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 9532 E. Riggs Road  
 Sun Lakes, Arizona 85248-7411  
 Attn: Pamela H. Gulsvig, Legal Department

**AMENDED AND RESTATED DECLARATION OF ANNEXATION AND TRACT  
 DECLARATION  
 OF  
 COVENANTS, CONDITIONS AND RESTRICTIONS OF  
 QUAIL CREEK COUNTRY CLUB AND  
 QUAIL CREEK VILLAS  
 FOR  
 LOTS 26 THROUGH 101 INCLUSIVE, LOTS 113 THROUGH 120 INCLUSIVE  
 AND CERTAIN PORTIONS OF TRACT B  
 QUAIL CREEK II, UNIT 33B**

This Amended and Restated Declaration of Annexation and Tract Declaration of Covenants, Conditions and Restrictions of Quail Creek Country Club and Quail Creek Villas for Lots 26 through 101 inclusive, Lots 113 through 120 inclusive and certain portions of Tract B of Quail Creek II, Unit 33B (this "Amended and Restated Unit 33B Declaration") is executed as of the 7th day of March, 2017, by LANDMARK TITLE ASSURANCE AGENCY OF ARIZONA, LLC, as Trustee under its Trust No. 7916-T ("Trustee"), and by its trust beneficiary, QUAIL CREEK QUAIL CREEK, LLC, a Delaware limited liability company ("Declarant").

RECITALS:

A. Declarant and Lawyers Title Of Arizona, Inc., an Arizona corporation, as Trustee under its Trust No. 7916-T, predecessor trustee to Trustee, executed the Amended and Restated Declaration of Covenants, Conditions and Restrictions of Quail Creek Country Club dated October 12, 1999, and recorded in the Official Records of Pima County, Arizona, on October 12, 1999, in Docket 11150, at page 1088 *et. seq.* (the "Master Declaration").

B. Article 14 of the Master Declaration contemplates the annexation of Annexable Property to Quail Creek Country Club ("Quail Creek") by recordation of Annexation Declarations, and provides that any Annexation Declaration may, in Declarant's discretion, be combined with a Tract Declaration. Article 4 of the Master Declaration contemplates that Tract Declarations

establishing Land Use Classifications for parcels of land that are subject to the Declaration will be executed and recorded periodically. The real property described on Exhibit "A" hereto and incorporated herein by this reference (the "Property") constitutes a portion of the Annexable Property.

D. Declarant and Trustee also executed that certain Declaration of Annexation, Tract Declaration and Declaration of Covenants, Conditions and Restrictions for Quail Creek Villas, which was recorded in the Official Records of Pima County, Arizona on February 18, 2014, as Instrument No. 20140490243 (the "Villas Declaration").

E. Section 6(a) of the Villas Declaration provides that Declarant shall have the right to bring in or annex additional real property within the area served by the Villas Association or within the area that is subject to the Villas Declaration, by recording with the appropriate authority a declaration of covenants, conditions and restrictions.

F. As a result, Declarant also executed that certain Declaration of Annexation and Tract Declaration of Covenants, Conditions and Restrictions of Quail Creek Country Club and Quail Creek Villas for Lots 26 through 101 inclusive, Lots 113 through 120 inclusive and certain portions of Tract B of Quail Creek II, Unit 33B, which was recorded in the Official Records of Pima County, Arizona, on September 13, 2016, as Instrument No. 2016257026 (the "Original Unit 33B Declaration") in order to annex the Property (as defined therein) to Quail Creek and to establish the Land Use Classifications for the Property and to subject the Property to the Master Declaration and the Villas Declaration.

G. Declarant has decided to allow for the construction of residential units that have landscaping walls that enclose the rear patio and a portion of the rear yard on the Villas Lots in Unit 33B. As result, Declarant desires to amend certain provision in the Original Unit 33B Declaration as set forth below.

H. Pursuant to Section 12 of the Original Unit 33B Declaration and Section 17(m) of the Villas Declaration, the Original Unit 33B Declaration may be amended, modified or revoked in whole or in part at any time by Declarant and by the Owner(s) of the portion of the Villas Property that is the subject of such amendment, modification or revocation, by recording an Amendment in the Office of the Maricopa County Recorder. Declarant is the owner of all of the Villas Lots in Unit 33B and desires to amend and restate the Original Unit 33B Declaration in its entirety.

E. This Amended and Restated Unit 33B Declaration amends and restates the Original Unit 33B Declaration in its entirety. As provided in this Amended and Restated Unit 33B Declaration, Owners of Villas Lots (as defined below) will be members of both the Master Association and the Villas Association and shall pay assessments to both of such associations. Owners of Villas Lots will be subject to the covenants, conditions and restrictions set forth in both the Master Declaration and in this Tract Declaration

## DECLARATION:

Now, therefore, Declarant and Trustee declares as follows:

1. Amended and Restated. This Amended and Restated Unit 33B Declaration amends and restates the Original Unit 33B Declaration in its entirety ab initio, as if this Amended and Restated Unit 33B Declaration had been recorded in place of and at the time of the recordation of the Original Unit 33B Declaration.

2. Definitions. All capitalized terms used but not defined in this Amended and Restated Unit 33B Declaration shall have the meanings assigned to them in the Master Declaration or the Villas Declaration, as applicable.

3. Annexation. The Property is hereby annexed to Quail Creek and is hereby made subject to all of the terms and provisions of the Master Declaration. The Property is also hereby annexed as Villas Property and is hereby made subject to all of the terms and provisions of the Villas Declaration. The Property shall hereafter constitute a portion of Quail Creek as well as a portion of the Villas Property. Owners of Villas Lots on the Property will be members of both the Master Association and the Villas Association and shall pay assessments to both of those associations. Owners of Villas Lots on the Property will be subject to the covenants conditions and restrictions set forth in both the Master Declaration and in the Villas Declaration.

4. Land Use Classifications. The Land Use Classifications of the various portions of the Property are set forth in the attached Exhibit "B". Each portion of the Property shall hereafter be subject to the Land Use Classification assigned to that portion on Exhibit "B". Lots on the Property.

5. Landscaping and Nonstructural Exterior Maintenance. Except as otherwise set forth in this Amended and Restated Unit 33B Declaration or in any Villas Rules, as stated in Section 3(c) of the Villas Declaration, the Villas Association shall landscape and shall maintain the landscaping and the sprinkler and irrigation systems, if any, installed by the Villas Association or Declarant on the front, side and back yards of each Villas Lot in Unit 33B, including the portion of each such Villas Lot, Villas Area or parcel of Association Land that is between (a) the street, any planter wall, entry wall or any wall separating any Villas Lots in Unit 33B, and (b) the exterior wall of the residential unit situated on a Villas Lot in Unit 33B. Except as otherwise provided in the Villas Rules, the Villas Association shall not have any obligation to landscape, install pavers on or otherwise maintain or improve the rear patio on any Villas Lot in Unit 33B or any property between the rear exterior surface of the residential unit on a Villas Lot in Unit 33B and the landscaping walls that enclose the rear patio and a portion of the rear yard on a Villas Lot in Unit 33B. Similarly, the Villas Association may adopt Villas Rules that alter the Villas Association's obligation as set forth in Section 3(d) of the Villas Declaration to maintain and repair the roofs and the exterior surfaces of all residential units on the Villas Lots in Unit 33B. However, no change in the Villas Rules shall impose any additional obligations on Declarant without Declarant's written consent.

6. Restrictions on Common Areas. In no event shall signage be placed upon any Common Area without the prior written consent of Declarant or the Master Association, other than normal traffic control signage required by governmental entities or agencies with jurisdiction over such parcels. In no event shall improvements be placed upon any Common Areas that would impede the flow of stormwater unless approved in writing by Declarant. In no event shall signage be placed upon any Villas Area without the prior written consent of Declarant or the Villas Association, other than normal traffic control signage required by governmental entities or agencies with jurisdiction over such parcels. In no event shall improvements be placed upon any Villas Areas that would impede the flow of stormwater unless approved in writing by Declarant.

7. Assignment of Voting Rights. All of the voting rights appurtenant to ownership of property subject to this Tract Declaration, or to membership in the Master Association arising from property subject to this Tract Declaration, are irrevocably assigned to Declarant until the Transition Date. By written notice to the Board, Declarant may, but shall not be obligated to, relinquish this assignment (temporarily or permanently) with respect to particular subject matters to be decided or otherwise on such terms and conditions as Declarant may elect, in its sole and absolute discretion. No such relinquishment shall be applicable beyond the particular period or conditions specified. By way of example, but not limitation, Declarant may allow Members to elect a portion of the Board in any particular election without relinquishing Declarant's right to cast assigned votes with respect to the remaining portions of the Board or in other elections. One effect of the foregoing assignment is that Declarant retains the right to control the Master Association until the Transition Date.

8. Declarant Rights; Limitations. Pursuant to the authority provided by the Master Declaration and by the Board, Declarant shall have the right to convey Dwelling Units owned by Declarant (or a trustee) to purchasers who intend that the Dwelling Units be occupied only by persons under age 55, but for so long as the Fair Housing Act and Housing for Older Persons Act are in effect, Declarant must take reasonable action to adhere to policies to comply with the Requirements for Exemption. Each Dwelling Unit, at the first change of occupancy of that Dwelling Unit, shall thereafter be subject to the requirement that at least one occupant be 55 or over, unless waived by the Board pursuant to the provisions of the Master Declaration.

9. Notice to the Master Association. In the event there is a change in the occupancy of any Dwelling Unit, such as (by way of example but not limitation) by reason of a death or divorce, such that there is not at least one occupant of the Dwelling Unit who is 55 or older, the Owner must immediately notify the Master Association of such change in writing.

10. No Liability. Notwithstanding anything contained herein to the contrary, it is acknowledged and agreed that although it is the intent of the Declarant and the Master Association that the Residential Areas of the Property be exempt from the familial status provisions of the Fair Housing Act and that persons 18 or younger be prohibited from residing

permanently at the Property, no representation or warranty is given that the Property will comply with the Requirements for Exemption. If, for any reason, the Residential Areas of the Property are not exempt from the familial status provisions of the Fair Housing Act and, therefore, it is unlawful to discriminate in such areas on the basis of familial status, neither Declarant nor the Master Association shall have any liability in connection therewith.

11. Legal Proceedings/Claim and Dispute Resolution.

11.1 Approval of Certain Legal Proceedings. Except for any legal or collection proceedings initiated by the Villas Association to (a) enforce the use restrictions contained in this Tract Declaration; (b) enforce the Villas Rules; (c) enforce any requirement that a party obtain any consent or approval required by this Amended and Restated Unit 33B Declaration, such as without limitation any obligation to obtain any consent or approval before making changes that alter the appearance of any Villas Lot; (d) collect any unpaid Villas Assessments or other amounts levied pursuant to this Amended and Restated Unit 33B Declaration; (e) challenge taxation; or (f) enforce a contract entered into by the Villas Association with vendors or other parties providing services to the Villas Association, the Villas Association shall not, without the prior approval of the Owners of at least sixty-five percent (65%) of the Villas Lots, initiate legal proceedings or join as a plaintiff in legal proceedings (but not including counterclaims and other claims brought by the Villas Association in suits instituted against it), including without limitation incur legal expenses including, but not limited to, reasonable attorneys' fees, witness fees, costs and related expenses, or liability for costs and fees of an adverse party. The costs of any legal proceedings initiated by the Villas Association that are not included in the above exceptions shall be financed by the Villas Association only with monies that are collected for that purpose by Special Assessment, and the Villas Association shall not borrow money, use reserve funds (if any), or use monies collected for other Villas Association obligations. Each Owner shall notify prospective purchasers of such legal proceedings initiated by the Villas Association and not included in the exceptions listed in (a) through (e) above. Nothing in this Section shall preclude the Board from incurring expenses for legal advice in the normal course of operating the Villas Association to (i) enforce this Amended and Restated Unit 33B Declaration and related documents; (ii) comply with the statutes, regulations and other legal requirements related to the normal operation of the Villas Association; (iii) amend this Amended and Restated Unit 33B Declaration the Villas Articles, Villas Bylaws, or the Villas Rules in accordance with their terms; (iv) grant easements or convey Common Area as provided in this Amended and Restated Unit 33B Declaration; or (v) perform the obligations of the Villas Association as provided in this Amended and Restated Unit 33B Declaration the Villas Articles, Villas Bylaws, or the Villas Rules. Subject to the exceptions in the first sentence of this Section, the Villas Association additionally shall not initiate legal proceedings or join as a plaintiff in legal proceedings with respect to matters involving property or improvements to property unless (1) the property or improvement is owned by the Villas Association, or (2) the Villas Association has the maintenance responsibility for the property or improvements pursuant to this Amended and Restated Unit 33B Declaration.

11.2 Right to Inspect Alleged Defect. In the event of any claim, dispute or controversy by or on behalf of the Villas Association, the Board, any Owner of Villas Lot or any other person ("Claimant") relating to or arising out of the existence of any alleged defect or deficiency in the design, construction, manufacture, installation, repair or landscaping by or on behalf of Declarant or its affiliates (as applicable) of any improvement (each, an "Alleged Defect") on any Villas Lot (including without limitation in, on or part of any Dwelling Unit on the Villas Lot), or Villas Area and/or any other improvements or portion of the Villas Property. Declarant and its affiliates and their applicable respective subcontractors, contractors, design professionals, material suppliers, product manufacturers, agents and employees (each a "Declarant Party" or collectively the "Declarant Parties") shall have the right to inspect the Alleged Defect as set forth herein.

11.2.1 Notice of Alleged Defect. If a Claimant discovers an Alleged Defect, the Claimant shall give written notice of the Alleged Defect ("Notice of Alleged Defect"), including a description of the specific nature of the Alleged Defect, to the Declarant and/or its affiliates (as applicable), as soon as reasonably possible after becoming aware of a condition that may be an Alleged Defect but in no event prior to making any repair or replacement or taking any other corrective actions with respect to the Alleged Defect.

11.2.2 Right to Enter, Inspect and Perform Tests. Within a reasonable time after the receipt of a Notice of Alleged Defect, or the independent discovery of any Alleged Defect by Declarant or its affiliates, Declarant and any applicable Declarant Parties shall have the right, upon reasonable notice to the Claimant and during normal business hours, to enter onto or into the Villas Area, Villas Lot, or Dwelling Unit on the Villas Lot, and/or any other improvements or portion of the Villas Property for the purposes of inspecting, testing or otherwise investigating the Alleged Defect. Claimant agrees to provide access and reasonably cooperate with such inspection, testing or other investigation of the Alleged Defect. After completing any such inspection, testing and investigation that Declarant and/or applicable Declarant Party desires, Declarant and/or such applicable Declarant Party shall notify Claimant what repairs, replacement or other actions, if any, that Declarant and/or such applicable Declarant Party is willing to take with respect to the Alleged Defect. If Declarant or applicable Declarant Party and Claimant are unable to reach an agreement with respect to repair, replacement or other action to cure or monitor the Alleged Defect, any legal action must comply with the remaining terms of this Article 11.

11.2.3 No Additional Obligations; Irrevocability and Waiver of Right. Nothing set forth in this Article 10 shall be construed to impose any obligation on Declarant or any Declarant Party to inspect, test, repair, or replace any item or Alleged Defect for which Declarant or any Declarant Party is not otherwise obligated under applicable law or any warranty provided in connection with the sale of the Villas Lots and and/or the improvements constructed thereon. The right reserved to Declarant and any applicable Declarant Party to enter, inspect, test and otherwise investigate an Alleged Defect shall be irrevocable and may not be waived or otherwise terminated, except by a written document executed by Declarant or such applicable Declarant Party.

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

11.4 Notification of Legal Action Regarding Alleged Defect. If the Villas Association is a Claimant with respect to an Alleged Defect, the Villas Association must provide a written notice to all members of the Villas Association prior to initiation of any legal proceedings or joining as a plaintiff in legal proceedings against Declarant or any Declarant Party, which written notice must include, at a minimum: (a) a description of the Alleged Defect; (b) a description of any offer of Declarant or any Declarant Party to correct the Alleged Defect and the opportunities provided to the Declarant and any Declarant Party to correct the Alleged Defect; (c) a certification from an architect or engineer licensed in the State of Arizona that the Alleged Defect exists, along with a description of the scope of work necessary to cure the Alleged Defect; (d) the estimated Alleged Defect Costs; (e) the estimated attorneys' fees and expert fees and costs necessary to pursue the claim against Declarant and any applicable Declarant Party and the source of the funds that will be used to pay the fees and expenses; and (f) a statement disclosing a reasonable estimate of any costs or expenses that the Villas Association may be required to pay if the Villas Association's claim is unsuccessful.

11.5 Alternative Dispute Resolution. Any dispute or claim (each, a "Dispute") between or among (a) Declarant and/or any Declarant Party on the one hand, and any Owner of a Villas Lot or the Villas Association on the other hand; or (b) the Villas Association and any Owner of a Villas Lot, including, but not limited to, any claim based on breach of contract, negligent or intentional misrepresentation or fraud or other tort, non-disclosure, breach of standard of care or practice, latent or patent construction defect or other claims relating to the planning, surveying, design, engineering, grading or development of a Villas Lot, the Villas Property, the Villas Area or Robson Ranch, claim for actual or economic damages or any under any statute, arising out of or relating to (i) the rights or duties of the parties under or interpretation of this Amended and Restated Unit 33B Declaration (including without limitation the scope, interpretation or enforcement of this Article 11, the Villas Articles, Villas Bylaws, or the Villas Rules; or (ii) an Alleged Defect, but excluding disputes relating to the payment of any type of Assessment and excluding routine enforcement of the architectural and use restrictions set forth in this Amended and Restated Unit 33B Declaration, the Villas Articles, Villas Bylaws, or the Villas Rules, shall be subject first to mediation and then arbitration as set forth in this Section 10.5, in lieu of instituting litigation with regard to the Dispute. **TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE VILLAS ASSOCIATION AND EACH OWNER, BY ACCEPTING TITLE TO A VILLAS LOT, AND ALL OTHER PERSONS HEREAFTER ACQUIRING ANY OTHER INTEREST IN VILLAS PROPERTY, ACKNOWLEDGE AND ACCEPT THAT THEY WILL HAVE NO RIGHT TO HAVE THE DISPUTES DESCRIBED ABOVE TRIED IN COURT. NOTWITHSTANDING THE FOREGOING, PURCHASE AGREEMENTS FOR VILLAS**

**LOTS, HOMEBUILDER WARRANTIES AND OTHER AGREEMENTS TO WHICH DECLARANT IS A PARTY OR OTHER DOCUMENTS PROVIDED BY DECLARANT MAY INCLUDE SEPARATE SPECIFIC DISPUTE RESOLUTION PROCEDURES, AND THIS SECTION 10.5 SHALL APPLY ONLY TO DISPUTES THAT ARE NOT REQUIRED TO FOLLOW SUCH SEPARATE SPECIFIC DISPUTE RESOLUTION PROCEDURES. WITHOUT LIMITING THE FOREGOING, ANY DISPUTE ARISING OUT OF OR RELATING TO A CONSTRUCTION DEFECT WITHIN THE MEANING OF THE HOME BUILDER'S LIMITED WARRANTY ISSUED TO OWNERS AT THE CLOSING OF THEIR PURCHASE OF A VILLAS LOT FROM DECLARANT OR ISSUED TO THE VILLAS ASSOCIATION WITH RESPECT TO ANY VILLAS PROPERTY AS WELL AS ANY OTHER DISPUTE SUBJECT TO THIS SECTION 10.5 SHALL ONLY BE BROUGHT SEPARATELY BY EACH OWNER, NO MASS ACTIONS OR CLASS ACTIONS, EVEN IF THE IMPROVEMENTS MAINTAINED BY THE VILLAS ASSOCIATION ARE AFFECTED BY THE ALLEGED CONSTRUCTION DEFECT.**

**ANY DISPUTE CONCERNING THE INTERPRETATION OR THE ENFORCEABILITY OF THIS AGREEMENT TO MEDIATE AND ARBITRATE, INCLUDING, WITHOUT LIMITATION, ITS REVOCABILITY OR VOIDABILITY FOR ANY CAUSE, ANY CHALLENGES TO THE ENFORCEMENT OR THE VALIDITY OF THIS AGREEMENT TO MEDIATE AND ARBITRATE, OR THE SCOPE OF ARBITRAL ISSUES UNDER THIS THIS AGREEMENT TO MEDIATE AND ARBITRATE, AND ANY DEFENSE RELATING TO THE ENFORCEMENT OF THIS THIS AGREEMENT TO MEDIATE AND ARBITRATE, INCLUDING, WITHOUT LIMITATION, WAIVER, ESTOPPEL, OR LACHES, SHALL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BE DECIDED BY AN ARBITRATOR IN ACCORDANCE WITH THIS AGREEMENT TO MEDIATE AND ARBITRATE AS SET FORTH BELOW IN THIS SECTION 10.5 AND NOT BY A COURT OF LAW. DECLARANT, THE VILLAS ASSOCIATION AND OWNERS OF VILLAS LOTS EACH COVENANT NOT TO COMMENCE ANY LITIGATION WITHOUT COMPLYING WITH THE PROCEDURES DESCRIBED IN THIS SECTION 11.5 BELOW. IF ANY PARTY BREACHES THE FOREGOING, THE OTHER PARTY MAY OBTAIN AN APPROPRIATE ORDER COMPELLING THE BREACHING PARTY TO COMPLY WITH THE PROCEDURES.**

#### **11.5.1 Mediation.**

**11.5.1.1 Initiation of Mediation. Mediation shall be initiated by the party or parties instituting the Dispute (each, a "Disputing Party") delivering written notice of the intent to mediate (the "Mediation Notice") to the party or parties against whom the Dispute is alleged (each, a "Respondent"). Within ten days from the date the Mediation Notice is delivered to the last Respondent, the parties shall agree upon a mediator. If the parties are unable to agree upon a mediator within ten days, the Disputing Party (or Disputing Parties, if there are more than one) shall promptly select one mediator, and the Respondent (or Respondents, if there**



are more than one) shall promptly select one mediator, and those two mediators shall select a third independent mediator who shall serve as the sole mediator of the Dispute. If there is more than one Disputing Party and the multiple Disputing Parties are unable to agree upon a single mediator within a reasonable time period, the mediator selected by the Respondent (or Respondents, if there are more than one) shall select the independent mediator who shall serve as the sole mediator of the Dispute. If there is more than one Respondent and the multiple Respondents are unable to agree upon a single mediator within a reasonable time period, the mediator selected by the Disputing Party (or Disputing Parties, if there are more than one) shall select the independent mediator who shall serve as the sole mediator of the Dispute.

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

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

#### 11.5.2 Final and Binding Arbitration.

11.5.2.1 Initiation of Arbitration. If the parties cannot resolve their Dispute pursuant to the mediation procedures described in Section 10 above, the Disputing Party shall have 90 days following termination of mediation proceedings (as determined by the mediator in writing as set forth in Section 10.5.1.3 above) to submit the Dispute to final and binding arbitration by delivering written notice of the intent to arbitrate (the "Notice of Arbitration") to all Respondents. If the Disputing Party does not submit the Dispute to arbitration within 90 days after termination of mediation proceedings, the Disputing Party shall be deemed to have waived any claims related to the Dispute, and all Respondents shall be released and discharged from any and all liability to the Disputing Party on account of the Dispute; provided, however, nothing herein shall release or discharge any party from any liability to persons who were not a party to the mediation proceedings.

11.5.2.2 Necessary Parties. The parties to the Dispute shall cooperate in good faith to ensure that all necessary and appropriate parties are included in the

arbitration proceeding. If the Respondents cannot, despite reasonable diligence and good faith efforts, cause all necessary parties to be included in the arbitration, the Respondents shall be entitled to opt out of binding arbitration with respect to the Dispute and to have the Dispute adjudicated in court.

11.5.2.3 Arbitrator. Within ten days from the date the written Notice of Arbitration is delivered to the last Respondent, the parties shall agree upon an arbitrator. If the parties are unable to agree upon an arbitrator within ten days, the Disputing Party (or Disputing Parties, if there are more than one) promptly shall select one arbitrator, and the Respondent (or Respondents, if there are more than one) promptly shall select one arbitrator, and those two arbitrators shall select a third independent arbitrator who shall serve as the sole arbitrator of the Dispute. If there is more than one Disputing Party and the multiple Disputing Parties are unable to agree upon a single arbitrator within a reasonable time period, the arbitrator selected by the Respondent (or Respondents, if there are more than one) shall select the independent arbitrator who shall serve as the sole arbitrator of the Dispute. If there is more than one Respondent and the multiple Respondents are unable to agree upon a single arbitrator within a reasonable time period, the arbitrator selected by the Disputing Party (or Disputing Parties, if there are more than one) shall select the independent arbitrator who shall serve as the sole arbitrator of the Dispute. If an arbitrator resigns or becomes unwilling or unable to continue to serve as an arbitrator in the Dispute, a replacement shall be selected in accordance with this Section 11.5.2.3. Any arbitrator selected pursuant to this Section 11.5.2.3 shall be impartial, fully active in the arbitrator's occupation, knowledgeable as to the subject matter involved in the Dispute and experienced in arbitration proceedings. The foregoing shall not preclude otherwise qualified retired judges or lawyers.

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

11.5.2.5 Discovery. The parties to the Dispute shall be entitled to limited discovery only, consisting of the exchange between the parties of the following matters: (i) witness lists; (ii) expert witness designations; (iii) expert witness reports; (iv) exhibits; (v) reports of testing or inspections of the property subject to the Dispute including, but not limited to, destructive or invasive testing; and (vi) trial briefs. Declarant and its affiliates also shall be entitled to conduct further tests, inspections and investigations as provided in

Section 11.2. Any other discovery shall be permitted by the arbitrator upon a showing of good cause or based on the mutual agreement of the parties to the Dispute. The arbitrator shall oversee discovery and may enforce all discovery orders in the same manner as any trial court judge.

11.5.2.6 Final Award. The arbitrator shall render a final decision, in writing, no later than 60 days following the conclusion of the arbitration proceedings. The decision of the arbitrator shall be final and binding. The parties expressly agree that an application to confirm, vacate, modify, or correct an award rendered by the arbitrator shall be filed in any court of competent jurisdiction in Pinal County.

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

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

11.5.4 Enforcement of Resolution. If the parties to a Dispute resolve the Dispute through mediation in accordance with Section 10 and any party thereafter fails to abide by the terms of such mediation, or if an arbitration award is made in accordance with Section 11.5.2 and any party to the Dispute thereafter fails to comply with such resolution or award, then the other party or parties to the Dispute may file suit or initiate administrative proceedings to enforce the terms of the mediation resolution or arbitration award without the need to again comply with the procedures set forth in this Article. In that event, the party taking action to enforce the terms of the mediation or the arbitration award shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties pro rata), all costs incurred to enforce the terms of the mediation or arbitration award including, but not limited to, reasonable attorneys' fees, witness fees, costs and all related expenses.

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

11.6 Class Action Claims. The provisions set forth in this this Article 11 are also intended to apply to any Claim or Dispute asserted as a class action claims.

11.7 Statutes of Limitations. Nothing in this this Article 11 shall be construed to toll, stay or extend any applicable statute of limitations. Section 11.5.2.1 may, however, in some instances, reduce any applicable statute of limitations. All statutes of limitation applicable to Disputes that are subject to mediation and arbitration pursuant to the alternative dispute resolution provisions of Section 11.5 above shall apply to the commencement of mediation proceedings pursuant to Section 10.

12. Interpretation. This Amended and Restated Unit 33B Declaration shall be considered an integral part of both the Master Declaration and the Villas Declaration and shall be construed as if the provisions hereof were set forth in both the Master Declaration and the Villas Declaration. This Amended and Restated Unit 33B Declaration shall run with all of the Property and shall be enforceable in accordance with and as a part of both the Master Declaration and the Villas Declaration.

13. Amendments. This Amended and Restated Unit 33B Declaration may be amended, modified or revoked in whole or in part as set forth in the Master Declaration and the Villas Declaration.

14. Severability. If any provision of this Amended and Restated Unit 33B Declaration or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Amended and Restated Unit 33B Declaration or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

15. Captions. The paragraph headings contained in this Amended and Restated Unit 33B Declaration are for convenience only and do not define, limit or construe the contents of the paragraphs of this Amended and Restated Unit 33B Declaration.

16. Binding Effect. Deeds to and instruments affecting all or any part of the Property may contain the covenants herein set forth by reference to this Amended and Restated Unit 33B Declaration; but regardless of whether any such reference is made in any deed or instrument, each and all of the covenants shall burden the Property and be binding upon the grantee-owner of the Property or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

***THE BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK  
SIGNATURE PAGE ATTACHED***

IN WITNESS WHEREOF, Trustee and Declarant have executed this Amended and Restated Unit 33B Declaration as of the date first above written.

**DECLARANT:**

ROBSON RANCH QUAIL CREEK, LLC,  
a Delaware limited liability company

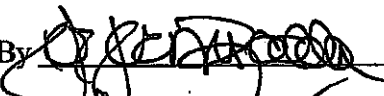
By Arlington Property Management Company,  
an Arizona corporation, its Manager

By 

Its VP

**TRUSTEE:**

LANDMARK TITLE ASSURANCE AGENCY OF ARIZONA,  
LLC, as Trustee Under Trust 7916-T

By 

Its John Office

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

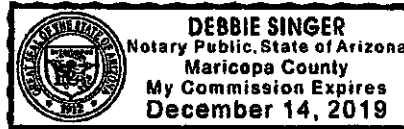
The foregoing instrument was acknowledged before me this 7<sup>th</sup> day of March, 2017, by Steven Soriano, the Vice President of Arlington Property Management Company, an Arizona corporation, on behalf of the corporation as Manager of Robson Ranch Quail Creek, LLC, a Delaware limited liability company, on behalf of the company.

Debbie Singer

Notary Public

My Commission expires:

12-14-19



STATE OF ARIZONA )  
 ) ss.  
County of Pima )

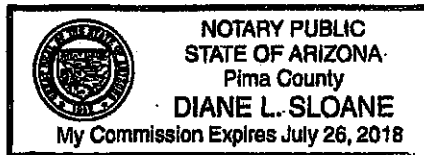
The foregoing was acknowledged before me this 8 day of March, 2017, by Joyce M. Korda, the Trustee of LANDMARK TITLE ASSURANCE AGENCY OF ARIZONA, LLC, as Trustee Under Trust 7916-T, on behalf thereof.

Diane L. Sloane

Notary Public

My Commission expires:

7/26/18



**EXHIBIT "A"**  
**LEGAL DESCRIPTION**  
**THE PROPERTY**

Lots 26 through 101 inclusive, Lots 113 through 120 inclusive and those portions of COMMON AREA B" (private drainage way open space, and utilities) other than between Lot 4 and Lot 5 and that portion between Lot 13 and Lot 14, QUAIL CREEK II, UNIT 33B, according to the Final Plat Quail Creek II Unit 33B recorded in the office of the County Recorder of Pima County, Arizona, at Sequence Number 20161810746.

**EXHIBIT "B"**  
**LAND USE CLASSIFICATIONS**

**Parcel**

Lots 26 through 101 inclusive,  
Lots 113 through 120 inclusive

**Land Use Classification**

Cluster Residential Use  
(as defined in the Master Declaration)

Common Area A  
Only the Portion of Common Area "B"  
between Lot 4 and Lot 5; and  
between Lot 13 and Lot 14;  
Common Area "D"

Master Association Use  
(as defined in the Master Declaration)

The remaining portions  
of Common Area "B" that are  
**not** referenced above as  
Master Association Use

Villas Association Use  
(which refers to common area of the  
Villas Association)





SEQUENCE: 20140490243  
No. Pages: 25  
2/18/2014 1:06 PM

F. ANN RODRIGUEZ, RECORDER  
Recorded By: MN(e-recording)



When recorded, return to:  
Robson Communities, Inc.  
9352 East Riggs Road  
Sun Lakes, Arizona 85248  
Attention: Pamela Gulsvig

**DECLARATION OF ANNEXATION, TRACT DECLARATION  
AND  
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
QUAIL CREEK VILLAS**

This Declaration Of Annexation, Tract Declaration And Declaration of Covenants, Conditions and Restrictions For Quail Creek Villas (this "Tract Declaration") is executed this \_\_\_ day of February, 2014, by LANDMARK TITLE ASSURANCE AGENCY OF ARIZONA, LLC, as Trustee of its Trust No. 7916-T and not personally ("Trustee"), and its trust beneficiary ROBSON RANCH QUAIL CREEK, LLC, a Delaware limited liability company ("Declarant").

RECITALS:

A. Declarant executed an Amended and Restated Declaration of Covenants, Conditions and Restrictions of Quail Creek Country Club, which Declaration was recorded in the Official Records of Pima County, Arizona, on October 12, 1999, at Docket 11150, Page 1088, at Sequence No. 19991960405 (as thereafter amended or supplemented, the "Master Declaration").

B. Section 14 of the Declaration contemplates the annexation of Annexable Property (as defined in the Master Declaration) to Quail Creek Country Club (also as defined in the Master Declaration) by recordation of Tract Declarations. The real property described in Exhibit "A" hereto (the "Villas Property") constitutes Annexable Property.

C. Section 4 of the Master Declaration contemplates that Tract Declarations establishing Land Use Classifications for parcels of land will be executed and recorded periodically.

D. Declarant now desires to annex the Villas Property to Quail Creek Country Club and to establish the Land Use Classifications for the Villas Property.

E. Owners of Villas Lots (as defined below) will be members of both the Master Association and the Villas Association described below and shall pay assessments to both of such associations. Owners of Villas Lots will be subject to the covenants, conditions and restrictions set forth in both the Master Declaration and in this Tract Declaration.

DECLARATION:

Declarant declares and agrees as follows:

1. DEFINITIONS. Unless otherwise defined herein, capitalized terms used but not defined in this Tract Declaration shall have the meanings specified in the Master Declaration. The following terms have the meanings set forth below:

(a) "Villas Areas" shall mean the tracts and parcels, if any, identified on Exhibit "B" to this Tract Declaration, together with any other Villas Areas annexed to the Villas Property as set forth below.

(b) "Villas Articles" shall mean the articles of incorporation of the Villas Association, which have been or will be filed in the office of the Arizona Corporation Commission, as such articles of incorporation may be amended from time to time.

(c) "Villas Assessments" shall mean Annual Villas Assessments, Special Villas Assessments and/or all other amounts owed by any Owner to the Villas Association.

(d) "Villas Association" shall mean Quail Creek Villas Association, Inc., an Arizona nonprofit corporation, its successors and assigns.

(e) "Villas Board" shall mean the Board of Directors of the Villas Association.

(f) "Villas Bylaws" shall mean the Bylaws of the Villas Association, as such Bylaws may be amended from time to time.

(g) "Villas Lots" shall mean Lots that are subject to this Tract Declaration, which consist of the Lots described on Exhibit "A" and any additional Lots platted in the future on real property annexed to the Villas Property as set forth below.

(h) "Villas Property" shall mean the real property described on Exhibit "A" hereto and any real property annexed to the Villas Property as set forth below.

(i) "Villas Rules" shall mean the rules and regulations adopted by the Villas Board in accordance with this Tract Declaration, the Villas Articles and the Villas Bylaws, as such rules and regulations may be amended from time to time.

(j) "Villas Transition Date" shall mean the later of the Transition Date specified in the Master Declaration or the date the last Villas Lot owned by Declarant is conveyed to a third party

for value, or sooner in Declarant's sole discretion. DECLARANT RESERVES THE RIGHT TO RETAIN OWNERSHIP OF ONE OR MORE VILLAS LOTS FOR RENTAL OR MARKETING PURPOSES. THIS MAY RESULT IN A SIGNIFICANT OR INDEFINITE DELAY IN THE VILLAS TRANSITION DATE.

(k) "Master Association" shall mean Quail Creek Country Club Homeowners Association No. 1, Inc., an Arizona nonprofit corporation.

2. ANNEXATION. The Villas Property is hereby annexed to Quail Creek Country Club and is hereby made subject to all of the terms and provisions of the Master Declaration. The Villas Property hereafter shall constitute a portion of Quail Creek Country Club.

3. THE VILLAS ASSOCIATION.

(a) Purposes. The purpose of the Villas Association is to (i) landscape the Villas Areas and the outside areas of the Villas Lots, (ii) maintain such landscaping (including the sprinkler and irrigation systems for such landscaping), (iii) maintain the Villas Areas, any parking areas, driveways and walkways on the Villas Areas or the Villas Lots, as well as the roofs, exterior glass and exterior surfaces of the houses constructed on the Villas Lots, all as more particularly described below, (iv) maintain such insurance as is required by this Tract Declaration, as well as such other insurance as the Villas Board elects to obtain, and (v) exercise all rights and perform all obligations of the Villas Association under this Tract Declaration. The Villas Association shall have such other rights and obligations as are provided in this Tract Declaration, the Villas Articles, Villas Bylaws and the Villas Rules. All funds received by the Villas Association shall be held and applied by it for the benefit of the Owners of Villas Lots in accordance with the provisions of this Tract Declaration, the Villas Articles, the Villas Bylaws and the Villas Rules. Unless otherwise expressly agreed in writing by Declarant, neither Declarant nor any of its affiliates shall have any obligation to landscape or to maintain any landscaping or improvements on any Villas Lot.

(b) Villas Areas. Unless otherwise expressly agreed by Declarant in writing, the Villas Areas shall not constitute Common Area of the Master Association, as defined in the Master Declaration. Declarant shall have the right, but not the obligation, to transfer all or any portion of the Villas Areas to the Villas Association at any time. Declarant also shall have the right, but not the obligation, to transfer all or any portion of the Villas Areas to the Master Association or any governmental entity at any time. Unless otherwise specified in writing by Declarant, the Villas Association shall maintain and be responsible for all costs and expenses related to the Villas Areas regardless of whether or not they are transferred to the Villas Association.

(c) Landscaping. The Villas Association shall landscape and shall maintain the landscaping and the sprinkler and irrigation systems, if any, installed by the Villas Association or Declarant on the front, side and back yards of each Villas Lot, including the portion of each Villas Lot, Villas Area or parcel of Association Land that is between (a) the street, any planter wall, entry wall or any wall separating any Villas Lots, and (b) the exterior wall of the residential unit situated on the Villas Lot. The type and amount of landscaping and sprinkler and irrigation system(s), if any, to be installed on the Villas Lots by Declarant or the Villas Association shall be in the sole discretion of

for value, or sooner in Declarant's sole discretion. DECLARANT RESERVES THE RIGHT TO RETAIN OWNERSHIP OF ONE OR MORE VILLAS LOTS FOR RENTAL OR MARKETING PURPOSES. THIS MAY RESULT IN A SIGNIFICANT OR INDEFINITE DELAY IN THE VILLAS TRANSITION DATE.

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hereafter may be authorized by law and that is consistent with this Tract Declaration. A copy of the Villas Articles and Villas Bylaws shall be available for inspection at the office of the Villas Association during reasonable business hours.

(g) Board of Directors and Officers. The affairs of the Villas Association shall be conducted by the Villas Board and such officers and committees as the Villas Board may elect or appoint in accordance with the Villas Articles and the Villas Bylaws. The Villas Board may appoint various committees and may appoint a manager or managing agent who shall, subject to the direction of the Villas Board, be responsible for the day-to-day operation of the Villas Association. The Villas Board shall determine the compensation to be paid to the manager or managing agent. The Board shall have the power to contract with any outside entity (including Declarant and/or the Master Association) for such entity to perform all or any portion of the operations that are the responsibility of the Board.

(h) Villas Rules. The Villas Board shall be empowered to adopt, amend or repeal, as Villas Rules, such rules and regulations as it deems reasonable and appropriate. Villas Rules shall be effective upon adoption or at such later time as may be specified in the Villas Rules, and shall be binding upon all Owners of Villas Lots. The Villas Rules may include the establishment of a system of fines and penalties enforceable as liens in the same manner as liens for Villas Assessments. The Villas Rules shall not be inconsistent with the Master Declaration, this Tract Declaration, the Villas Articles or the Villas Bylaws. If consistent with the Master Declaration, this Tract Declaration, the Villas Articles and the Villas Bylaws, Villas Rules shall have the same force and effect as if they were set forth in and were part of this Tract Declaration and shall be binding on the Owners of Villas Lots, and all other persons having any interest in, or making any use of, the Villas Property. The Villas Rules shall be available to each Owner of a Villas Lot upon request at the principal office of the Villas Association.

(i) Indemnification. To the fullest extent permitted by law, (i) every director and officer of the Villas Association, every member of any Villas committee, and Declarant, its affiliates and their agents, employees, officers and directors, shall be indemnified by the Villas Association, and (ii) every other person or entity serving as an employee or direct agent of the Villas Association or on behalf of the Villas Association may, in the discretion of the Villas Board, be indemnified by the Villas Association, against all expenses and liabilities, including without limitation attorneys' fees, reasonably incurred by or imposed upon such party in connection with any proceeding to which such party may be a party, or in which such party may become involved, by reason of being or having served in such capacity on behalf of the Villas Association (or in the case of Declarant by reason of having appointed, removed or controlled or failed to control members of the Villas Board or any committee of the Villas Association) and/or any settlement thereof, whether or not such party is a director, officer or member of the committee or serving in such other specified capacity at the time such expenses are incurred, provided that the Villas Board shall determine that such officer, director, member of the committee or other party, did not act, fail to act, or refuse to act with gross negligence or fraudulent or criminal intent in the performance of such party's duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such parties may be entitled at law or otherwise.

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determination, act reasonably and in good faith. The decision of the Villas Board shall be final except for possible appeal by the homeowner to the Villas Board. **Each Owner of a Villas Lot or any interest therein understands, acknowledges and agrees that by acquiring such interest in a Lot in which landscaping and exterior maintenance is performed or arranged by the Villas Association, such Owner is giving up rights to control the appearance and use of the outside areas of such Owner's Villas Lot.**

(m) Non-Liability of Officials. To the fullest extent permitted by law, neither Declarant, the Villas Board, nor any committees of the Villas Association, or any directors, officers, agents, or employees of the Villas Association or Declarant, shall be liable to the Villas Association, any member of the Villas Association, any Owner of a Villas Lot, or any other person or entity, for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval, course of action, act, inaction, omission, error, negligence or the like made in good faith and which Declarant, the Villas Board, or such committees or persons reasonably believed to be within the scope of their respective duties.

(n) Contracts with Others for Performance of Villas Association's Duties. Subject to the restrictions and limitations contained herein, the Villas Association may enter into contracts and transactions with others, including without limitation the Master Association, Declarant and any affiliated companies or persons, and such contracts or transactions shall not be invalidated or in any way affected by the fact that one or more directors or officers of the Villas Association or members of any committee of the Villas Association are employed by or otherwise connected with the Master Association, Declarant or its affiliates, provided that the fact of such interest shall be disclosed or known to the other directors acting upon such contract or transaction. Any such director, officer or committee member may be counted in determining the existence of a quorum at any meeting of the Villas Board or committee of which he is a member which shall authorize any contract or transaction described above or grant or deny any approval sought by the Master Association, Declarant, its affiliate or any competitor thereof and may vote to authorize any such contract, transaction or approval with like force and effect as if he were not so interested. Without limiting the foregoing, (i) the Villas Association and the Master Association may enter into agreements for the Master Association to perform some or all of the Villa Association's landscaping obligations under this Tract Declaration, in which event the Villas Association shall pay the Master Association the agreed upon amounts for such services, which are expected to be based on estimates of the additional cost to the Master Association of performing such services and which may take into account the possibility that the existence of Villas Areas may reduce the amount of Common Area or Association Land on the Villas Property, (b) if the Villas Association desires that the Master Association install and/or maintain enhanced landscaping on Association Land, Common Areas or other properties maintained by the Master Association, the Villas Association and the Master Association may enter into agreements for the installation and/or maintenance of such enhanced landscaping at the Villas Association's expense.

#### 4. MEMBERSHIP AND VOTING.

(a) Owners of Villas Lots. Every Owner of a Villas Lot shall be a member of both the Villas Association and the Master Association. Each membership shall be appurtenant to and may

not be separated from ownership of the Villas Lot to which the membership is attributable. Joint ownership, or ownership of undivided interests, shall not increase the number of memberships. There may be only one Villas Association membership attributable to each Villas Lot even though there may be two or more Owners of the Villas Lot. The Owners of a Villas Lot shall share the Villas Association membership attributable to the Villas Lot.

(b) Declarant as Member. Notwithstanding anything to the contrary herein, Declarant shall be entitled to the membership and to vote the membership vote as provided below, for each Villas Lot owned by Declarant.

(c) Right to Vote. Each membership shall be entitled to one (1) vote in the Villas Association and the Master Association for each Villa owned by the membership, except that after the Villas Transition Date and in any Villas Association vote permitted by Declarant prior to the Villas Transition Date, Declarant and its affiliates each shall have the right to three (3) votes for each Villas Lot owned by them. Declarant also shall have the number of votes specified in the Master Declaration for Master Association matters. Notwithstanding the foregoing, Declarant shall not have any obligation to cause the Villas Transition Date to occur prior to the sale of all Villas Lots owned by Declarant, and Declarant shall not have any obligation to permit any Owners of Villas Lots to vote in any Villas Association election prior to the Villas Transition Date. The Villas Association shall not be obligated to recognize any change in the ownership of a membership for voting or other purposes unless and until the Villas Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each membership in the Villas Association must be cast as a unit, and fractional votes shall not be allowed. In the event that a membership is owned by more than one person or entity and such owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any member casts a vote representing a certain membership, it will thereupon conclusively be presumed for all purposes that he was acting with the authority and consent of all other owners of the same membership unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast for a particular membership, none of the votes for the membership shall be counted and all said votes shall be deemed void.

(d) Suspension of Voting Rights. The Villas Association has the right to suspend the voting rights, if any, of an Owner of a Villas Lot for any period during which any Villas Assessment against such Owner's Villas Lot is delinquent and remains unpaid and, for any other infraction by an Owner of any provision of this Declaration, for a period not to exceed the longer of sixty (60) days or the period during which such infraction continues.

(e) Cumulative Voting for Board Members. In any election of the members of the Villas Board, every owner of a membership entitled to vote for one or more members of the Villas Board at such an election shall have the number of votes for each membership equal to the number of directors to be elected by the election in which the member is entitled to participate. Each member shall have the right to cumulate his votes for one candidate or to divide such votes among any number of the candidates. The candidates receiving the highest number of votes, up to the number of the Villas Board members to be elected, shall be deemed elected.



(f) Membership Rights. Each member of the Villas Association shall have the rights, duties and obligations set forth in this Tract Declaration and such other rights, duties and obligations as are set forth in the Villas Articles, Villas Bylaws, Villas Rules, and the Master Declaration and related documents.

(g) Transfer of Membership. The rights and obligations of a member shall not be assigned, transferred, pledged, conveyed or alienated in any way by an Owner except upon transfer of ownership of such Owner's Villas Lot, and then only to the transferee of ownership to the Villas Lot. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership to a Villas Lot shall operate to transfer the membership appurtenant to the Villas Lot to the new Owner thereof.

(h) DECLARANT'S CONTROL OF VILLAS ASSOCIATION. NOTWITHSTANDING ANYTHING IN THIS TRACT DECLARATION TO THE CONTRARY, UNTIL THE VILLAS TRANSITION DATE, DECLARANT SHALL HAVE THE RIGHT TO MAINTAIN ABSOLUTE CONTROL OVER THE VILLAS ASSOCIATION, INCLUDING WITHOUT LIMITATION THE RIGHT TO AMEND THE VILLAS ARTICLES (THROUGH CONTROL OF THE VILLAS BOARD), APPOINT THE OFFICERS, ELECT THE MEMBERS OF THE VILLAS BOARD, AND APPOINT THE MEMBERS OF THE VILLAS ASSOCIATION COMMITTEES. UNTIL THE VILLAS TRANSITION DATE, UNLESS OTHERWISE AGREED BY DECLARANT IN ITS SOLE DISCRETION, ONLY DECLARANT SHALL BE ENTITLED TO CAST ANY VOTE WITH RESPECT TO THE ELECTION OF DIRECTORS TO THE BOARD, REMOVAL OF DIRECTORS OR ANY OTHER MATTER REQUIRING THE APPROVAL OF THE MEMBERS. DECLARANT VOLUNTARILY MAY (BUT SHALL NOT BE REQUIRED TO) RELINQUISH CONTROL OF THE VILLAS ASSOCIATION AND THEREBY REQUIRE THE MEMBERS TO ASSUME CONTROL OF THE VILLAS ASSOCIATION AT ANY TIME. ALL DEBTS AND OBLIGATIONS OF THE VILLAS ASSOCIATION PRIOR TO THE VILLAS TRANSITION DATE SHALL CONTINUE TO BE THE DEBTS AND OBLIGATIONS OF THE VILLAS ASSOCIATION AFTER THE VILLAS TRANSITION DATE, AND DECLARANT SHALL HAVE NO RESPONSIBILITY OR OBLIGATION TO DISCHARGE THOSE DEBTS AND OBLIGATIONS.

(i) EXEMPTION OF DECLARANT FROM RESTRICTIONS. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS DECLARATION, NONE OF THE COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS OR OTHER PROVISIONS IN THIS DECLARATION SHALL BE CONSTRUED OR DEEMED TO LIMIT OR PROHIBIT ANY ACT OF DECLARANT, ITS EMPLOYEES, AGENTS AND CONTRACTORS, OR PARTIES DESIGNATED BY DECLARANT IN CONNECTION WITH THE CONSTRUCTION, COMPLETION, SALE OR LEASE OF LOTS, THE PREMISES, QUAIL CREEK COUNTRY CLUB, ANY PROPERTY ADJACENT TO QUAIL CREEK COUNTRY CLUB, OR ANY PART THEREOF.

##### 5. VILLAS ASSESSMENTS.

(a) Creation of Lien and Personal Obligation. Each Owner, by execution of a purchase contract or otherwise acquiring any interest in a Villas Lot, is deemed to covenant and agree, for

such Owner and such Owner's heirs, successors and assigns, to pay to the Villas Association all Villas Assessments, impounds and late payment charges as provided herein and in the Villas Articles and Villas Bylaws. All Villas Assessments, impounds and late payment charges, if any, together with interest, costs and reasonable attorneys' fees, shall be secured by a lien upon the Villas Lot to which they are assessed, and all rents and proceeds of the Villas Lot, as well as being a personal obligation of the Owner of said Villas Lot. The personal obligation for delinquent Villas Assessments shall not pass to successors in title unless (1) expressly assumed by them, or (2) prior to the transfer of title as evidenced by the records of the County Recorder of Pima County, Arizona, or other appropriate governmental agency, a notice or affidavit of lien for such Villas Assessment shall have been filed or recorded, or (3) the successor in title had actual or constructive knowledge, at the time the successor came into title, that there were past due assessments on the Villas Lot, or (4) the successor in title did not acquire the Villas Lot by purchase in an arm's length transaction. A successor in title shall be deemed to have constructive knowledge of past due assessments if such successor fails to make reasonable inquiry of the Villas Association regarding the existence of any past due assessments on the Villas Lot to be acquired by such successor within thirty days prior to the acquisition of title. The recording of this Tract Declaration constitutes record notice of the lien for Villas Assessments, and no other recordation of any claim or notice of the lien is required. The Villas Association shall have the right but not the obligation, to record a notice of lien against any Villas Lot setting forth the amounts secured by the lien for Villas Assessments.

(b) Purpose of Villas Assessments. The Villas Association shall apply all funds and property received by it, including the Annual and Special Villas Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source for the common good and benefit of the members of the Villas Association by devoting the funds and property to the performance of the purposes of the Villas Association, as set forth above, the expenses of the administration and operation of the Villas Association, and to any other expenses incurred in conformance with this Tract Declaration, the Villas Articles, Villas Bylaws or Villas Rules (which expenses are sometimes referred to herein as "Villas Expenses"). Villas Expenses include, without limitation, expenses for (i) landscaping and maintaining the Villas Areas and other areas described in Section 3 of this Tract Declaration, including but not limited to costs of water, fertilizer, (ii) maintaining, repairing and replacing driveways and parking areas located on the Villas Property, (iii) maintaining, repairing and replacing sprinkler and irrigation systems and equipment for the Villas Property, and (iv) painting, repairing, maintaining and replacing the exterior surfaces of the residential units and block walls or fences located on the Villas Lots, including without limitation repairing, maintaining and replacing the roofs and exterior glass of such residential units. Villas Expenses may also be used for any other purpose that benefits the Owners of Villas Lots, including without limitation, expenses for the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, recreational facilities, services, projects and security programs, studies and systems, within or without the premises which may be necessary, desirable or beneficial to the general common interests of the Owners of Villas Lots and the members of the Villas Association.

(c) Determination of Villas Assessments. The Villas Board shall, not later than December 1 of each year, determine the annual assessments for the ensuing calendar year (the "Annual Villas Assessments"). Unless otherwise established by the Villas Board, Annual Villas Assessments shall

be paid in monthly installments and shall be due and payable on or before the first day of each month. In addition to the Annual Villas Assessments authorized above, in any assessment year, the Villas Board may at any time during the year levy a special assessment (a "Special Villas Assessment") applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of capital improvements, including fixtures and personal property related thereto, or for the funding of any operating deficit incurred by the Villas Association. Villas Assessments, whether Annual Villas Assessments, Special Villas Assessments or other assessments deemed necessary by the Villas Board, may be levied evenly among all of the members, or in unequal amounts if specific members or group(s) of members receive services or benefits that are not available to all of the members. Unequal assessments, if any, shall be determined by the Villas Board in its sole discretion provided that a reasonable basis exists to assess unevenly, and such uneven assessments deemed to be delinquent shall be subject to the same penalties, interest and liens described above.

(d) Maximum Annual Villas Assessment. The Annual Villas Assessments for each Villas Lot for calendar year 2014 shall not exceed \$135.00 per month (the "Maximum Annual Assessment") or the appropriate multiple thereof if assessments are due less frequently than monthly. The Maximum Annual Villas Assessment for each Villas Lot for subsequent calendar years shall increase by the lesser of (i) ten percent (10%) per year, compounded annually on December 31 of each year, or (ii) the amount permitted by applicable law. For example, if clause (i) of the preceding sentence applies, then the Maximum Annual Villas Assessment for calendar year 2015 shall be \$165.00 per month, and the Maximum Annual Villas Assessment for calendar year 2016 shall be \$181.50 per month, even if the actual Annual Villas Assessments for 2015 are not increased above 2014 levels. Although the Annual Villas Assessments assessed against each Villas Lot during any calendar year shall not exceed the Maximum Annual Villas Assessment for that year, the Villas Board shall have no obligation to increase the Annual Villas Assessments during any year. **IN ADDITION TO THE ANNUAL VILLAS ASSESSMENT, EACH VILLAS LOT SHALL ALSO BE LIABLE FOR THE PAYMENT OF ASSESSMENTS SET FORTH IN THE MASTER DECLARATION.**

(e) Enforcement of Villas Assessments. The Villas Board may maintain on a public bulletin board or other appropriate place specified by the Board, in the sole discretion of the Board, a list of all members whose Villas Assessments (whether Annual Villas Assessments, Special Villas Assessments or otherwise) are past due. In the event of delinquency, the Villas Board may cause to be filed in the office of the County Recorder of Pima County, a notice or affidavit of non-payment of Villas Assessments and may post a copy thereof upon the Villas Lot. If any member is in default in paying any Villas Assessment (whether Annual Villas Assessment, Special Villas Assessment or otherwise) when such Villas Assessment becomes due and payable, the member shall be deemed to be delinquent, and the member shall be subject to a late charge equal to the lesser of twenty-five percent (25%) of the delinquent Villas Assessment or the highest late charge permitted by applicable law, which sum and the delinquent sums shall bear interest from the date of such delinquency until paid at the rate of 18% per annum or the highest rate permitted by applicable law, whichever is lower. If any member shall fail or refuse to pay any Villas Assessment when due, then the lien therefor and the interest, costs, reasonable attorneys' fees and any late charges, may be foreclosed by the Villas Association in any manner provided or permitted for the judicial foreclosure of

realty mortgages or deeds of trust in the State of Arizona, or by such other means as is permitted by applicable law. Subject to the limitation contained in the following sentence, the lien for Villas Assessments on any Villas Lot shall be subordinate to the lien of any First Mortgage in favor of an institutional lender in an arm's length transaction. The sale or transfer of any Villas Lot by judicial foreclosure, trustee's sale or any equivalent proceedings under any such First Mortgage shall not affect the lien for Villas Assessments except as to payments that become due prior to such sale or transfer. If the fines or interest rate set forth in this section are not lawful for any reason, then the Villas Board shall have the right to levy reasonable monetary late charges, interest rates and/or penalties against Owners of Villas Lots who fail to pay any Villas Assessments or other amounts to the Villas Association when such amounts are due and payable, all in accordance .

(f) Enforcement After Foreclosure Sale. An action to abate the breach of any of the covenants, conditions, restrictions, servitudes and reservations in this Tract Declaration may be brought against persons or entities who acquire title to any Villas Lot through foreclosure of a Mortgage, whether by judicial foreclosure, trustee's sale or any equivalent proceedings, and against the successors in interest to such persons and entities, even though the breach may have existed prior to the time such persons or entities may have acquired an interest in such Villas Lot.

(g) Subject to Declaration. At such time as a Mortgagee shall come into possession of or become record Owner of a Villas Lot, the Mortgagee shall be subject to all of the terms and conditions of this Declaration including, but not limited to, the obligation to pay all Villas Assessments and charges accruing thereafter, as well as the lien therefor, in the same manner as any other Owner of a Villas Lot.

(h) Reserve Fund. The Villas Board may, in its discretion and to the extent funds therefor are available, establish and maintain a reserve fund by adopting a payment program to the reserve fund in an amount to be established from time to time by the Villas Board. **NEITHER THE VILLAS ASSOCIATION, THE VILLAS BOARD, DECLARANT NOR ANY OTHER PERSON OR ENTITY SHALL HAVE ANY LIABILITY FOR FAILING TO ESTABLISH RESERVES, OR RESERVES OF ANY PARTICULAR AMOUNT.**

(i) Commencement of Obligation to Pay Villas Assessments. The obligation to pay the Villas Assessments for each Villas Lot (whether monthly, quarterly, semi-annually, annually or as otherwise decided by the Villas Board) shall commence on the date the Villas Lot is purchased.

(j) Surplus. The Villas Association shall not be obligated to spend in any year all the sums received by it in such year (whether by way of Villas Assessments, fees or otherwise) and may carry forward as a surplus any balances remaining. The Villas Association shall not be obligated to reduce the amount of the Annual Villas Assessments in the succeeding year if a surplus exists from a prior year and the Villas Association may carry forward from year to year such surplus as the Villas Board in its discretion may determine to be desirable for the greater financial security of the Villas Association and the accomplishment of its purposes. The Villas Association may, but will not be obligated to, cause all or any part of such surplus to be placed in a reserve fund.

(k) Borrowing. The Villas Association may incur debt and may borrow money, whether from the Declarant or third parties, in such amounts, at such rates, upon such terms and security, and for such periods of time, as the Villas Board in its sole discretion deems necessary or appropriate.

(l) No Offsets. All Villas Assessments shall be payable in the amount specified in the Villas Assessment or notice of Villas Assessment and no offsets against such amount shall be permitted for any reason, including, without limitation, a claim that (a) the Villas Association, the Villas Board or Declarant is not properly exercising its duties and powers as provided in this Tract Declaration, or (b) Villas Assessments for any period exceed Villas Expenses.

(m) Homestead Waiver. Each Owner, to the extent permitted by law, hereby waives, to the extent of any liens created pursuant to this Tract Declaration, whether such liens are now in existence or are created at any time in the future, the benefit of any homestead or exemption laws of the State of Arizona now in effect, or in effect from time to time hereafter.

(n) Exemption of Unsold Lots. Notwithstanding anything to the contrary in this Tract Declaration, no Villas Assessments shall be levied upon, or payable with respect to, any Villas Lot or other parcel within Quail Creek Country Club owned by or leased to Declarant, or any affiliate of Declarant, or any shareholder (or such shareholder's successors, heirs or devisees) in Declarant to whom the Villas Lot or parcel has been distributed by Declarant (as distinguished from having been purchased by the shareholder), or by any trustee for any of the aforesaid persons or entities, until such Villas Lot or parcel has been conveyed by Declarant (or said affiliate, shareholder or trustee) to a non-affiliated purchaser thereof. Such exemption applies whether or not there are any improvements on the Villas Lot(s) owned by or leased to Declarant.

## 6. RESERVATION OF RIGHTS BY DECLARANT.

(a) Right to Add Additional Property. Declarant shall have the right, from time to time and in its sole discretion, to bring additional real property or properties, whether residential lots, Villas Areas, both or otherwise, within the area served by the Villas Association, by recording with the appropriate authority a declaration of covenants, conditions and restrictions which makes membership in the Villas Association an incident of ownership of any part of the real property described therein. The Owner of any Lot in any such parcel shall receive one membership in the Villas Association for each such Lot, other than Declarant, who shall have three (3) votes for each such Lot owned by Declarant. Declarant shall also have the right to annex additional real property or properties, whether residential or Villas Areas or both or otherwise, within the area that is subject to this Tract Declaration. A supplemental tract declaration making additional property subject to this Tract Declaration may contain such complementary additions to and modifications of this Tract Declaration, as this Tract Declaration applies to the additional property, as may be necessary or appropriate in Declarant's sole discretion to reflect the different character, if any, of the additional property.

(b) Right to Manage the Villas Association. It is recognized that at the date hereof, Villas Lots and dwellings have not been sold or erected within the Villas Property, nor have all parcels eventually to be served by the Villas Association been planned or subdivided and the Villas

Association may not be fully operative. In order that the Villas Lots and dwellings may be sold and erected, the Villas Common Areas protected and the Villas Association operated in the manner intended by Declarant, and to provide for consistency in the operation of the Villas Association, until the Villas Transition Date, Declarant or its designated agent shall have the sole and exclusive right to manage the affairs of the Villas Association, to make contracts or agreements on behalf of the Villas Association for maintenance of Common Areas and operation of the Villas Association and to take all action on behalf of the Villas Association for which the Villas Association is authorized by this Tract Declaration, the Villas Articles, Villas Bylaws or Villas Rules; however, Declarant may voluntarily extinguish such rights and transfer the rights to the Villas Association.

(c) Right to Exercise Powers of the Villas Association. Until such time as control of the Villas Association has passed to the members thereof, all right, discretion, power and authority granted to the Villas Association, including the right to collect Villas Assessments, shall, at the option of the Declarant, remain with Declarant or its designated agent, directly or through the Villas Association.

(d) Activation of Members' Voting Rights. Voting rights for the members of the Villas Association other than Declarant shall accrue at the time management of the Villas Association is turned over to the members of the Villas Association.

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

7. USE OF VILLAS AREAS. Every Owner of a Villas Lot shall have a nonexclusive right and easement of enjoyment in and to the Villas Areas, which right and easement shall be appurtenant to and shall pass with the title to every Villas Lot, subject to the following provisions:

(a) the right of the Villas Association to suspend the voting rights, if any, of an Owner and right of an Owner to use the Villas Areas for any period during which any Villas Assessment or other assessment under the Master Declaration against his Villas Lot is delinquent and remains unpaid and, for any other infraction by an Owner of any provision of this Declaration, for a period not to exceed the longer of sixty (60) days or the period during which such infraction continues;

(b) the right of the Villas Association and/or Declarant as applicable, to dedicate or transfer all or any part of the Villas Areas to the Master Association, any public agency, authority or utility, for such purposes and subject to conditions as may be agreed to by the Villas Board;

(c) the right of the Villas Association to limit the use of some or all Villas Areas by Villas Rules, such as, by way of example and not limitation, by rule forbidding walking on or access to certain areas or by rule limiting access to certain areas to residents;

(d) the right of the Villas Association to borrow money for the purpose of improving, replacing, restoring, expanding or operating the Villas Areas or adding new Villas Areas and, in aid thereof, to mortgage or encumber the Villas Areas, provided that the rights of the lender thereunder shall be subordinated to the rights of the owners of Villas Lots; and

(e) the right of the Villas Association to refuse Owners of Villas Lots access to those Villas Areas, if any, that are not designed for use by Owners of Villas Lots, such as drainage and retention areas, and the right of the Villas Association to change the use of the Villas Areas and to limit the right of Owners to use the Villas Areas accordingly.

#### 8. INSURANCE.

(a) Scope of Coverage. Commencing not later than the date of the first conveyance of a Villas Lot to an Owner other than Declarant, the Villas Association shall maintain, to the extent reasonably available, the following insurance coverage:

(i) property insurance on the Villas Areas and Villas Lots, exclusive of improvements and betterments installed on Villas Lots (or the homes thereon) by the Owners of Villas Lots (other than Declarant), issued under a standard form "Special Causes of Loss Form" (or its replacement form) in an amount equal to the insurable replacement value of the Villas Lots and Villas Areas; provided, however that the total amount of insurance prior to application of any deductibles will not be less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from a property insurance policy; and provided, further, that the Villas Association is not expected to obtain any insurance on interior surfaces of any Villas Lot Owner's home (such as without limitation the surfaces of walls inside the home and flooring materials), cabinetry, countertops, interior improvements (including but not limited to lighting and plumbing fixtures), and all personal property located in or on their homes..

(ii) commercial general liability insurance, for a limit to be determined by the Board of Directors, but not less than \$1,000,000.00 for any single occurrence, with such coverages and exceptions as the Villas Board may determine from time to time.

(iii) workers compensation insurance if and to the extent necessary to meet the requirements of Arizona law.

(iv) such other insurance as the Villas Board shall determine from time to time to be appropriate. Such other insurance may include, without limitation, directors' and officers' liability insurance covering all the directors and officers of the Villas Association in such limits as the Villas Board may determine from time to time.

(b) Additional Provisions. The insurance policies purchased by the Villas Association shall, to the extent reasonably available, contain the following provisions:

(i) There shall be no subrogation with respect to the Villas Association, its agents, servants, and employees against Owners of Villas Lots and members of their household.

(ii) No act or omission by any Owner of a Villas Lot, unless acting within the scope of its authority on behalf of the Villas Association, shall void the policy or be a condition to recovery on the policy.

(iii) The coverage afforded by such policy shall be primary and shall not be brought into contribution or proration with any insurance which may be purchased by Owners of Villas Lots or their mortgagees or beneficiaries under deeds of trust.

(iv) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner of a Villas Lot because of the negligent acts of the Villas Association or other Owners of Villas Lots.

(v) The Villas Association shall be the insured for use and benefit of the individual Unit Owners (designated by name if required by the insurer).

(vi) Any insurance trust agreement will be recognized by the insurer.

(c) Payment of Premiums. Premiums for all insurance obtained by the Villas Association pursuant to this Tract Declaration shall be expenses of the Villas Association and shall be paid for by the Villas Association from the Villas Assessments.

(d) Insurance To Be Obtained by Villas Lot Owners. The issuance of insurance policies to the Villas Association pursuant to this Tract Declaration shall not prevent a Villas Lot Owner from obtaining insurance for such Owner's own benefit and at its own expense covering its Villas Lot, including the home thereon, and such Owner's personal property and providing personal liability coverage. Notwithstanding anything to the contrary contained herein, each Owner of a Villas Lot is advised to obtain insurance that covers all interior surfaces of such Owner's home (including but not limited to walls and flooring materials), all cabinetry and countertops, all interior improvements (including but not limited to lighting and plumbing fixtures), and all personal property located in or on their homes. Each Villas Lot Owner hereby waives all rights against the Villas Association for damages caused by fire or other causes to the extent the damages are covered by property insurance obtained by the Villas Lot Owner.

(e) Payment of Insurance Proceeds. Any loss covered by property insurance obtained by the Villas Association in accordance with this Article shall be adjusted with the Villas Association, and the insurance proceeds shall be payable to the Villas Association and not to any mortgagee or beneficiary under a deed of trust. The Villas Association shall hold any insurance proceeds in trust for Villas Lot Owners and lienholders as their interests may appear, and the proceeds shall be



disbursed and applied first to the repair or restoration of the damaged property, other than property that is the responsibility of each Owner pursuant to the last sentence of the preceding subsection, with the balance, if any, to be disbursed, used or held by the Villas Association in such manner and for such purposes as the Villas Board shall determine. The repair or restoration shall be performed by licensed contractors retained by the applicable Villas Lot Owners or by the Villas Association, whichever is elected by the Villas Board.

(f) Certificate of Insurance. An insurer that has issued an insurance policy pursuant to this Section 8 shall issue certificates or memoranda of insurance to the Villas Association and, on written request, to any Villas Lot Owner, mortgagee, or beneficiary under a deed of trust. The Villas Association shall request that the insurer issuing the policy agree not cancel or refuse to renew the policy until thirty (30) days (ten (10) days in the case of non-payment of premium) after notice of the proposed cancellation or non-renewal has been mailed to the Villas Association, each Villas Lot Owner, and each mortgagee or beneficiary under a deed of trust to whom a certificate or memorandum of insurance has been issued at their respective last known addresses. Notwithstanding the foregoing, the Villas Association shall have any liability or responsibility if the insurer refuses to so agree or fails to provide any agreed upon notices.

9. MASTER DECLARATION BINDING ON VILLAS LOTS. The Villas Property, including all Villas Lots and all Villas Areas, and all interests therein, shall be owned, occupied, leased, sold and conveyed subject to the Master Declaration. All of the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights set forth in the Master Declaration shall run with the land and be binding upon the Villas Property and all parties having or acquiring any right, title or interest in or to the Villas Property, or any part thereof, and shall inure to the benefit of each person or entity having at any time any interest or estate in the Villas Property, or any part thereof, the Association provided for in the Master Declaration and each member of the Villas Association.

10. RESTRICTIONS TO BE CONSTRUED AS COVENANTS. Each Villas Owner and each Resident of a Villas Lot covenants and agrees with Declarant, its successors and assigns, to use or permit the use of such Owner's Villas Lot only in accordance with the covenants, conditions and restrictions applicable to that Villas Lot hereunder and under the Master Declaration.

11. LAND USE CLASSIFICATIONS. The Land Use Classification of the different portions of the Villas Property is set forth on Exhibit "C" attached hereto and made a part hereof by this reference.

12. EASEMENTS IN FAVOR OF DECLARANT AND THE VILLAS ASSOCIATION. Declarant and the Villas Association, and their respective successors, assigns and designees, shall have the right and an easement over all of the Villas Lots, but not in the residential units constructed on the Villas Lots, for the purpose of examining, maintaining, repairing and replacing the landscaping and irrigation systems and the roof, exterior glass and other exterior surfaces of the residential units, as set forth in Section 3 above, for the purpose of performing any other obligations of the Villas Association or exercising any rights of the Villas Association, and for any other reasonable purpose. Declarant and its successors, assigns and designees shall also have the right

and an easement over all of the Villas Lots, but not in the residential units constructed on the Villas Lots, for the purpose of performing any construction, reconstruction, warranty work, maintenance, repair, surveying or examination of the Villas Lots and/or any residential units or other improvements thereon, and for any other reasonable purpose specified by Declarant. In addition, if reasonably required for performance of any construction, reconstruction, warranty work, maintenance or repair of the Villas Lots and/or any residential units or other improvements thereon, then upon reasonable notice, the Owners shall cooperate with Declarant and the Villas Association by permitting their respective contractors such access to the residential units as is reasonably necessary or appropriate for such work.

13. EASEMENTS FOR ENCROACHMENTS; ADJUSTMENT OF LOT LINES. In the event any residential unit or other structure or any fence or wall constructed as part of the initial construction of improvements on a Villas Lot encroaches upon another Villas Lot or any Villas Areas or Common Areas, a valid easement for such encroachment and for the maintenance of the residential unit, fence, wall or other structure or improvement within the encroachment area shall exist over the Villas Lot, Villas Area or Common Area upon which the residential unit, fence, wall or other structure or improvement encroaches. As the Villas will consist of a series of attached residences, Declarant intends to construct the dividing walls between the residential units on the Villas Lot lines of the attached residences. If for any reason the dividing wall between any attached residential units is not located on the lot line, then to the fullest extent permitted by law, the lot line between such Villas Lots automatically shall be deemed to have been relocated to the location of such dividing wall.

14. AMENDMENTS TO PLATS. Declarant shall have the right to modify or amend the Plat at any time or times without the consent of any Owners, other than the Owner(s) of the portion of the Villas Property that is the subject of the modification or amendment. Until the Villas Transition Date, Declarant shall not require the consent of the Association or the Villas Association to amend the Plat with respect to any portion of the Villas Property that is owned by the Association or the Villas Association.

15. DISCLOSURES. Unless otherwise expressly agreed in writing by the Villas Association, the Villas Association shall not have any obligation to maintain, repair or replace any improvement, fixture or change added or made to the exterior surface of any residential unit by or on behalf of the Owner thereof, regardless of whether or not the improvement, fixture or change was first approved by the Master Association, the Villas Association or any committee of either of such associations. Rather, the Owner of such Villas Lot (including such Owner's successors in interest) shall be responsible for the maintenance and repair thereof. Use of televisions, radios, cd players and the like on the exterior patios and other exterior areas of homes is permitted, subject to compliance with all rules and regulations enacted by the Master Association and all rules and regulations enacted the Villas Association, in each case as such rules and regulations may be amended from time to time. Such rules and regulations may include without limitation limits or restrictions on locations, volume and on hours of use. Residents must use care not to create a nuisance or unreasonable annoyance to their neighbors, as determined by the Villas Association.

16. GENERAL PROVISIONS.

(a) Incorporation. This Tract Declaration shall be considered an integral part of the Master Declaration and shall be construed as if the provisions hereof were set forth in the Master Declaration. This Tract Declaration shall run with all of the Villas Property and shall be enforceable as a part of the Master Declaration. The Recitals to this Tract Declaration are incorporated into this Tract Declaration.

(b) Enforcement and Attorneys' Fees. In the event of any violation or threatened violation of any of the restrictions, conditions or agreements contained herein, Declarant, the Villas Association or any Villas Lot Owner may bring an action at law or in equity, for an injunction, damages or such other remedy as may be available. In the event Declarant, the Villas Association or such Villas Lot Owner recovers judgment against any person for a violation or threatened violation of any of the covenants herein, the prevailing party shall be entitled to recover from the losing party the prevailing party's court costs and reasonable attorneys' fees as established by the tribunal.

(c) Establishment of Restrictions. The Villas Property is now held and shall hereafter be held, transferred, sold, leased, conveyed and occupied subject to the covenants, restrictions and easements set forth in this Tract Declaration, each of which is for, and shall inure to the benefit of, shall run with and be appurtenant to, and shall be binding upon, every portion of the Villas Property, and shall apply to and bind the heirs, assignees and successors-in-interest of every owner of any portion of the Villas Property.

(d) Use. Each Villas Lot Owner, lessee, tenant, or other user or occupant of any Villas Lot covenants and agrees with Declarant, its successors and assigns, to use or permit the use of its Villas Lot only in accordance with the covenants, conditions and restrictions applicable to that Villas Lot hereunder and under the Master Declaration.

(e) Purpose of the Restrictions. The purpose of this Tract Declaration is to ensure the quality, development and use of the Villas Property and to enhance and protect the value, desirability and attractiveness of the Villas Property.

(f) No Waiver. The failure of Declarant, the Villas Association, the Master Association or any Owner to enforce any restrictions, conditions, covenants or agreements contained herein shall not give rise to any claim or cause of action against Declarant, the Villas Association, the Master Association or such Owner, nor shall such failure to enforce be deemed a waiver or abandonment of this Tract Declaration or any provision hereof.

(g) Gender. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular and plural, and to a trust, corporation, other legal entity or to an individual, as the identity of the applicable persons or entities may require.

(h) Severability. If any provision of this Tract Declaration or the application of such provision to any person or circumstance shall be held invalid, the remainder of this Tract

Declaration or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

(i) Captions. The marginal or topical headings of the Sections contained in this Tract Declaration are for convenience only and do not define, limit or construe the contents of the Sections of this Tract Declaration.

(j) Joint and Several Liability. In the case of joint ownership of a Villas Lot, the liabilities and obligations of each of the joint Owners set forth in or imposed by this Tract Declaration shall be joint and several.

(k) Binding Effect. Deeds to and instruments affecting all or any part of the Villas Property may contain the covenants herein set forth by reference to this Tract Declaration; but regardless of whether any such reference is made in any deed or instrument, each and all of the covenants shall be binding upon the grantee-owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

(l) Rule Against Perpetuities. If any of the options, privileges, covenants or rights created by this Tract Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until 21 years after the death of the survivor of the now living descendants of Edward J. Robson.

(m) Amendments. This Tract Declaration may, with the consent of both Declarant and of the Owners of 51% of the Villas Lots, be amended, modified or revoked in whole or in part at any time, by recording an Amendment in the Office of the Pima County Recorder. In addition, this Tract Declaration may be amended, modified or revoked in whole or in part at any time by Declarant and by the Owner(s) of the portion of the Villas Property that is the subject of such amendment, modification or revocation, by recording an Amendment in the office of the Pima County Recorder, Pima County, Arizona.

(n) Interpretation. Except for judicial construction, Declarant and the Villas Association, by its board of directors, shall have the exclusive right to construe and interpret the provisions of this Tract Declaration. Nothing contained in the preceding sentence shall affect or impair any rights of the Association to construe, interpret or enforce any provision of the Master Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the construction or interpretation of the provisions hereof by unanimous agreement of Declarant and the Villas Association shall be final, conclusive and binding as to all persons and property benefited or bound by the provisions hereof, and the interpretations by Declarant alone shall presumptively be deemed correct and binding.

(o) Governing Law. This Tract Declaration shall be governed by and construed in accordance with the laws of the State of Arizona.

IN WITNESS WHEREOF, Declarant has executed this Tract Declaration as of the date first above written.

**DECLARANT:**

ROBSON RANCH QUAIL CREEK, LLC, a  
Delaware limited liability company

By Arlington Property Management Company,  
an Arizona corporation, its Manager

By Steu M. Parn  
Its VP

**TRUSTEE:**

LANDMARK TITLE ASSURANCE AGENCY OF  
ARIZONA, LLC, as Trustee of its Trust No. 7916-T  
and not personally

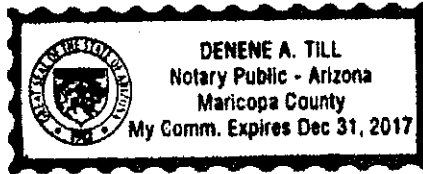
By [Signature]  
Its [Signature]

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

The foregoing instrument was acknowledged before me this 14 day of February, 2014, by Steven M. Soriano, the Vice President of Quail Creek Development Company, an Arizona corporation, the general partner of Quail Creek Properties Limited Partnership, an Arizona limited partnership, on behalf of the limited partnership.

Denene A. Till  
Notary Public

My Commission Expires:  
12/31/17

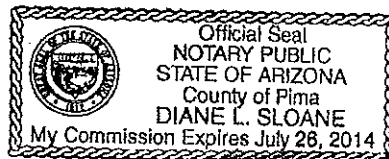


STATE OF ARIZONA )  
 ) ss.  
County of ~~Maricopa~~ Pima )

The foregoing instrument was acknowledged before me this 18 day of February, 2014, by Eric M. Bode, the Trust Officer of Landmark Title Assurance Agency Of Arizona, LLC, as Trustee of its Trust No. 7916-T, on behalf of the limited liability company in its capacity as Trustee.

Diane L. Sloane  
Notary Public

My Commission Expires:  
7/26/14



**Exhibit "A"**

**The Villas Property**

Lots 1 through 18, inclusive, of Unit 21A; and  
Lots 33 through 40, inclusive, of Unit 21A; and

Lots 1 through 18, inclusive, of Unit 33A; and  
Lots 22 through 29, inclusive, of Unit 33A, and  
Lots 34 through 59, inclusive, of Unit 33A; and  
Common Area "B" within Unit 33A;

all according to the Final Plat of Quail Creek II Unit 21A & 33A, recorded on January 23, 2014, at Sequence No. 2014-0230177, Official Records of the Pima County Recorder, Pima County, Arizona.

Note: Although Common Area "A" of Unit 21A and Common Area "A" of Unit 33 A do not constitute part of the Villas Property and will not be owned by the Villas Association, Common Area "A" will constitute Association Land (i.e. of the Master Association) and will provide access to the Villas Property and each part thereof.

**Exhibit "B"**

**Villas Areas**

Common Area "B" within Unit 33A, according to the Final Plat of Quail Creek II Unit 21A & 33A, recorded on January 23, 2014, at Sequence No. 2014-0230177, Official Records of the Pima County Recorder, Pima County, Arizona.



**Exhibit "C"**

**Land Use Classifications**

The Land Use Classification of the following parcels is Cluster Residential Use (as defined in the Master Declaration):

Lots 1 through 18, inclusive, of Unit 21A; and  
Lots 33 through 40, inclusive, of Unit 21A; and  
Lots 1 through 18, inclusive, of Unit 33A; and  
Lots 22 through 29, inclusive, of Unit 33A, and  
Lots 34 through 59, inclusive, of Unit 33A.

The Land Use Classification of Common Area "B" within Unit 33A (but not within Unit 21A) is Villas Association Use (which refers to common area of the Villas Association) and Utility Use.



**BYLAWS  
OF  
QUAIL CREEK VILLAS ASSOCIATION, INC.**

**ARTICLE I  
Identity**

**Section 1. The Association.** These Bylaws shall govern the operation of Quail Creek Villas Association, Inc. (the "Corporation"), an Arizona nonprofit corporation.

**Section 2. Terms.** Unless otherwise specifically defined in these Bylaws, capitalized terms shall have the meaning set forth in the Declaration Of Annexation, Tract Declaration And Declaration of Covenants, Conditions and Restrictions For Quail Creek Villas, recorded on February 18, 2014, at Sequence No. 20140490243, in the Official Records of the Pima County Recorder, Pima County, Arizona, as such declaration is amended or supplemented from time to time (collectively, the "Villas Declaration"), including but not limited to by any declaration of annexation or of covenants, conditions or restrictions executed by Declarant that makes membership in the Corporation an incident of ownership of any residential lot described therein. The Corporation was formed to carry out the rights and obligations of the Corporation as set forth in the Villas Declaration.

**Section 3. Known Place of Business.** The known place of business of the Corporation shall be located initially at 9532 E. Riggs Road, Sun Lakes, Arizona. The Corporation may also have offices at such other places as the Board of Directors of the Corporation (referred to herein collectively as the "Board" and each a "Director") may from time to time determine.

**ARTICLE II  
Membership**

**Section 1. Members.** The Corporation shall have members. The members of the Corporation and their voting rights shall be as provided in the Villas Declaration and these Bylaws. It is hereby acknowledged that the Villas Declaration may be amended from time to time to change the qualifications and requirements of the members and their voting rights.

**Section 2. Meeting Location.** Meetings of members of the Corporation shall be held at such place as may be designated in the notice for such meeting.

**Section 3. Annual Meetings.** An annual meeting of the members of the Corporation shall be held on such date and at such time and place as may be designated from time to time by the Board and stated in the notice of such meeting. To the extent required by Arizona law (including Arizona Revised Statutes Section 33-1804) as such laws/statutes may be amended hereafter, a meeting of the members shall be held at least once each year.

**Section 4. Special Meetings.** Special meetings of the members of the Corporation may, at any time and from time to time, be called by the President of the Corporation (the "President"), or by a majority of the Directors, or by members having at least twenty-five percent (25%) of the votes entitled to be cast on a matter to be voted on at such special meeting. No business may be transacted at a special meeting, except as stated in the notice.

**Section 5. Notice.** An officer of the Corporation shall notify the Corporation's members of the date, time and place of each annual and special meeting of the members at least ten (10) days but not more than sixty (60) days before the meeting date. Notice of a special meeting shall also state the purpose for which the meeting is called. However, notice of an annual meeting of the members need not state the purposes for which the meeting is called. An officer of the Corporation may, in its discretion, notify members of any meeting of the members by any one of the following methods: (a) by publishing the same once in any newspaper of general circulation within Quail Creek Country Club or Pima County; (b) by conspicuous posting at the entry to the Eagle's Nest or Tuscan Clubhouse or other location specified by the Board; or (c) by mailing the notice to the address of each member last appearing on the official books of the Corporation.

**Section 6. Waiver of Notice or other Irregularities.** Before, at or after any meeting of the Corporation's members, any member may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member at any meeting of the members and failure to object at the beginning of the meeting shall be deemed to be a waiver of notice by such member of the time and place thereof. In addition, all information and/or irregularities in calls, notices and in manner of voting form of proxies, credentials and method of ascertaining those present shall be deemed waived if no objection is made at the meeting or if waived in writing.

**Section 7. Quorum and Voting.** Unless otherwise provided in the Villas Declaration, a quorum of members for any meeting of the Corporation's members shall be constituted by members represented in person or by proxy holding twenty five percent (25%) of the votes entitled to be cast by the members at such meeting of the members. Unless otherwise specifically provided in the Villas Articles, the Villas Declaration or these Bylaws or otherwise required by Arizona law, the affirmative vote of a majority of the votes cast by members voting by written ballot, in person or by proxy at a meeting duly called for such purpose at which a quorum is present shall be binding as the act of the members.

**Section 8. Proxies.** At all meetings of the Corporation's members, each member entitled to vote may vote in person or by proxy. All proxies must be in writing and must be filed with the Secretary of the Corporation on or before the time of the meeting to which it applies. The Board may, from time to time, specify a specific form of proxy to be used in connection with a particular meeting of the members. Every proxy shall be revocable and shall automatically terminate (a) as of the date the member giving the proxy ceases to be a member, or (b) eleven (11) months from the date of its execution, unless otherwise specified in the proxy. Memberships held by a legal personal representative or by a court appointed receiver may be voted in person or by proxy by the representative or receiver without the transfer of the membership into the name of the personal representative or receiver.

**Section 9. Adjourned Meetings.** If any meeting of members cannot be organized because a quorum has not attended, the members who are present, either in person or by proxy, may adjourn the meeting.

**Section 10. Open Meetings.** To the extent required by Arizona Revised Statutes Section 33-1804 (including any amendment thereto or revision thereof), all Members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings subject to the limitations and requirements set forth in Arizona Revised Statutes Section 33-1804 (including any amendment thereto or revision thereof).

**Section 11. Vote of Members by Mail.** To the maximum extent permitted by applicable law, when Directors are to be elected by the Corporation's members or any other matter is submitted to a vote of the members, such vote may be conducted by mail in such manner as the Board shall determine. In the event that a vote is taken by mail, the return of ballots by the number of members reference in Section 7 above shall validate the vote and satisfy the quorum requirement. Unless otherwise required by statute, the Villas Declaration or these Bylaws or the Villas Articles, a majority vote of those voting by mail shall be sufficient to elect Directors or carry a matter put to the members to vote.

**Section 12. Record Date.** For the purpose of determining the Corporation's members entitled to notice of (or to vote at) any meeting of the Members, or in order to make a determination of members for any other purpose, the Board may direct the membership books to be closed for a stated period not to exceed fifteen (15) days prior to the event concerned.

### **ARTICLE III Board of Directors**

**Section 1. Number.** The business, property and affairs of the Corporation shall be managed, controlled and conducted by the Board. Initially, the Board shall have three directors, all of whom shall be appointed by Declarant. Thereafter, prior to the Villas Transition Date, Declarant shall have the right to change the number of directors in its sole and absolute discretion. After the Transition Date, the number of Directors may be altered from time to time by resolution or a majority vote of the Board.

**Section 2. Powers and Duties.** The Board shall have the powers and duties necessary for the administration of the affairs of the Corporation, and may exercise and perform all of the rights, duties, privileges, obligations and responsibilities of the Board and/or the Corporation as described in the Villas Declaration, the Villas Articles and these Bylaws. To the extent permitted by law, the Board may delegate to one or more committees, officers, employees, managers, agents or other persons such duties and powers as appears, to the Board, to be in the best interests of the Corporation.

**Section 3. Election and Term of Office.** The initial Directors are set forth in the Articles.

Prior to the Villas Transition Date, the Directors shall be appointed or elected pursuant to the provisions of the Villas Declaration. Without limiting the foregoing, any Director appointed by the Declarant shall serve until such Director resigns or until removed or replaced by Declarant. As set forth in the Villas Declaration, prior to the Villas Transition Date, Declarant may at its election permit the members to elect one or more Directors. After the Villas Transition Date, the Board shall be elected by the Corporation's members in accordance with the Villas Declaration, the Villas Articles and these Bylaws, including without limitation the provisions of Article V set forth below in these Bylaws.

Any Director that is elected by the Corporation's members shall be elected pursuant to the process and serve the term set forth in Article V below in these Bylaws. Any Director that is elected by the members must be a member in good standing or spouse of a member in good standing.

**Section 4. Removals, Resignations and Mid-Term Vacancies.** If a Director elected by the members shall cease to be a member or spouse of a member during such Director's term, such Director will thereupon cease to be a Director and such Director's place on the Board shall be deemed vacant. Directors appointed by Declarant may be removed and/or replaced with or without cause at any time by Declarant. Directors elected by the members may also be removed, with or without cause, at any time, by the members if the number of votes cast to remove the Director would be sufficient to elect the Director at a duly called meeting or by written ballot, as applicable, with all Villas Lots represented. Any Director may resign at any time by sending written notice of the resignation to the Secretary. Unless otherwise specified therein, any resignation shall take effect upon receipt by the Secretary. Subject to the right of the Declarant to appoint and remove Directors until the Villas Transition Date as set forth in the Villas Declaration, vacancies on the Board caused by any reason (including without limitation the death of a Director) shall be filled by vote of the majority of the remaining Directors and the replacement Director so elected shall serve the remainder of the term of the Director being replaced.

**Section 5. Compensation.** No compensation shall be paid to Directors for their services as Directors. Directors, however, may be reimbursed for any actual expenses incurred in connection with their duties as Directors. This provision shall not preclude any Director from serving the Corporation in any other capacity and receiving compensation therefor.

**Section 6. Regular Meeting(s).** A regular meeting of the Board shall be held at least once per year, at such time(s) and such place(s) as determined, from time to time, by a majority of the Board and as set forth in the notice of such meeting. Notice of such annual meeting shall be given to each Director, personally or by mail, email, telephone or facsimile (based on the latest information in the Corporation's records), at least three days prior to the day named for the regular meeting of the Board.

**Section 7. Special Meetings.** Special meetings of the Board may be called by the President or Secretary on no less than three days notice to each Director, given personally, by mail, email, telephone or facsimile (based on the latest information in the Corporation's records),

which shall state the time, place and purpose of the meeting. Upon the request of a majority of the Directors, special meetings of the Board shall be called by the President or Secretary in like manner and on like notice.

**Section 8. Waiver of Notice.** Before, at or after any meeting of the Board, any Director may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. A Director's attendance at or participation in a meeting waives any required notice to the Director of the meeting unless the Director at the beginning of the meeting or promptly on the Director's arrival at the meeting objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Subject to compliance with Section 14 below in these Bylaws (to the extent applicable), if all the Directors are present at any meetings of the Board, no notice shall be required, and any business may be transacted at such meeting.

**Section 9. Quorum.** A majority of the Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board unless the Articles, these Bylaws, the Declaration or any Tract Declaration otherwise specifically requires the affirmative vote of a different number of Directors on a specific matter.

**Section 10. Adjournments.** The Board may adjourn any meeting from day to day or for such other time as may be prudent or necessary in the interests of the Corporation.

**Section 11. Proxies.** At all meetings of the Board, each Director entitled to vote may vote in person or by proxy. All proxies must be in writing and must be filed with the Secretary of the Corporation on or before the time of the meeting of the Board to which it applies. Every proxy shall be revocable and shall automatically terminate on the earlier of (a) the date the Director giving the proxy ceases to be a Director, or (b) eleven (11) months from the date of its execution, unless otherwise specified in the proxy.

**Section 12. Action Taken Without a Meeting.** To the maximum extent permitted by law, the Board 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 of the Directors, which written approval may be obtained in counterparts and via facsimile, email or other electronic means. Any actions approved shall have the same effect as though taken at a meeting of the Board.

**Section 13. Meetings Not In Person.** The Board may permit any or all Directors to participate in any meeting of the Board by or conduct the meeting through the use of any means of communication by which all Directors participating may simultaneously hear each other during the meeting. A Director participating in a meeting by this means is deemed to be present in person at the meeting.

**Section 14. Open Meetings.** To the extent required by Arizona Revised Statutes Section 33-1804 (including any amendment thereto or revision thereof) or other applicable law, and only to the extent so required, meetings of the Board shall be open to all members of the Corporation, or any person designated by a member in writing as the member's representative,

and all members or designated representatives so desiring shall be permitted to attend and speak at an appropriate time during the deliberations and proceedings subject to the limitations and requirements set forth in Arizona Revised Statutes Section 33-1804 (including any amendment thereto or revision thereof). In addition, any portion of such meeting of the Board may be closed as permitted by Arizona Revised Statutes Section 33-1804 (including any amendment thereto or revision thereof). Notice to the members of any open meeting of the Board, stating the time and place of the meeting, may be given by publishing the same once in any newspaper of general circulation within Quail Creek Country Club or Pima County, by newsletter, conspicuous posting or other reasonable means as determined by the Board, at least two days prior to the date of the meeting. Notice to member is not required if emergency circumstances require action by the Board before notice can be given.

**Section 15. Fidelity Bonds.** The Board may require, in its discretion, and shall require to the extent required by the Villas Declaration or any amendment or supplement thereto, that all officers and employees of the Corporation handling or responsible for the Corporations' funds shall furnish fidelity bonds. In the event such bonds are required upon determination of the Board, the premiums therefor shall be paid by the Corporation.

**Section 16. Committees.** The Board may by resolution appoint committees of the Corporation. Any such committee shall have the powers and authority set forth in the Villas Declaration or designated in the resolution or resolutions establishing them.

#### ARTICLE IV Officers

**Section 1. Designation.** The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer. The Directors (or the Declarant, if prior to the Transition Date) may appoint an Assistant Secretary and/or an Assistant Treasurer, and such other officers as in their judgment may be necessary. Any one person may hold two or more offices at the same time, except to the extent prohibited by Arizona law.

**Section 2. Election and Term of Officers.** Prior to the Villas Transition Date, all of the officers shall be appointed by the Declarant and each shall serve until removed by Declarant in its discretion, all in accordance with the Villas Declaration. After the Villas Transition Date, the officers of the Corporation shall be elected by the Board at the annual meeting of the Board each year, and each such officer shall hold office until his successor has been duly elected and qualified.

**Section 3. Removal of Officers.** Prior to the Villas Transition Date, the Declarant may remove any officer, with or without cause, at any time. After the Villas Transition Date, upon an affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause, at any time.

**Section 4. Resignation of Officers.** Any officer may resign at any time by 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 5. Vacancies.** Prior to the Villas Transition Date, a vacancy in any officer position for any reason (including without limitation the death of such officer) shall be filled by the Declarant. After the Villas Transition Date, a vacancy in any officer position for any reason (including without limitation the death of such officer) shall be filled by vote of a majority of the Board. In such an event, the replacement officer elected to fill such vacancy shall serve for the remainder of the term of the replaced officer.

**Section 6. President.** The President shall be the chief executive officer of the Corporation. The President shall preside at all meetings of the Corporation's Members and of the Board. The President shall have all of the general powers and duties that are normally vested in the office of the President of a corporation. The President also shall perform such other duties as shall from time to time be imposed by the Board.

**Section 7. Vice President.** The Vice President (or the most senior Vice President, if there shall be more than one) shall take the place of the President and perform the duties of the President whenever the President is absent, unable to act or refuses to act. If neither the President nor a Vice President is able to act, the Board shall appoint some other Director to act for the President on an interim basis. The Vice President shall have all of the general powers and duties that are normally vested in the office of the Vice President of a corporation. The Vice President also shall perform such other duties as shall from time to time be imposed by the President or the Board.

**Section 8. Secretary.** The Secretary shall keep the minutes of the meetings of the Board and the minutes of all meetings of the Corporation's members; the Secretary shall have charge of the membership books and such other books and papers as the Board may direct; and he/she shall, in general, perform all duties incident to the office of Secretary. The Secretary also shall perform such other duties as shall from time to time be imposed by the President or the Board.

**Section 9. Treasurer.** The Treasurer shall have the responsibility for the Corporation's funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. The Treasurer shall be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Corporation in such depositories as may from time to time be designated by the Board. The Treasurer shall have all of the general powers and duties that are normally vested in the office of the Treasurer of a corporation. The Treasurer also shall perform such other duties as shall from time to time be imposed by the President or the Board.

**Section 10. Compensation.** No compensation shall be paid to officers for their services as officers. Officers, however, may be reimbursed for any actual expenses incurred in connection with their respective duties as officers. This provision shall not preclude any officer from serving the Corporation in any other capacity and receiving compensation therefor.

## ARTICLE V Elections

**Section 1. First Election of Directors by the Members.** In the first election of Directors to be elected by the members (whether (a) before the Villas Transition Date, in the Declarant's sole discretion (pursuant to the terms of the Villas Declaration); or (b) on or effective as of the Villas Transition Date), nominations for such director positions may be submitted by any Member and must be received at the principal office of the Corporation or such other location designated by the Declarant no later than 15 days prior to the election date or such other date as determined by the Declarant. All nominations will be placed on one ballot and any Member may nominate himself or herself. Directors elected by the Members will serve staggered terms, as follows:

If the first election of Directors by the members is prior to the Villas Transition Date and the members are electing two Directors pursuant to the Declaration: The nominee receiving the most votes will be elected to a three-year term. The nominee receiving the second most votes will be elected to a two-year term.

If the first election of Directors by the Corporation's members is on or effective as of the Villas Transition Date and the members are electing three or more Directors: the Declarant shall separate the number of Directors to be elected into two groups. The Directors in the first group shall serve a three-year term. The Directors in the second group shall serve a two-year term.

**Section 2 Election Committee.** For all elections of Directors by the Corporation's members after the first election, all such Directors shall serve a two-year term. The Board shall appoint an Election Committee Chairperson and an Election Committee ninety (90) days prior to the election date or such other date as determined by the Board. The Election Committee shall consist of not less than three (3) members who are in good standing, of which no more than one (1) may be a current Director. The Election Committee shall, within forty five (45) days of the election date or such other date as determined by the Board, submit to the Board a list of candidates for all Director vacancies to be filled.

**Section 3. Nominations.** Three (3) or more members of the Corporation may also nominate other candidates and file such nominations over their signatures with the Election Committee Chairperson fifty (50) days prior to the election date or such other date as determined by the Board. The names of all those nominated (whether by the Election Committee or by three or more members) shall be printed alphabetically on one ballot.

**Section 4. Voting.** No member who is thirty (30) days or more in default in the payment of any Villas Assessments due the Corporation or whose voting rights have otherwise been suspended as provided for in the Villas Declaration shall be permitted to vote at any election. Cumulative voting is not permitted.

**Section 5. Election Procedure.** The Election Committee Chairman will conduct all facets of the election in accordance with the "Election Procedure", if any, established by the

Board, which procedures shall not be inconsistent with these Bylaws (including, without limitation, Article III or the other provisions of this Article V), the Articles of Incorporation of the Corporation or the Villas Declaration. Candidate(s) receiving the most votes of the members shall be declared the winner by the Board to fill the number of vacancies available on the Board. Any member may be present as an observer at the tabulation of votes. Following the tabulation, all ballots will be sealed and stored for a period of at least forty five (45) days from the date of tabulation. Any protest of accounting of votes or results must be filed within thirty (30) days from the date of tabulation. In case of a timely filed protest, the ballots will be retained as long as necessary.

## **ARTICLE VI Miscellaneous**

**Section 1. Books and Accounts.** The Board, at all times, shall keep, or cause to be kept by the Treasurer, true and correct records of account in accordance with generally accepted accounting principles. The books and records of the Corporation shall be made reasonable available to the members of the Corporation to the extent required by Arizona law. To the extent required by Arizona Revised Statutes Section 33-1810 (as such statute may be hereafter amended or revised), the Board shall provide for an annual financial audit, review or compilation of the Corporation. The audit, review or compilation shall be completed no later than one hundred eighty days after the end of the Corporation's fiscal year and shall be made available upon request to the Members within thirty days after its completion.

**Section 2. Fiscal Year.** The fiscal year of the Corporation shall be the calendar year (i.e. ending December 31 each year), or such other period as the Board may deem appropriate.

**Section 3. Conflict in Documents.** In the case of any conflict between the Villas Articles and these Bylaws, the Villas Articles shall control. In the case of any conflict between the Villas Declaration and these Bylaws, the Villas Declaration shall control. Any provision of these Bylaws that is contrary to or inconsistent with the Villas Articles or the Villas Declaration shall be void to the extent of such inconsistency.

## **ARTICLE VII Amendment of the Bylaws**

These Bylaws may be amended by the affirmative vote of a majority of the Board, except as otherwise provided for in the Villas Declaration. These Bylaws may not be amended insofar as such amendment would be inconsistent with the Villas Declaration, the Villas Articles, the Master Association (as defined in the Villas Declaration), or any applicable Tract Declaration (as defined in the Master Declaration).

**ARTICLE VIII**  
**Certificate of Adoption**

The undersigned secretary does hereby certify that the foregoing Bylaws were adopted by the Board of Quail Creek Villas Association, Inc. pursuant to that certain consent to corporate actions of the directors in lieu of the organizational meeting dated February 18, 2014.

  
George Atwell, Secretary



04565980

AZ CORPORATION COMMISSION  
FILED

FEB 18 2014

FILE NO. 1905888-8

ARTICLES OF INCORPORATION  
OF  
QUAIL CREEK VILLAS ASSOCIATION, INC.

The undersigned, as the sole incorporator, for the purpose of forming a nonprofit corporation under the laws of the State of Arizona, hereby adopts the following Articles of Incorporation ("Articles"):

ARTICLE I

Name

The name of the corporation is Quail Creek Villas Association, Inc. (the "Corporation").

ARTICLE II

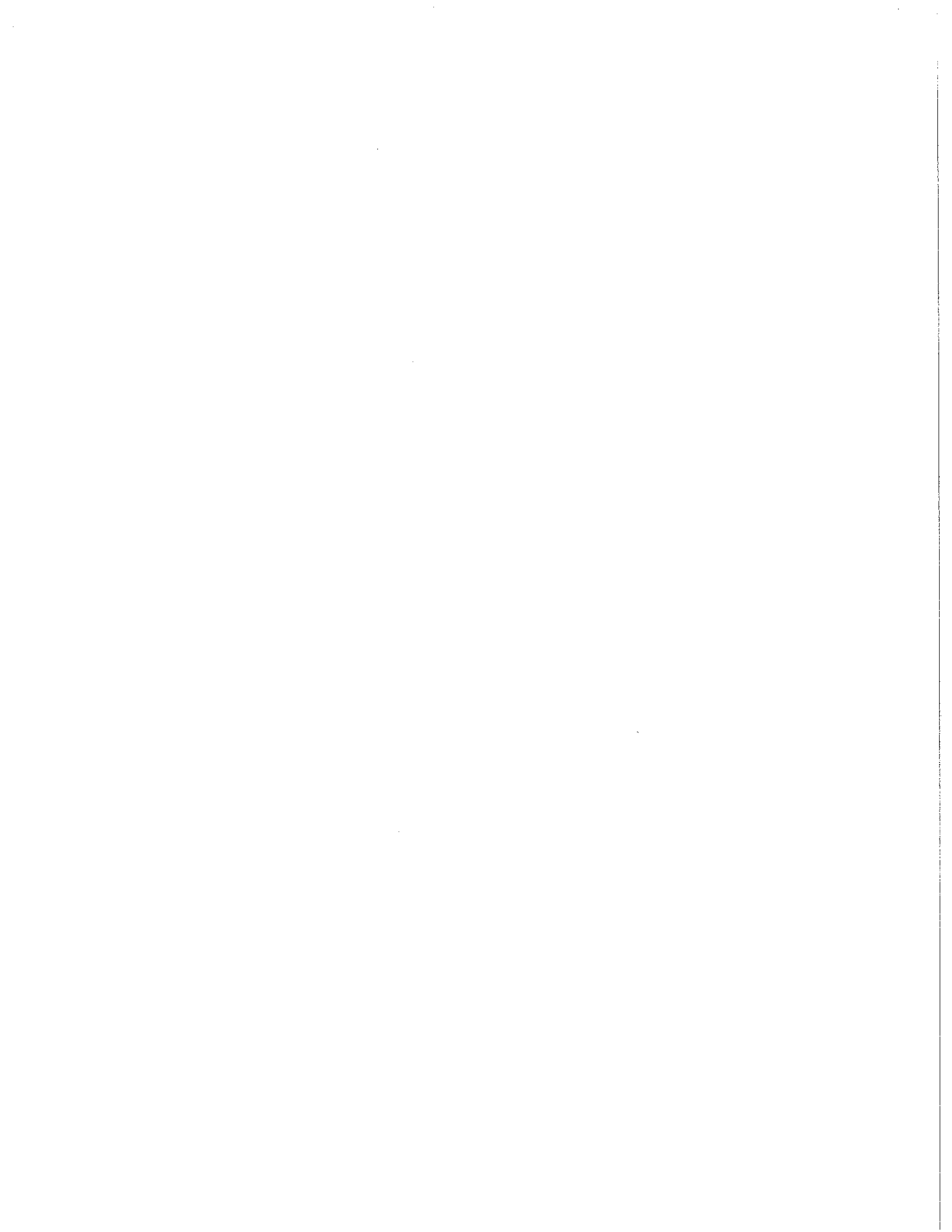
Definitions

Capitalized terms used in these Articles without definition shall have the meanings specified for such terms in that certain Declaration Of Annexation, Tract Declaration And Declaration of Covenants, Conditions and Restrictions For Quail Creek Villas, recorded on February 18, 2014, at Sequence No. 2014-0490243, in the Official Records of the Pima County Recorder, Pima County, Arizona, as such declaration is amended or supplemented from time to time (collectively, the "Villas Declaration"), including but not limited to by any declaration of annexation or of covenants, conditions or restrictions executed by Declarant that makes membership in the Corporation an incident of ownership of any residential lot described therein.

ARTICLE III

Character of Affairs

The character of affairs that the Corporation initially intends to conduct is the fulfillment of all of the Corporation's duties and responsibilities and the exercise of all the Corporation's rights, powers and prerogatives under the Villas Declaration, including but not limited to acting as an "Association" within the meaning of the Planned Communities Act, Arizona Revised Statutes Sections 33-1801 et seq. as the same may be amended or revised. In addition, subject to the provisions of the Villas Declaration, the Corporation shall have and may exercise any and all of the powers, rights and privileges now or hereafter granted to nonprofit corporations by Title 10, Chapters 24-40 of the Arizona Revised Statutes as the same may be amended or revised. The Corporation shall have no stock, no dividends and no pecuniary profits shall be declared or distributed to its members. All income and earnings of the Corporation shall be used to further the purposes and objectives of the Corporation.





AZ CORPORATION COMMISSION  
FILED

FEB 18 2014

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**ARTICLE IV**  
**Membership; Voting Rights**

The Corporation shall have members. Each membership in the Corporation shall be appurtenant to, and may not be separated from, ownership of the Villas Lot to which the membership is attributable. The members (including the Declarant) shall have the voting rights provided in the Villas Declaration and the Bylaws of the Corporation, both of which may be amended from time to time. It is hereby acknowledged that the Villas Declaration may be amended from time to time to change the qualifications and requirements of the members of the Corporation and their voting rights and any other provisions set forth therein.

**ARTICLE V**  
**Statutory Agent**

James D. Hubbard, whose address is 9532 E. Riggs Road, Sun Lakes, Arizona 85248, is hereby appointed the initial statutory agent for the Corporation.

**ARTICLE VI**  
**Initial Board of Directors**

The business, property and affairs of the Corporation shall be managed, controlled and conducted by the Board of Directors. The initial Board of Directors shall consist of three directors. Each director shall be appointed or elected in accordance with the terms set forth in the Villas Declaration and in the Bylaws of the Corporation. The following individuals shall serve as the initial directors until their successors are appointed or elected and qualified pursuant to the terms of the Declaration and the Bylaws:

Jack Sarsam  
9532 East Riggs Road  
Sun Lakes, Arizona 85248

Mark Giannonati  
9532 East Riggs Road  
Sun Lakes, Arizona 85248

George Atwell  
9532 East Riggs Road  
Sun Lakes, Arizona 85248



**ARTICLE VII**  
**Incorporator**

The name and address of the sole incorporator is:

Jack Sarsam  
9532 East Riggs Road  
Sun Lakes, Arizona 85248

**ARTICLE VIII**  
**Indemnification**

To the fullest extent permitted by Arizona Revised Statutes as the same exist or may hereafter be amended or revised, the Corporation shall indemnify and advance expenses to any person who incurs expenses or liabilities by reason of the fact he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other entity. The foregoing indemnification and advancement of expenses shall be mandatory in all circumstances in which the same are permitted by law. No repeal, amendment or modification of this Article VIII, whether direct or indirect, shall eliminate or reduce its effect with respect to any matter giving rise to indemnification or advancement of expenses occurring prior to such repeal, amendment or modification.

**ARTICLE IX**  
**Limitation of Director Liability**

To the fullest extent permitted by Arizona Revised Statutes as the same exist or may hereafter be amended or revised, no director of the Corporation shall be personally liable to the Corporation or its members for monetary damages for any action taken or any failure to take any action as a director. No repeal, amendment or modification of this Article IX, whether direct or indirect, shall eliminate or reduce its effect with respect to any act or failure to act occurring prior to such repeal, amendment or modification.

**ARTICLE X**  
**Known Place of Business**

The known place of business of the Corporation shall be located at 9532 East Riggs Road, Sun Lakes, Arizona, 85248. The Corporation may establish such other office(s) as the Board of Directors may from time to time designate.

**ARTICLE XI**  
**Conflicts**

The Corporation has been formed and shall exist pursuant to and for the purpose of effectuating the provisions of the Villas Declaration. In the event of any conflict or

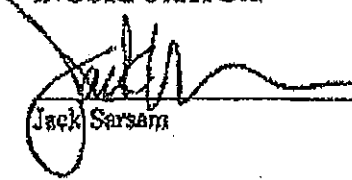
inconsistency between the Villas Declaration and these Articles, the Villas Declaration shall govern and control.

**ARTICLE XII**  
**Amendments**

Until the Villas Transition Date, these Articles of Incorporation may only be amended as set forth in the Villas Declaration. After the Villas Transition Date, except for those amendments by the Board permitted by ARS 10-11002, these Articles of Incorporation may be amended only by the approval of two-thirds of the votes cast or a majority of the voting power of the members of the Corporation, whichever is less, after the Board has first adopted a resolution setting forth the proposed amendment and directed that it be submitted to vote by the members. However, these Articles of Incorporation shall not be amended to contain any provision that would be contrary to or inconsistent with the Villas Declaration or the Master Declaration referred to in the Villas Declaration, and any provision or purported amendment to these Articles of Incorporation that is contrary to or inconsistent with the Villas Declaration or the Master Declaration shall be void to the extent of such inconsistency.

IN WITNESS WHEREOF, the undersigned incorporators have executed these Articles this 18<sup>th</sup> day of February, 2014.

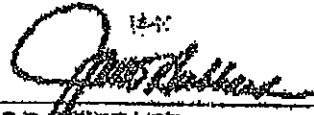
INCORPORATOR:

  
Jack Sarsam

CONSENT OF STATUTORY AGENT  
OF  
QUAIL CREEK VILLAS ASSOCIATION, INC.

The undersigned, having been named in the Articles of Incorporation of Quail Creek Villas Association, Inc. as its statutory agent for the State of Arizona, hereby confirms that it has been notified of the appointment and that it accepts such appointment as statutory agent. The undersigned statutory agent reserves the right to resign in accordance with applicable law.

DATED: February 18, 2014.



**JAMES D. HUBBARD**  
9532 East Riggs Road  
Sun Lakes, Arizona 85248