an estimate of the total amount of funds which the Board believes will be required during the applicable Annual Assessment Period. The budget shall contain the estimated Common Expenses, including costs associated with the Board's duties and obligations under the Project Documents, as well as the established replacement and maintenance reserves for the applicable Annual Assessment Period, and the estimated income to the Association other than from Assessments and reflect the amount reasonably estimated by the Board to be required in order for the Association to be able to pay all Common Expenses during the Assessment Period. Based upon the applicable budget adopted by the Board, for each Assessment Period, shall assess against each Assessable Lot an Annual Assessment, which shall be set at an equal amount for each Assessable Lot, and which shall be payable on a quarterly basis, or such other basis as may be selected by the Board (the "Assessment Period").

7.2.2 The Board shall give notice of the Annual Assessment to each Owner at least thirty (30) days before the beginning of each Assessment Period, but the failure to give such notice shall not affect the validity of the Annual Assessment established by the Board nor relieve any Owner from its obligation to pay the Annual Assessment. If the Board fails to adopt a budget for any Assessment Period, then until and unless such budget is adopted and an Annual Assessment is levied by the Board for such Assessment Period, the amount of the Annual Assessment for the immediately preceding Assessment Period shall remain in effect. Neither the budget nor the Annual Assessment shall be required to be ratified or approved by the Members unless required by law. If the Board determines during any Assessment Period that the funds budgeted for that Assessment Period are, or will, become inadequate to meet all Common Expenses for any reason the Board may amend the budget and increase the Annual Assessment for that Assessment Period and the revised Annual Assessment shall commence on the date designated by the Board. Any increase in Annual Assessment shall comply with current state statutes.

7.3 Special Assessments. The Association may levy against each Assessable Lot a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of an Improvement upon the Common Area or other Area of Association Responsibility, including fixtures and personal property related thereto, provided that any Special Assessment shall have the assent of fifty percent (50%) of the votes entitled to be cast by Members who are voting in person, or by absentee ballot, at a meeting duly called for such purpose. So long as Declarant owns any Lot, any Special Assessment must be approved in writing by Declarant. Any Special Assessment shall be levied in an equal amount for each Assessable Lot.

7.4 Assessment Period. The Assessment Period shall be the calendar quarter of each year, except that the first Assessment Period shall commence upon the conveyance of the first Lot to a Purchaser and terminate on December 31 of such year. The Board in its sole discretion from time to time may change the Assessment Period.

7.5 Commencement Date of Assessment Obligation. All Assessable Lots shall be subject to assessment upon the conveyance of the first Lot to a Purchaser.

7.6 Obligation of Declarant for Deficiencies. So long as there is a Class B membership in the Association, Declarant shall pay and contribute to the Association, within thirty (30) days after the end of each fiscal year of the Association, or at such other times as may be requested by the Board, such funds as may be necessary, when added to the Annual Assessment levied by the Association, to pay all Common Expenses of the Association as they become due. The obligations of Declarant under this Section may be satisfied by the payment of money or by contribution of services or materials, or a combination thereof. In no event shall Declarant be obligated to pay or contribute money or services or materials to the Association in excess of the amount of Assessments that would have been payable by Declarant if the Lots owned by Declarant had been Assessable Lots.

7.7 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on a quarterly basis or such other basis as may be selected by the Board. Special Assessments may be collected as specified by the Board. The Board shall have the right to adopt

rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of such Member's liability for any Assessment or charge under this Declaration, but the Assessment Lien therefor shall not be foreclosed until the Member has been given not less than thirty (30) days written notice prior to such foreclosure that the Assessment or any installment thereof is or will be due and of the amount owing. Such notice may be given at any time prior to or after delinquency of such payment. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot changes during an Assessment Period but successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

7.8 Effect of Nonpayment of Assessments; Remedies of the Association.

7.8.1 Any Assessment, or any installment of an Assessment, not paid within fifteen (15) days after the Assessment, or the installment of the Assessment, first became due shall bear interest from the due date until paid in full at the rate of interest set from time to time by the Board. In addition, the Board may establish a late fee to be charged to any Owner who has not paid any Assessment, or any installment of an Assessment, within fifteen (15) days after such payment was due.

7.8.2 Except as otherwise prohibited by law, the Association shall have a lien on each Lot for: (a) all Assessments levied against the Lot; (b) all interest, lien fees, late charges and other fees and charges assessed against the Lot or payable by the Owner of the Lot; (c) all fines or penalties levied against the Owner of the Lot; (d) all attorneys' fees, court costs, title report fees, costs and fees charged by any collection agency either to the Association or to an Owner and any other fees or costs incurred by the Association in attempting to collect Assessments or other amounts due to the Association by the Owner of a Lot whether or not suit is filed by the Association; (e) any amounts payable to the Association pursuant to Section 8.3 or 8.4; and (f) any other amounts payable to the Association pursuant to the Association Documents. The Recording of this Declaration constitutes record notice and perfection of the Assessment Lien. The Association may, at its option, record a Notice of Lien setting forth the name of the delinquent Owner as shown in the records of the Association, the legal description or street address of the Lot against which the Notice of Lien is recorded and the amount claimed to be past due as of the date of the Recording of the Notice, including interest, lien recording fees and reasonable attorneys' fees. Before recording any Notice of Lien against a Lot, the Association shall make a written demand to the defaulting Owner for payment of the delinquent Assessments, together with interest, late charges and reasonable attorneys' fees, if any, and all other amounts secured by the Assessment Lien. If the amounts specified in the demand are not paid within ten (10) days after delivery of the demand, the Association may proceed with recording a Notice of Lien against the Lot. If the Association Records a Notice of Lien, the Association may charge the Owner of the Lot against which the Notice of Lien is Recorded a lien fee in an amount established from time to time by the Board.

7.8.3 The Assessment Lien shall have priority over all liens or claims except for: (a) tax liens for real property taxes; (b) assessments in favor of any municipal or other governmental body; and (c) the lien of any First Mortgage. Any First Mortgagee or any other

Person acquiring title or coming into possession of a Lot through foreclosure of the First Mortgage, purchase at a foreclosure sale or trustee sale, or through any equivalent proceedings shall acquire title free and clear of any claims for unpaid assessments and charges against the Lot which became payable prior to the acquisition of such Lot by the First Mortgagee or other Person. Any Assessments and charges against the Lot that accrue prior to such sale or transfer shall remain the obligation of the defaulting Owner of the Lot.

7.8.4 The Association shall not be obligated to release the Assessment Lien until all delinquent Assessments, interest, lien fees, fines, penalties, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Lot have been paid in full.

7.8.5 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, reasonable attorneys' fees and any other sums due to the Association in any manner allowed by law including, but not limited to: (a) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments and such action may be brought without waiving the Assessment Lien or (b) bringing an action to foreclose the Assessment Lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

7.9 Purposes for which Association's Funds May Be Used. The Association shall use all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) solely for the purpose of (a) discharging and performing the Association's duties and obligations under the Association Documents; (b) exercising the rights and powers granted to the Association by the Association Documents; and (c) the common good and benefit of the Project and the Owners, Lessees and Residents. In furtherance of such purposes, the Association may use funds and property of the Association for, among other things, the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable or beneficial to the general common interests of the Project, the Owners, Lessees and Residents.

7.10 Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

7.11 Working Capital Fund. To provide the Association with additional working capital, each Purchaser of a Lot from Declarant shall pay to the Association immediately upon becoming the Owner of the Lot a sum equal to one fourth (1/4) of the then current Annual Assessment for an Assessable Lot. Funds paid to the Association pursuant to this Section may

be used by the Association for payment of operating expenses or any other purpose permitted under the Association Documents. Payments made pursuant to this Section shall be nonrefundable and shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration.

7.12 Transfer Fee. Each Person who purchases a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is established from time to time by the Board to compensate the Association for the administrative cost resulting from the transfer of a Lot. The transfer fee is not intended to compensate the Association for the costs incurred in the preparation of the statement which the Association is required to mail to deliver to a purchaser under A.R.S. § 33-1806A and, therefore, the transfer fee shall be in addition to the fee which the Association is entitled to charge pursuant to A.R.S. § 33-1806C.

ARTICLE 8

MAINTENANCE

8.1 Areas of Association Responsibility. The Association, or its duly delegated representative, shall be responsible for the management and Maintenance of the Areas of Association Responsibility, and all Improvements located thereon, except for any part of the Common Area which any governmental entity is maintaining or is obligated to maintain. The Board shall be the sole judge as to the appropriate Maintenance of all Areas of Association Responsibility, but the Areas of Association Responsibility, and the Improvements located thereon, shall be maintained in good condition and repair at all times. No Owner, Lessee, Resident, or the family members, guests or invitees of the Owner, Lessee or Resident, or other Person shall construct or install any Improvements on the Areas of Association Responsibility or alter, modify or remove any Improvements situated on the Areas of Association Responsibility without the approval of the Board. No Owner, Lessee, Resident or other Person shall obstruct or interfere with the Association in the performance of the Association's management or Maintenance of the Areas of Association Responsibility, and the Improvements located thereon.

8.2 Maintenance of Lots. Each Owner of a Lot shall be responsible for the Maintenance of such Owner's Lot, and all buildings, Residential Units, landscaping or other Improvements situated thereon, except for any portion of the Lot, or any Improvement situated thereon, which is an Area of Association Responsibility. All buildings, Residential Units, landscaping and other Improvements shall at all times be kept in good condition and repair. All grass, hedges, shrubs, vines and plants of any type on a Lot shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Architectural Committee. All Lots upon which no Residential Units, buildings or other structures, landscaping or Improvements have been constructed shall be maintained in a weed free and attractive manner. In the event a lot Owner fails to fulfill his Maintenance obligations under this Section, the Association shall have the right, but not the obligation, to perform such Maintenance Obligation, and the costs incurred by the Association shall be paid to the Association by the Owner of the Lot, upon demand from the Association. Any amounts payable by an Owner to the Association

pursuant to this Section shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of assessments. The Architectural Committee may have said Lot and residence landscaped, cleaned and repaired and may charge the Lot Owner for said work in accordance with the provisions of said Section. An Owner shall not allow a condition to exist on his Lot which will adversely affect any other Lots and residences or other Owners.

8.3 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for Maintenance of an Area of Association Responsibility is caused through the willful or negligent act of any Owner, Lessee, or Resident or the family members, guests or invitees of the Owner, Lessee or Resident, the cost of such Maintenance shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

8.4 Improper Maintenance and Use of Lots. In the event any portion of any Lot is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots or other areas of the Project which are substantially affected thereby or related thereto, or in the event any portion of a Lot is being used in a manner which violates this Declaration; or in the event the Owner of any Lot is failing to perform any of its obligations under the Association Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen (14) day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

8.5 Boundary Walls.

8.5.1 Each wall or fence which is located between two Lots shall constitute a boundary wall and, to the extent not inconsistent with this Section 8.5, the general rules of law regarding boundary walls shall apply.

8.5.2 The Owners of contiguous Lots who share a boundary wall shall both equally have the right to use such wall provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

8.5.3 Except as provided in Subsection 8.5.4 below, the Owners of contiguous Lots who share a boundary wall shall each pay one-half of the cost of any maintenance, repair or replacement of the boundary wall. Either of such Owners may perform any necessary repair, maintenance or replacement of the boundary wall and in such event, such Owner shall be entitled to reimbursement from the other Owner for one-half of such cost.

8.5.4 In the event that any boundary wall is damaged or destroyed through the negligence or willful act of an Owner, Lessee, Resident or agents, invitees, guests or family

members of an Owner, Lessee or Resident, it shall be the obligation of such Owner to rebuild and repair the boundary wall without cost to the other Owner or Owners who share the boundary wall.

8.5.5 The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors in title.

8.5.6 In addition to meeting the other requirements of this Declaration and of any other building code or similar regulations or ordinances, any Owner proposing to modify or make additions to a boundary wall shall first obtain the written consent of the adjoining Owners.

8.5.7 In the event any boundary wall encroaches upon a Lot, a valid easement for such encroachment and for the maintenance of the boundary wall shall and does exist in favor of the Owners of the Lots which share such boundary wall.

8.6 Maintenance of Walls other than Boundary Walls.

8.6.1 Walls (other than boundary walls) located on a Lot shall be maintained, repaired and replaced by the Owner of the Lot.

8.6.2 Any wall which is placed on the boundary line between a Lot and the Common Area shall be maintained, repaired and replaced by the Owner of the Lot, except that the Association shall be responsible for the repair and maintenance of the side of the wall which faces the Common Area. In the event any such wall encroaches upon the Common Area of a Lot, an easement for such encroachment shall exist in favor of the Association or the Owner of the Lot, as the case may be. In the event that any wall is damaged or destroyed through the negligence or willful act of the Association, its agents or representatives, it shall be the obligation of the Association to rebuild and repair the wall without cost to the other Owner or Owners who share the wall.

8.6.3 Any wall which is placed on the boundary line between a Lot and public right-of-way shall be maintained, repaired and replaced by the Association, except that the Owner of the Lot shall be responsible for the repair and replacement of the surface of the wall which faces the Lot.

ARTICLE 9

INSURANCE

9.1 Scope of Coverage. Commencing not later than the time of the first conveyance of a Lot to a Purchaser, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

9.1.1 Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the

Areas of Association Responsibility and all other portions of the Project which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverage, with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

9.1.2 Property insurance on all Areas of Association Responsibility insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Areas of Association Responsibility, as determined by the Board; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy.

9.1.3 In the event there are employees of the Association, Workers' compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

9.1.4 Directors and officers liability insurance in an amount determined by the Board. The policy shall be written by an insurance company having a rating of at least "A" and first class by A.M. Best, and such other insurance as the Board shall determine from time to time to be appropriate to protect the Association or the Owners;

9.1.5 The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions: (a) that there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and members of their household; (b) no act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy; (c) that the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees or beneficiaries under deeds of trust; (d) a "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners; (d) statement of the name of the insured as the Association; and (e) for policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy;

9.2 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to Section 9.1 shall be included in the budget of the Association and shall be paid by the Association.

9.3 Payment of Insurance Proceeds. With respect to any loss to any Area of Association Responsibility covered by property insurance obtained by the Association in accordance with this Article, the loss shall be adjusted with the Association, and the insurance proceeds shall be payable to the Association and not to any mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 9.4, the proceeds shall be disbursed for the repair or restoration of the damage to the Area of Association Responsibility.

9.4 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Areas of Association Responsibility which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners representing at least eighty percent (80%) of the total authorized votes in the Association vote not to repair or replace the damaged or destroyed Improvements. The Association shall pay the cost of repair or replacement in excess of insurance proceeds and reserves. If all of the Areas of Association Responsibility are not repaired or replaced, insurance proceeds attributable to the damaged Areas of Association Responsibility shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either (a) be retained by the Association as an additional capital reserve, or (b) be used for payment of operating expenses of the Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the votes in the Association.

ARTICLE 10

GENERAL PROVISIONS

10.1 Enforcement. The Association or any Owner shall have the right to enforce the Association Documents in any manner provided for in the Association Documents or by law or in equity, including, but not limited to, an action to obtain an injunction to compel removal of any Improvements constructed in violation of this Declaration or to otherwise compel compliance with the Association Documents. The failure of the Association or an Owner to take enforcement action with respect to a violation of the Association Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Association Documents in the future. In addition to any other rights or remedies available to the Association pursuant to the Association Documents or at law or in equity, the Board shall have the power to levy reasonable monetary penalties against an Owner for a violation of the Association Documents by the Owner, a Lessee of the Owner or, in the case of a Residential Lot, by an Resident of the Owner's Lot, provided the Owner is given notice and an opportunity to be heard.

10.2 Duration; Termination. The covenants, conditions, and restrictions of this Declaration, as it may be amended from time to time: (a) shall run with and bind the Property; (b) shall inure to the benefit of and shall be enforceable by the Association or by the Owners of any property subject to this Declaration, their respective legal representatives, heirs, successors, and assigns; and (c) shall remain in full force and effect (as amended, if applicable) until twenty-five (25) years after this Declaration is Recorded, at which time said conditions, covenants, and restrictions shall automatically be extended for successive periods of twenty-five (25) years each, unless revoked (subject to any zoning ordinances or other applicable laws) by an affirmative vote of (a) Members owning not less than sixty seven percent (67%) of all Lots; and (b) Declarant, so long as any Declarant is an Owner.

10.3 Amendments. Except as otherwise provided herein, this Declaration may be amended only by the vote or written consent of: (a) Members owning not less than sixty seven percent (67%) of all Lots; and (b) Declarant, so long as any Declarant is an Owner. No amendment to this Declaration shall be effective until such amendment is Recorded. An

amendment shall be effective immediately upon Recording unless a delayed effective date is expressly stated in the amendment. Anything in this Section 10.3 to the contrary notwithstanding, the Declarant reserves the right to amend this Declaration to correct minor errors and omissions.

10.4 Condemnation of Common Area. If all or any part of the Common Area is taken or condemned, or conveyed by the Association in lieu of or under threat of such condemnation with the written consent or affirmative vote of Owners representing at least eighty percent (80%) of the votes in the Association, by or to any authority having the power of condemnation or eminent domain, the award or other compensation paid as a result of such taking or conveyance shall be paid to the Association. If the taking involves a portion of the Common Area upon which Improvements have been constructed, then the Association shall construct replacement Improvements on the remaining Common Area to the extent land is available for such construction, unless within sixty (60) days after such taking the owners having at least eighty percent (80%) of the votes in the Association, by written consent or affirmative vote, or any combination thereof, instruct the Board not to build replacement Improvements. If such replacement Improvements are to be constructed, then the Association shall be entitled to use the award or other compensation made for such taking solely for the purpose of such construction. If the taking does not involve any Improvements on the Common Area or if the Owners representing more than eighty percent (80%) of the votes in the Association decide not to construct any replacement Improvements or if there are any net funds remaining after such construction is completed, then such awarded net funds shall be retained by the Association and used for such purposes as may be determined by the Board.

10.5 Interpretation. Except for judicial construction, the Association shall have the exclusive right to construe and interpret the provisions of this Declaration and to direct and instruct any professional manager engaged by the Association as to the proper construction, interpretation and implementation of this Declaration from time to time. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by this Declaration. In the event of any conflict between this Declaration and the Articles, Bylaws, Association Rules or Design Guidelines, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control. In the event of any conflict between the Bylaws and the Association Rules or the Design Guidelines, the Bylaws shall control.

10.6 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.

10.7 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.

10.8 Notice of Violation. The Association shall have the right to record a written notice of a violation by any Owner, Lessee or Resident of any restriction or other provision of the Association Documents. The notice shall be executed by an officer of the Association and

shall contain substantially the following information: (a) the name of the Owner, Lessee or Resident violating, or responsible for the violation of, the Association Documents; (b) the legal description of the Lot against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken by the Owner or occupant to cure the violation. Recordation of a notice of violation shall serve as notice to the Owner and Resident, and any subsequent purchaser of the Lot, that there is such a violation. Failure by the Association to Record a notice of violation shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular Lot or constitute a waiver of any right of the Association to enforce the Association Documents.

10.9 Laws, Ordinances and Regulations.

10.9.1 The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other persons to obtain the approval of the Board or the Architectural Committee with respect to certain actions are independent of the obligation of the Owners and other persons to comply with all applicable laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other person from the obligation to also comply with all applicable laws, ordinances and regulations.

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

10.10 References to this Declaration in Deeds. Deeds to and instruments affecting any Lot or any other part of the Project may contain the covenants, conditions and restrictions herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the provisions of this Declaration shall be binding upon the grantee-Owner or other person claiming through any instrument and his Successors.

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

10.12 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 of context thereof.

10.13 No Absolute Liability. No provision of the Association Documents shall be interpreted or construed as imposing on Owners absolute liability for damage to the Common Area or the Lots. Owners shall only be responsible for damage to the Common Area or Lots caused by the Owners' negligence or intentional acts.

10.14 Annexation. Until the later of (a) seven (7) years following recordation of this Declaration or (b) termination of the Class B membership and thereafter with the approval of the

Board, Declarant shall have the right to annex any real property that is adjacent to any real property that is then subject to this Declaration; property shall be deemed adjacent if contiguous at any point or if separated only by a street, alley, right-of-way or easement. Annexation shall be effective upon recordation by Declarant of a signed and acknowledged declaration of annexation with the County Recorder of Maricopa County, Arizona stating that such adjacent real property has been annexed to this Declaration; no consent or approval of such annexation by the Board or Members of the Association shall be necessary for an annexation by Declarant. Upon annexation, the annexed real property shall be deemed to be part of the "Property" and shall have the same rights, privileges and obligations as the Property originally subject to the terms of this Declaration, including membership in the Association, except that such rights, privileges and obligations shall not include matters arising or accruing prior to annexation; Annual Assessments shall be prorated for annexed property through the date of annexation.

10.15. De-annexation of Property. Declarant shall have the right from time to time, in its sole discretion and without the consent of any person (other than consent of the Owner of the Property being de-annexed), to delete from the Property and remove from the effect of this Declaration one or more portions of the Property, provided, however, that a portion of the Property may not be deleted from this Declaration unless at the time of such deletion and removal no Residential Units or material Common Area Improvements have been constructed thereon (unless the de-annexation is for the purpose of accomplishing minor adjustments to the boundaries of Lots or the Property). No deletion of Property shall occur if such deletion would act to terminate access to any right-of-way or utility line unless reasonable alternative provisions are made for such access. No deletion of Property shall affect the Assessment Lien on the deleted Property for Assessments accruing prior to deletion. Any deletion of Property hereunder shall be made by Declarant recording a notice thereof.

ARTICLE 11

DISPUTE RESOLUTION

11.1 Agreement to Resolve Certain Disputes Without Litigation. As used in this Article 11, the term "Claim" shall mean: (a) any claim or cause of action arising out of or related in any way to the planning, design, engineering, grading, construction, or development of the Common Area or any Lot or any Improvements situated thereon, including, without limitation, any claim or cause of action that the Common Areas are defective or that a Declarant or a Developer or their agents, contractors, employees, subcontractors, architects, engineers, or consultants were negligent in the planning, design, engineering, grading, construction, or development thereof; or (b) any claim or cause of action against a Declarant or any employee, agent, director, member, or officer of a Declarant arising out of or in any way related to the development of the Project or the management or operation of the Association, including, without limitation, any claim for negligence, fraud, intentional misconduct, or breach of fiduciary duty. The Association, each Declarant, all Owners, Lessees or Residents, and other Persons bound by this Declaration, and any Person not otherwise bound by this Declaration who agrees to submit to this Article (collectively, the "Bound Parties" and individually a "Bound

Party") agree that the dispute resolution procedures set forth in this Article shall apply to all Claims.

11.2 Notice of Claim.

11.2.1 Any Bound Party having a Claim (a "Claimant") against any other Bound Party (a "Respondent") shall notify each Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (a) the nature of Claim, including, date, time, location, Persons involved, and Respondent's role in the Claim; (b) the factual and legal basis of the Claim; and (c) what Claimant wants Respondent to do or not do to resolve the Claim.

11.2.2 In the event the Claimant is the Association and the Claim involves an Alleged Defect (as defined in Section 11.5), the Association must provide written notice to all Members prior to delivery a Claim Notice or commencing any legal action, cause of action, proceeding, reference, or arbitration against a Bound Party, which notice shall (at a minimum) include: (a) a description of the Claim; (b) a description of the attempts of the applicable Bound Parties to correct such Alleged Defect and the opportunities provided to the applicable Bound Parties to correct such Alleged Defect; (c) the estimated cost to repair such Alleged Defect; (d) the name and professional background of the attorney retained by the Association to pursue the Claim and a description of the relationship between such attorney and member(s) of the Board (if any); (e) a description of the fee arrangement between such attorney and the Association; (f) the estimated attorneys' fees and expert fees and costs necessary to pursue the Claim and the source of the funds that will be used to pay such fees and expenses; (g) the estimated time necessary to conclude the action; (h) a description of the manner in which the action will be funded and a description of any demands, notices, offers to settle, or response to offers to settle made either by the Association or a Bound Party; and (i) an affirmative statement from the Board that the action is in the best interest of the Association and its Members. If the Alleged Defect is alleged to be the result of an act or omission of a person licensed by the State of Arizona under Title 20 or Title 32 of the Arizona Revised Statutes (a "Licensed Professional"), then the notice from the Association must be accompanied by an affidavit from a Licensed Professional in the same discipline as the Licensed Professional alleged to be responsible for the Alleged Defect, which affidavit must contain the information required to be contained in a preliminary expert opinion affidavit submitted pursuant to A.R.S. § 12-2602(B).

11.3 Mediation. If the parties do not resolve the Claim through negotiation within thirty (30) days after the date of the Notice or within such longer period as may be agreed upon by the Parties ("Termination of Negotiations"), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent mediation service designated by the Declarant.

If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person not a party to the foregoing proceedings.

If the parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the parties met, that the parties are at an impasse, and the date that mediation was terminated.

11.4 Binding Arbitration. In the event a Claim is not resolved by Mediation, the Claimant shall have fifteen (15) days after the Termination of Mediation to submit the Claim to binding arbitration in accordance with this Section 11.4. If the Claimant fails to timely submit the Claim to arbitration, then the Claim shall be deemed waived and abandoned and the Respondent shall be relieved of any and all liability to Claimant arising out of the Claim. If the Claimant submits the Claim to binding arbitration in accordance with this Section, the arbitration shall be conducted in accordance with the rules set forth in this Section 11.4

11.4.1 Initiation of Arbitration. The arbitration shall be initiated by either party delivering to the other a Notice of Intention to Arbitrate as provided for in the American Arbitration Association ("AAA") Commercial Arbitration Rules, as amended from time to time (the "AAA Rules").

11.4.2 Governing Procedures. The arbitration shall be conducted in accordance with the AAA Rules and A.R.S. § 12-1501, et seq. In the event of a conflict between the AAA Rules and this Section 11.4, the provisions of this Section 11.4 shall govern.

11.4.3 Appointment of Arbitrator. The parties shall appoint a single Arbitrator by mutual agreement. If the parties have not agreed within ten (10) days of the date of the Notice of Intention to Arbitrate on the selection of an arbitrator willing to serve, the AAA shall appoint a qualified Arbitrator to serve. Any arbitrator chosen in accordance with this subsection (c) is referred to in this Section 11.4 as the "Arbitrator."

11.4.4 Qualifications of Arbitrator. The Arbitrator shall be neutral and impartial. The Arbitrator shall be fully active in such Arbitrator's occupation or profession, knowledgeable as to the subject matter involved in the dispute, and experienced in arbitration proceedings. The foregoing shall not preclude otherwise qualified retired lawyers or judges.

11.4.5 Disclosure. Any candidate for the role of Arbitrator shall promptly disclose to the parties all actual or perceived conflicts of interest involving the dispute or the parties. No Arbitrator may serve if such person has a conflict of interest involving the subject matter of the dispute or the parties. If an Arbitrator resigns or becomes unwilling to continue to serve as an Arbitrator, a replacement shall be selected in accordance with the procedure set forth in subsection (c) above.

11.4.6 Compensation. The Arbitrator shall be fully compensated for all time spent in connection with the arbitration proceedings in accordance with the Arbitrator's usual hourly rate, unless otherwise agreed to by the parties, for all time spent by the Arbitrator in connection with the arbitration proceeding. Pending the final award, the Arbitrator's compensation and expenses shall be advanced equally by the parties.

11.4.7 Preliminary Hearing. Within thirty (30) days after the Arbitrator has been appointed, a preliminary hearing among the Arbitrator and counsel for the parties shall be held for the purpose of developing a plan for the management of the arbitration, which shall then be memorialized in an appropriate order. The matters that may be addressed include, in addition to those set forth in the AAA Rules, the following: (i) definition of issues; (ii) scope, timing, and types of discovery, if any; (iii) schedule and place(s) of hearings; (iv) setting of other timetables; (v) submission of motions and briefs; (vi) whether and to what extent expert testimony will be required, whether the Arbitrator should engage one or more neutral experts, and whether, if this is done, engagement of experts by the Parties can be obviated or minimized; (vii) whether and to what extent the direct testimony of witnesses will be received by affidavit or written witness statement; and (viii) any other matters that may promote the efficient, expeditious, and cost-effective conduct of the proceeding.

11.4.8 Management of the Arbitration. The Arbitrator shall actively manage the proceedings as the Arbitrator deems best so as to make the proceedings expeditious, economical, and less burdensome than litigation.

11.4.9 Confidentiality. All papers, documents, briefs, written communication, testimony, and transcripts as well as any and all arbitration decisions shall be confidential and not disclosed to anyone other than the Arbitrator, the parties, or the parties' attorneys and expert witnesses (where applicable to their testimony), except that upon prior written consent of all parties, such information may be divulged to additional third parties. All third parties shall agree in writing to keep such information confidential.

11.4.10 Hearings. Hearings may be held at any place within the State of Arizona designated by the Arbitrator and, in the case of particular witnesses not subject to subpoena at the usual hearing site, at a place where such witnesses can be compelled to attend.

11.4.11 Final Award. The Arbitrator shall promptly (within sixty (60) days of the conclusion of the proceedings or such longer period as the parties mutually agree) determine the claims of the parties and render a final award in writing. The Arbitrator may award the prevailing party in the proceeding all or a part of such party's reasonable attorneys' fees and expert witness fees, taking into account the final result of arbitration, the conduct of the parties and their counsel in the course of the arbitration, and other relevant factors. The Arbitrator shall not award any punitive damages. The Arbitrator shall not award indirect, consequential, or special damages regardless of whether the possibility of such damage or loss was disclosed to or reasonably foreseen by the party against whom the claim is made; provided, however, that such damages may be deemed by the Arbitrator to be direct damages in an award reimbursing payments made by a party therefore to a third party. The Arbitrator shall assess the costs of the proceedings (including, without limitation, the fees of the Arbitrator) against the non-prevailing party.

11.5 Right to Enter Repair or Replace. Within a reasonable time after the receipt by a Declarant or a Developer, as applicable, of a Notice, such Declarant or Developer, as applicable, shall have the right, upon reasonable notice to Claimant and during normal business hours, to enter onto or into, as applicable, the Common Area, any Lot, including any Residential Unit constructed thereon, and/or any Improvements for the purposes of inspecting and/or conducting testing to determine the validity of the Claim and, if deemed necessary by such Declarant, or Developer, as applicable, (or if otherwise elected by such Declarant or Developer) to correct, repair, and/or replace the alleged deficiency in the planning, design, engineering, grading, construction, or development of the Common Area or any Lot, or any Improvement constructed on the Common Area or a Lot that is the basis for the Claim (the "Alleged Defect"). In conducting such inspection, testing, repairs, and/or replacement, such Declarant or Developer, as applicable, shall be entitled to take any action as it shall deem reasonable and necessary under the circumstances.

Nothing set forth in this Section 11.5 shall be construed to impose any obligation on a Declarant or a Developer, as applicable, to inspect, test, repair, or replace any item or Alleged Defect for which such Declarant or Developer, as applicable, is not otherwise obligated under applicable law or any limited warranty provided by such Declarant or Developer, as applicable, in connection with the sale of the Lots and/or the Improvements constructed thereon. The right of a Declarant or a Developer, as applicable, to enter, inspect, test, repair, and/or replace reserved hereby shall be irrevocable and may not be waived or otherwise terminated except by a writing, in recordable form, executed and Recorded by Declarant. In no event shall any statutes of limitations be tolled during the period in which a Declarant or a Developer, as applicable, conducts any inspection or testing of any Alleged Defects.

11.6 Use of Funds. In the event the Association recovers any funds from the Declarant or any other Person as a result of a claim involving an Alleged Defect, the funds shall first be used to correct and or repair the Alleged Defect or to reimburse the Claimant for any costs actually incurred by such Claimant in correcting and/or repairing the Alleged Defect, and any excess funds shall be paid into the Association's reserve fund.

11.7 Approval of Litigation. The Association shall not issue a Claim Notice, institute any legal action or arbitration proceeding involving a Claim, or incur legal expenses (including without limitation, attorneys' fees) in connection with a Claim without the written approval of Owners entitled to cast more than eighty percent (80%) of the total votes in the Association, excluding the voting power of any Owner who would be a defendant in such proceedings. The Association must pay for any such legal action or arbitration proceeding with monies that are specifically collected for such purposes and may not borrow money or use reserve funds or other monies collected for specific Association obligations other than legal fees. In the event that the Association commences any legal action or arbitration proceeding involving a Claim, all Owners must notify prospective purchaser of such legal action or arbitration proceedings and must provide such prospective purchasers such a copy of the notice received from the Association in accordance with Section 11.2.

11.8 Admissibility of Certain Actions and Omissions. Claimant's failure to allow a reasonable inspection requested by a Declarant or a Developer pursuant to Section 11.5 is

admissible in any arbitration of a Claim and creates a rebuttable presumption that the Claimant's damages could have been mitigated.

This Declaration is executed by Declarant as of the date first set forth above.

By: _____
Its: _____

State of ARIZONA)
)
) ss.
County of MARICOPA)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED before me this _____ day of
_____, 200_____, by _____, the _____ of
_____, on behalf of the Company.

Notary Public

My Commission Expires:

EXHIBIT A

DESCRIPTION OF PROPERTY SUBJECT TO DECLARATION