

SECTION 11: SUSPENSION OF RIGHTS

In addition to all other remedies provided for in this Declaration or at law or in equity, the Board may temporarily suspend the Association voting rights of a Lot Owner who is in default in the payment of any Assessment or any other amount due to the Association, as provided in the Bylaws.

SECTION 12: OTHER REMEDIES

The rights, remedies and powers created and described in Sections 10 and 11 of this Article IV and elsewhere in the Project Documents are cumulative and may be used or employed by the Association in any order or combination. Without limiting the foregoing sentence, suit to recover a money judgment for unpaid Assessments and Charges, to obtain specific performance of obligations imposed hereunder and/or to obtain injunctive relief may be maintained without foreclosing, waiving, releasing or satisfying the Liens created for Assessments or Charges due hereunder.

ARTICLE V**USE RESTRICTIONS****SECTION 1: USE OF LOTS AS A SINGLE FAMILY SUBDIVISION; LEASES; NO PARTITION**

All Lots within the Project shall be known and described as residential Lots and shall be occupied and used for single family residential purposes only. Business and/or trades uses in the Project shall be restricted as provided in Section 4 of this article below.

No Owner may rent his/her Lot and the single family house and related improvements thereon for transient or hotel purposes or shall enter into any lease for less than the entire Lot. No lease shall be for a rental period of less than thirty (30) days. Subject to the foregoing restrictions, the Owners of Lots shall have the absolute right to lease their respective Lots provided that the lease is in writing and is specifically made subject to the covenants, conditions, restrictions, limitations, and uses contained in this Declaration and the Bylaws and reasonable Rules and Regulations adopted by the Association. A copy of any such lease shall be delivered to the Association prior to the commencement of the term of the lease.

No Owner shall bring any action for or cause partition of any Lot, it being agreed that this restriction is necessary in order to preserve the rights of the Owners. Judicial partition by sale of a single Lot owned by two or more persons or entities and the division of the sale

proceeds is not prohibited (but partition of title to a single Lot is prohibited). Notwithstanding the foregoing, a vacant Lot may be split between the Owners of the Lots adjacent to such Lot so that each portion of such Lot would be held in common ownership with another Lot adjacent to that portion, subject to any further requirements or restrictions imposed by the Town of Gilbert. No condominium or time share use shall be created within the Project.

SECTION 2: NATURE OF BUILDINGS/STRUCTURES

No buildings or structures shall be moved from other locations on to any Lot, and all improvements erected on a Lot shall be of new construction. No structure of a temporary character and no trailer, shack, garage, barn or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently. No unsightly structure, object or nuisance shall be erected, placed or permitted on any Lot.

SECTION 3: ANIMALS

No animals, livestock or poultry shall be raised, bred or kept on any Lot except that customary household pets such as dogs, cats and household birds may be kept but only such number and types shall be allowed which will not create a nuisance or disturb the health, safety, welfare or quiet enjoyment of other Lot Owners. All animals shall be kept under reasonable control at all times and in accordance with applicable laws and any Rules and Regulations adopted by the Association. All animal wastes must be promptly disposed of in accordance with applicable city or county regulations. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether a particular animal constitutes a customary household pet or is a nuisance, or whether the number of animals or birds maintained on any portion of the Project is reasonable. Any decision rendered by the Board shall be final.

SECTION 4: SIGNS; RESTRICTIONS ON COMMERCIAL USES

No sign of a commercial nature, except, for one "For Rent" or one "For Sale" sign per Lot of no more than five (5) square feet, shall be allowed in the Project. No institution or other place for the care or treatment of the sick or disabled, physically or mentally (except as provided by the Arizona Developmental Disabilities Act of 1978 #36-551 et seq., or other applicable federal or state law) shall be placed or permitted to remain on any of the Lots and no theater, bar, restaurant, saloon, or other place of entertainment may ever be erected or permitted on any Lot. Further, no trade or business of any kind may be conducted in or from any Lot except that an Owner may conduct a business activity within in a single-family house located on a Lot so long as the existence or operation of the business activity (a) is not apparent or detectable by sight, sound, or smell from the exterior of the single-family house;

(b) conforms to all zoning requirements for the Project; (c) does not increase the liability or casualty insurance obligation or premium of the Association; and (d) is consistent with the residential character of the Project and does not constitute a nuisance or a hazardous or offensive use including, without limitation, excessive or unusual traffic or parking of vehicles in the vicinity of any Lot or the Common Area as may be determined in the sole discretion of the Board. The terms "business" and "trade", as used in the previous sentence, shall be construed to have their ordinary and generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on any ongoing basis which involves providing goods or services to persons other than the provider's family and for which the persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration regardless of whether (a) such activity is engaged in full or part-time; (b) such activity is intended to or does generate a profit; (c) a license is required therefor.

Notwithstanding any provision contained herein to the contrary, it shall be expressly permissible for Declarant and any other Developers to move, locate and maintain, during the period of construction and sale of Lots, on such portions of the Project owned by that party as that party may from time to time select, such facilities as in the sole opinion of that party shall be reasonably required, convenient or incidental to the construction of houses and sale of Lots, including but not limited to business offices, storage areas, trailers, temporary buildings, construction yards, construction materials and equipment of every kind, signs, models, and sales offices, except that in the case of Developers, the foregoing shall be subject to the prior approval of the Declarant from whom any such Developer took title to its Lots.

SECTION 5: USE OF GARAGES

No garage may be converted to living space without the prior written consent of the Committee except that Declarant and/or Developers may use a garage area in a model home or models for a sales office. Owners shall keep their garages neat, clean and free from clutter, debris or unsightly objects and shall at all times keep garages doors closed except as reasonably necessary for ingress and egress.

SECTION 6: SIZE OF HOUSES

Unless approved in writing by the Committee, no house having less than 1,100 total livable square feet, exclusive of open porches, ramadas, patios, balconies, pergolas, carports, or attached garage, if any, shall be erected, permitted or maintained on any Lot in the Project.

SECTION 7: SOLAR COLLECTORS/ANTENNAS/SATELLITE DISHES*Need LAW
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Solar collectors and related equipment may not be installed on roofs of houses but may be located elsewhere on the Lots not visible from other Lots, the Common Area or the street. An Owner must obtain the prior written approval from the Committee pursuant to Article VII prior to installing the same. The Association, through the Committee, may from time to time adopt guidelines concerning the types of solar collectors and related equipment which may be installed in the Project and acceptable means of installation thereof. The installation of any antenna shall be subject to review in advance by the Committee. Satellite dishes for the reception of television signals are subject to review in advance by the Committee.

SECTION 8: STORAGE SHEDS AND SWINGS

No storage sheds or similar or related type objects shall be located on any Lot if the height of such object is greater than the height of the fence on or adjoining said Lot or if such object is visible from the front of the Lot. All swings and slides (including those used in connection with a swimming pool) shall be at least seven (7) feet from all fences located on or near perimeter Lot lines, subject to any further requirements or restrictions of the Town of Gilbert. The foregoing improvements shall also be subject to the prior approval of the Committee.

SECTION 9: SCREENING MATERIALS

All screening areas, whether fences, hedges or walls, shall be maintained and replaced from time to time on the Lots by the Owners thereof in accordance with the original construction of the improvements by the Declarant, or as approved by the Committee pursuant to Article VII.

SECTION 10: NUISANCES; GARBAGE AND RUBBISH; STORAGE AREAS

No unsightly objects or nuisance shall be erected, placed or permitted on any Lot, nor shall any use, activity or thing be permitted which may endanger the health or unreasonably disturb the Owner or occupant of any Lot. No noxious, illegal or offensive activities shall be conducted on any Lot. Each Lot shall be maintained free from rubbish, trash, garbage or other unsightly items and the same shall be promptly removed from each Lot and not allowed to accumulate thereon and further, no garbage, trash or other waste materials shall be burned on any Lot. Garbage cans, clotheslines, woodpiles and areas for the storage of equipment and

unsightly items shall be kept screened by adequate fencing or other aesthetically pleasing materials acceptable to the Committee so as to conceal same from the view of adjacent Lots and streets. Garbage cans may be in view only on collection days and thereafter they must be promptly stored out of sight as provided therein.

SECTION 11: VEHICLES

No commercial vehicles or "Recreational Vehicles" (including, without limitation, campers, boats, trailers, mobile homes or similar type vehicles) shall be parked in front of a Lot or in a front driveway or otherwise on a Lot where it can be seen from any street or from any other lot, except for temporary parking only not exceeding four (4) consecutive hours. Commercial vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Committee. No vehicles, Recreational Vehicles, or other mechanical equipment may be dismantled or repaired (except for ordinary maintenance and repair of such vehicles, Recreational Vehicles and equipment inside an enclosed garage, and emergency repairs elsewhere for a time period not exceeding forty-eight (48) hours) or allowed to accumulate on any Lot or in front of any Lot. No vehicle which is abandoned or inoperative shall be stored or kept on any Lot or in front of any Lot in such manner as to be visible from any other Lot or any street or alleyway within or adjacent to the Project.

SECTION 12: LIGHTS

Except as initially installed by Declarant, no spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot or any structure erected thereon which in any manner will allow light to be directed or reflected on any other Lot or adjacent street, or any part thereof except as approved by the Committee.

SECTION 13: SANITARY FACILITIES

None of the Lots shall be used for residential purposes prior to the installation thereon of water-flushed toilets and all bathrooms, toilets and sanitary conveniences shall be inside the house permitted hereunder on each Lot.

SECTION 14: WINDOW COVER MATERIALS

Within sixty (60) days after the date of close of escrow, each Owner shall install permanent draperies or suitable window coverings on windows facing the street. All such window coverings facing the street must show white, beige, earth tone or pastel colors unless otherwise approved in writing by the Committee.

Prior to installation of any reflective materials on the windows or any portion of the house or any other area on any Lot, approval and consent must be obtained from the Committee pursuant to Article VII, except such consent shall not be required for any such installations made by the Declarant or any Developer.

SECTION 15: DRILLING AND MINING

No oil drilling, oil development operations, oil refining, quarrying or mining of any kind shall be permitted upon or in any Lot, nor shall oil or water wells, tanks, tunnels, mineral extractions, or shafts be permitted upon or in any Lot. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot.

SECTION 16: LANDSCAPING

Subject to the variance provision of Section 4 of Article VII below, unless installed by the Developer of a Lot, the landscaping on each Lot must be installed and substantially completed in an attractive manner by the Owner within sixty (60) days from the date of close of escrow based upon plans therefor approved in advance by the Committee pursuant to Article VII below. The landscape plans submitted to the Committee must include proposed changes in grade to be accomplished as part of the landscape development. Landscaping at all times must be maintained by each Owner in a neat and attractive manner and alterations or modifications made to the original landscaping of a Lot as originally installed shall be approved in advance by the Committee. Further, each Owner must maintain, repair and restore any and all grades, slopes, retaining walls and drainage structures (collectively "Lot Improvements") as installed by Declarant or a Developer on a Lot or which has been approved by the Committee. If any Owner does not (i) install and complete approved landscaping within the sixty (60) day period described above, (ii) maintain his landscaping in a neat and attractive manner, or (iii) maintain all Lot Improvements on a Lot, the Declarant, the Developer of the Lot or the Committee, after giving the Owner fifteen (15) days written notice to cure any such default, shall have the right to cause the necessary landscaping work or Lot Improvement to be done and the Owner in default shall be responsible for the cost thereof. Additionally, the party expending funds for such work shall have a lien on the defaulting Owner's Lot for the funds expended together with interest thereon at the rate of fifteen percent (15%) per annum until paid. In addition to the foregoing, any party may utilize remedies available under Section 1 of Article IX below, for such Owner's default.

SECTION 17: NO WARRANTY OF ENFORCEABILITY; DECLARANT'S EXEMPTION

While Declarant has no reason to believe that any of the restrictive covenants contained within this Article VI or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any of the restrictive covenants. Any Owner acquiring a Lot in the Project in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by acquiring the Lot agrees to hold Declarant harmless therefrom.

Also with respect to the restrictive covenants set forth in this Article V, Declarant shall be exempt from the effect of said restrictions except as otherwise provided by the State of Arizona or the Town of Gilbert.

ARTICLE VI

FENCES AND EASEMENTS

SECTION 1: FENCE REQUIREMENTS

All Lots, when developed, shall be improved with fences as approved by the Committee, subject to Declarant's exemption under Article VII below. Except as may be installed by Declarant, no view side or rear fence and no side or rear wall, other than the wall of the house constructed on said Lot, shall be more than six (6) feet in height subject to the variance provisions of Section 4 of Article VII below. Notwithstanding the foregoing, prevailing governmental regulations shall take precedence over these restrictions if said regulations are more restrictive. Unless otherwise approved by the Committee, all fencing and any materials used for fencing, dividing or defining the Lots must be of cement block construction and of new materials. The color(s) of the fencing for all Lots will be as selected by the Developer thereof with the prior approval of the Committee and shall not be changed without the prior approval of the Committee. This restriction shall not apply to the Declarant. All fences shall be maintained in good condition and repair, and fences, upon being started, must be completed within a reasonable time not exceeding three (3) months from commencement of construction. If any fence originally installed by an Owner is wholly or partially damaged by any cause, it shall be removed in its entirety or returned to its original condition within three (3) months from the date of damage; any fences originally installed by any Developer-installed fence was originally erected, must be promptly restored to their original condition by the Owner(s) of the adjacent Lots.

SECTION 2: FENCES AS PARTY WALLS

A. Fences which may be constructed upon the dividing line between Lots, or near or adjacent to said dividing line because of minor encroachments due to engineering errors (which are hereby accepted by all Owners in perpetuity) or because existing easements prevent a fence from being located on the dividing line), by the Developer are "Party Walls" and shall be maintained and repaired at the joint cost and expense of the adjoining Lot Owners. Fences constructed upon the back of any Lot (which do not adjoin any other Lot) by the Developer shall be maintained and repaired at the cost and expense of the adjoining Lot Owner on whose Lot (or immediately adjacent to whose Lot) the fence is installed. Such Party Walls and fences shall not be altered, or changed in design, color, material or construction from the original installation made by the Developer without the approval of the adjoining Owner(s), if any, and the Committee. In the event any Party Wall is damaged or destroyed by the act or acts of one of the adjoining Lot Owners, his family, agents, guests or tenants, that Owner shall be responsible for said damage and shall promptly rebuild and repair the Party Wall(s) to its/their prior condition, at his sole cost and expense. In all other events when any Party Wall is wholly or partially damaged in need of maintenance or repair, each of the adjoining Owners shall share equally in the cost of replacing the Party Wall or restoring the same to its original condition. For this purpose, said adjoining Owners shall have an easement as more fully described in Section 3(A)(2) of this article. All gates shall be as high as the Party Wall or fence.

B. In the event of a dispute between Owners with respect to the repair or rebuilding of a Party Wall, then, upon written request of one of such Owners addressed to the Committee, the matter shall be submitted to the Committee for arbitration under such rules as may from time to time be adopted by the Committee. If no such rules have been adopted, the matter shall be submitted to three arbitrators, one chosen by each of the Owners and the third arbitrator to be chosen within five (5) days by any judge of the Superior Court of Maricopa County. A determination of the matter signed by any two of the three arbitrators shall be binding upon the Owners who shall share the cost of arbitration equally. In the event one Owner fails to choose an arbitrator within ten (10) days after personal receipt of a request in writing for arbitration from the other Owner, then said requesting Owner shall have the right and power to choose both arbitrators.

C. Wherever the words "Party Walls," "fence," "fences" or "fencing" appears in this Declaration, they include block walls, view fences including wrought iron and other materials used as a fence, fences, wall or walls (except a wall which is part of a house) subject to the provisions of Section 1 of this Article VI requiring cement block construction.

SECTION 3: EASEMENTS**A. General Easements**

(1) Easement for installation and maintenance of utilities and drainage facilities have been created as shown on the Plat, and additional easements may be created by grant or reservation by the Developer of a portion of the Project for the foregoing purposes. Except as may be installed by any Developer, no structure, planting or other materials shall be placed or permitted to remain within these easements which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, if any, or which may obstruct or retard the flow of water through the channels in the drainage easements, if any. The easement area of each Lot and all improvements located thereon shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible, and except for any easement area referred to in Subsection 3(A)(3) below, which will be maintained by the Owner of the Lot who has use of the easement.

(2) For the purpose of repairing and maintaining any Party Wall, an easement not to exceed five (5) feet in width is hereby created over the portion of every Lot immediately adjacent to any Party Wall to allow the adjoining Owner access for maintenance purposes as set forth herein and other purpose.

(3) In addition to the foregoing, if a Party Wall is not located between Lots, an easement is hereby created for six (6) months after a house is constructed on any Lot for the purpose of constructing and maintaining said Party Wall. With respect to any Party Wall not located on a dividing line between Lots but located near or adjacent to such dividing line, and Owner of a Lot shall have and is hereby granted a permanent easement over any property immediately adjoining said Owner's Lot up to the middle line of said Party Wall for the use and enjoyment of the same.

(4) Each Lot within the Project is hereby declared to have an easement over all adjoining Lots and the Common Area for the purpose of accommodating any encroachment due to minor engineering errors, errors in either the original construction or reconstruction of the buildings on the Lots, or the settlement or shifting of buildings or any other similar cause. There shall be valid easements for the maintenance of said encroachments as long as they exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting, provided however, that in no event shall a valid easement for the encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners.

B. Declarant Easements.

(1) Declarant shall have the right and an easement to maintain sales or leasing offices, management offices and models throughout the Project and to maintain one or more advertising signs on the Common Area while the Declarant sells Lots in the Project.

(2) Declarant shall have the right and an easement on and over the Common Area to construct there on all buildings and improvements the Declarant may deem necessary, and to use the Common Area and any Lots owned by Declarant for construction and renovation related purposes, including the storage of tools, machinery, equipment, building materials, appliances, supplies, and fixtures, and the performance of work respecting the Project.

(3) The Declarant shall have an easement on, over and through the Lots (but not through any houses thereon) for any access necessary to complete any renovations, warranty work or modifications to be performed by Declarant.

C. Association Easements

Declarant hereby creates the following easements in favor the Association and its directors, officers, agents, employees and independent contractors over the Lots (but not the houses thereon):

(1) For inspection of the Lots in order to verify the performance of all Owners of all items of maintenance and repair for which they are responsible;

(2) For inspection, maintenance, repair and replacement of the Common Area accessible from the Lots; and

(3) For the purpose of enabling the Association, the Board, the Committee or any other committee appointed by the Board, to exercise and discharge their respective rights, powers and duties under the Project Documents. No Owner shall do any act or create any obstruction which would unreasonably interfere with the right or ability of the Association to perform any of its obligations or exercise any of its rights under the powers or easements reserved under this Declaration.

ARTICLE VII**ARCHITECTURAL CONTROL****SECTION 1: CREATION OF COMMITTEE**

The Board shall establish an Architectural Committee consisting of not less than three (3) members appointed by the Board to regulate the external design, appearance, and use of the Property and to perform such other functions and duties as may be imposed upon it by this Declaration, the Bylaws or the Board. No Improvement of any kind may be made on any Lot without prior approval from the Architectural Committee and no change to an Improvement previously approved by the Architectural Committee may be made without prior written approval of the Architectural Committee."

After ninety percent (90%) of the Lots in the Project have been conveyed to individual home purchasers (as evidenced by recorded deeds or agreements of sale of purchasers), a new Committee shall be appointed by the Board of the Association. However, until ninety percent (90%) of the Lots are sold as evidenced by recorded deeds to purchasers at least one member of the Architectural Committee shall be represented by the Original Developer, or current Developer, if different from the Original. If no such Committee is appointed, then and in such event, the members of the Committee appointed by the Declarant, and/or its successors and assigns, may, but are not obligated to, continue to act until such time as the Board appoints a new Committee. Members of the Committee appointed by the Board shall serve for a period of one (1) year or until their successors are duly appointed, whichever is later or until they are removed by action of the Board.

A majority of the Committee shall be entitled to take action and make decisions for the Committee. Except for Committee members appointed by the Declarant, all Committee members shall be Owners or representatives of Owners.

SECTION 2: REVIEW BY COMMITTEE (NON-DEVELOPER IMPROVEMENTS)

No building or exterior or structural improvements of any kind, fences, walls, Party Walls, solar collectors, antennas(including customary TV antennas), satellite dishes, underground TV apparatuses, broadcasting towers, other structures, Lot Improvements, landscaping or landscaping changes, or changes to the exterior colors of any of the foregoing (collectively, the "Alterations") shall be commenced, erected, made, structurally repaired, replaced or altered (except as set forth below) until the plans and specifications showing the nature, kind, shape, size, height, color, material, floor plan, location and approximate cost of same shall have been submitted to and approved by the Committee. The Committee shall have the right to refuse to approve any Alteration which is not suitable or desirable in their opinion

for aesthetic or other reasons, and they shall have the right to take into consideration (i) the suitability of the proposed Alteration; (ii) the material (including type and color) of which it is to be built; (iii) the site (including location, topography, finished grade elevation) upon which it is proposed to be erected; (iv) the harmony thereof with the surroundings (including color and quality of materials and workmanship); and (v) the effect of the Alteration as planned on the adjacent or neighboring property (including visibility and view). Failure of the Committee to reject in writing said plans and specifications within forty-five (45) days from the date the same were submitted shall constitute approval of said plans and specifications, provided the design, location, color and kind of materials in the Alteration shall be governed by all of the restrictions herein set forth. With respect to review an Owner's plans and specifications, the Committee shall have the right to employ professional consultants to review the same to assist it in discharging its duties. In the event the Committee elects to employ such consultant, the Committee shall first give notice to the Owner of the fee required for purposes of hiring any such consultant and the Owner shall promptly pay said consultant's fee to the Committee prior to the Committee being obligated to proceed further with its review of said Owner's submission. The restrictions and conditions set forth in this paragraph or in Section 3 of this Article VII below shall not be applicable to any original construction whatsoever undertaken by Declarant.

The Committee's approval of Alterations shall not be interpreted or deemed to be an endorsement or verification of safety, structural integrity or compliance with applicable laws or building ordinances of the Alterations and the Owner and/or its agents shall be solely responsible therefor. The Committee and its members shall have no liability for any lack of safety, integrity or compliance thereof. The Committee and its members shall have no personal liability for judicial challenges to its decisions and the sole remedy for a successful challenge to a decision of the Committee shall be an order overturning the same without creating a right, claim or remedy for damages. The Committee may adopt and amend, from time to time, architectural control guidelines consistent with this section and the Project Documents.

Unless at least two-thirds (2/3) of the First Mortgagees (based upon one (1) vote for each First Mortgage owned) or Owners (other than Declarant) of the individual Lots have given their prior written approval, the Association shall not by act or omission, change, waive or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Lots, the maintenance of the Common Area, Party Walls, fences and driveways, or the upkeep of landscaping in the project.

SECTION 3: REVIEW BY COMMITTEE (DEVELOPER IMPROVEMENTS)

The plans, specifications and elevations of all houses, buildings or other improvements, landscaping and other structures or other items that a Developer (other than Declarant) intends to construct, install or erect in the Project, whether or not the same is visible from another Lot

or public street, shall be subject to the review and approval of the Committee prior to the commencement thereof in accordance with the procedures set forth above. In addition to the foregoing requirements, such standards adopted by Declarant from time to time for the Project sole discretion, provided that any such Developer may continue construction within the Project in accordance with plans, specifications and elevations consistent with the standards in effect at the time the plans, specifications and elevations were submitted to Declarant. The Committee shall refuse approval of any such Developer's plans, specifications and elevations if the same do not comply with the standards then in effect. Further, the Declarant or the Committee shall have the right from time to time to promulgate and amend reasonable rules and regulations concerning the conduct and operations and building activities of any other Developer (except Declarant) who shall be bound thereby.

SECTION 4: VARIANCES

The Committee may (with Board approval in its sole discretion and in extenuating circumstances) grant minor variances from the restrictions set forth in Article V and Article VI of this Declaration and any of the requirements set forth in this Article VII if the committee determines that (a) either (i) a restriction would create an unreasonable and substantial hardship or burden on an Owner or (ii) a change of circumstances has rendered a restriction obsolete and (b) the activity permitted under the variance will not have a substantially adverse effect on other Owners and is consistent with the high quality of life intended for the Project.

SECTION 5: DECLARANT'S EXEMPTION; RIGHT TO REPLAT

The restrictions and conditions set forth in this Article VII shall not be applicable to any original construction whatsoever undertaken by the Declarant. In addition to the foregoing, Declarant hereby reserves the right, in its sole discretion, and without the consent of the Committee or any other Owner or lienholder (except as provided herein), to amend the Plat with regard to any Lots which Declarant owns from time to time. Notwithstanding the foregoing, such replatting shall not affect the boundaries of any other Owner's Lot or the Common Area and shall always comply with all zoning and other applicable statutes, rules, ordinances and regulations of any governmental or quasi-governmental agency having jurisdiction over the Project. Subject to satisfaction of the foregoing conditions, any amendment to the Plat prepared and recorded by Declarant may reconfigure Declarant's Lots and/or create additional Lots.

ARTICLE VIII**PLANNED PHASING OF DEVELOPMENT****SECTION 1: PHASE ONE**

Declarant intends to develop the Project in four Phases. Phase One consists of 78 lots (Lots 146-223, inclusive) as described in or shown as Phase One on Exhibit A which is attached hereto and incorporated herein by this reference.

SECTION 2: SUBSEQUENT PHASES; CHANGES TO SUBSEQUENT PHASES

The portions of the Project lying outside Phase One (described on Exhibit A) are hereby submitted to this Declaration as Phases Two, Three, and Four of the Project. Phase Two shall contain 82 lots, (Lots 1-82, inclusive) as described in or shown as Phase Two on Exhibit B which is attached hereto and incorporated herein by this reference; Phase Three shall contain 99 lots, (Lots 224-322, inclusive, and Tracts I through N), as described in or shown as Phase Three on Exhibit C which is attached hereto and incorporated herein by this reference; Phase Four shall contain 63 lots, (Lots 83-145, inclusive, and Tracts A-H), as described in or shown as Phase Four on Exhibit D which is attached hereto and incorporated herein by this reference.

Declarant may change the size, number or contents of phases, except Phase One. In the event the sequence of development described above is not followed, Declarant shall record an Amendment to this Declaration setting forth the actual sequence of development.

SECTION 3: REQUIREMENTS TO BE SATISFIED PRIOR TO CONVEYANCE OF THE FIRST LOT IN A PHASE

All intended and planned improvements located or to be located on the Common Area in a Phase must be substantially completed prior to the conveyance of the first Lot therein and the conveyance of the Common Areas to the Association. Declarant makes no assurances as to the nature or type of improvements which may be constructed on any Lot in a new Phase, but such improvements shall be consistent in terms of quality of construction with the improvements built in the Project as originally constituted under this Declaration.

All taxes, assessments, mechanic's liens, and other charges affecting the Common Area in a new Phase, shall be paid or otherwise provided for by Declarant in a manner satisfactory to the Federal Housing Administration or Veterans Administration so that any liens arising in connection upon said Property will not adversely affect the rights of existing Lot Owners.