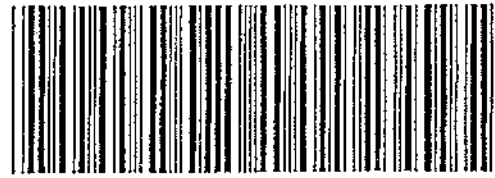


When recorded return to:
STEWART TITLE & TRUST OF PHOENIX
Summit Estates LLC
16838 E. Palisades Blvd.
Fountain Hills, Arizona 85268
Attn: Linda Lyman



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

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DECLARATION OF RESERVATIONS

CRESTVIEW AT FOUNTAIN HILLS

FOUNTAIN HILLS, MARICOPA COUNTY, ARIZONA

THIS DECLARATION OF RESERVATIONS, Crestview at Fountain Hills, Fountain Hills, Maricopa County, Arizona (the "Declaration") is made this May 3, 1999, by Summit Estates LLC, a Delaware limited liability company (the "Declarant").

A. The Declarant owns the real property more particularly described on Exhibit "A" attached hereto and made a part hereof (the "Property").

B. The Declarant intends that the Property be part of a larger area to be known as Crestview at Fountain Hills (defined below).

C. The Declarant intends to hold, sell, dispose of, control the use of, encumber and convey Crestview at Fountain Hills, and desires to subject it to certain reservations, covenants, conditions, and restrictions binding on itself and any subsequent owners or users of Summit Estates.

D. The Declarant intends to encourage consistent and orderly development of Crestview at Fountain Hills, and accordingly, Declarant has prepared the Crestview at Fountain Hills Architectural Guidelines and Standards dated May, 1999 (the "Guidelines") to assist and govern present and future property owners within the Property in connection with structures to be placed thereon.

E. Declarant intends to subject the Property to the Guidelines, binding itself and any subsequent owners or users thereof.

NOW, THEREFORE, KNOW ALL BY THESE PRESENTS THAT:

Declarant hereby establishes a general plan for the maintenance, development and improvement of Crestview at Fountain Hills, and hereby subjects all the Property to the Declaration and the Guidelines; and

THIS DECLARATION is designed for the mutual benefit of the present and future owners of property then compromising Crestview at Fountain Hills. Declarant hereby fixes the conditions upon and subject to which all Lots (as defined below), parcels, and portions of the Property shall be held, leased, sold, used and conveyed. Each such condition is for the mutual benefit of the property then compromising Crestview at Fountain Hills and each owner thereof, shall run with the land, shall inure to and pass with each Lot, parcel of land, or portion thereof in the property then compromising Crestview at Fountain Hills, and shall apply to and bind the owners thereof and their respective successors in interest. Each and every such condition is imposed upon the Property as a mutual, equitable servitude in favor of each and every Lot, parcel of land or portion thereof and therein as the dominant tenements, and in favor of the Declarant.

SECTION I. Definitions

The following defined terms have the meanings set forth hereafter whenever used herein:

A. Assessment Exempt Lots. Any Lot owned by a governmental agency or entity and used for official purposes.

B. Association. A property owner's association formed for the Property, as more particularly described in Section IV below.

C. Board. The board of directors of the Association.

D. Common Area. Any real property, and the improvements thereon, as may be owned or leased from time to time by the Association for the common use and enjoyment of the Lot owners, and may include without limitation, any of the following: natural open spaces, roads, vehicular access areas, walkways, certain landscaped areas and private recreational facilities within Crestview at Fountain Hills.

E. Crestview at Fountain Hills. The Property, together with any property in other plats or portions of plats as later annexed into the coverage of this Declaration as provided in Section VII.D.

F. COA. The Committee of Architecture as established by the Plat 101 Declaration.

G. Lots. Single parcels of property, whether or not a structure is located thereon, as designated within the property then comprising Crestview at Fountain Hills. If an owner combines two or more Lots into one for a single use, the combined area shall nevertheless be considered as containing the original number of Lots.

H. Plat 101 Declaration. The Declaration of Reservations, Fountain Hills, Arizona, Final Plat No. 101, Maricopa County, Arizona, dated July 14, 1971, recorded July 15, 1971 at Docket 8821, on Pages 72 through 120, in the Official Records of the Maricopa County, Arizona.

SECTION II. Architectural Control.

A. General Authority.

1. The purposes of imposing architectural control on the property then comprising Crestview at Fountain Hills are to enhance aesthetic character, to enhance the health and welfare of residents, and to protect the natural environment. In connection with such purposes the Property is hereby made subject to the jurisdiction of the COA and Board (as applicable) and all owners and users of the Property shall comply with the requirements thereof.

2. Declarant shall furnish the initial Buyer of any Lot a copy of the Guidelines. Thereafter, the COA or Board (as applicable) shall make available copies of the Guidelines then in effect.

3. All improvements standards, definitions, and general land use regulations refer to those contained in this Declaration and those contained in Pages 1-49, inclusive, of the Plat 101 Declaration. Said pages are hereby incorporated by this reference and made a part of these reservations affecting the Property.

4 Any such improvement standards, definitions and land use regulations are not to be confused with any land use regulations or definitions contained in the zoning ordinances of Maricopa County or the Town of Fountain Hills as may be applicable to Crestview of Fountain Hills provided, however, in the event that any of the provisions of this Declaration conflict with any of the provisions of the zoning ordinance of the Town of Fountain Hills or Maricopa County, as applicable, to the property comprising Crestview at Fountain Hills, the most restrictive shall govern.

5. Notwithstanding the provisions hereof granting architectural control authority to the COA, beginning on the Termination Date (as defined in Section (IV)(1)(2) below), the Board shall exercise such authority and have all rights granted to the COA hereunder. Beginning on the Termination Date, the COA may, by instrument delivered to the Association or recorded in the official records of Maricopa County, Arizona, abstain from exercise of such authority for such term as it designates.

B. Approval. No grading or other site preparation, building, fence, patio, wall, or other structure of any kind shall be commenced, erected, altered (on the exterior), enlarged, or placed, until approved in writing by the COA and/or Board (as applicable) as to floor areas, external design, landscaping, vehicular access areas and parking facilities and any other applicable criteria. The COA and/or Board (as applicable) may require a reasonable examination fee prior to reviewing the plans, and may require changes, deletions or revisions in order that the architectural and general appearance of all such buildings, structures and grounds be in keeping with the architecture and character of the Property.

C. Enforcement. The COA and the Board (as applicable) are hereby empowered to enforce the Guidelines, improvement standards and land use regulations of this Declaration, with

respect to any plans for any improvements and landscaping now or hereafter placed on the Property, as well as any additions, demolition, reconstruction, renovation or other modifications to such improvements and landscaping, by any legal and equitable means, including, but not limited to, lawsuits, injunctions, liens, fines, and/or fees established by the COA and/or the Board (as applicable).

D. Variances. Notwithstanding any other provisions of this Declaration, the COA and/or the Board (as applicable) may review applications, and grant approvals, for exceptions to the Guidelines, improvement standards and land use provisions of this Declaration. Notwithstanding any other provisions of this Declaration, the Board also may review applications, and grant approvals for exceptions to, the rules and regulations of the Association. Subject to the foregoing, restrictions, variances or exceptions from these requirements, and, in general, other forms of deviations from restrictions imposed by this Declaration, or by the rules and regulations of the Association (as applicable) may be made if, in the reasonable opinion of the COA and/or Board (as applicable), such exceptions, variances and deviations do not materially detract from the appearance of the Property and are not detrimental to the public welfare or to the property of other persons located in the vicinity of the Property.

SECTION III. Land Use.

All Lots shall be designated as using the zoning category of the Town of Fountain Hills or Maricopa County (as applicable) applying to such Lots upon the date of recordation of the Final Plat creating such Lots. All Lots shall be improved, used, and occupied in accordance with the provisions and conditions set forth under this Declaration, the applicable land use regulations of the Plat 101 Declaration, and the applicable provisions of the Fountain Hills or Maricopa County Zoning Ordinance provided, however, such zoning use may be changed where such changes are not detrimental to the overall intent of this Declaration and where prior approval for such changes is obtained from the COA, the Board (as applicable), and any governmental agency having jurisdiction.

SECTION IV. Property Owners Association.

A. Declarant shall, on or before the date of conveyance of a Lot to a Lot Owner other than Declarant, organize a property owners association for the entire Property (the "Association"). The Association shall be a non-profit Arizona corporation, having the duties and powers prescribed by law and set forth in the Association's articles of incorporation (the "Articles") and bylaws (the "Bylaws") and in this Declaration. In any conflict between provisions of the Articles or the Bylaws and this Declaration, the provisions of this Declaration shall control.

B. Board of Directors. The affairs of the Association shall be conducted by its Board which shall consist initially of three members to be appointed by Declarant. The initial Board members and their replacements as selected by Declarant, shall serve until the first annual meeting of the Association. At the first annual meeting, Declarant and the Lot owners, if any, shall elect one Board member for an initial term of three (3) years, one (1) Board member for an initial term of two (2) years and one (1) Board member for an initial term of one (1) year. All subsequent

terms shall be for three (3) years and individuals shall be elected to those terms according to the provisions of Section IV(H) and (I) hereof and the Bylaws. If a Board member resigns or otherwise vacates his office, the remaining Board members, if there are at least two, shall appoint a replacement for the remainder of the original term of the vacating Board member. If vacancies leave fewer than two Board members, a special election shall be held within seventy-five (75) days after the date of the creation of the vacancy which left fewer than two Board members. The election shall be conducted according to the provisions of Section IV(H) and (I) hereof, and the Bylaws, and new Board members shall be elected to fill the unexpired terms of those resigning or otherwise vacating.

C. Board Duties. The Board shall be responsible for all of the affairs of the Association and shall undertake business activities including, but not limited to, the following:

1. Enforcing the provisions of this Declaration, the Articles, and the Bylaws, seeking enforcement and/or remedy at any court of law as reasonably necessary;
2. Establishing rules and regulations in furtherance of the objectives of, and not in conflict with, this Declaration, which will be enforceable as if set forth herein in full. Notwithstanding the foregoing, during the initial twenty-five year period mentioned in Section VII (B), the Board may not adopt, amend, or repeal any provision of this Declaration which would restrict the design review powers of the COA as provided herein;
3. Entering into contracts on behalf of the Association, paying taxes, and assuring that business obligations are met;
4. Maintaining corporate records;
5. Preparing periodic financial statements, at least annually, and making copies of such statement available to any Board member or Lot owner who requests a copy;
6. Hiring employees or contracting with management firms as necessary;
7. Arbitrating disputes between Lot owners, when requested by all parties to the dispute, and when such dispute is within the context of this Declaration as interpreted by the Board. The results of such arbitration shall be binding on all parties;
8. Establishing an annual budget for maintenance of any improvements on areas designated by the Board or on any Common Areas, any landscaping to be maintained by the Association, and administrative or other costs, determining the regular assessment to be charged to each Lot owner and recording a lien upon a Lot when the owner thereof becomes more than ninety (90) days delinquent according to the payment schedule established for the regular assessment, any special assessment, or any maintenance assessment levied according to procedures contained herein. When an owner becomes thirty (30) days or more delinquent on any regular, special, or maintenance assessment payment schedule, then the remaining amount of such assessment (i.e., the amount

allocable to subsequent periods which would not otherwise be immediately due and payable) shall, at the option of the Board, become immediately due and payable; and

9. Assuring that adequate liability insurance for the Association, Lot owners, Board, and employees is maintained. One Million Dollars (\$1,000,000) of coverage limits for each occurrence shall be the minimum required. In addition, insurance to be provided by the Association shall provide coverage for the Association and its property, workers' compensation, employee health, and related items. Such insurance shall in no event provide protection for the individually owned Lots or activities of individual Lot owners.

D. Board Powers. The Association may: buy, sell, rent, or lease property, real or personal, and accept gifts and dedications thereof; borrow and lend money; and pledge and encumber its assets.

E. Declaration Controls. The Board shall be guided by, and, except when in its sole discretion good planning would dictate to the contrary, controlled by the provisions of this Declaration, and shall determine whether the conditions hereof are being complied with.

F. Non-liability. Declarant, the COA, the Board, the Association, and the officers of the Association shall not be liable in damages to any owner of property affected by this Declaration by reason of mistake in judgment, negligence, or nonfeasance arising out of exercise of their rights, or performance of their duties called for hereunder, and every owner of such property agrees that it shall not bring any action or suit against Declarant, the COA, the Board, the Association, or the officers of the Association to recover any such damages.

G. Association Membership. Each owner of a Lot, and Declarant, shall be members of the Association. Except for Declarant's membership, such membership may not be separated from such ownership or conveyed independently of the Lot to which it is appurtenant. Owners of more than one Lot shall have a separate membership for each Lot owned.

H. Voting. Each owner of a Lot shall be entitled to one vote for each Lot it owns. If there is more than one owner for an individual Lot, nevertheless, only one vote for each Board member shall be cast for each Lot. In the event of a dispute among owners of a Lot as to casting the vote for that Lot, the Board at its discretion may refrain from counting the vote to be canceled until the owners resolve their dispute. If one owner purchases more than one Lot and combines them into a single parcel for a particular purpose, one vote for each Lot purchased or owned shall be allowed. Owners of Assessment Exempt Lots shall not be entitled to vote.

I. Classes. There shall be two classes of votes:

1. Class "A" Votes. Owners of one or more Lots shall have the right to one vote for each Lot owned.

2. Class "B" Votes. Declarant shall have ten votes for each Lot Declarant or its affiliates owns in the Property. The Class "B" votes shall terminate (a) when all Lots

have been sold by Declarant and its affiliates, or (b) when Declarant relinquishes its Class "B" votes, whichever first occurs. On the date the Class "B" votes terminate (the "Termination Date"), if full-time employees of Declarant or its affiliates are members of the Board, Declarant shall cause such members to resign.

SECTION V. Liens and Assessments.

A. Creation. There is hereby created a lien in favor of the Association against each Lot in the amount of all regular, special and maintenance assessments as described below. Such liens shall be subordinate to all first mortgage liens or deeds of trust, and to liens for taxes and other public charges which by law are expressly made superior. All liens recorded prior to the date of recordation of this Declaration shall also be superior to the liens created herein in favor of the Association, unless specifically subordinated of record by the holders thereof. The aforesaid assessments and charges that accrue with respect to the period a Lot owner holds title to the Lot to which the assessment or charge relates shall be the personal obligation of the Lot owner. The personal obligation for delinquent payments shall pass to such Lot owner's successor in title whether or not expressly assumed by that person.

B. Assessments. There shall be up to three types of assessments.

1. Regular Assessments. This assessment shall be made yearly, based on the annual operating budget of the Association and adequate allowance for reserve as determined by the Board. The assessment for each Lot shall be made by dividing the total amount of the budget and reserve charges by the total number of Lots, less the number of Assessment Exempt Lots; each Lot owner shall pay the resulting amount.

a. Initial Regular Assessment. The first regular assessment shall be levied beginning the first day of the second month after incorporation of the Association. This assessment shall be based on the anticipated cost of operating the Association giving due allowance as to the date all Lots shall be sold, all planned improvements in place, planned landscaping installed, all signs and monuments in place, and giving due allowance to all expected recurring expenditures. Each owner of a Lot shall be subject to the assessment amount.

b. Proration and Increase of Regular Assessment. The regular assessment shall be payable in advance monthly, quarterly, annually or otherwise, as the Board determines. If the initial assessment period is less than a full year, the assessment shall be prorated. The regular assessment may be increased on January 1 of each year by an amount no greater than the higher of (a) ten percent (10%); or (b) the percentage increase in the Consumer Price Index (as defined below) for the 12-month period ending with the most recent period for which the Consumer Price Index was published, determined as of the first day of the Association's fiscal year, unless a larger increase is approved by a vote of fifty-one percent (51%) or more of both classes of votes. The "Consumer Price Index" shall mean the U.S. Department of Labor, Bureau of Labor Statistics "Consumer Price Index for All Urban Consumers, All Items, West Region (Base: 1982-84 = 100). In the event the compilation and/or publication of the Consumer Price Index shall be substantially revised, transferred to any other governmental department or

bureau or agency, or shall be discounted, then the index (or a substitute procedure which reasonably reflects and monitors fluctuations in consumer prices) most nearly the same as the Consumer Price Index as determined by the Board in its sole by reasonable discretion shall be used to make the calculations envisioned herein. The Board may determine the initial and subsequent regular assessments in accordance with this paragraph, but at its discretion, as long as there is any Class "B" member, the Board may waive any portion of the assessment on an equal basis for each Lot, to adjust for reduced expenses resulting from partial development. If a waiver is given for any portion of the assessment, it shall be effective throughout the remainder of the assessment year in which it is given. The Board may then revert to a full assessment for the next and subsequent years, at its option.

2. Special Assessments. Special assessments for capital improvements (new or replacement), for unplanned expenses of normal operations, or for other reasons determined by the Board, may be levied, provided that such assessments are approved by a majority of the eligible votes in each class of votes, either by a vote at a meeting called for that purpose, or by written consent by members of the Association. When a special assessment is approved, each Lot owner will be assessed a pro rata share of the total amount.

3. Maintenance Assessments. Each Lot owner shall keep its Lot and any adjacent road parkway clean and free of excessive weed growth, and shall keep all improvements thereon in good repair. Each Lot owner shall also keep its Lot free of nuisances as described by Board rules or by this Declaration. The Board may adopt rules declaring existing activities to be a nuisance, and may thereafter require the cessation of such activities. Any Lot owner having proper notice from the Board or its designated agent may be required to clean the Lot, repair the improvements, or remove any nuisances. If, after proper notice, such action is not taken by a Lot owner, the Board may enter upon the Lot or allow employees or contractors to enter upon the Lot to clean, repair or remove the nuisance. The owner of the Lot shall pay all costs of such measures, and such amounts shall constitute a maintenance assessment against the subject Lot.

C. Assessment Collection. After reasonable effort to collect past due assessments, the Board may take appropriate legal action, including, but not limited to, foreclosure of its lien. The owner of the Lot upon which the delinquent assessments are levied shall reimburse the Association for the full principal amount and reasonable legal and administrative costs, including court costs. All assessments past due by thirty days or more shall incur reasonable handling fees, plus an interest charge in an amount determined by the Board, which shall not exceed the greater of (a) twelve percent (12%) per annum, or (b) two percentage points higher than the "prime rate" then in effect at the Phoenix main office of the Bank One-Arizona, N.A. If any assessment is not paid within thirty (30) days after being billed, the amount of the assessment may be recorded by the Board as a lien against the Lot.

SECTION VI. Common Areas and Improvements

A. Establishment. The Board shall acquire for the Association as "Common Area" such portions of the Property as Declarant conveys to the Association. In addition, the Board may acquire for the Association as "Common Area" such portions of the Property as any Lot owner

is willing to convey to the Association. Declarant or such Lot owner shall convey any such Common Area to the Association free of all liens and encumbrances except current real property taxes (which taxes shall be prorated as of the date of conveyance), title exceptions of record and the covenants, conditions, reservations and restrictions contained in this Declaration and the Plat 101 Declaration, and the instrument which conveys the Common Area to the Association.

B. Improvements. The Association may install improvements in any Common Area or easements on Lots. The Association shall prevent any Lot owner from removing or altering any such improvements where such items have been installed on easements reserved for that purpose. Costs to the Association of such installation and/or prevention shall be included as part of the assessments set forth above, with the Board determining whether the cost is a regular assessment or a special assessment. Construction and maintenance of any Common Area improvements shall be subject to the jurisdiction of the COA, if applicable.

C. Maintenance. The Association shall be responsible for the maintenance, repair and replacement of the Common Area and the improvements described above, and may, without any approval by the Lot owners, do any of the following:

1. Reconstruct, repair, replace, maintain or refinish any improvement or portion thereof upon any such area or any area within the Property dedicated to the public (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area or not completed to standards desired by the Association);
2. Construct, reconstruct, repair, maintain, replace or refinish any portion of any Common Area used as a road, street, walk, driveway or flood control area;
3. Replace injured and diseased vegetation in any such area, and plant vegetation to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;
4. Place and maintain upon any such area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof;
5. Place and maintain signs as the Association may deem appropriate in connection with the Property, at locations outside of any Common Area and the Property, and obtain permission from the owners of land upon which such signs are located in connection with landscaping, maintenance, and utilities for such signs; and
6. Do all such other and further acts which the Board deems necessary to preserve and protect any Common Area and the beauty thereof, in accordance with the general purposes specified in this Declaration.

The Board shall be the sole judge using its reasonable discretion as to the appropriate maintenance of the Common Area. The cost of the maintenance activity required by this paragraph, together with all other related expenses shall be included as part of the regular assessment set forth above.

SECTION VII. Miscellaneous.

A. Dedication; Easements. Declarant reserves the right on behalf of the Association and itself to convey and dedicate non-exclusive rights of way and easements for drainage purposes, public utilities, and television and other communication cables, over any Common Area, and a five foot strip of land within and along all side and rear lot lines of each and every Lot.

B. Run with the Land; Amendments. The provisions of this Declaration shall run with the land. Additionally, the provisions of this Declaration shall be binding upon the Property and all parties and all persons claiming under them for twenty-five (25) years from the date hereof, at which time said provisions shall be automatically extended for successive periods of ten (10) years unless a majority of Lot owners vote to terminate them. This Declaration may be amended, in whole or in part, only by separate majorities of both Class "A" members and by the Class "B" member, or, if there is no Class "B" member, by a majority of the Lot owners; provided, however, that no provision of this Declaration respecting rights, privileges, obligations, or duties of Declarant or the COA may be amended without the prior consent of the affected party.

C. Conflicts. If any of the provisions of this Declaration conflict with any other provisions herein or incorporated herein, including without limitation the applicable zoning ordinance, the more restrictive shall govern. If any paragraph, section, sentence, clause or phrase of the provisions hereof shall be or become illegal, null or void for any reason, or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses or phrases herein contained shall not be affected thereby.

D. Enforcement.

1. If an owner of any Lot in the Property or its heirs, successors, or assigns, shall violate or attempt to violate any of the conditions or covenants herein, it shall be lawful for any other person or persons owning any other Lots subject to this Declaration to prosecute any proceeding at law or in equity against the person or persons violating or attempting to violate any such conditions or covenants and either to prevent it or them from doing so or to recover damages or other dues for each violation.

2. In order to enhance and protect the value of the Lots described herein, the right to prosecute any proceeding at law or in equity against any person or persons violating or attempting to violate any conditions, either to prevent such violations or to recover damages or other dues for each violation is also expressly reserved to the Declarant and its successors or assigns, whether any such entity is a Lot owner.

PROVIDED, HOWEVER, that a breach of any of the foregoing conditions or covenants shall not in any way affect any valid mortgage or lien made in good faith and for value and not made for the purpose of defeating the purposes of such reservations and restrictions.

IN WITNESS WHEREOF, the Declarant has signed this document as of the date set forth above.

"Declarant"

SUMMIT ESTATES LLC, a Delaware limited liability company

By: MCO PROPERTIES L.P., an Delaware limited partnership d/b/a MCO Properties Limited Partnership, sole member

By: MCO PROPERTIES INC., a Delaware corporation, its general partner

By: Hank Lickman
Name: HANK LICKMAN
Title: VICE PRES

STATE OF ARIZONA §
 §
COUNTY OF MARICOPA §

This instrument was acknowledged before me on the 3rd day of May, 1999, by Hank Lickman, of MCO PROPERTIES INC., as general partner of MCO Properties L.P., the sole member of Summit Estates LLC, a Delaware company, on behalf of said company.



Laura Petersen
Notary Public in and for the State of Arizona

My Commission Expires: 9-17-2001

EXHIBIT "A"

All property as recorded under Final Plat The Summit Estates, according to plat map recorded August 5, 1998 in Document No. 98-0681633, Book 476, page 23 and re-recorded September 25, 1998 in Document No. 98-0854001, Book 481, page 17, Official Records of Maricopa County Recorder, Maricopa County, Arizona.