

STARR PASS

A CHAMPIONSHIP GOLF COURSE COMMUNITY

BYLAWS

OF

STARPASS MASTER HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is StarPass Master Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 120 W. Broadway, Suite 290, Tucson, Arizona, 85701, but meetings of members and directors may be held at such places within the State of Arizona, County of Pima, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to StarPass Master Homeowners Association, Inc., its successors and assigns.

Section 2. "Common Property" shall mean all real property owned by the Association as provided in the Declaration.

Section 3. "Declarant" shall mean and refer to Uniwest Properties, a Wyoming Corporation authorized to do business in Arizona as StarPass Development Company, and its successors as fully set forth in the Declaration.

Section 4. "Declaration" shall mean and refer to the Master Declaration Creating Covenants, Conditions, Restrictions and Easements applicable to the Properties (Master Declaration) recorded in the office of the Recorder of Pima County, Arizona.

Section 5. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Properties, with the exception of the Common Property. The terms "Planned Lot" and "Block" shall have the same definitions as are set forth in the

Declaration.

Section 6. "Member" shall mean and refer to those Persons entitled to membership as provided in the Master Declaration.

Section 7. "Membership" shall mean both the Type A and Type B membership, unless stated to the contrary.

Section 8. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, Block, or portion thereof which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 9. "Properties" shall mean and refer to that certain real property described in the Declaration and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. The annual meeting of the members shall be held on the first Wednesday of each month of December at the hour of 7 o'clock P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 10 days and not more than 50 days before such meeting, to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 3. Special Meetings. Special meetings of the members may be called at any time by the Declarant or by the President or by the Board of Directors, or upon written request of one-fourth (1/4) of the Members

who are entitled to vote as Type A members:

Section 4. Quorum. The presence at the meeting in person or by proxy of one-tenth (1/10) of the votes of Membership entitled to vote shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable, and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Voting. Voting rights shall be determined as provided in the Declaration. When a vote of the Membership requires a specific percentage of votes, the percentage shall be determined by reference to the aggregate number of votes of the Membership, unless it is stated that the requisite percentage must be of each type of membership.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors, who need not be members of the Association, except that as many as nine (9) directors may serve after 60% of the Lots and Planned Lots have been sold.

Section 2. Term of Office. At the first annual meeting the members shall elect one Director for a term of one year; one Director for a term of two years; and one Director for a term of three years; and at each annual meeting thereafter the members shall elect one Director for a term of three years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the total votes of Membership of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by

the remaining members of the Board, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Except as provided in Section 2 below, nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Notwithstanding the above, Declarant shall have the right for a period of ten years from the date hereof to appoint the members of the Board of Directors without a meeting and without a vote of the Members.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should a meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days notice to each Director. Notice may be waived at any time by the person entitled to such notice.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Property and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the Common Property of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association, and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation,

or the Declaration;

(d) Declare the office of a Member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and,

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties, except that an attorney or other representative may not be hired to bring an action on behalf of the Association against any person or organization in any court or administrative hearing or before any governmental body, unless Declarant gives approval or unless at a special meeting of the members said action is approved by more than fifty percent (50%) of the total votes represented by those present at the meeting.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all of its acts and corporate affairs, and to present a written statement thereof to the members at the annual meeting of the members, at which a quorum is present;

(b) Supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) As more fully provided in the Master Declaration, to:

(1) fix the amount of the annual assessment against each Lot, Block, or portion thereof at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the

issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) Cause the officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) Cause the Common Property to be maintained;

(h) Maintain all commonly used equipment.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a President, Vice-President, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year, unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time, giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice, or at any later time specified

therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments, and shall co-sign all checks and promissory notes.

Vice President

(b) The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The Secretary shall record the votes and keep the Minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association, and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution

of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year, if requested by a first mortgagee or an insurer or guarantor; and shall prepare an annual budget and a statement of income and expenditures to be represented to the Membership at its regular annual meeting, and, deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

Section 1. General. The Board of Directors shall appoint a Nominating Committee, and other committees as deemed appropriate in carrying out its purpose, as provided in these Bylaws.

Section 2. Architectural Control Committee. The composition of the Architectural Control Committee shall be as set forth in the Declaration, with the Declarant reserving rights of appointment as set forth therein. After expiration of said rights of appointment, the Members of said committee shall be appointed annually by the Board of Directors following each annual meeting of the Directors.

ARTICLE X

INDEMNIFICATION

Every officer or director of the Association may be indemnified by the Association against all expenses, liabilities and penalties, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be made a party or in which he may become involved by reason of any acts or omissions alleged to have been committed by him while acting within the scope of his employment as a director or officer of the Association, including any settlement thereof, provided that the Board of Directors determines that such person acted in good faith and did not act, fail to act or refuse to act willfully with gross negligence, or with fraudulent or criminal intent in regard to the matter involved in the action or proceeding.

The Association shall have the power to purchase and maintain insurance on behalf of any person

who is or was a director or officer of the Association or was serving at the request of the Association as a director or officer against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have had the power to indemnify him against such liability under this Article.

The right of indemnification hereinabove provided shall not be exclusive of any rights to which any director or officer of the Association may otherwise be entitled by law.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation, and the Bylaws of the Association, shall be available for inspection by any Member or eligible mortgage holder, as set forth in the Declaration, at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Master Declaration, each owner is obligated to pay to the Association assessments. Any assessments which are not paid within thirty (30) days of the due date shall be delinquent, shall constitute a lien on the Lot, Block, or portion thereof of the Owner who fails to pay them and shall bear interest from the date of delinquency at the rate of 12% per annum or as provided in the Declaration. The Association may bring an action at law against the Owner personally obligated to pay the assessment or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action or foreclosure shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal as is shown at the right of this Article.

ARTICLE XIV

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the members, by casting the majority or the votes of the Membership present at a quorum of members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Type B membership.

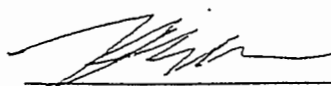
Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Master Declaration and these Bylaws, the Master Declaration shall control.

ARTICLE XV

MISCELLANEOUS

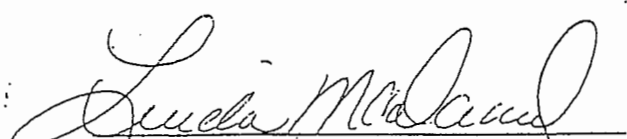
The fiscal year of the Association shall begin on the first day of _____ and end on the last day of _____ of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, I have executed these Bylaws this _____ day of _____, 1985.



President

ATTEST:



Secretary

ARTICLE COMMISSION
FOR THE STATE OF AZ.
1988

MAR 26 3 19 PM '86

APP: *Betty Carlson*
DATE APPE: *3-27-86*
TERM _____
DATE _____ TIME _____

ARTICLES OF INCORPORATION
OF
STARPASS MASTER
HOMEOWNERS ASSOCIATION, INC.

514832

ARTICLE I

NAME

The name of the corporation is STARPASS MASTER HOMEOWNERS ASSOCIATION, INC., hereafter called the "Association."

ARTICLE II

OFFICE

The principal office of the Association and its initial known place of business is located at 120 W. Broadway, Suite 290, Tucson, Arizona, 85701.

ARTICLE III

STATUTORY AGENT

Clague A. Van Slyke, whose address is Valley National Building, 2 E. Congress, Tucson, Arizona, 85701, is the statutory agent of this Association.

ARTICLE IV

PURPOSE AND POWERS OF THE ASSOCIATION

This Association is organized pursuant to the provisions of Title 10, Arizona Revised Statutes, as a non-profit corporation, without capital stock or shares, for the purpose of transacting any or all lawful business for which such corporations may be incorporated under the laws of the State of Arizona. This Association does not contemplate pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to promote the health, safety and welfare of its members and to provide for maintenance, preservation and

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architectural control of certain residential Lots and Blocks and ownership, maintenance, preservation and architectural control of certain common property within subdivisions of land shown on the Block Plat for StarPass recorded in the office of the Pima County Recorder, together with any additional property which may be properly annexed and included in the subdivision as provided in the Master Declaration of Creating Covenants, Conditions, Restrictions and Easements of record in the office of the Pima County Recorder, (hereinafter the "Master Declaration").

The Association, in the fulfillment of its purposes, shall have those powers enumerated in A.R.S. Section 10-1055 and in the Master Declaration. The Association shall have the power to participate in mergers and consolidations with other corporations organized for the same purposes or annex additional residential property, streets, roadways, alleys, provided that, except as otherwise stated in the Master Declaration, any mortgage, pledge, deed of trust or hypothecation of Association property or any merger, consolidation or annexation shall generally have the assent of Two-Thirds (2/3) of the votes from those members of each Type of membership entitled to vote, whether or not exercised by that member personally. The Association shall not carry on any activities not permitted to be carried on by a homeowners association exempt from federal income tax under Section 528 of the Internal Revenue Code of 1954 or the corresponding provisions of any future United States Revenue law.

ARTICLE V

MEMBERSHIP

The Membership of the Association shall consist of those persons or entities who are entitled to membership in accordance with the Master Declaration. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation nor to include Developers, except as otherwise specifically provided in the Master Declaration. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

ARTICLE VI

VOTING RIGHTS

The Association shall as more specifically provided in the Master Declaration have two Types of voting membership:

Type A. Type A members shall be all Owners, with the exception of the Declarant and Developers, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Type B. The Type B member shall be the Declarant (as defined in the Master Declaration), and shall be entitled to three (3) votes for each Lot and Planned Lot owned. The Type B membership shall cease and be converted to Type A membership on the happening of either of the following events, whichever occurs earlier:

- (a) when the total votes outstanding in the Type A membership equal the total votes outstanding in the Type B membership; or
- (b) on December 31, 2000.

Developers, as defined in the Master Declaration, shall neither be Type A nor Type B Members and shall have no votes in the Association. Such Developers shall, however, be subject to assessment and to all other provisions of the Master Declaration.

At such time as the Declarant no longer owns a single Lot, Block or Planned Lot, Developers who have been designated in writing by Declarant as Co-Declarants, shall succeed to Type A membership, all as set forth in the Master Declaration.

ARTICLE VII

INITIAL BUSINESS

The character of business which the corporation initially intends actually to conduct in this state is the operation of a homeowners association.

ARTICLE VIII

BOARD OF DIRECTORS

The number of directors constituting the initial Board of Directors shall be three; the number of directors thereafter shall be fixed by the Bylaws. The names and addresses of the persons who initially served as directors are:

Hayes R. Ullemeyer	7979 E. Tufts Ave. Parkway, Suite 110 Denver, CO 80237
Linda McDaniel	7979 E. Tufts Ave. Parkway, Suite 110 Denver, CO 80237
Terry Myers	Suite 290 120 W. Broadway Tucson, AZ 85714

ARTICLE IX

INCORPORATOR

The name and address of the original incorporator of this Association is:

Hayes R. Ullemeyer
Uniwest Properties, Inc.
7979 E. Tufts Avenue Parkway, Suite 110
Denver, Colorado 80237

ARTICLE X

DURATION

This Association shall endure perpetually.

ARTICLE XI

AMENDMENT

These Articles of Incorporation may be amended from time to time only by a vote of 75% of the votes entitled to be cast by the Membership, including the Declarant, present either in person or by proxy at a

meeting called for that purpose.

ARTICLE XII

DISSOLUTION


The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of each Type of membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XIII

FHA/VA APPROVAL

As long as there is a Type B membership, and except as otherwise provided in the Master Declaration, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties not already disclosed and set forth in the Master Declaration, mergers and consolidations, mortgaging of Common Property, dedication of Common Property, dissolution and amendment of these Articles.

INCORPORATOR:



Hayes R. Ullemeyer

Consent of Statutory Agent

I, Clague A. Van Slyke,
having been designated to act as Statutory Agent, hereby
consent to act in that capacity until removed or resigna-
tion is submitted.

Clague A. Van Slyke

STARR PASS

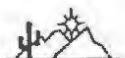
A CHAMPIONSHIP GOLF COURSE COMMUNITY



AMENDMENT AND RESTATEMENT OF
MASTER DECLARATION

CREATING
COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR STARR PASS

RECORDED NOVEMBER 18, 1992



AMENDMENT AND RESTATEMENT OF
MASTER DECLARATION CREATING
COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR STARR PASS

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AMENDMENT AND RESTATEMENT OF
MASTER DECLARATION CREATING
COVENANTS, CONDITIONS, RESTRICTIONS, AND EASEMENTS
FOR STARR PASS

This Declaration is made November 18, 1992 by Chicago Trust Company, an Arizona corporation, as Trustee under Trust No. 12,059, and StarPass Properties L.P., a Delaware Partnership, hereinafter collectively referred to as "Declarant."

WITNESSETH:

Declarant is the Owner of that certain real property in the City of Tucson, County of Pima, State of Arizona, described as Blocks 1 through 5, 6N, 6S, 7 through 9, 10E, 10W and 11 through 24, 25, 26, and 27, and Common Property A, B, C, D, E, F and G of the subdivision known as Starr Pass, recorded in Book 44 at Page 60 of Maps and Plats, Pima County records (hereinafter the Block Plat), being a resubdivision of StarPass, Blocks A through P, 1 through 8, and Common Property, recorded Book 40 Page 33, of Maps and Plats, Pima County Records. This Declaration is applicable to the following portions of the Block Plat:

Blocks 1 through 5, 6N, 6S, 7 through 9, 10E, 10W, 11 through 24, and Common Property A through G.

This Declaration is also applicable to Champagne at StarPass, Lots 1 through 55 and Common Areas, recorded book 40 at page 80, of Maps and Plats, Pima County Records (hereinafter "Champagne"). Said land (excluding Blocks 25, 26, and 27) shall collectively hereinafter be referred to as the Properties. The term Properties shall include other land only if Declarant records a Declaration of Annexation with respect thereto, all as provided herein.

This Declaration is made pursuant to the terms and provisions of that certain Master Declaration of Establishment of Covenants, Conditions, Restrictions and Easements for StarPass recorded book 7888 at page 1057, Pima County Records (the "original declaration") and constitutes a complete amendment and restatement of the said original declaration. This declaration is also made pursuant to authority of the City

of Tucson by reason of rezoning ordinances relating to the Properties and the development thereof. The original declaration, and all exhibits thereto, shall be deemed completely revoked and superseded by the terms and provisions hereof.

This Declaration shall in no way apply to or encumber Blocks 26 or 27, which initially comprise the Golf Course, as defined herein, nor shall this Declaration apply to or encumber Block 25. It is not the intent of Declarant to annex any portion of said land under the purview of this Declaration, but Declarant reserves the right, in its sole discretion to annex portions of Block 25 should residential subdivision projects be built thereon.

Declarant desires that the development of the Properties occur in accordance with a master plan and general scheme of development.

Declarant therefore declares that the Properties and such later annexations to the Properties as may occur shall be held, sold, and conveyed subject to the following restrictions, covenants, conditions and easements ("Master Declaration" or "this Declaration") which are for the purpose of protecting the value and desirability of, and which shall run with, the aforesaid Properties and be binding upon all parties having any right, title or interest in the Properties or any part thereof, their heirs, personal representatives, successors, and assigns, and shall inure to the benefit of each Owner thereof.

None of the provisions hereof shall apply to any golf course, guest ranch, villas, resort, or to any related facilities, and none of said facilities, if any, shall be governed by or affected by the provisions hereof. If any such facility is built upon a Block constituting a part of the Properties, as defined herein, then this Declaration shall nevertheless have no application of relevance to such facility or facilities, and Declarant may and shall have the power to record any document necessary in the future to clarify such fact, it being the intent that this Declaration shall govern only the residential projects planned or constructed within the Properties.

ARTICLE I
DEFINITIONS

Section 1. "Annexation Land" shall mean such land as the Declarant shall annex from time to time. The Annexation Land may be annexed in whole or in part, from time to time, in accordance with the provisions of this Master Declaration.

Section 2. "Architectural Control Committee" shall mean the committee appointed by Declarant or by the Board of Directors of the Master Association for the purposes provided herein.

Section 3. "Block" shall initially mean the individual blocks of land labelled numerically on the Block Plat as Blocks 1 through 5, 6N, 6S, 7 through 9, 10E, 10W, and 11 through 24. The numerically labelled Blocks are where development shall, as a general rule, be concentrated, though certain of the numeric Blocks include protected peaks which may not be built upon without a variance. The legal description and configuration of Blocks may change in the course of the subdivision process whereby plats for portions of the Properties are submitted.

Section 4. "Block Plat" shall mean the plat for Starr Pass, a residential cluster project, recorded in Book 44 at Page 60 of maps and plats, Pima County Records.

Section 5. "Common Areas" shall mean all common areas and improvements thereon owned by any Subassociation for the use and enjoyment of its Members, as defined in the Supplemental Declarations for subdivisions of the Blocks. Such Common Areas are for the use and enjoyment of the members of a Subassociation and, unless specifically provided to the contrary herein, this Master Declaration shall confer no rights in such Common Areas to the Members of the Master Association.

Section 6. "Common Expense" shall mean the actual and estimated costs paid, incurred, or reasonably anticipated to be incurred by the Master Association in administering, maintaining and operating the Common Property, or incurred or anticipated to be incurred by the Master Association in the performance of its duties, including any required reserves and expenses in the enforcement of the provisions of this Master Declaration, the Articles of Incorporation, Bylaws, and Design Guidelines of the Master Association.

Section 7. "Common Property" shall mean all property owned by the Master Association for the use and enjoyment of its Members. It is Declarant's intent that the alphabetically labelled blocks, as shown on the Block Plat, shall constitute Common Property and be conveyed to the Master Association, but such areas shall not be deemed Common Property until and unless they are so conveyed, and Declarant reserves the right to resubdivide such areas and to convey same to any Subassociation, as provided herein, or to convey same to any public authority or agency which may agree to accept same, as they constitute, primarily, open spaces and/or protected peaks and ridges.

Section 8. "Declarant" shall mean Chicago Trust Company, Arizona corporation, as Trustee under Trust No. 12,059 and StarPass Properties L.P., a Delaware Partnership. The term "Declarant" shall include any first mortgagee who succeeds to title to substantially all of the Properties or portions thereof then owned by Declarant or its successors through foreclosure or deed in lieu thereof from Declarant or its successors (including a builder, developer or investor), and one or more successors in interest who have been designated in writing by the then existing Declarant as a "Declarant" and who have purchased all or substantially all of the Annexation Land.

Section 9. "Design Guidelines" shall mean the rules, regulations, restrictions, and architectural standards for the construction of improvements of any nature of the Properties, all as adopted pursuant to the provisions hereof.

Section 10. "Developer" shall mean a person or entity, other than the Declarant, who purchases or owns a portion of the Properties for purposes of subdivision, development, or resale. The term also includes purchasers of subdivided lots if the purchase is in bulk for purposes of investment or later resale to the public or to other Developers.

Section 11. "First Mortgage" shall mean and refer to any unpaid and outstanding mortgage, deed of trust, or other security instrument recorded in the records of the office of the Clerk and Recorder of the County of Pima, Arizona, having priority of record over all other recorded liens except those governmental liens made superior by statute (such as general ad valorem tax liens and special assessments).

Section 12. "First Mortgagee" shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage or any successor to the interest of any such person under such First Mortgage.

Section 13. "Golf Course" shall mean the Starr Pass golf course on Blocks 26 and 27 (and any other golf course later constructed at Starr Pass), the clubhouse, related shops, parking area, and other property comprising the golf facility at Starr Pass.

Section 14. "Golf Tournament" shall mean a golf tournament or other special golf event.

Section 15. "Guest Ranch or Resort" shall mean any guest lodging facility including casitas and any other facilities associated therewith such as tennis courts, swimming pools, restaurants, gift shops, pro shop, bar, and any other facilities which may be constructed in connection with the Guest Ranch or Resort, if any. Such facility is initially planned within Block 25 which is not governed by the provisions of this Declaration. Declarant reserves, unto itself and its assigns, the right to build similar facilities or lodging facilities anywhere within the Properties, including upon Block 13. No commitment to build or establish any such facility exists, and reference to such facilities shall in all cases mean "if any."

Section 16. "Lot" shall mean and refer to any numbered plot of land shown upon any recorded Subdivision Plat of the Properties or any portion thereof, with the exception of the Common Property, Common Areas, and streets, but together with all appurtenances, improvements, and Residences now or hereafter built or placed on the Lot and together with all Lots shown on the plat for Champagne. In the case of any condominium developments within the Properties, the term Lot shall also mean any separate residential unit therein. Any such condominium project shall have a Subassociation and legal documents conforming to Arizona law regulating such condominiums. In the case of any rental apartment, each such apartment shall be deemed to be a Lot for purposes of all provisions hereof regulating the use of a Lot, unless the context clearly indicates to the contrary.

Two or more Lots combined and used as one, shall be considered one Lot for all purposes hereunder.

Section 17. "Master Association" shall mean and refer to Starr Pass Master Homeowners Association, Inc., an Arizona non-profit corporation, its successors and assigns.

Section 18. "Member" shall mean and refer to each Owner, including the Declarant, of a Lot, Block or portion of a Block in the Properties, that is subject to assessment hereunder; membership in the Master Association shall be appurtenant to, and may not be separated from, ownership of a Lot or Block. Notwithstanding the foregoing, the term "Member" shall not include Developers, except as set forth in Article III hereof. The foregoing exclusion from Membership shall apply even though land purchased or owned by Developers shall be subject to assessment hereunder.

Section 19. "Membership" shall mean, unless otherwise stated, the Type A and Type B membership of the Master Association, the Declarant initially being the Type B Membership. A required percentage vote of the Membership shall have reference to a percentage of the total votes existing and eligible to be cast by the Type A and Type B Members, combined, and not to a percentage vote of each Type of Membership.

Section 20. "Occupant" shall mean any person, other than an Owner, in rightful possession of a Lot.

Section 21. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot, Block or portion of a Block which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. Tenants shall not be considered Owners, but tenants must comply with all regulatory provisions hereof.

Section 22. "Planned Lots" shall mean private residential lots or units planned in areas not yet subdivided, exclusive of casitas, hotel rooms, guest ranch rooms, and other such facilities. "Planned Lots" is a forecast which Declarant, in its sole discretion, may adjust in accordance with future development plans with particular attention given to recorded Subdivision Plats of the Properties, all as more specifically set forth herein. Ownership of a Block or portion thereof remaining unsubdivided, and ownership of other parcels of the Properties having a planned density (whether for single family homes, apartments, or other dwellings) in accordance with the provisions hereof, may be referred to herein as Ownership of Planned Lots.

THERE ARE INITIALLY APPROXIMATELY 1200 PLANNED LOTS WITHIN THE PROPERTIES, BUT THAT FIGURE IS NOT A LIMITATION OF DENSITY NOR IS IT A REPRESENTATION TO ANY PURCHASER OF ANY PORTION OF THE PROPERTIES, AND DECLARANT RESERVES THE RIGHT IN ITS SOLE DISCRETION TO BUILD AND/OR SUBDIVIDE THE MAXIMUM NUMBER OF RESIDENTIAL LOTS ALLOWED BY LAW.

Section 23. "Properties" shall mean and refer to the Lots, Blocks, and the Common Property subject to this Master Declaration, commencing first with Blocks 1 through 5, 6N, 6S, 7 through 9, 10E, 10W, 11 through 24, and Common Property A through G.

THE PROPERTIES DO NOT INCLUDE ANY PROPERTY OTHER THAN THE ACTUAL RESIDENTIAL BLOCKS AND LOTS AND COMMON PROPERTY AND SPECIFICALLY DO NOT INCLUDE ANY RIGHT, TITLE OR INTEREST IN, OR EASEMENT OR LICENSE UPON, THE GOLF COURSE AND CLUB FACILITIES, OR THE GUEST RANCH, RESORT, CASITAS AND RELATED FACILITIES, WHICH ARE ADJACENT TO OR NEAR THE PROPERTIES AT STARR PASS, ALL OF WHICH WILL BE PRIVATELY AND SEPARATELY OWNED, AND WHEN SUCH FACILITIES AND PROPERTY ARE IDENTIFIED BY DECLARANT THEY MAY BE SET FORTH WITH SPECIFICITY IN A RECORDED INSTRUMENT AGAIN CLARIFYING THAT THEY ARE EXCLUDED FROM THE PURVIEW OF THIS MASTER DECLARATION. REGARDLESS OF WHETHER SUCH FACILITIES ARE LOCATED WITHIN BLOCKS, SUCH FACILITIES SHALL NOT BE DEEMED A PART OF THE PROPERTIES, AND NEITHER THE GOLF COURSE NOR CLUB FACILITIES NOR THE GUEST RANCH, NOR THE RESORT, CASITAS, VILLAS AND RELATED FACILITIES, WHICH ARE WITHIN BLOCKS OR NEAR OR ADJACENT TO THE PROPERTIES ARE PART OF THE COMMON PROPERTY NOR ARE THEY GOVERNED BY THIS MASTER DECLARATION. THIS MASTER DECLARATION SHALL NOT CONFER UPON LOT OWNERS ANY RIGHTS TO USE SUCH AREAS OR FACILITIES NOR TO ANY PROPERTY OR FACILITIES NOT SPECIFICALLY GOVERNED BY THIS MASTER DECLARATION, NOR TO ANY PUBLIC UTILITY EASEMENTS, EFFLUENT FACILITIES OR RESERVOIRS.

Section 24. "Residence" shall mean a dwelling on any Lot, including a detached dwelling, a townhome, patio home, condominium unit, etc.

Section 24. "Subassociation" shall mean and refer to any Arizona non-profit corporation, its successors and assigns, organized and established pursuant to or in connection with any Supplemental Declaration governing a specific subdivision of land from within the Properties.

Section 25. "Subdivision Plat" shall mean a recorded plat, other than the Block Plat as may be amended, causing a legal subdivision of all or any part of the Properties.

Section 27. "Supplemental Declaration" shall mean and refer to a declaration of covenants, conditions, and restrictions, other than the Master Declaration, to which subdivisions of the Properties may hereafter be subjected, provided that each such Supplemental Declaration must be approved and executed by Declarant herein and recorded in the office of the Recorder of the County of Pima, State of Arizona.

ARTICLE II
PROPERTY RIGHTS IN THE COMMON PROPERTY

Section 1. Owners' Easements of Enjoyment. Subject to the provisions hereof, every Owner shall have a non-exclusive right and easement of enjoyment in and to the Common Property and the improvements thereon, and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Extent of Owners' Easements. The rights and easements of enjoyment created hereby shall be subject to the provisions of this Master Declaration, including the following:

(a) The right of the Master Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Property and, with written consent of two-thirds (2/3) of the votes of each Type of Membership to mortgage said property as security for any such loan;

(b) The right of the Master Association to take such steps as are reasonably necessary to protect the Common Property against foreclosure;

(c) The right of the Master Association to promulgate and publish rules and regulations which each Owner shall strictly comply with;

(d) The right of the Master Association as provided in its Articles and Bylaws, to suspend the voting rights of a Member for any period during which any assessment against his Lot, Block, or portion thereof remains unpaid and, for a period not to exceed sixty (60) days for each infraction of its published rules and regulations;

(e) The right of the Master Association to dedicate or transfer all or any part of the Common Property to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by a majority of the Members, provided that no such dedication or transfer shall be effective unless such action is approved in writing by two-thirds (2/3) of the votes of each Type of Membership.

Notwithstanding the foregoing: a) the granting of permits, licenses, and easements for public utilities, roads, and/or for other purposes consistent with the intended use of the Common Property, or otherwise approved by the Master Association, or as provided for in this Master Declaration and reasonably necessary or useful for the proper use, maintenance or operation of the Properties shall not be deemed a transfer within the meaning of this Subsection, and b) Declarant shall have the right, without any vote or consent whatsoever, to dedicate or transfer roads and streets and natural open spaces to the City of Tucson or County of Pima and to relocate and/or resubdivide Common Property, including but not limited to Common Property G, the precise location of which cannot be determined until completion of engineering and design of future roads;

(f) The right of the Master Association to close or limit the use of the Common Property, or portions thereof, in connection with any Golf Tournament or while maintaining and repairing the Common Property; and

(g) The right of the Declarant, reserved hereby, to resubdivide Common Property for any purpose.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his right of enjoyment to the Common Property and facilities to the members of his family, his tenants, or contract purchasers who reside on his Lot.

Section 4. Payment of Taxes or Insurance by Mortgagees. First Mortgagees of Lots shall have the right, jointly or singly, to pay taxes or other charges or assessments which are in default and which may or have become a lien against the Common Property and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage on the lapse of a policy for the Common Property, and any First Mortgagee making any such payment shall be owed immediate reimbursement therefor from the Master Association.

ARTICLE III
THE MASTER ASSOCIATION

Section 1. Membership. Every Owner, including Declarant, of a Lot, Block, or portion of a Block in the Properties which is subject to assessment hereunder, shall be a Member of the Master Association. In the case of an apartment project, only the owner of the project, and not the individual tenants, shall be a Member. All tenants shall, however, be bound to comply with all provisions hereof regulating the use of the Properties.

Membership shall be appurtenant to and may not be separated from ownership of a Lot, Block, or portion of a Block.

Section 2. Types of Membership and Voting Rights. The Master Association shall have two types of Membership:

a) Type A - All Owners of Lots, excluding Declarant and Developers. Type A members shall have one vote for each such Lot owned, except that in the case of an apartment project, all votes shall be held and cast only by the owner of such project, and the owner shall have one-quarter (1/4) of a vote for each apartment unit. The owner of a condominium unit shall have one-half (1/2) a vote for each such unit.

b) Type B - The Type B Membership shall be the Declarant. The Declarant shall have three votes for each Lot and three votes for each Planned Lot owned by the Declarant, whether such Lots are for single family dwellings, condominiums, or apartments.

Notwithstanding any contrary provision, in calculating the votes of the Declarant only, Lots and Planned Lots for the entire Properties shall be computed. The initial forecast for Lots and Planned Lots (exclusive of casitas, hotel rooms, guest ranch

rooms and other such facilities) within the Block Plat is 1255 (55 Lots in Champagne plus 1200 Planned Lots elsewhere), and unless and until that forecast is adjusted by Declarant as provided herein, the number of Planned Lots shall equal 1255 minus the number of platted residential Lots. Declarant shall have three votes for each Planned Lot, and when each Block is platted, Declarant shall have three votes for each Lot owned by Declarant and shown thereon. As of the date hereof, Declarant shall have 3600 Type B votes.

As an example, if the Block Plat consists of 300 Lots and 955 Planned Lots, with 100 of the platted Lots (other than apartments or condominiums) being owned by homeowners, the remaining 200 platted Lots being owned 100 by a Developer (who has not been assigned Declarant's weighted voting rights), and 100 by Declarant, and all Planned Lots being owned by Declarant, the votes in the Master Association would be as follows:

- a) Homeowners - 100 Type A votes
- b) Developer - 100 Type A votes
- c) Declarant - 3165 Type B votes (100 Lots plus 955 Planned Lots multiplied by 3)

Type B Membership shall terminate and be converted to Type A the earlier of:

- i) The time at which the total outstanding votes of Type A equal the total outstanding votes of Type B, or
- ii) December 31, 2010.
- c) Co-owners must agree among themselves as to how a vote shall be cast. Regardless of the number of co-owners, no more than one Type A Membership vote may be cast for each Lot.
- d) Any mortgagee who acquires title to a Lot pursuant to a judgment of foreclosure or a trustee's sale shall automatically become entitled to exercise all voting rights which the Owner of said Lot would otherwise have had.

e) If any lender to whom Declarant has assigned, or hereafter assigns, as security all or substantially all of its rights under this Master Declaration succeeds to the interests of the Declarant by virtue of said assignment, the absolute voting rights of the Declarant as provided herein shall not be terminated thereby, and such lender, or successor to such lender by assignment or foreclosure or acceptance of a deed in lien thereof, shall hold the Declarant's memberships and voting rights on the same terms as they were held by Declarant.

f) Declarant shall have the right to assign its weighted three to one voting privileges to any Developer who shall then have three votes for each Lot owned. Upon sale of an unsubdivided Block or portion thereof to a Developer, the Declarant may assign and record a designation of the number of Planned Lots that shall be assigned to said land for purposes of this Master Declaration, and the actual number of Lots shall be fixed upon recordation of a subdivision plat therefor.

Section 3. Purpose of Association The Master Association is a non-profit corporation which will serve as the governing body for all Owners and Members for the protection improvement, alteration, maintenance, repair, replacement, administration and operation of the Common Property, the assessment of expenses, payment of losses, disposition of casualty insurance proceeds, and other matters as provided in this Master Declaration, the Articles, Bylaws, Association Rules and Design Guidelines. The Association shall not be deemed to be conducting a business of any kind. All funds received by the Master Association shall be held and applied by it for the Owners and Members in accordance with the provisions of this Master Declaration, the Articles and the Bylaws.

Section 4. Rights and Responsibilities of Master Association. The Master Association, through the Board of Directors unless specifically provided otherwise, shall have the duty of enforcement of all provisions of this Master Declaration, the right to enforce the provisions of all Supplemental Declarations, and shall have the right and be responsible for the proper and efficient management and operation of the Common Property, including:

(a) maintaining, operating, and rebuilding the drainage and detention/retention facilities within the Common Property, if any, including any ponds or basins within any wash area and including and such facilities that the Master Association may accept from any Subassociation;

(b) maintaining and landscaping property owned or contracted by the Master Association, including easements, trails, paths, and roads;

(c) operating, maintaining (including insuring), and rebuilding, if necessary, street signs, walls, fences, and other improvements originally constructed by DeClarant or later constructed or later accepted by the Master Association on or about the Common Property;

(d) paying ad valorem real estate taxes, assessments, and other charges on the Common Property;

(e) insuring all improvements which the Association is obligated to maintain against damage by casualty with such companies and such limits as provided herein and as the Master Association deems appropriate;

(f) hiring, firing, supervising and paying employees and independent contractors including, but not limited to, watchmen and security personnel to operate any restricted entry system, workmen, landscapers, attorneys, accountants, architects, and contractors to carry out the obligations set forth herein;

(g) maintaining such liability insurance as the Master Association deems necessary to protect the Members and the Board of Directors of the Master Association from any liability caused by occurrences or happenings on or about those portions of the areas maintained by the Master Association (including, but not limited to, errors and omissions insurance for the Board of Directors of the Association);

(h) maintaining workmen's compensation insurance for the employees of the Master Association;

(i) purchasing all goods, supplies, labor, and services reasonably necessary for the performance of the obligations set forth herein;

(j) establishing and maintaining such cash reserves, if any, as the Master Association may, in its sole and absolute discretion, deem reasonably necessary for the maintenance and repair of the improvements which it is responsible to maintain;

(k) providing for and payment of all utility services for Common Property;

(l) entering into such agreements and taking such actions as are reasonably necessary and convenient for the accomplishment of the obligations set forth above and the operation and maintenance of the Properties as a first-class, multi-use development;

(m) granting licenses, easements, and other agreements for the use of Common Property in connection with the Golf Course or otherwise; and

(n) such other matters as are provided for in this Master Declaration, the Articles of Incorporation, and the Bylaws.

Section 5. Articles and Bylaws. The manner in which the Master Association holds meetings and attends to other corporate formalities shall be controlled by the provisions of the Bylaws, the Articles of Incorporation, and this Master Declaration which shall control. For a period of ten years from the date hereof, Declarant shall, so long as it owns a single Lot or Planned Lot in the Properties, have the right to appoint the members of the Board of Directors without a meeting and without a vote of the Members, and during said ten year period no election of the Members to elect the Directors shall be had unless Declarant has in writing relinquished its right of exclusive appointment.

Section 6. Transition to Board. Prior to the time that the operations of the Master Association are turned over to the Members by the Declarant, the Members shall be required by February 15 of each year to report and submit to the Master Association, in writing, any claims or disputes with regard to the operations of the Master Association by the Declarant, during the immediately preceding calendar year, including the maintenance of any streets, roads, sidewalks, street signs, walls, fences, landscape, or other improvements originally constructed by Declarant or the collection of assessments, maintenance and reserve accounts, and other matters falling within the realm of responsibility of the Master Association.

When the operations of the Master Association are turned over to the Members by the Declarant, the Declarant shall deliver all corporate books and accounting records to the Members at the Master Association's offices. Upon receipt of the corporate books, accounting records and written notice of Declarant's intent to turn over the operations of the Master Association, the Members shall notify Declarant in writing within forty-five (45) days of any claims or disputes with regard to the operations of the Master Association by the Declarant which have arisen subsequent to

December 31 of the preceding year including the maintenance of any streets, roads, sidewalks, street signs, walls, fences, landscape or any other improvements originally constructed by Declarant or the collection of assessments, maintenance of assessments, and other matters falling within the realm of responsibility of the Master Association.

In the event that such claims or disputes are not presented in writing to the Declarant within the time periods set forth above, such claims and disputes shall be deemed forever waived, relinquished, and abandoned.

Any valid and timely written claims or disputes presented to the Declarant shall be resolved promptly between the Members and Declarant.

Section 7. Authority of Board. The Board shall be empowered to adopt, amend, or repeal such rules and regulations as it deems reasonable and appropriate, including without limitation the Design Guidelines as set forth herein (collectively the "Association Rules"), which shall be binding upon all persons subject to this Master Declaration and shall govern the use and/or occupancy of the Properties. The Association Rules may also include the establishment of a system of fines and penalties enforceable as Special Assessments. The Association Rules shall govern such matters as the Board deems to be in furtherance of the purposes of the Master Association, including, without limitation, the use of the Common Property. The Association Rules, including the Design Guidelines, may be amended at any Special or regular meeting of the Board of Directors.

The Association Rules are deemed incorporated herein by this reference and shall have the same force and effect as if they were set forth in and were part of this Master Declaration and shall be binding on all persons having any interest in, or making any use of, any part of the Properties, whether or not copies of the Association Rules are actually received by such persons. The Association Rules, as adopted, amended, or repealed, shall be available for review at the principal office of the Master Association to each person reasonably entitled thereto. It shall be the responsibility of each person subject to the Association Rules to review, and keep abreast of any changes in, the provisions thereof. In the event of any conflict between any provision of the Association Rules and any provisions of this Master Declaration, or the Articles of Incorporation or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Master Declaration, the Articles of Incorporation, or Bylaws to the extent of any such conflict.

The Declarant shall have the right so long as it owns a single Lot, Block, or Planned Lot to amend, add to, or repeal the provisions of the Association Rules providing for Design Guidelines without a meeting and without a vote of the Members and may veto any action of the Master Association in connection therewith.

Section 8. Non-Liability of Officials and Indemnification. To the fullest extent permitted by law, neither Declarant, the Board of Directors, the Architectural Control Committee, or any other committees of the Master Association nor any member thereof, nor any officers, directors, or employees of the Declarant or of the Master Association, shall be liable to any Owner, Occupant, or to the Master Association or any other person for any damage, loss, or prejudice suffered or claimed on account of any decision, approval, or disapproval of plans or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence, or the like made in good faith and which Declarant, the Board, or such committees or officers reasonably believed to be within the scope of their respective duties.

To the fullest extent permitted by law Declarant, and every director, officer, or committee member of the Master Association and of the Declarant (to the extent a claim may be brought by reason of Declarant's appointment, removal, or control over members of the Board or its control over the Master Association or any committee thereof) shall be indemnified by the Master Association. Every other person serving as an employee or direct agent of the Master Association, or otherwise acting on behalf of, and at the request of, the Master Association, may, in the discretion of the Board, be indemnified by the Master Association. Any such indemnification shall be limited to all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon such person in connection with any proceeding to which he may be a party or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Master Association (or in the case of Declarant by reason of having appointed, removed, controlled, or failed to control members of the Board, or controlled, or failed to control the Master Association), or incurred in any settlement thereof, whether or not he is a director, officer or member of a committee or serving in such other specified capacity at the time such expenses are incurred.

Section 9. Non-Liability for Certain Changes and Amendments. Neither the Declarant, the Master Association, nor their successors shall be liable to, or subject to injunction by, any Member or Owner or to one another in the event that any change in zoning at Starr Pass is sought or obtained, or in the event that any area plan amendment or change in density shall be sought and obtained, including, but not

limited to, any change in area or density among the various Blocks of land shown on the Block Plat, any change in the location of subdivisions, and any amendment to the Block Plat itself.

Section 10. Managing Agent. All powers, duties and rights of the Master Association or the Board, as provided by law and herein, may be delegated to a managing agent under a management agreement; provided, however, that no such delegation shall relieve the Master Association of its obligation to perform any such delegated duty. Any agreement for professional management shall not exceed a term of one year, which term may be renewed by agreement of the parties for successive one-year periods. Any such agreement shall provide for termination by either party with or without cause and without payment of a termination fee upon 90 days' written notice; provided, however, that the Master Association may terminate the agreement for cause upon 30 days' written notice. The Master Association is expressly authorized to contract with Declarant, or an affiliate of Declarant, to provide management services or to perform other duties of the Master Association or the Board; provided, however, that the compensation to be paid to Declarant or its affiliate, under such contract shall not exceed a reasonable amount consistent with compensation paid to professional managers performing similar services in accordance with the standards of the industry.

Section 11. Disputes. In the event of any dispute or disagreement between any Owners, Occupants, or any other persons subject to this Master Declaration relating to the Properties or Annexation Land, or any question of interpretation or application of the provisions of this Master Declaration, the Articles of Incorporation, Bylaws, or Association Rules, this Master Declaration shall control.

Section 12. Security Services. The Master Association may, if it deems it necessary or desirable, provide for police or security protection for the Properties. In addition, the Master Association may provide access to and require Owners to participate in a security system for the protection of individual Residences located on the Properties.

Section 13. Records and Accounting. The Master Association shall keep, or cause to be kept, true and correct books and records of account at the sole cost and expense of the Master Association in accordance with generally accepted accounting principles. Such books and records, together with current copies of this Master Declaration, the articles of Incorporation, Bylaws, and Association Rules and Design Guidelines, shall be available for inspection by all Owners and first mortgagees of

record at reasonable times during regular business hours, and shall specify in reasonable detail all expenses incurred and funds accumulated. Such records, books, and accounts shall be kept for a period of at least two years after preparation.

ARTICLE IV COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments.

Each Owner of a Lot, Block, or portion of a Block, and the owner of each apartment project, which is a part of the Properties (excluding the Golf Course, Common Property, Guest Ranch or Resort, etc.), including Declarant and Developers who have purchased or own land within the Properties, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Master Association: (1) annual assessments or charges (including reserves) and (2) special assessments, such assessments to be established and collected as hereinafter provided.

The annual and special assessments, together with interest, late charges, costs, and reasonable attorneys' fees, shall be a charge and shall be a continuing lien upon the Lot, Block or portion of a Block against which each such assessment is made. The lien may be enforced by foreclosure of the lien on the defaulting Owner's Lot or Block by the Master Association in like manner as a mortgage on real property. In any such foreclosure the Owner shall be required to pay the costs and expenses of such proceedings, including reasonable attorneys' fees. The Board of Directors or managing agent of the Master Association may prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Lot or Block and a description thereof. Such a notice shall be signed and acknowledged by one of the Board of Directors or by the managing agent of the Master Association and may be recorded in the office of the Clerk and Recorder of the County of Pima, Arizona. The lien for each unpaid assessment attaches to each Lot and Block at the beginning of each assessment period and shall continue to be a lien against such Lot or Block until paid. The costs and expenses for filing any notice of lien shall be added to the assessment for the Lot or Block against which it is filed and collected as part and parcel thereof. Each assessment, together with interest, late charges, costs, and reasonable attorneys' fees, shall also be the personal obligation of each person who was the Owner of such Lot or Block at the time when the assessment became due. The personal obligation for delinquent assessments shall not pass to such Owner's successors in title unless expressly assumed by them. The Master Association's lien on each Lot or Block for

assessments shall be superior to any homestead exemption now or hereafter provided by the laws of the State of Arizona or any exemption now or hereafter provided by the laws of the United States. The acceptance of a deed subject to this Master Declaration shall constitute a waiver of the homestead and any other exemption as against said assessment lien.

Until a particular Block owned by Declarant is subdivided by a recorded subdivision plat therefor, assessments for Planned Lots owned by Declarant shall apply to all such unsubdivided Blocks as a whole (i.e., one assessment as to all 1200 Planned Lots in unsubdivided Blocks at 25% of the regular rate), based upon Planned Lots as determined by Declarant from time to time. Upon sale of unsubdivided Blocks, Declarant shall assign a specific number of Lots or Planned Lots to such Block or portion thereof separately. In the case of an apartment project, the Block or portion thereof shall be assigned a number of Lots equal to the number of apartment units built or to be built.

In the event that an Owner owns a portion of an unsubdivided Block, the lien of the assessment shall attach to the portion owned at the time the assessment was made. The amount of the assessment will be based on the Planned Lots in the entire Block, prorated in accordance with the portion of the Block owned by the Owner, as established by Declarant as set forth above.

In the case of an apartment project, the lien of any assessment shall extend to the entire apartment project land as if it were one lot, and the basis for assessment shall be as provided in Section 6 below. In the case of any casita or villas project built in Block 13, if the Block is subdivided, then the Lots therein shall be subject to assessment hereunder.

The assessment liens of the Master Association shall be superior in all cases to the assessment liens of any Subassociation.

Section 2. Purpose of Assessments. The assessments levied by the Master Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties, for the improvement and maintenance of the Common Property, including without limitation the appurtenances and improvements thereto and thereon, and for the purpose of enabling the Master Association to perform its duties hereunder and to have on hand sufficient revenue to pay the Common Expenses of the Master Association, including reserves for maintenance.

Section 3. Maximum Annual Assessment. Until the commencement of the second annual assessment period, the maximum annual assessment (exclusive of any special assessments and reserves) shall be \$40 per month for each Lot and Planned Lot, including for any condominium unit, payable in each case whether or not a dwelling thereon is actually constructed.

(a) Effective with commencement of the second and each subsequent annual assessment period, the maximum annual assessment shall be increased effective at the beginning of each annual assessment year by an amount at least in conformance with the rise, if any, of the BLS Consumer Price Index (CPI) - U.S. published by the Department of Labor, Washington, D.C., for All Items, All Cities, for All Urban Consumers, for the one-year period ending with the preceding month of October. An annual increase in the maximum annual assessment shall occur automatically in an amount at least equal to the increase in the CPI upon the commencement of each annual assessment year without the necessity of any action being taken with respect thereto by Members of the Master Association. In the event the aforesaid Consumer Price Index is not published, for whatever reason, then the increase in the maximum annual assessment, as provided herein, shall be calculated by using a substantially comparable index designated by the Board of Directors of the Master Association. Further, without a vote of the Members, the Board of Directors shall have the discretion to raise the annual assessment by 6 percent in the event the CPI shall provide for a smaller increase.

(b) Effective with commencement of the second and each subsequent annual assessment period, the maximum annual assessment may be increased above the maximum established by paragraph (a) above for the next succeeding annual assessment year and at the end of each such annual assessment period, for each succeeding annual assessment year, provided that any such increase shall have the assent of two-thirds (2/3) of the votes of the Type A Membership and two-thirds (2/3) of the votes of the Type B Membership who are voting in person or by proxy at a meeting duly called for this purpose, as provided in Section 6 below.

(c) The limitations hereof pertaining to increases in assessments shall not apply to any change in the maximum and basis of the assessments undertaken as an incident to a merger or consolidation in which the Master Association is authorized to participate under its Articles of Incorporation, or incident to annexation of additional property pursuant to the provisions hereof, in which case assessments may be altered by the Board of Directors without approval of the members.

(d) The Master Association may, in its discretion, maintain reserve funds out of the annual assessments for the maintenance and repair of those elements of the Common Property that must be maintained or repaired.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized herein, the Master Association may levy' in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, repair, or replacement of a capital improvement upon the Common Property, including fixtures and personal property related thereto, or for the funding of any operating deficit incurred by the Master Association.

A special assessment shall be levied in the same manner as the annual assessments, except as otherwise provided herein. Any such assessment shall have the assent of two-thirds (2/3) of the votes of Type A Membership and two-thirds (2/3) of the votes of the Type B Membership who are voting in person or by proxy at a meeting duly called for this purpose, in accordance with Section 6 below.

Section 5. Notice and Quorum for Any Action Authorized Under Sections 3 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 5 of this Article shall be sent to all Members not less than thirty (30) nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of the Memberships, other than Declarant, shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Annual and special assessments, except as otherwise provided herein, shall be uniform and equal as to Lots and Planned Lots annexed into the Properties; provided, however: a) assessments for any apartment project shall apply to the project in its entirety, and shall apply at the full uniform rate for each apartment unit as if each apartment were any other Lot (i.e. a project with 100 apartments will pay 100 full assessments); and b) the amount required to be paid toward annual and special assessments for the Lots and Planned Lots within the Properties and owned by Declarant which are neither leased, nor rented, nor otherwise occupied as

a Residence shall be fixed at twenty-five percent (25%) of the regular assessment rate for the other Lots and Planned Lots.

A Developer shall, if so designated in writing by Declarant, be deemed entitled to pay assessments at the same rate as the Declarant, i.e., 25 percent of the annual and special assessment applicable to other Lots.

Developers who have not been designated as being entitled to such reduced assessment ratio shall pay full assessments, not the 25% reduced rate applicable to Declarant.

Section 7. Date of Commencement of Annual Assessments. The initial annual assessment period shall commence on the first day of the month following conveyance of Common Property by Declarant to the Master Association, and the second and each subsequent annual assessment period shall correspond with the fiscal year of the Master Association. The annual assessments shall be made due and payable in twelve (12) monthly installments per annum on such dates as determined by the Board of Directors of the Master Association, provided that the first annual assessment shall be adjusted according to the number of months in the first annual assessment year. Any Owner purchasing a Lot or Block between installment due dates or whose Lot or Block is annexed into the Properties between installment due dates shall pay a pro rata share of the last installment due and shall be liable for all remaining installments for that year's assessment.

Section 8. Effect of Non-payment of Assessments; Remedies of the Master Association. Any assessment or portion thereof which is not paid within ten (10) days after the due date shall bear interest from the due date at the rate of twelve percent (12%) per annum and the Master Association may assess a monthly late charge thereon. The Master Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against such Lot or Block or portion thereof and in the event a judgment is obtained, such judgment shall include interest and late charges on the assessment, as above provided, and a reasonable attorneys' fee to be fixed by the court, together with the costs of the action. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Property or abandonment of his Lot or Block.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein, including without limitation any fees, costs, late charges, or interest which may be levied by the Master Association in connection with unpaid assessments, shall be subordinate to the lien of any First Mortgage. Sale or transfer of any Lot or Block pursuant to foreclosure of any such First Mortgage or any such executory land sales contracts or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract, shall extinguish the lien of assessments charges which became due prior to any such sale or transfer, or foreclosure, or any proceeding in lieu thereof, including deed in lieu of foreclosure, or cancellation or forfeiture of any such executory land sales contract; provided, however, that any such delinquent assessment charges, including interest, late charges, costs, and reasonable attorneys, fees, which are extinguished as provided herein, may be reallocated and assessed to all Lots and Blocks as a Common Expense.

No such sale, transfer, foreclosure, or any proceeding in lieu of, including deed in lieu of foreclosure, nor cancellation or forfeiture of such executory land sales contract shall relieve any Owner of a Lot or Block from liability for any assessment charges thereafter becoming due, nor from the lien thereof; provided, however, that in the event of foreclosure of Mortgage or the taking of a deed in lieu thereof, such First Mortgagee shall not be liable for unpaid assessments or other charges which accrue prior to the acquisition of title to the Lot or Block in question by such First Mortgagee.

Section 10. Adjustment of Estimated Assessment. The estimated annual assessment may be adjusted by the Master Association to reflect changes in the Block Plat, changes in the designation of any Block shown on the Block Plat, changes in the estimated number of Planned Lots for any Block or area subject to the provisions hereof, and changes in the total amount of the estimated annual assessment as a result of annexation or otherwise. Such adjustment shall be accomplished by the recalculation of the proportionate share of the assessments that each Lot, Block, or portion of a Block should bear. The adjustment shall be prospective only and shall not be required to be made more frequently than annual basis. No Member shall be entitled to a refund on an assessments previously levied, whether already paid or not, by reason of the fact that such share may have been reduced by the adjustment provided for herein. Recalculation of Lots and Planned Lots may also change the number of votes which cast from within particular subdivisions or Blocks.

The numbers of Planned Lots initially estimated for the land shown on the Block Plat is 1200. As the Properties are developed, changes the Block Plat and in the estimated number of Planned Lots in particular Blocks or areas may be required as more fully set forth herein.

ARTICLE V
ARCHITECTURAL CONTROL COMMITTEE

Section 1. Composition of Committee. The Architectural Control Committee shall consist of three (3) or more persons appointed by the Board of Directors of the Master Association; provided, however, that Declarant alone shall appoint the Architectural Control Committee so long as it owns a single Lot, Block, or Planned Lot from within the Properties.

Section 2. Review by Committee. No structure or any attachment to an existing structure, whether a Residence, any building, a tennis court, a swimming pool, fences, walls, canopies, awnings, roofs, solar devices, exterior lighting facilities, athletic facility, or other similar improvements or attachments, shall be constructed upon the Properties anywhere within the development at Starr Pass, no alteration of the exterior of a Residence or other structure shall be made, and no change in the final grade, nor the installation of or any change in any landscaping, shall be performed, unless complete plans and specifications therefor (said plans and specifications to show exterior design, height, materials, color, location of the structure or addition to the structure, plotted horizontally and vertically, location and size of driveways, general plan of landscaping, fencing, walls, windbreaks, grading plan, and other matters required by the Design Guidelines) shall have been first submitted to and approved in writing by the Architectural Control Committee. The Architectural Control Committee shall exercise its best judgment to the end that all attachments, improvements, construction, landscaping, and alterations to Residences, other structures, and property, within the Properties, conform to and harmonize with the existing surroundings, Residences, landscaping, and structures.

Notwithstanding the foregoing, Declarant is exempt from this Article and from all requirements relating in any way to Architectural Control or review.

Section 3. Procedures. The Architectural Control Committee shall approve or disapprove all plans within thirty (30) working days after its regularly scheduled meeting to consider the plans, provided that the plans must have been submitted at least

five working days prior to that meeting of the Architectural Control Committee or they will be withdrawn from consideration and held over until the next periodic meeting. In the event that the Architectural Control Committee fails to notify the party or Owner of a decision on such timely submitted plans and specifications within thirty (30) working days after the regularly scheduled meeting at which such plans were reviewed, then the party or Owner submitting the plans may request a decision by certified letter addressed to the Architectural Control Committee and if no response is given, the plans shall be deemed approved fifteen days after the letter is postmarked, certified first class mail, return receipt requested, addressed to the Architectural Control Committee at the address of the Master Association. Each time that a submission is disapproved by the Architectural Control Committee, and then resubmitted to it, the thirty (30) day period shall begin anew.

Section 4. Vote. A majority vote of the Architectural Control Committee is required to approve a proposed change or improvement, unless the Committee has in writing designated a representative to act for it, in which case the written approval of the designated representative shall be required. Until all Lots and Planned Lots in the Annexation Land have been conveyed by the Declarant to the first Owner thereof, all proposed changes or improvements shall also require the approval of Declarant. Further, Declarant shall until such time have the right, in its sole discretion, to veto any proposed action of the Architectural Control Committee.

Section 5. Records. The Architectural Control Committee shall maintain written records for a period of three years after submittal of all applications submitted to it and all actions taken by it thereon, and such records shall be available to Members for inspection at reasonable hours of the business day.

Section 6. Design Guidelines. The Association Rules provided for in Article 111, Section 7 shall include written Design Guidelines setting forth minimum standards for the design, size, location, style, structure, color, mode of architecture, and the relevant criteria deemed important by the Architectural Control Committee for the construction of improvements of any nature on the residential Properties.

The initial Design Guidelines shall be subject to all provisions of this Master Declaration and shall not, so long as Declarant owns a single Lot, Block, or Planned Lot in the Properties, be amended or waived without the written consent of the Declarant.

The Design Guidelines are deemed incorporated herein by reference. The purpose of the Design Guidelines is to insure a residential community compatible with surrounding neighborhoods. By acceptance of a deed to any Lot, Block, or portion of a Block, each Owner and his successors and assigns agrees to be bound by all provisions of the Design Guidelines and to use diligence in keeping abreast of the provisions thereof.

The Design Guidelines may set forth reasonable fees to be paid for review of plans and specifications by both Developers and purchasers of custom home Lots.

Section 7. Variance. The Architectural Control Committee may grant reasonable variances or adjustments from any condition and restriction imposed by this Article, or any condition or restriction imposed by any Supplemental Declaration, in order to overcome practical difficulties and prevent unnecessary hardships arising by reason of the application of the conditions and restrictions contained herein, or any Supplemental Declaration. Such variances or adjustments shall be granted only in case the granting thereof shall not be materially detrimental or injurious to the other property or improvements in the neighborhood and shall not militate against the general intent and purpose hereof.

Section 8. Violation of Approved Plans; Non-Conforming Items. If it is determined by the Architectural Control Committee that work completed on any Lot or Block has not been completed in compliance with the final plans approved by the Committee, the Committee or the Master Association may notify the Owner in writing of such non-compliance within 45 working days of inspection, specifying in reasonable detail the particulars of non-compliance and may require the Owner to remedy the same. If, upon the expiration of 30 days from the date of such notification, the Owner shall fail to remedy such non-compliance or to commence and continue diligently toward achieving compliance, the Master Association shall notify the Owner that it may take action to remove the non-complying improvements as provided for in the Design Guidelines or Master Declaration, and seek injunctive relief, recovery of costs incurred, and imposition of a fine, which fine shall not exceed ten percent (10%) of the cost of achieving compliance.

Each Owner shall be required to complete construction of his Residence, including landscaping, within one year from the commencement of the construction following the date written approval of plans is given by the Architectural Control Committee or within such earlier time as may be established in the Design Guidelines

or design criteria established for a particular Developer. If an Owner who has commenced construction fails to comply with this paragraph or fails to fully complete the improvements commenced, the Committee shall notify the Master Association of such failure and the Master Association, at its option, may complete the exterior in accordance with the approved plans or remove the improvements. The Owner shall reimburse the Master Association for all expenses incurred in connection therewith.

The provisions of this Section 8 are not intended, in any way, to deprive the Master Association or any Owner of other rights and remedies available hereunder or at law or in equity. The Master Association shall have a lien against the Lot, Block, or portion of a Block of an Owner for expenses incurred pursuant to the provisions of this paragraph, and the lien may be foreclosed in the manner of a mortgage 10 days after written notice and demand for reimbursement to the Owner and after recording a notice of lien with respect thereto.

Section 9. Non-Liability for Approval of Plans. Although the Architectural Control Committee shall have the right to reject plans and specifications for reasons which may include their failure to comply with zoning or building ordinances, or other governmental regulations or restrictions, or on the basis that such plans and specifications are defective or not prepared in accordance with sound engineering practices, the approval of plans and specifications shall not constitute a representation, warranty or guarantee that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications neither the Architectural Control Committee, the members thereof, the Master Association, any Member thereof, the Board nor Declarant assumes any liability or responsibility therefor, or for any defect in the structure constructed from such plans or specifications. Neither the Architectural Control Committee, any member thereof, the Master Association, the Board, nor Declarant shall be liable to any Member, Owner, Occupant, or other Person for any damage, loss, or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, and specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to the approved plans, drawings, and specifications or (c) the development, or manner of development, of any portion of the Properties, provided that such action, with the actual knowledge possessed by him, was taken in good faith.

Section 10. Consultants. The Architectural Control Committee may employ a consultant to advise in matters pertinent to the Committee's functions and may pay a consulting fee which in the discretion of the Committee may be charged to a person requesting approval of plans.

ARTICLE VI
INSURANCE AND NOTICE TO FIRST MORTGAGEES

Section 1. Insurance on Common Property. The Master Association shall maintain insurance covering all insurable improvements located or constructed upon the Common Property. The Master Association shall maintain the following types of insurance, to the extent that such insurance is reasonably available, considering the availability, cost, and risk coverage provided by such insurance:

(a) A policy of property insurance covering all insurable improvements located on the Common Property, with a "Replacement Cost Endorsement" providing that any claim shall be settled on a full replacement cost basis without deduction for depreciation, and including an "Inflation Guard Endorsement" and an "Agreed Amount Endorsement," if possible. The Master Association may also purchase a "Demolition Endorsement," an "Increased Cost of Construction Endorsement," a "Contingent Liability from Operation of Building Laws Endorsement" or the equivalent, and/or coverage on personal property owned by the Master Association. Such insurance as maintained by the Master Association pursuant to this subsection shall afford protection against at least the following:

(1) loss or damage by fire and other perils normally covered by the standard extended coverage endorsement; and

(2) such other risks as shall customarily be covered with respect to projects similar in construction, location, and use, including all perils normally covered by the standard all risk endorsement, where such is available.

(b) A comprehensive policy of public liability insurance covering all of the Common Property, insuring the Master Association in an amount not less than \$1,000,000.00 covering bodily injury, including death of persons, personal injury, and

property damage liability arising out of a single occurrence. Such coverage shall include, without limitation, legal liability of the insureds for property damage, bodily injuries, and deaths of persons in connection with the operation, maintenance, or use of the Common Property; legal liability arising out of lawsuits related to employment contracts of the Master Association; and protection against liability for non-owned and hired automobiles; such coverage may also include, if applicable, garagekeeper's liability, liability for property of others, host liquor liability, water damage liability, contractual liability, workmen's compensation insurance for employees of the Master Association, and such other risks as shall customarily be covered with respect to projects similar in construction, location, and use.

(c) A policy providing adequate fidelity coverage or fidelity bonds to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Master Association and all others who handle or are responsible for handling funds of the Association. Such fidelity coverage or bonds shall meet the following requirements:

(1) all such fidelity coverage or bonds shall name the Master Association as an obligee;

(2) such fidelity coverage or bonds shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(d) If the Common Property or any portion thereof is located within an area identified by the Federal Emergency Management Agency as having special flood hazards, and flood insurance coverage or improvements on the Common Property has been made available under the National Flood Insurance Program, then such a policy of flood insurance on the Common Property in an amount at least equal to the lesser of:

(1) the maximum coverage available under the National Flood Insurance Program for all buildings and other insurable property located within a designated flood hazard area; or

(2) one hundred percent (100%) of current replacement cost of all buildings and other insurable property located within a designated flood hazard area.

All such policies of insurance shall contain waivers of subrogation and waivers of any defense based on invalidity arising from any acts of the Declarant or a Member of the Master Association and shall provide that the policies may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to the insured, as well as to the First Mortgagees of each Lot. Duplicate originals of all policies and renewals thereof, together with proof of payment of premiums, shall be delivered to any First Mortgagee of a Lot upon written request. The insurance shall be carried in blanket forms naming the Master Association, as the insured, as trustee and attorney in fact for all Owners, and each Owner shall be an insured person under such policies with respect to liability arising out of any such Owner's membership in the Master Association.

Section 2. Damage to Common Property. In the event of damage to or destruction of all or a portion of the Common Property due to fire or other adversity or disaster, the insurance proceeds, if sufficient to reconstruct or repair the damage, shall be applied by the Master Association to such reconstruction and repair. If the insurance proceeds with respect to such Common Property damage or destruction, together with money offered or contributed from another source, if any, are insufficient to repair and reconstruct the damage or destruction, but equal or exceed 75 percent of such cost, the Master Association shall levy a special assessment to obtain the funds necessary to repair or reconstruct the damage. If such proceeds are less than 75 percent of such cost, the Master Association shall present to the Members a notice of special assessment for approval by the membership in accordance with the provisions hereof. If such assessment is approved, the Master Association shall levy such assessment and proceed to make such repairs or reconstruction. If such assessment is not approved, the insurance proceeds may, after first being used to clean and landscape damaged areas, be applied in accordance with the wishes of the Membership upon the approval of Members and Eligible Mortgage Holders as set forth in Article XI hereof, except that the proceeds shall not be distributed to the Owners, unless made jointly payable to Owners and the First Mortgagees, if any, of their respective Lots or Blocks.

Any such assessment or refund as set forth above shall be applied in accordance with the same methods used for regular annual assessments, except that Lots and Blocks owned by Declarant shall be assessed at one-quarter (1/4) of the assessment rate for other Lots, as more fully provided in Article V, Section 7 hereof. Such assessment shall be due and payable as provided by resolution of the Board of Directors of the Master Association, but not sooner than sixty (60) days after written notice thereof. The assessment provided for herein shall be a debt of each Owner and a lien on his Lot

or Block, and may be enforced and collected in the same manner as any assessment lien provided for in this Master Declaration.

Section 3. Master Association Insurance as Primary Coverage. If at the time of any loss under any policy which is in the name of the Master Association, there is other insurance in the name of any Owner and such Owner's policy covers the same property or loss, or any portion thereof, which is covered by such Master Association policy, such Master Association policy shall be primary insurance not contributing with any of such other insurance.

Section 4. Other Insurance to be Maintained by Owners. Insurance coverage on the furnishings and other items of personal property belonging to an Owner, public liability insurance coverage upon each Lot, and hazard insurance coverage on the improvements constructed on Lots (unless such coverage is maintained by the Subassociation having jurisdiction over such Lot), shall be the responsibility of the Owner thereof.

Section 5. Notice to First Mortgagees. Provided that a First Mortgagee has, in writing, requested the following information with respect to a Lot upon which said First Mortgagee holds the First Mortgage and has furnished the Master Association with the address to which said First Mortgagee wants the information sent, then in the event that there shall be any damage to or destruction of the Common Property which shall be in excess of Ten Thousand Dollars (\$10,000.00), then timely written notice of any such damage or destruction shall be given by the Master Association to such First Mortgagee.

In addition, each holder of a first mortgage and each insurer and guarantor to a first mortgage who has requested such notice, shall be entitled to timely written notice of the following:

A. Any material condemnation or substantial casualty loss that affects a material portion of the Properties or the Lots securing the mortgage, provided that the Master Association has been given notice thereof;

B. Any 60 day delinquency in the payment of assessments or charges owed by an Owner of any Lot upon which the holder holds a first mortgage;

C. Lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Master Association: and

D. Any proposed action that requires the consent of specified percentages of the eligible mortgage holders as defined herein.

For purposes of the foregoing, for any eligible mortgage holder to be entitled to receive notice of such matters, the mortgage holder, insurer, or guarantor must send a written request to the Master Association stating both its name and address and the Lot number or street address of the Lot upon which it holds, insures, or guarantees a mortgage.

Section 6. Annual Review of Insurance Policies. All insurance policies carried by the Master Association shall be reviewed annually by the Board of Directors of the Master Association to ascertain that the coverage provided by such policies is reasonably adequate in view of expected and likely risks insured by the Master Association.

ARTICLE VII USE RESTRICTIONS

Section 1. Use of Common Property. The following shall apply to the Common Property, subject to all other provisions hereof, including Declarant's reserved rights of resubdivision and amendment of Common Property:

(a) No use shall be made of the Common Property which will in any manner violate the statutes, rules, or regulations of any governmental authority having jurisdiction over the Common Property.

(b) No Owner shall place any structure whatsoever upon the Common Property, nor shall any Owner engage in any activity which will temporarily or permanently deny free access to any part of the Common Property to all Members.

(c) The use of the Common Property shall be subject to such rules and regulations as may be adopted from time to time by the Board of Directors of the Master Association.

(d) No use shall ever be made of the Common Property which will deny ingress and egress to those Owners having access to a public or private street or to their Lots only over Common Property, and said rights of ingress and egress to all Lots are hereby expressly granted.

Section 2. Residential Use. Subject to the provisions of this Master Declaration, the platted residential Lots shall be used for private residential purposes only, including uses related to the convenience and enjoyment of such residential use, and no business or profession of any nature shall be conducted on any Lot or Block or in any Residence, except home occupations wholly within a dwelling unit and not involving solicitation of the general public, nor traffic of customers to or from any dwelling unit, nor any repair, manufacturing or other activity which may cause noise or inconvenience or disturbance to other residents. An allowed home occupation shall be limited to professional services such as legal and accounting, arts and crafts, drafting and such other services as the Master Association, in its sole discretion, permit upon application of an Owner.

Notwithstanding the foregoing, this provision shall in no way prohibit or limit the leasing or renting of Lots, apartments, condominium units, or portions of Lots, nor shall it prohibit or regulate the establishment, construction, or operation of any Golf Course, Guest Ranch, lodge or resort by Declarant or its assigns, nor any activities in connection therewith or related thereto. Declarant reserves the right, without limitation, to allow the short term leasing of townhouses and similar residential products near the Golf Course. The rights reserved unto the Declarant herein are exclusively for the Declarant and its assigns, and not for the buyers of individual lots or parcels.

Section 3. Declarant's Use, Commercial Use and Zoning Limitation. Notwithstanding anything to the contrary contained in this Master Declaration, it shall be expressly permissible and proper for Declarant, its employees, agents, and contractors, and Developers to perform such reasonable activities, and to maintain upon portions of the Properties, including Lots and Blocks owned by Declarant or a Developer, such facilities as Declarant or a Developer deems reasonably necessary or incidental to the construction and sale of Lots and Blocks and development of the Properties and Annexation Land, specifically including without limiting the generality of the foregoing, maintaining business offices, storage areas, construction yards, equipment, signs, model units, sales offices, parking areas, and lighting facilities.

Buildings and Lots owned by Declarant and used as models, sales offices, and administrative offices by Declarant, as well as for parking areas, may later be sold to the public. Such buildings or Lots may also be granted or sold to the Master Association as Common Property.

Section 4. Household Pets. No animals, livestock, poultry, or bees, of any kind, shall be raised, bred, kept, or boarded in or on the Properties; provided, however, that the Owners of each Lot may keep a reasonable number of dogs, cats, fish, or other domestic animals which are bona fide household pets, so long as such pet(s) are not kept for any commercial purpose and are not kept in such number or in such manner as to create a nuisance to any resident of the Properties. Notwithstanding the foregoing, the Master Association shall have, and is hereby given, the right and authority to determine in its sole discretion that dogs, cats, or other household pets are being kept for commercial purposes or are being kept in such number or in such manner as to be unreasonable or to create a nuisance to any resident of the Properties, or that an Owner is otherwise in violation of the provisions of this Section 4, and to take such action or actions as it deems reasonably necessary to correct the same. An Owner's right to keep household pets shall be coupled with the responsibility to pay for any damage caused by such Owner's pet(s).

In the discretion of the Master Association, horses may be permitted on certain Lots provided that proper facilities exist and that the horses are located appropriately on the Lot. Any such Lot must be at least 60,000 square feet in size and the Master Association may in its sole discretion disallow horses when it feels a nuisance or disturbance will be created.

The owner of any lodge, guest ranch, or resort may elect to have horses there as a part of the overall amenity package.

The Master Association may establish and enforce regulations requiring that pets be on leashes and confined such that no disturbance to other Owners or occupants occurs, and such that no unreasonable risk to wildlife exists.

Section 5. Temporary Structures. Except as hereinafter provided, no structure of a temporary character, including but not limited to a house trailer, tent, shack, garage, or outbuilding, shall be placed or erected upon any Lot, and no Residence shall be occupied in any manner at any time prior to its being fully completed in accordance with approved plans, nor shall any Residence when completed

be in any manner occupied until made to comply with all requirements, conditions, and restrictions herein set forth; provided, however, that during the actual construction or alteration of a Residence, necessary temporary structures for storage of materials may be erected and maintained by the person doing such work. The work of constructing, altering, or remodeling any Residence shall be prosecuted diligently from the commencement thereof until the completion thereof.

Section 6. Signs and Advertising. Signs shall be in compliance with the applicable sign ordinances. Except as hereinafter provided, no signs (other than a name plate of the occupant(s) and a street number, and except one sign of not more than five (5) square feet per Lot advertising that the Lot is "For Sale" or "For Rent"), advertising, billboards, unsightly objects, or nuisances of any kind shall be placed, erected, or permitted to remain in or on any Lot, nor shall any sign(s) be permitted elsewhere on the Property, without the prior written approval of the Master Association.

Notwithstanding the foregoing, signs, advertising, or billboards used by the Declarant and Developers in connection with its sale or rental of Lots or Blocks, or otherwise in connection with its development of the Properties, shall be permissible, provided that such use shall not physically interfere with the Owners' use of their Lots, the Common Property or Common Areas, to which such Owners have a right of use, nor interfere with their ingress and egress from a public way to the Common Property or Common Areas, or their Lots.

Political signs, one per Lot, may be erected no earlier than two weeks prior to an election, and shall be removed within one day thereafter. No more than one sign may be erected on any Lot, and no signs may be placed on the Common Property.

All signs shall comply with the design criteria established by the Master Association.

Section 7. Miscellaneous Structures. All types of refrigeration, cooking, or heating apparatus shall be screened, and no such facilities may be constructed upon any roof without the written consent of the Architectural Committee. No tanks of any kind, either elevated or buried, shall be erected, placed or permitted on any Lot. All outside storage areas, transformers, and meters shall be screened and/or landscaped in a first class manner with material compatible to the surrounding neighborhood and structures, using desert or earth tones.

No antennae or satellite dishes will be permitted unless screened and installed to limit visibility from surrounding areas, and all placement of any such items shall require consent of the Architectural Control Committee.

Section 8. Vehicular Parking, Storage, and Repairs.

(a) Except as hereinafter provided, no portion of the Properties, including but not limited to streets, drives, or parking areas, unless specifically designated by the Master Association therefor, shall be used as a parking, storage, display, or accommodation area for any type of house trailer, camping trailer, boat trailer, hauling trailer, running gear, boat, or accessories thereto, truck larger than 3/4 ton, or self-contained motorized recreational vehicle, except as a temporary expedience for loading, delivery, or emergency. The same shall be stored, parked, or maintained wholly within the garage area, if any, of a Lot with the garage door in a closed position or within such area(s), if any, as may be designated by the Master Association for such parking, storage, or accommodation, the making of such designation(s), if any, to be in the sole discretion of the Master Association, and the parking of any such vehicles is expressly prohibited unless the Master Association declares otherwise in writing pursuant to written rules and regulations. This restriction, however, shall not restrict trucks or other commercial vehicles within the Properties which are necessary for the construction of residences or the maintenance of the Common Property, Common Areas, Lots, or any improvements located thereon.

(b) Except as hereinabove provided, no abandoned or inoperable automobiles or vehicles of any kind shall be stored or parked on the Properties. An "abandoned or inoperable vehicle" shall be defined as any automobile, truck, motorcycle, boat, trailer, camper, housetrailer, self-contained motorized recreational vehicle, or other similar vehicle, which has not been driven under its own propulsion for a period of two (2) weeks or longer, or which does not have an operable propulsion system installed therein; provided, however, that otherwise permitted vehicles parked by Owners while on vacation or during a period of illness shall not constitute abandoned or inoperable vehicles. In the event the Master Association shall determine that a vehicle is an abandoned or inoperable vehicle, then a written notice describing said vehicle shall be personally delivered to the owner thereof (if such owner can be reasonably ascertained) or shall be conspicuously placed upon the vehicle (if the owner thereof cannot be reasonably ascertained), and if the abandoned or inoperable vehicle is not removed within seventy-two (72) hours thereafter, the Master Association shall have the right to remove the vehicle at the sole expense of the owner thereof.

(c) No activity such as, but not limited to, maintenance, repair, rebuilding, dismantling, repainting, or servicing of any kind of vehicles, trailers, or boats, may be performed on any Lot unless it is done within completely enclosed structures located on the Lot which screen the sight and sound of the activity from the street and from adjoining property, nor shall any such activity be performed or conducted on the Common Property or Common Areas. The foregoing restriction shall not be deemed to prevent washing and polishing of any motor vehicle, boat, trailer, or motor-driven cycle, together with those activities normally incident and necessary to such washing and polishing.

(d) All ordinary motor vehicles used for daily transportation, and not governed by the above provisions, shall be stored only on the driveways of each Lot, and not on any road or street, and when a garage exists, such vehicles shall be parked in the garage with the garage door shut.

Section 9. Nuisances. No nuisance shall be permitted on the Properties, nor any use or practice which is the source of annoyance to residents or which interferes with the peaceful enjoyment or possession and proper use of the Properties, or any portion thereof, by its residents. As used herein, the term "nuisance" shall not include any activities of Declarant which are reasonably necessary to the development of and construction on the Properties.

The Properties and all portions thereof shall be kept in a clean and sanitary condition, and no rubbish, refuse, litter, junk, or garbage shall be allowed to accumulate, nor any fire hazard to exist. Further, no immoral, improper, offensive, or unlawful use shall be permitted or made of the Properties or any portion thereof. All valid laws, ordinances, and regulations of all governmental bodies having jurisdiction over the Properties, or any portion thereof, shall be observed.

Section 10. Lots Not to be Subdivided. No Lot shall be subdivided, except by the Declarant (or by a Developer who has the consent of the Declarant) or except for the purpose of combining portions with an adjoining Lot or area. Not less than one entire Lot, as conveyed to an Owner, shall be used as a building site.

Section 11. Underground Utility Lines. All electric, television, radio, and telephone line installations and connections within the Properties shall be placed underground, except that during the construction of a Residence the contractor or builder may install a temporary overhead utility line which shall be promptly removed

upon completion of construction. This provision shall not require the Declarant to place underground any electric lines or facilities existing in the development as of the date of recording hereof.

Section 12. No Hazardous Activities. No activities shall be conducted on the Properties or within improvements constructed on the Properties which are or might be unsafe or hazardous to any person or property. Without limiting the generality of the foregoing, no firearms shall be discharged upon any of the Properties and no open fires shall be lighted or permitted on the Properties, except in a contained outdoor fireplace or barbecue unit while attended and in use for cooking purposes or within a safe and well-designed interior fireplace.

Section 13. Annoying Sounds or Odors. No sound shall be emitted from any Lot or Residence which is unreasonably loud or annoying. No odor shall be emitted from any Lot or Residence which is noxious or offensive to others.

Section 14. Garbage and Refuse Disposal. No garbage, refuse, rubbish, or cuttings shall be deposited on any street, the Common Property, Common Areas, or any Lot, unless placed in a suitable container suitably located, solely for the purpose of garbage pickup. The type of garbage disposal container may be specified by the Master Association or a Subassociation. All equipment or containers for the storage or disposal of such materials shall be concealed from view from other Owners and neighboring properties, except for a temporary period when such garbage or refuse is being disposed of by a proper disposal agency or being transported away from the Properties. All such equipment and containers shall be kept in a clean and sanitary condition. No garbage or trash cans or receptacles shall be maintained in an exposed or unsightly manner.

Section 15. Interior Maintenance and Repair. The maintenance and repair of the exterior and interior of each Residence shall be the responsibility of the Owner thereof.

Section 16. Excavations. No excavation shall be made, except in connection with construction of improvements. Upon completion of such construction, exposed openings shall be backfilled and disturbed ground shall be graded and landscaped.

Section 17. No Oil and Gas or Mining Operations. No derrick or other structure designed for use in boring for oil, natural gas, or other minerals shall be erected, maintained, or permitted upon any Lot. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon the Properties, nor shall oil wells, tanks, tunnels, or mineral excavations be permitted upon or within any Lot. No installations of power, telephone, or other utility line (wire, pipe, or conduit) shall be made or operated anywhere on the Properties, except such works operated by public agencies, duly certified public utility companies, cable television or security companies.

Section 18. Drainage. No Owner shall do any work, construct any improvements, place any landscaping, or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Lots, Common Areas, or Common Property as established in connection with the approval of the final Plat maps applicable to the Properties, except to the extent such alteration in drainage pattern is approved in writing by the Architectural Control Committee and the applicable Subassociation, if any. This provision shall not apply to Declarant nor to alterations necessary and approved for development in accordance with an approved plat or plan.

Section 19. Outside Storage. No furniture, fixtures, appliances, or other goods and chattels not in active use shall be stored on any open area or on any Lot in such manner that such material is visible from a neighboring Lot or from the Common Areas, or Common Property. Construction materials shall not be stored on any Lot for a period exceeding thirty (30) days prior to commencement of construction.

Section 20. Noise. No exterior horns, whistles, bells, or other sound devices, except security devices used exclusively to protect the security of Lots and improvements located thereon shall be placed or used on any Lot, Common Areas, or Common Property.

Section 21. No Obstruction. There shall be no obstruction of the pedestrian walkways located upon any Lot or any interference with free use thereof except such obstruction as may be reasonably required in connection with repairs of such walkways. The Members, their tenants, licensees, and guests are granted nonexclusive easements to use all of the pedestrian walkways within the Properties. Use of all of the walkways shall be subject to regulation by rules adopted by the Master Association and furnished in writing to the Members. The Master Association shall promptly take such action as may be necessary to abate or enjoin any interference with or obstruction of the

pedestrian walkways contrary to the provisions hereof and shall have a right to enter upon a Lot for purposes of removing the same, and any costs incurred by the Master Association in connection with such abatement, injunction, or corrective work shall be specially assessed to the Owner or Owners responsible therefore.

Section 22. Miscellaneous. There shall be no basketball backboards or hoops visible in any front yard on any Lot, nor any permanent flagpoles. There shall be no wrought iron burglar resistant works or similar bars over any front window or door without the express written consent of the Architectural Committee based upon such criteria as appearance, visibility, disruption of harmony of design, and other factors deemed relevant by the Architectural Committee.

ARTICLE VIII
DEVELOPMENT STANDARDS AND RESTRICTIONS

A. GENERAL PROVISIONS.

The following standards and restrictions are in addition to and supplement the Design Guidelines:

Section 1. Landscaping; Preservation and Revegetation Requirement. At the time of or as soon as reasonably possible following construction of a structure on a Lot, but no later than twelve months after commencement of construction following approval of plans by the Architectural Control Committee as provided herein, or within such time as the Design Guidelines or similar criteria of the Architectural Committee shall establish, the Lot shall be suitably landscaped and returned to its natural state by the Owner. Thereafter all vegetation on the Lot shall be kept and maintained in an attractive, healthy, live, and growing condition. All dead or diseased vegetation shall be promptly removed and suitable replacement landscaping installed.

Section 2. Exterior Surface Color; Exposed Materials.

All exterior walls, fences, roofs, and other visible portions of the improvements shall be painted in low reflective or non-reflective tones.

Section 3. Lighting. No lighting will be permitted which causes unreasonable glare to neighboring property owners.

Section 4. Fences. All fences shall be compatible with the construction and design of the other improvements upon the Properties. There will be no chain link fences permitted on any Lot. All fences must comply with the Design Guidelines which shall require uniform design in certain public areas and on certain Lots visible from public areas such as a main street or from the Golf Course.

Section 5. Compliance with Local Laws. All development within the Properties shall comply with local laws, including the Airport Environs Zone which affects the Properties. Dwellings constructed on "dead end" or cul de sac streets may be required to have fire prevention and control sprinkler systems if necessary to comply with the regulations of the City of Tucson.

B. RESTRICTIONS CONCERNING CONSTRUCTION ACTIVITY BORDERING THE GOLF COURSE.

Section 1. Construction Trailers, Sheds, or Temporary Structures. Construction trailers, sheds, chemical toilets, or temporary structures shall be located on the street side of Lots bordering the Golf Course. Trash disposal areas shall not be located in an area readily visible from the Golf Course.

Section 3. Excavation. No permanent open trenching shall be located adjacent to the Golf Course, and any trenches within ten (10) feet of the Golf Course must be closed overnight unless effectively barricaded and marked to indicate a hazardous condition.

Section 4. Vehicles and Parking. Construction parking will be restricted to the street side of the Lots bordering the Golf Course.

Section 5. Signage. No signs will be allowed on the Golf Course side of the Lots other than emergency or warning signs.

Section 6. Dress Prohibitions. Improper dress, or behavior which will interfere with enjoyment of the Golf Course by its members, invitees, etc., is prohibited.

Section 7. Scheduling of Work Near Golf Course.

The contractor shall schedule and perform his work in a good and workmanlike manner and use reasonable efforts to minimize the detrimental impact on the quality of play at the Golf Course.

No work will be allowed that will unreasonably restrict access to the Golf Course or maintenance building until such work is coordinated with and approved by the Golf Course operator.

No work or construction of any nature will be allowed within fifty (50) feet of the Golf Course, except such emergency work as may be required, during the period beginning thirty (30) days before and extending until the completion of any Golf Tournament.

C. ADDITIONAL RESTRICTIONS.

Section 1. The Golf Course shall be watered with effluent. The Golf Course shall comply with regulations of the Arizona Department of Water Resources.

Section 2. Declarant or its successors agree to employ a landscape consultant with experience in the preservation of desert plants and the handling of the fragile desert property. Unused plants will be sold to the public for \$1.00 each with preference to neighboring property owners.

Section 3. The density of the Property is limited by ordinance of the City of Tucson, presently 1500 residential units and 600 casitas/guest room associated with any allowed resort or guest facility, for a total of 2100 units.

Chain link fences are prohibited. All colors, including colors of the Guest Ranch or Resort shall be low reflective or desert or earth tones.

Section 4. No area plan amendment and no major concept plan changes shall be made in any of the plans approved by the City of Tucson without informing the Westside Coalition, Park West II and III, A-Mountain Association, Tucson Mountain Park Association, and contiguous owners within 150 feet. Additional notice shall be given as required by applicable City of Tucson ordinance.

Section 5. Unused roads and sites will be revegetated if reasonably possible, at the time of the development of the area in question.

Section 6. The number of residential units on the Lord Parcel shall be not greater than 216 (the Lord Parcel is the southwest quarter of the southeast quarter of section 8, township 14 south, range 13 east, G & S R B & M, Pima County). No tennis court lights shall be permitted on the Lord Parcel and all swimming pool lights on the Lord Parcel shall be hooded, a natural area of a size to be determined by Declarant shall be established at or near the northwest corner of the Lord Parcel, and any two-story units on the Lord Parcel shall be primarily in the southeastern, low lying portions of the Lord Parcel.

Section 7. Construction on the top ridge line of the ridge on the northwestern portion of the Lord Parcel shall not block the view of the Santa Rita Mountains from the vantage point of the Scenic Highway (Anklam Road), provided that this provision is not intended to regulate impacts by construction not directly on the top ridge line, nor is it intended to prohibit slight interferences, nor shall it prohibit reducing the grade of the land to minimize such impacts.

Section 8. No commercial uses shall be allowed on the Lord Parcel.

Section 9. The eastern ridge of designated peak and ridge number 14, if developed, shall have only single story units so that any blocking of the view of Cat Mountain shall be minimized.

Section 10. The portions of the Properties governed by applicable provisions of the Scenic Route Ordinance shall comply therewith, and development shall comply with all other applicable City of Tucson ordinances, including the Hillside Development Ordinance, as may be amended, in the absence of a variance.

Section 11. Home construction shall be of a quality at least comparable to immediately surrounding neighborhoods, or better.

Section 12. Subject to rules of Pima County, neighboring property owners will be provided access through the Properties along dedicated roadways, to Tucson Mountain Park. Neither Declarant nor any other party is, by reason of this provision, promising to build or maintain any roads or streets.

Section 13. Until a parcel of land is ready for development of buildings, offsite or onsite utilities, roads or curbs, drainage structures or sewers, the land shall not be graded.

Section 14. Satellite dishes shall not be visible from public view outside the Properties.

Section 15. The entrances to the Properties, from Anklam and 22nd Street, including lighting and entranceway signs, shall be first class in appearance.

Section 16. Outside storage areas, transformers, meters and appurtenances shall be screened and/or landscaped in a first class manner with materials of desert or earth tones.

Section 17. No manufactured housing shall be permitted anywhere within the Properties.

Section 18. Any pedestrian movement or equestrian use of washes or trails shall not be encouraged to enter upon private property outside the Properties.

ARTICLE IX EASEMENTS

Section 1. Maintenance Easement. An easement is reserved and granted to the Master Association, its officers, agents, employees, and assigns upon, across, over, in, and under the Common Property and Common Areas to enable the Master Association to perform the duties and functions which it is obligated or permitted to perform pursuant to this Master Declaration.

Additionally, an easement five feet in width on each side of any public road through the Properties shall exist in favor of the Master Association and in favor of the Declarant for general landscaping and related amenities benefitting the overall appearance of the Properties.

Section 2. Utilities. A blanket easement is reserved and granted upon, across, over, and under the Common Property and Common Areas for utilities and the installation, replacement, repair, and maintenance of utilities, including but not limited to water, sewer, gas, telephone, electricity, and cable television systems and master

television antenna systems, if any, provided that said blanket easement shall not extend upon, across, over, or under any Residence constructed on a Lot. By virtue of this blanket easement, it shall be expressly permissible to erect and maintain the necessary facilities, equipment, and appurtenances on the Properties and to affix, repair, and maintain water and sewer pipes, gas, electric, telephone, and television wires, circuits, conduits and meters.

In the event any utility or quasi-utility company furnishing a service covered by the general easement created herein requests a specific easement by separate recordable document, Declarant reserves and is hereby given the right and authority to grant such easement upon, across, over, or under any part or all of the Common Property or Common Areas without conflicting with the terms hereof; provided, however, that such right and authority in the Declarant shall cease and terminate upon conveyance by Declarant of the last Lot and Planned Lot in the Annexation Land to the first Owner thereof (other than Declarant). The easement provided for in this Section shall in no way affect, avoid, extinguish, or modify any other recorded easement(s) on the Properties.

Section 3. Rights of Declarant Incident to Construction. An easement is reserved by and granted to Declarant, its successors and assigns, and unto all Developers for access, ingress, and egress over, in, upon, under, and across the Common Property and Common Areas, including but not limited to the right to store materials thereon and to make such other use thereof as may be reasonably necessary or incidental to Declarant's construction on the Properties; provided, however, that no such rights or easements shall be exercised in such a manner as to unreasonably interfere with the occupancy, use, enjoyment, or access by any Owner, his family members, guests, or invitees, to or of that Owner's Lot, or any recreational facility completed upon the Common Property and Common Areas.

Section 4. Maintenance of Perimeter Walls. An easement is reserved and granted in favor of Declarant, the Master Association, their successors, assigns, employees, and agents, upon, over and across each Lot adjacent to the perimeter boundaries of the Properties for reasonable ingress, egress, installation, replacement, maintenance, and repair of any perimeter wall which Declarant may construct or cause to be constructed. The Master Association shall have the responsibility for the maintenance or repair of such perimeter wall.

Section 5. Lodge, Guest Ranch, Resort, Hotel, Golf Course and Related Facilities. An easement is reserved and granted across the Common Property and all Common Areas to permit full use of and access to any lodge, guest ranch, Golf Course, resort, hotel or other such facility within the Properties or adjacent to the Properties as provided herein.

Section 6. Easement and Access to Blocks. An easement is reserved across the Common Property, and across all existing or future roads constructed in any Block, for access to any Lot or Block.

Section 7. Easements Deemed Created. All conveyances of Lots or Blocks hereafter made, whether by the Declarant or otherwise, shall be construed to be subject to the easements contained in this Article, even though no specific reference to such easements or to this Article appears in the instrument of such conveyance.

ARTICLE X
RESTRICTIONS APPLICABLE TO GOLF COURSE AT STARR PASS

Section 1. Golf Course. No Owner, nor the public at large, shall have any right, by virtue of ownership of any Lot, whether or not contiguous to the Golf Course, of access, entry, or other use of the Golf Course or Clubhouse, which are private membership facilities. While Owners of Lots contiguous to the Golf Course shall have the right to quiet enjoyment of their property, there shall be no activity on any contiguous Lots that unreasonably disturbs play, or the enjoyment of the Golf Course, by members and guests thereof, including, without limitation, undue noise, unsightly trash and debris, or any other noxious or offensive activity. All fencing contiguous to the Golf Course shall be subject to the approval of the Architectural Control Committee.

Section 2. Golf Tournament. In addition to the above restrictions pertaining to the Golf Course, during any Golf Tournament, there shall be no construction or other activity that, in the judgment of the Declarant, disturbs the play of golf.

Section 3. Tournaments; Reserved Easements. Each Owner, Occupant, or other Person acquiring any interest in the Properties is hereby deemed to acknowledge that the owner of the Golf Course may stage golf tournaments or other special events at the Golf Course. In connection with the staging of such tournaments, it can be expected that the volume of vehicular and pedestrian traffic to, from and within the Properties will significantly increase. The owner or operator of the Golf Course, and all

employees, agents, invitees, and licensees thereof, are hereby expressly given the right to use all roads and other portions of the Common Property and Common Areas for parking and other purposes incidental to such tournaments or events, subject only to reasonable rules established by the Board. Ownership of a Lot shall not entitle an Owner to the right of admission to any tournament or other special event at the Golf Course.

Section 4. Expected Activities. Each Owner, occupant, or other person acquiring any interest in the Properties is hereby deemed to acknowledge being aware that for such period of time as the Golf Course is being utilized as a Golf Course, it can be expected that (a) maintenance activities on the Golf Course shall begin early in the morning and extend late into the evening; (b) during certain periods of the year, the Golf Course will be heavily fertilized; and (c) golf balls are not susceptible of being easily controlled and accordingly may land or strike beyond the Golf Course boundaries. Neither the Declarant, nor any employee or agent of the Declarant, nor any Developer, nor the Golf Course owner or operator, shall be liable for personal injury or property damage caused by golf balls.

ARTICLE XI GENERAL PROVISIONS

Section 1. Declarant's Approval of Supplemental Declarations. In addition to the requirement that all construction, repair, alteration, or other work as set forth herein be approved by the Architectural Control Committee, so long as Declarant owns a single Lot, Block, or Planned Lot from within the Properties, or until December 31, 2010, whichever is earlier, each Supplemental Declaration affecting Starr Pass or the Properties must be approved by Declarant, and no Supplemental Declaration may be amended, once approved by Declarant, without Declarant's written consent.

Each Supplemental Declaration shall be consistent with and subordinate to this Master Declaration and shall contain a provision so affirming. So long as Declarant owns any Lots governed by the Supplemental Declaration, Declarant's approval must be obtained prior to the Subassociation setting the initial maximum annual assessment applicable thereto. Each Subassociation shall adopt rules and regulations in accordance with the Supplemental Declaration setting forth its own supplemental design guidelines (unless already provided for in the Supplemental Declaration) for construction of improvements and the text of said design guidelines shall require Declarant's approval.

No provision of the supplemental design guidelines may be waived without the written consent of the Declarant hereunder.

Each Supplemental Declaration shall, unless waived in writing by the Declarant, contain provisions for a Subassociation to enforce its provisions, to collect and pay to the Master Association all assessments levied by said Master Association, to advise the Master Association of each Lot sold and owned by an ultimate purchaser, to collect assessments, and to perform such other customary or necessary functions, and shall expressly empower the Master Association to enforce its provisions. A separate Subassociation may not, in the discretion of Declarant, be required of certain detached dwelling unit projects.

Section 2. Declarant's Approval of Plats. Prior to the time that any tentative or final subdivision plat of any portion of any Block shown on the Block Plat or of any other portion of the Properties is submitted to the local governmental agencies for approval, such plat shall first be submitted to the Declarant for its approval along with a fee for Declarant's time and expense estimated to be incurred in the review process. The fee will differ from case to case and will be set by Declarant. Failure to obtain Declarant's approval shall be deemed a violation of this Master Declaration rendering any such plat void and entitling Declarant to seek injunctive relief against any further subdivision or development until Declarant's consent is given to the tentative subdivision plat. Declarant assumes no liability by approving a plat and the person or entity submitting the plat shall indemnify Declarant from any liability relating thereto.

Declarant shall also have the right to approve street names, subdivision names, and design of improvements as more specifically set forth herein.

Declarant's rights pursuant to this section shall endure until Declarant no longer owns a single Lot or Planned Lot, or until December 31, 2010, whichever is earlier.

Section 3. Enforcement. The Master Association, any Subassociation regarding portions of the Properties which are subject to the Supplemental Declaration of such Subassociation, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Master Declaration. Failure by the Master Association, any Subassociation as aforesaid, or any Owner, to

enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Further, the Master Association shall have the authority to bring an action at law or in equity to enforce any of the provisions of this Master Declaration or of any Supplemental Declaration for subdivisions of the Properties. Expenses of enforcement, in the event the Master Association is a substantially prevailing party, shall be paid to the Master Association by the Owner against whom enforcement action was commenced. The Master Association shall have the right to enter upon the property of any Owner for the purpose of repairing, modifying, or demolishing improvements which are not in conformance with the provisions of this Master Declaration or any Supplemental Declaration and all expense incurred in connection therewith shall be paid to the Master Association by the Owner in violation.

Section 4. Severability. Invalidation of any provision of this Master Declaration by judgment or court order shall in no way affect or limit any other provisions which shall remain in full force and effect.

Section 5. Conflicts of Provisions. In case of any conflict between this Master Declaration, the Articles of Incorporation, or Bylaws of the Master Association, this Master Declaration shall control. In case of any conflict between the Articles of Incorporation and the Bylaws of the Master Association, the Articles of Incorporation shall control. In case of any conflict between this Master Declaration and any Supplemental Declaration, this Master Declaration shall control.

In case of conflict between any provision of this Master Declaration and any provision of law, whereby the conflicting provision is thereby rendered unenforceable, the law shall control, provided that all other provisions hereof shall remain in full force and effect.

Section 6. Annexation. Additional property may be annexed hereunder with the consent of two-thirds (2/3) of the votes of the total Membership.

Notwithstanding the foregoing, the Declarant may, so long as it retains the Type B Membership, annex into the Properties additional property from lands immediately adjacent to the Properties without the consent of any First Mortgagees, insurers, or guarantors, Members or Owners whomsoever.

Each such annexation shall be effected, if at all, by recording a document entitled Declaration of Annexation in the office of the Recorder of the County of Pima, Arizona, which document shall provide for annexation to this Master Declaration of the property described in such document. Declarant shall have the right of annexation referred to herein regardless of whether the Declaration of Annexation as recorded prior to or after sale or prior to or after recording of a deed to a third party or Developer of the Block, Blocks, or portion thereof to be annexed. Any purchaser of a portion of the said land is deemed irrevocably to consent to annexation under the purview of this Master Declaration.

Declarant expressly reserves the right in the course of development to convey to the Master Association, and the Master Association shall accept, certain areas such as open spaces, peaks, ridges, and washes which for any reason are not intended to be developed and which are deemed by Declarant to be most suitable as Common Property of the Master Association as opposed to a Common Area of a Subassociation within the Properties.

Section 7. Condemnation. In the event proceedings are initiated by any government or agency thereof, seeking to take by eminent domain the Common Property, any part thereof or any interest therein, any improvement thereon, or any interest therein, with a value (including loss of value to the balance of the Common Property and improvements thereof), as reasonably determined by the Master Association in excess of Ten Thousand Dollars (\$10,000), the Master Association shall give prompt notice thereof, including a description of the part of or interest in the Common Property or improvement thereon sought to be so condemned, to all First Mortgagees of Lots, all Members, and to the Declarant. The Master Association shall have full power and authority to defend in said proceedings, and to represent the Owners in any negotiations, settlements, and agreements with a condemning authority for acquisition of the Common Property or part thereof, but the Master Association shall not enter into any such proceedings, settlement, or agreements, pursuant to which the Common Property or any part thereof or any interest therein, or any improvement thereon or any part thereof or interest therein is relinquished, without giving all First Mortgagees of Lots, all Members, and Declarant at least fifteen (15) days' prior written notice thereof.

In the event, following such proceedings, there is such a taking in condemnation or by eminent domain of a part or all of the Common Property, the award made for such taking, shall be applied by the Master Association to such repair and restoration. If the full amount of such award is not expended to repair and restore

the Common Property, the Master Association shall disburse the net proceeds of such award to the Owners, the Owner of each Lot to receive one (1) equal share, provided that the Master Association shall first pay out of the share of each Owner the amount of any unpaid liens or encumbrances on his Lot in the order of the priority of such liens or encumbrances. No provision of this Declaration or of any other document relating to the Properties shall be deemed to give an Owner or any other party priority over the rights of a First Mortgagee pursuant to a First Mortgage in the case of a distribution to an owner of insurance proceeds or condemnation award for losses to or taking of Lots, Common Property, or Common Areas, or any combination thereof.

Section 8. Duration and Amendment.

(a) Duration. Each and every provision of this Master Declaration shall run with and bind the land for a term of twenty-five (25) years from the date of recording of this Master Declaration, after which time this Master Declaration shall be automatically extended for successive periods of ten (10) years each unless prior to the beginning of any single ten (10) extension period, such extension is disapproved at a regular or special meeting of the Members by the affirmative vote of at least seventy-five (75) percent of the votes of the total number of votes of the Membership.

(b) Amendment. This Master Declaration may be amended during the first twenty-five (25) year period, and during subsequent extensions thereof, by an instrument in writing signed by: a) the President and Secretary of the Master Association following a meeting at which the proposed amendment was approved by not less than seventy-five percent (75%) of the total votes of the Membership, or b) the Owners of at least seventy-five (75) percent of the Lots and Planned Lots within the Properties (except that for purposes of these sub-parts (a) and (b), a condominium unit shall be deemed to be one-half of a Lot and an apartment unit one-fourth of a Lot).

Notwithstanding anything to the contrary contained in this Master Declaration:

(i) If Declarant shall determine that any amendments to this Master Declaration or any amendments to the Articles of Incorporation or Bylaws of the Master Association shall be necessary in order for existing or future mortgages, deeds of trust, or other security instruments to be acceptable to the Veterans Administration, the Federal Housing Administration of the U.S. Department of Housing and Urban Development, the Federal National Mortgage Association, or the Federal Home Loan

Mortgage Corporation, then Declarant shall have and hereby specifically reserves the right and power to make and execute any such amendments without obtaining the approval of any Owners, Members, First Mortgagees or if any other person or entity whomsoever.

(ii) In the event this Master Declaration is recorded or used for any purpose prior to having been approved by the Veterans Administration, Federal National Mortgage Association, or Federal Housing Administration, then notwithstanding Section 10 below, Declarant shall have the absolute right to amend the provisions hereof without the approval of any agency or any percentage of the Membership whatsoever until such approval is first obtained. Such amendment shall be effective when signed by the Declarant and duly recorded.

(iii) No amendment to the provisions hereof may restrict, limit or eliminate any easement reserved or granted by the provisions hereof, unless Declarant consents in writing to such amendment.

Section 9. Registration by Owner of Mailing Address. Each Owner shall register his mailing address with the Master Association, and except for monthly statements and other routine notices, all other notices or demands intended to be served upon an Owner shall be sent by either registered or certified mail, postage prepaid, addressed in the name of the Owner at such registered mailing address. All notices, demands, or other notices intended to be served upon the Board of Directors of the Master Association or the Master Association shall be sent by certified mail, postage prepaid, to Starr Pass Master Homeowners Association, Inc., 3645 West 22nd Street, Tucson, Arizona.

Section 10. FHAVA Approval. Following approval of this Master Declaration by the Veterans Administration or the Federal Housing Administration, as long as there is a Type B Membership the following actions shall require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties (not already provided for herein), dedication of Common Property, and amendment of this Master Declaration.

Section 11. Dedication of Common Property. Declarant expressly reserves the right to convey or dedicate streets and roads throughout the Properties to the City of Tucson or County of Pima. Declarant may, in its sole discretion, determine that it is in the best interests of the Properties to dedicate or convey such land as provided

above. No consent, vote, or approval whatsoever shall be necessary to accomplish such conveyance or dedication.

Declarant in recording this Declaration has designated certain areas of land as Common Property intended to the common use and enjoyment of Owners for recreation and other related activities. The Common Property, with the exception noted above, is not dedicated hereby for use by the general public but is dedicated to the common use and enjoyment of the Owners, as more fully provided in this Declaration.

Section 12. Future Development and Amendment of Block Plat. Nothing contained on the Block Plat shall be deemed to prevent Declarant from amending the Block Plat and changing the plan of development for Starr Pass, provided that any such change shall comply with law. In the event of Declarant's amendment of the Block Plat, Declarant shall have the right to record a "Notice of Designation" which shall expressly refer to this Master Declaration and describe the changes made to the Block Plat, the nature of the Lots to be included in any new block created, and the basis for assessment in each new block or amended block. Declarant may exercise this right without a vote of the Members hereunder.

In addition to Declarant's right of amendment as set forth above, Declarant shall have the right at any time to record a Notice of Designation which serves to change the number of Planned Lots as set forth herein. In the course of the subdivision of the Blocks shown on the Block Plat, it is likely that the number of Planned Lots in other Blocks may change from time to time and the Declarant shall have the right, without a vote of the members and without any other consent, to record a Notice of Designation which shall serve to clarify future progress of the development.

Declarant shall also have the right to record a Notice of Designation reflecting Planned Lots for areas lying outside of the boundaries of the particular Blocks on the Block Plat for which Declarant has specifically reserved the right of annexation.