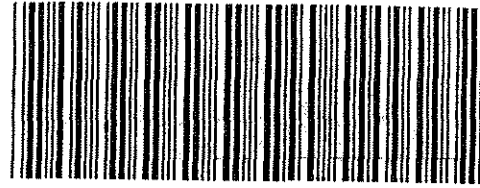


LAWYERS TITLE OF ARIZONA, INC.

WHEN RECORDED, RETURN TO:

Ballantrae Ridge Homeowners Association
c/o Frame & Powel Asset Management
8711 E. Pinnacle Peak Road, #334
Scottsdale, AZ 85255



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

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SECOND AMENDMENT TO DECLARATION
OF ADDITIONAL COVENANTS, CONDITIONS
AND RESTRICTIONS FOR BALLANTRAE RIDGE

THIS SECOND AMENDMENT is made this 16th day of December 1996, by
BALLANTRAE RIDGE HOMEOWNERS ASSOCIATION, an Arizona nonprofit
corporation.

I. Recitals.

1.1 Ballantrae Ridge has recorded that Declaration of Additional Covenants, Conditions and Restrictions for Ballantrae Ridge, dated February 19, 1986, as recorded February 25, 1986, as Document No. 86 088280, records of Maricopa County, Arizona ("Declaration"), and that First Amendment to the Declaration, dated June 30, 1993, as recorded September 20, 1993 as Document No. 93-0631698, records of Maricopa County, Arizona ("First Amendment").

1.2 Article XIII, Section 9 of the Declaration provides for amendment of the Declaration by the affirmative vote of Owners holding at least seventy-five percent (75%) of the total voting power in the Association at a meeting duly called pursuant to the Articles and Bylaws for the adoption of the amendment.

1.3 A vote of Owners was held and closed November 10, 1996 for the purpose of amending Article XI, Section 7 of the Declaration in which an affirmative vote of Owners of seventy six and one-half percent (76.5%) voted to amend the Declaration.

1.4 Ballantrae Ridge Homeowners Association desires to amend Article XI, Section 7 of the Declaration on the terms and conditions set forth herein.

II. Terms and Conditions.

NOW, THEREFORE, The Declaration is hereby amended as follows:

2.1 Lease. Article XI, Section 7 of the Declaration is hereby amended to read as follows:

"Section 7. Lease. No portion of a Lot less than the entire Lot together with the improvements thereon, may be rented. Any lease of a Lot must be for a minimum of four (4) months, must be in writing, and must be approved by the Association.

2.2 Effective Date. The effective date of this Second Amendment shall be January 1, 1997.

2.3 Defined Terms. All capitalized terms used herein but not defined shall have the meanings assigned thereto in the Declaration.

2.4 Conflict. In the event of any conflict between the terms and provisions of this Second Amendment and the Declaration, the terms and conditions of this Second Amendment shall govern and control. Except as otherwise provided in this Second Amendment to the contrary, the terms and provisions of the Declaration and First Amendment to the Declaration shall remain in full force and effect.

IN WITNESS WHEREOF, Ballantrae Ridge Homeowners Association has executed this Second Amendment on the day and year first set forth above.

BALLANTRAE RIDGE HOMEOWNERS ASSOCIATION,
an Arizona nonprofit corporation

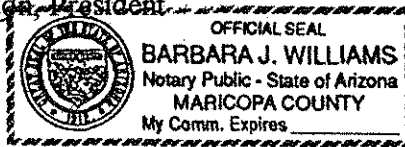
By: _____

Harry Paston, President

STATE OF ARIZONA)

) SS.

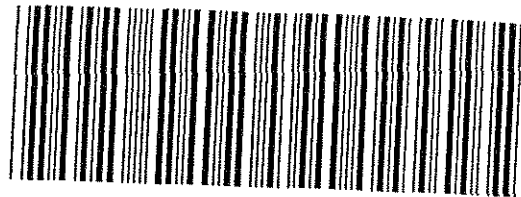
County of Maricopa)



The foregoing instrument was acknowledged before me this 16th day of December, 1996 by Harry Paston, President of BALLANTRAE RIDGE HOMEOWNERS ASSOCIATION, an Arizona nonprofit corporation.

Barbara J. Williams
Notary Public

My Commission Expires: 4-29-98



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

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SECURITY TITLE AGENCY

WHEN RECORDED, RETURN TO:

BALLANTRAE RIDGE HOMEOWNERS ASSOC.
C/O TROON REAL ESTATE CORPORATION
8787 E. Pinnacle Peak Road, Suite 250
Scottsdale, AZ 85255

40936183

**FIRST AMENDMENT TO DECLARATION
OF ADDITIONAL COVENANTS, CONDITIONS
AND RESTRICTIONS FOR BALLANTRAE RIDGE**

THIS FIRST AMENDMENT is made this 30th day of June, 1993, by BALLANTRAE RIDGE LTD, INC., an Indiana corporation ("Ballantrae Ridge").

I. Recitals.

1.1 Ballantrae Ridge has recorded that Declaration of Additional Covenants, Conditions and Restrictions for Ballantrae Ridge, dated February 19, 1986, as recorded February 25, 1986, as Document No. 86 088280, records of Maricopa County, Arizona ("Declaration").

1.2 Article XIII, Section 10 of the Declaration provides for amendment of the Declaration, prior to the time as the Class B membership of Ballantrae Ridge terminates, by Ballantrae Ridge as may be necessary or appropriate in its sole discretion without the approval of any other Owners. Article XIII, Section 10 of the Declaration further provides that as long as the Deeds of Trust identified in the Consent of Lienholder attached to the Declaration remain outstanding, any amendment by Ballantrae Ridge shall require the prior approval of the Valley National Bank of Arizona.

1.3 The Class B membership of Ballantrae Ridge has not terminated, and the Deeds of Trust identified in the Consent of Lienholder attached to the Declaration no longer remain outstanding.

1.4 Ballantrae Ridge desires to amend certain provisions of the Declaration on the terms and conditions set forth herein.

II. Terms and Conditions.

NOW, THEREFORE, the Declaration is hereby amended as follows:

2.1 Common Area and Villa Insurance. Article X, Section 1 of the Declaration is hereby amended to read as follows:

"Section 1. Common Area and Villa Insurance.
The Association shall obtain a broad form public liability policy covering all Common Areas and facilities, covering the Owners' and Association's interest in Windy Walk Drive and covering all damage or injury caused by the negligence of the Association or any of its officers, directors, or agents. Said insurance may include coverage against vandalism. Premiums for all such insurance shall be Common Expenses. All insurance obtained by the Association pursuant to this Article shall be written in the name of the Association. Each Owner, at his own expense, shall obtain fire and extended coverage insurance for his Villa insuring against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of the Villa and any repair or reconstruction work in the event of damage or destruction from any hazard. The fire and extended coverage insurance obtained by each Owner shall be from a company rated in the A.M. Best Key Rating Guide with a policyholder's service rating of A and a financial rating of A. The company shall be licensed by the State of Arizona and a true copy of the policy shall be delivered to the Association, together with evidence of payment of the premiums thereof. At least fifteen (15) days prior to the expiration or termination date of such policy, each Owner shall deliver a renewal or replacement policy to the Association, together with proof of the payment of the premium thereof. If an Owner is in default of the foregoing insurance requirements, the Association may procure such insurance, pay the premiums thereon, and such premiums shall be a Special Assessment on the Villa owned by the Owner, to be paid by such Owner in accordance with the provisions of Article VIII. It shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, homeowner's liability insurance, theft and other insurance covering personal property damage and loss."

2.2 Article X, Section 2 of the Declaration is hereby amended to read as follows:

"Section 2. Reconstruction Obligations. In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Association, the Association shall upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the Property to as good a condition as formerly. All such insurance proceeds shall be deposited in the accounts of a bank or other financial institution which are insured by a federal government agency. The Board of Directors shall contract with any licensed contractor, who may be required to provide a full performance and payment bond, for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Association shall levy a Special Assessment against all Villa Owners to make up any deficiency. In the event such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over to the respective mortgagees and Owners as their interests may then appear. In the event of damage or destruction by fire or other casualty to a Villa, the Owner of such Villa shall, at its sole cost and expense, and regardless of whether the insurance proceeds shall be sufficient for the purpose, contract to rebuild or repair such Villa to as good a condition as formerly."

2.4 ~~2.3~~ Defined Terms. All capitalized terms used herein but not defined shall have the meanings assigned thereto in the Declaration.

2.5 ~~2.4~~ Conflict. In the event of any conflict between the terms and provisions of this First Amendment and the Declaration, the terms and conditions of this First Amendment shall govern and control. Except as otherwise provided in this First Amendment to the contrary, the terms and provisions of the Declaration shall remain in full force and effect.

2.3 Effective DATE: The effective date of this First Amendment shall be the date of expiration of the current insurance policy of the association on February 28, 1994. *JH*

IN WITNESS WHEREOF, Ballantrae Ridge has executed this First Amendment on the day and year first set forth above.

BALLANTRAE RIDGE LTD, INC.,
an Indiana corporation

By: [Signature]

Its: Pres.

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 30th
day of June, 1993, by LARRY A. HALL,
President of BALLANTRAE RIDGE LTD, INC., an Indiana
corporation.

[Signature]
Notary Public

My Commission Expires:

3-8-94

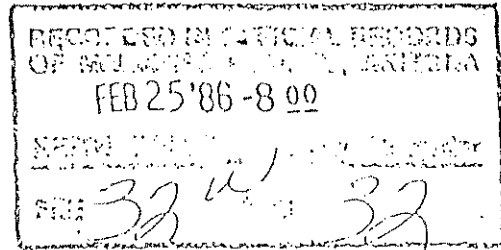


86-088280

SECURITY TITLE AGENCY

When recorded return to:

Alice Jarvis Jardine
Jarvis & Owens
3900 East Camelback Rd.
Suite 304 South
Phoenix, Arizona 85018



PROP RSTR (RS)

DECLARATION OF ADDITIONAL COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
BALLANTRAE RIDGE

HOLD FOR RECORDING

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RESTRICTIONS FOR BALLANTRAE RIDGE

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DECLARATION OF ADDITIONAL COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
BALLANTRAE RIDGE

THIS DECLARATION is made as of the date hereinafter set forth by BALLANTRAE RIDGE LTD., INC., an Indiana corporation ("Declarant").

R E C I T A L S

A. Declarant is the owner of certain property in Scottsdale, Maricopa County, Arizona, which is more particularly described as:

Lots 1 through 68, inclusive, and Tracts A, B, C, D, E, F, G, H, I and J according to Book 292 of Maps, page 31, records of Maricopa County, Arizona (the "Property").

B. Declarant desires to hold and convey the Property subject to certain protective covenants, conditions, restrictions, reservations, liens and charges, which shall constitute a general scheme for the development and government of the Property and for the use, occupancy and enjoyment of the Property.

C. In order to preserve the value, desirability and attractiveness of the Property, Declarant intends to form a corporation to be known as Ballantrae Ridge Homeowners Association, which shall have the responsibility to maintain and administer the Common Area, and to administer and enforce this Declaration, to collect and disburse funds as provided in the Declaration, and to perform such other acts as set forth in this Declaration and as shall generally benefit the Property.

D. The Property, together with other real property is part of Troon Village, and is subject to that certain Declaration of Covenants, Conditions and Restrictions for Troon Village dated December 27, 1984, and recorded December 28, 1984, as Instrument No. 84 557396, records of Maricopa County, Arizona, that certain First Certificate of Amendment to Declaration dated May 14, 1985 and recorded June 7, 1985 as Instrument No. 85 261820, records of Maricopa County, Arizona, and that certain Second Certificate of Amendment to Declaration dated September 5, 1985 and recorded September 26, 1985 as Instrument No. 85 457214, Records of Maricopa County, Arizona, (the Declaration of Covenants, Conditions and Restrictions for Troon Village, as amended from time to time, is hereinafter referred to as the "Troon Village Declaration"), pursuant to which the Troon Village Association,

an association of Owners in Troon Village, was established. The provisions of this Declaration are subject and subordinate to the Troon Village Declaration and the Articles of Incorporation and Bylaws of the Troon Village Association.

E. In addition, the Property is subject to that certain Tract Declaration for Troon Village Tract E dated September 18, 1985, and recorded October 28, 1985 as Instrument No. 85 511028, records of Maricopa County, Arizona (the "Tract Declaration"), which provides that the Property shall be used exclusively for single family residential purposes and imposes other covenants, conditions, restrictions and easements on the Property. The provisions of this Declaration are subject and subordinate to the provisions of the Tract Declaration.

NOW, THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following covenants, conditions, charges, liens, restrictions, easements and reservations (hereinafter collectively sometimes called "Restrictions"); all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property, and all of which are hereby declared to be for the benefit of the Property and the owners thereof, their heirs, successors, grantees and assigns. The restrictions shall run with the Property and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to BALLANTRAE RIDGE HOMEOWNERS ASSOCIATION, an Arizona nonprofit corporation, its successors and assigns.

Section 2. "Common Areas" shall mean Tracts A, B, C, D, E, F, G, H, I and J, as shown on the Plat of the Property recorded in Book 292 of Maps, page 31, records of Maricopa County, Arizona and shall also include all recreational facilities, community facilities, natural areas, pavements, streets, landscaping, pipes, wires, conduits and public utility lines located thereon and all additions to such areas made by any supplementary declaration, together with any other real or personal property owned by the Association.

Section 3. "Declarant" shall mean and refer to Ballantrae Ridge Ltd., Inc., an Indiana corporation, and its successors and assigns (i) who acquire more than one Lot from the Declarant for the purpose of development and resale to individual owners or pursuant to foreclosure of a mortgage or deed of trust or by deed

in lieu of such foreclosure or deed executed in enforcement of a deed of trust, whether by trustee's sale or otherwise, and (ii) to whom the rights of Declarant are assigned by separate recorded instrument.

Section 4. "Lot" shall mean and refer to a separately designated and legally described plot of land and the improvements thereon designated as a Lot on the above referenced plat of the Property. The platted Lots are referred to collectively herein as "Lots."

Section 5. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 6. "Owner" shall mean the record Owner, except as provided below, whether one or more persons or entities, of a fee simple title to any Lot, including without limitation, one who is buying a Lot under a recorded contract, but excluding others having an interest merely as security for the performance of any obligation. In the case of a Lot wherein the fee simple title is vested of record in a Trustee pursuant to Arizona Revised Statutes, Section 33-801 et seq., legal title shall be deemed to be in the Trustor. In the case of a Lot the fee simple title to which is vested in a trustee pursuant to a trust agreement the beneficiary entitled to possession shall be deemed to be the Owner.

Section 7. "Project" shall mean the residential Villas and related common areas which will be developed on the Property.

Section 8. "Property" shall mean and refer to the Property and such additions thereto as are made subject to this Declaration by any supplementary declaration.

Section 9. "Public Purchaser" shall mean any person or other legal entity who becomes an Owner of any Lot, except the Declarant or a successor Declarant.

Section 10. "Single Family" shall mean a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than four persons not all so related who maintain a common household in a dwelling unit.

Section 11. "Villa" shall mean a single family detached dwelling unit to be constructed on a Lot.

ARTICLE II

ASSOCIATION

Section 1. Purpose. The Ballantrae Ridge Homeowners Association shall be a nonprofit corporation organized under the

laws of the State of Arizona for the general welfare and benefit of the Owners. The Association, through its Members and Board of Directors, shall take appropriate action to manage, maintain, repair, replace and improve the Common Areas, together with all improvements located thereon, to perform related activities, and to perform all other functions and duties assigned to the Association by this Declaration, or set forth in the Articles of Incorporation (the "Articles") or Bylaws (the "Bylaws") of the Association. Neither the Articles nor Bylaws shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration. The Association shall be incorporated by Declarant prior to the conveyance of any Lot to a Public Purchaser.

Section 2. Membership.

(a) Membership in the Association shall be limited to the Owners of Lots, and such membership shall be subject to all the provisions of this Declaration and to the Association's Articles and Bylaws, as the same may be amended from time to time. An Owner of a Lot shall automatically be a Member of the Association, upon becoming the Owner of a Lot. An Owner shall remain a Member of the Association until such time as he ceases to be an Owner of a Lot, at which time his membership in the Association automatically shall cease. Ownership of a Lot shall be the sole qualification and criterion for membership.

(b) Membership shall be appurtenant to and may not be separated from ownership of any Lot. A membership in the Association shall not be transferred, pledged or alienated in any way except on the sale of such Lot and then only to such purchaser, or by intestate succession, testamentary disposition, foreclosure of mortgage of record, or other legal process. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. In the event the Owner of any Lot should fail or refuse to transfer the membership registered in his name to the purchaser of such Lot, the Association shall have the right to record the transfer upon the books of the Association and to issue a new membership to the purchaser, and thereupon the old membership outstanding in the name of the seller shall be null and void as though the same had been surrendered.

(c) The Owner of a Lot shall be entitled to one membership in the Association; provided, however, in the event any such Lot is owned by two or more persons, the membership as to such Lot shall nevertheless be a single membership entitled to one (1) vote, although the membership for such Lot shall be issued in the names of all of the joint Owners. The joint members shall designate to the Association, in writing, the person who shall have the power to vote

said membership, and in the absence of such designation, and until such designation is made, the Board shall make such designation.

(d) In the event any Lot is owned by a corporation, partnership or other association, the corporation, partnership or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the president, general partner or chief executive officer of such corporation, partnership or association shall have the power to vote the membership.

(e) At the discretion of the Board, no certificates of membership need be issued, and if certificates are not issued, membership shall be evidenced by an official list of Members kept by the Secretary of the Association.

Section 3. Voting Rights.

(a) Each Member shall be entitled to one vote for each Lot owned. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners of Lots (other than the Declarant, until such time as Declarant's Class B membership is converted to a Class A membership).

Class B. The Class B Member shall be the Declarant.

(b) Anything in this Declaration to the contrary notwithstanding, Class A Members shall not be entitled to exercise any voting rights until the first to occur of (the "Turnover Date"):

(i) the expiration of nine (9) full calendar months following the close of the sale of all Lots included in the Project by Declarant to Public Purchasers, or

(ii) such time as Declarant shall elect to convert its Class B membership to Class A membership by notice to the Association in writing.

At such time as the Class A Members become entitled to vote, any Class B membership shall be converted to Class A membership.

Section 4. Board of Directors. The Board of Directors (the "Board") shall consist of not less than three individuals who shall be elected at each annual meeting of the Members of the Association, as more particularly set forth in the Articles and Bylaws. During such time as the Class B membership continues, members of the Board do not have to be Owners of Lots; however, all members of the Board elected after the Class B membership ceases shall be Owners of Lots (or the spouses of Owners, or if an Owner is a corporation, partnership or trust, an officer, director, partner, agent, trustee or beneficiary, as applicable).

Section 5. Suspension of Voting Rights. In the event any Owner shall be in arrears in the payment of any amount due under any of the provisions of this Declaration for a period of fifteen (15) calendar days, or shall be in default in the performance of any of the terms of this Declaration for a period of fifteen (15) calendar days, said Owner's right to vote as a Member of the Association shall be automatically suspended and shall remain suspended until all payments are brought current and all defaults cured.

ARTICLE III

PROPERTY RIGHTS

Section 1. Perpetual Easement. Declarant hereby grants to the Association, and to each and every Member thereof, a nonexclusive perpetual easement of use and enjoyment in and to the Common Areas. Such right and easement of use and enjoyment shall be subject to:

(a) The right of the Association to limit the number of guests of Members;

(b) The right of the Association to charge reasonable admission or other fees for the use of any recreational or other common facilities situated upon the Common Areas (in addition to the regular and special assessments provided for in Article VIII hereafter);

(c) The right of the Association to suspend the right to use the facilities situated upon the Common Areas by any Owner for any period during which an assessment against the Owner's Lot remains unpaid or for any violation of this Declaration, the Articles or Bylaws or the rules and regulations duly promulgated by the Association, the Board or any duly constituted committee of the Association or Board;

(d) The right of the Association to dedicate, transfer or convey, all or any part of the Common Areas to any public agency, authority or utility as provided in this Declaration; and

(e) The right of the Association to promulgate rules and regulations concerning the use of any Common Area or Lot.

Section 2. Delegation of Use. Any Member may delegate, in accordance with the Bylaws of the Association, his right of enjoyment in the Common Areas to the members of his family, his tenants, guests and invitees, provided such delegation is to a reasonable number of persons and at reasonable times.

Section 3. Conveyance. On or before such time as the Class A members become entitled to vote, Declarant shall convey title to the Common Areas to the Association. Such conveyance shall be without warranty of title.

Section 4. Dedications and Transfers. Upon acquiring title to the Common Areas, the Association shall have the right to dedicate or transfer all or any part of the Common Areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Board.

Section 5. Real Property Taxes. Real property taxes, assessments, and other governmental charges which are attributable to the Common Areas shall be paid by the Association.

ARTICLE IV

ARCHITECTURAL CONTROL

No improvement, whether a building, fence, wall, solar collector, awning or other structure of any nature or description whatsoever, shall be commenced, erected, placed or maintained on any Lot until plans and specifications showing all construction details, including the nature, shape, height, color, materials, floor plans, location and approximate cost thereof shall have been submitted to and approved in writing by Declarant. In addition, no landscaping may be planted or removed on any Lot without the prior written approval of the Declarant. Declarant shall have the right to deny approval of any construction or landscaping plans or specifications which are not, in its opinion, suitable or desirable for aesthetic or any other reasons, and shall have the right to take into consideration the harmony and conformity of the proposed improvement with the surrounding buildings, the compatibility of the same with the surrounding area, and the effect of such proposed improvement as seen from adjacent or neighboring properties. All subsequent exterior additions, improvements, replacements, alterations or repainting of any building, fence, wall or other structure also shall be subject to the prior approval of the Declarant pursuant to this Article IV. In the event the Declarant fails to approve or disapprove plans and specifications within sixty (60) days after submission thereof, such plans and specifications will be

deemed to have been approved and the requirements of this Article satisfied. The architectural control function of Declarant shall be automatically transferred to and exercisable by the Board of the Association, upon the later to occur of the following events:

(i) the date when the Class B membership of the Declarant ceases; or

(ii) the date when the Declarant does not own any Property covered by this Declaration.

The Declarant may elect to transfer its rights of architectural control to the Association at any earlier time by recording a notice of such relinquishment in the Records of Maricopa County, Arizona.

ARTICLE V

PARTY WALLS

The rights and duties of the Owners of Lots with respect to party walls shall be governed by the following:

(a) Each wall, including patio walls, which is constructed as a part of the original construction of a Villa, any part of which is placed on the dividing line between Lots or entirely on one Lot but immediately adjacent to the next Lot line, shall constitute a party wall. With respect to any such wall, each of the adjoining Owners shall assume the burdens and be entitled to the benefits of these restrictive covenants, and, to the extent not inconsistent herewith, the general rules of law regarding party walls shall be applied thereto.

(b) In the event any such party wall is damaged or destroyed through the act of one adjoining Owner, or any of his guests, tenants, licensees, agents or members of his family (whether or not such act is negligent or otherwise culpable) so as to deprive the other adjoining Owner of the full use and enjoyment of such wall, then the first of such Owners shall forthwith proceed to rebuild and repair the same to as good a condition as formerly without cost to the adjoining Owner.

(c) In the event any such party wall is damaged or destroyed by some cause other than the act of one of the adjoining Owners, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time), both such adjoining Owners shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense.

(d) Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the Owner's Lot and shall pass to such Owner's successors in title to such Lot.

(f) In addition to meeting the other requirements of these restrictive covenants and of any building code or similar regulations or ordinances, any Owner proposing to modify, make additions to or rebuild his Villa in any manner which requires the extension or other alteration of any party wall shall first obtain the written consent of the adjoining Owner. No window, or similar opening may be installed in any party wall which is not installed as part of the original construction.

(g) In the event of a dispute between Owners with respect to the repair or rebuilding of a party wall or with respect to the sharing of the cost thereof, then upon written request of one of such Owners addressed to the Association, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Association. If no such rules have been adopted, then the matter shall be submitted to three arbiters, one chosen by each of the Owners and the third by the two so chosen, or if the two arbiters cannot agree as to the selection of the third arbiter within five (5) days, then by the then presiding Judge of the Superior Court of Maricopa County, Arizona. A determination of the matter signed by any two of the three arbiters shall be binding upon the Owners, who shall share the cost of arbitration equally. In the event one party fails to choose an arbiter within ten (10) days after receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbiters.

ARTICLE VI

EXTERIOR MAINTENANCE

Section 1. Common Area Maintenance. The Association, or its duly delegated representative, shall maintain and otherwise manage the Common Areas, including, but not limited to, the landscaping, parking areas, streets and recreational facilities located thereon, together with all other real and personal property owned by the Association.

Section 2. Lot Maintenance. The Association shall provide exterior maintenance on the Lots including, without limitation, the following: paint, repair, replace and care for roofs, gutters, downspouts, and all the non-glass exterior building surfaces of all residences and the exterior surfaces of any walls facing a street or Common Area; and care for and replace, as necessary, all, trees, shrubs, grass, walks, and other landscaping located in the front and side yards of the Lots excluding enclosed court yard areas or the back yard. Lot Owners may not plant or remove landscaping on their Lots without the prior written consent of the Declarant or Board as provided in Article IV. The Association shall also maintain the common driveway and water service easement on Lots 51, 52, and 53 described hereafter in Article XII, Section 6. Maintenance and repair of the Villas shall be the sole obligation and expense of the individual Owners, except to the extent that exterior maintenance and repair is provided by the Association pursuant to this Article.

Section 3. Additional Maintenance; Standard of Care. The Association shall also have the right, but not the obligation, to undertake additional maintenance within the Project as the Board may from time to time determine to be in the best interest of the Association and the Owners. The Board shall use a high standard of care in providing any maintenance, management and repair, so that the Project will reflect a high pride of ownership.

Section 4. Assessment for Maintenance Expense. In the event that the need for maintenance or repair of any Lot or Common Area is caused through the willful or negligent act of the Owner, his family, guests or invitees, the cost of such maintenance or repair shall be added to and become a part of the assessment to which such Lot is subject.

ARTICLE VII

INTERIOR AND OTHER MAINTENANCE

Each Owner shall be responsible for the upkeep and maintenance of the exterior and interior of his Villa and for the upkeep of all other areas, features or parts of his Villa and Lot not otherwise maintained by the Association. All fixtures and equipment within a Villa shall be maintained and kept in good repair by the Owner thereof. The Owner shall also have the responsibility to maintain and repair any exterior appliances, such as air conditioning units. Termite control shall be the responsibility of the Owner. An Owner shall not permit any act or work to be performed that will impair the structural soundness or integrity of any party walls or impair any easement, nor do any act nor allow any condition to exist which will adversely affect the other Villas or their Owners.

ARTICLE VIIICOVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot or Lots within the Property, by acceptance of a Deed or other conveyance, whether or not it shall be so expressed in any such Deed or other conveyance, is deemed to covenant and agree to pay to the Association: Regular Assessments and Special Assessments (collectively, "Assessments"), such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be a charge on the land and shall be a continuing lien (hereinafter "Assessment Lien") upon the Lot or Lots against which each such Assessment is made. Each such Assessment, together with such interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot or Lots at the time when the Assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them, but subject to the provisions of Section 12 herein entitled "Subordination of Assessment Liens," the Assessment Lien for the full amount of Assessments unpaid at the date of a transfer of the Lot or Lots shall continue as a charge against the Lot or Lots in the hands of the subsequent Owner. No Owner of a Lot may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his Villa.

Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety and welfare of the Owners of Lots within the Project, enhancing the quality of life within the Project and enhancing and protecting the value, desirability and attractiveness of the Project, including, without limitation, the improvement and maintenance of the Common Areas, services and facilities devoted to this purpose and the discharge of the Association's duties under this Declaration and other agreements to which the Association is a party.

Section 3. Regular Assessments

(a) The amount and time of payment of Regular Assessments shall be determined by the Board pursuant to the Articles and Bylaws after giving due consideration to the current maintenance costs, adequate reserves, and future needs of the Association. Not later than thirty (30) days prior to the beginning of each fiscal year, the Board shall estimate the total Common Expenses to be incurred for the

forthcoming fiscal year. The Board shall then determine the amount of the Regular Assessment against each Lot. Each Lot's Regular Assessment shall be a fractional amount of the total Common Expenses determined by the Board, "fractional amount" being defined as one divided by the total number of Lots from time to time subject to this Declaration; however, anything in this Declaration to the contrary notwithstanding, Declarant shall not be liable for and shall not be required to pay Assessments upon Lots owned by Declarant. In lieu thereof, Declarant agrees that during such time as Declarant owns Lots as to which Assessments are not being paid, Declarant shall pay to the Association the difference between the amount of Assessments receivable by the Association, regardless of whether the Assessments are actually collected, and the actual expenses of the Association. Such payments by Declarant shall be made at such times as Declarant and the Board shall agree.

(b) Written notice of the annual Regular Assessments shall be sent to every Owner. Each Owner shall thereafter pay to the Association his Regular Assessment in installments as established by the Board. In the event the Board shall determine that the estimate of total charges for the current year is, or will become, inadequate to meet all Common Expenses for any reason, it shall immediately determine the approximate amount of such inadequacy and issue a supplemental estimate of the total Common Expenses and determine the revised amount of Regular Assessments against each Owner. In the event the Board shall determine that the amount collected or to be collected through Regular Assessments is in excess of the Association's needs for the current year and reserves appropriate for future years, the Board in its discretion may refund to the Members who paid such Assessments all or a portion of such excess, reduce the amount of the Regular Assessments or abate collection of Regular Assessments, as it deems appropriate.

Section 4. Special Assessments. Special Assessments shall be levied by the Board against Lots with respect to which particular costs have been incurred by the Association. In the event the Association undertakes to provide materials or services which benefit individual Owners, such Owners in accepting such materials or services shall be deemed to have agreed that statements therefor from the Association shall be Special Assessments. In addition to any other assessments authorized by this Declaration, the Board shall also have the right and power to provide for the construction of additional recreational and other common facilities, or the alteration, demolition or removal of existing recreational and other common facilities and to provide for the payment thereof by Special Assessment. Any such alteration, demolition, removal, construction or improvement shall first be authorized by an affirmative vote of three-fourths

(3/4) of the Board at a duly called meeting at which a quorum is present and ratified and approved by the affirmative vote of sixty-six percent (66%) of the Members entitled to vote who are present at a duly called meeting at which a quorum is present.

Section 5. Certificate of Payment. The Association shall, upon demand, furnish to any Member liable for Assessments, a certificate in writing signed by an officer or authorized agent of the Association, setting forth whether the Assessments on a specified Lot have been paid, and the amount of delinquency, if any, and whether any other violations pursuant to this Declaration exist and the nature of such violations, if any. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificates shall be conclusive evidence of payment of any Assessment therein stated to have been paid.

Section 6. Date of Commencement of Regular Assessments. Subject to the provisions of Section 3 above, Regular Assessments shall commence as to all of the Lots on the first day of the month following the conveyance of any Lot by Declarant to a Public Purchaser.

Section 7. No Offsets. No offsets against Assessments shall be permitted for any reason including, without limitation, a claim that the Association is not properly exercising its duties or responsibilities under this Declaration.

Section 8. Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the delinquency date, a late charge of Five Dollars (\$5.00) per month, or such other amount as the Board shall from time to time determine, shall be levied and the Assessment shall bear interest from the date of delinquency until paid at the rate of eighteen percent (18%) per annum, or such other amount as the Board shall from time to time determine. The Association may, at its option, bring an action at law against the Member personally obligated to pay the same and/or foreclose the Assessment Lien against the Member's Lot or Lots in accordance with the then prevailing law of the State of Arizona relating to the foreclosure of liens upon real property. If an action is commenced, there shall be added to the amount of such Assessment the late charges, interest, expenses incurred in connection with collection of the debt secured by the Assessment Lien, and the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include said late charges, interest, collection costs, reasonable attorneys' fees, and the costs of the action. Each Member vests in the Association, or its agents, the right and power to bring all actions at law or equity against such Member for the collection of such delinquent

Assessments. At any foreclosure sale of a Lot or Lots authorized pursuant to the then prevailing laws of the State of Arizona, the Association, through its duly authorized agents, shall have the power to bid on such Lot or Lots at the sale, using Association funds or funds borrowed for such purpose, and to acquire and hold, lease, mortgage and convey the same.

Section 9. Priority of Assessment Lien. An Assessment Lien upon a Lot or Lots shall be superior to any and all other charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon such Lot or Lots; provided, however, that such Assessment Lien shall be subject and subordinate to: (i) liens for taxes and other public charges which by applicable law are expressly made superior, and (ii) any first mortgage lien held by, or first deed of trust of which the beneficiary is, a lender (or its successors and assigns) who has lent funds with the Lot as security. Except as above provided, the Assessment Lien shall be superior to any and all charges, liens or encumbrances which hereafter in any manner may arise or be imposed upon each Lot. Except as provided in Section 12 below, the sale or transfer of any Lot shall not affect the Assessment Lien.

Section 10. Curing of Default. Upon the timely curing of any default for which a Notice of Lien Priority was recorded by the Association, officers of the Association are hereby authorized to record an appropriate release of such Notice, upon payment by the defaulting Owner of a fee to be determined by the Association to cover the cost of preparing and recording such release together with the payment of such other costs, including, without limitation, legal fees and court costs, interest or fees as shall have been incurred.

Section 11. Cumulative Remedies. The Assessment Lien and the rights to foreclosure thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its assigns may have hereunder and by law or equity, including a suit to recover a money judgment for unpaid Assessments, as above provided.

Section 12. Subordination of Assessment Liens. If any Lot or Lots subject to a monetary lien created by any provision hereof shall be subject to the lien of a first deed of trust or first mortgage: (1) the foreclosure of any lien created by this Declaration shall not operate to affect or impair the lien of such deed of trust or mortgage; and (2) the foreclosure of the lien of a deed of trust or mortgage, the acceptance of a deed in lieu of foreclosure of the deed of trust or mortgage, or the sale under a power of sale included in such deed of trust or mortgage (such events hereinafter being referred to as "Events of Foreclosure") shall not operate to affect or impair the Assessment Lien hereof, except that any persons who obtain an interest through any of the Events of Foreclosure shall take title free of

the Assessment Lien hereof for all said charges that have accrued up to the time of the Events of Foreclosure and the expiration of any applicable redemption period, but subject to the Assessment Lien hereof for all said charges that shall accrue subsequent to any of the Events of Foreclosure, and subsequent to any applicable redemption period. Nothing in this Section shall be construed to release any Owner from his personal obligation to pay for any Assessment levied pursuant to this Declaration.

Section 13. Exempt Property. The Common Areas shall be exempt from Assessments.

Section 14. Common Expenses. As used in this Article, Common Expenses shall mean the following: costs of maintenance, management, operation, repair and replacement of the Common Areas and improvements thereon such as the clubhouse, swimming pool, and private streets; costs of management and administration of the Association including, but not limited to, compensation paid by the Association to managers and other employees, accountants, attorneys and other agents; the costs of utilities, trash pick-up and disposal, landscaping, security services, and other services benefitting the Project; the cost of fire, casualty, liability, and other insurance covering the Common Areas or other Association property; other insurance costs authorized herein; reasonable reserves as deemed appropriate by the Board; the costs of bonding of the members of the Board and officers of the Association; taxes paid by the Association; amounts paid by the Association for discharge of any lien or encumbrance levied against the Common Areas or portions thereof; and the costs of any other item or items designated by, or incidental to other expenses incurred by, the Association for any reason whatsoever which in the good faith judgment of the Board are incurred in connection with the Common Areas, pursuant to the Articles of Incorporation or the Bylaws in furtherance of the purposes of the Association, or in the discharge of any obligations imposed on the Association by this Declaration. Common Expenses shall also include amounts sufficient to cover the Association's liabilities for the maintenance of Windy Walk Drive as provided in that certain Declaration of Easement recorded on October 28, 1985 as Instrument No. 85 511027, Records of Maricopa County, Arizona. All of the obligations of the "Owners" of Ballantrae Ridge as defined in that Easement are hereby assigned to the Association. Upon incorporation, the Association shall be deemed to have assumed the obligations of the Ballantrae Ridge Owners under the Declaration of Easement. The Association shall assess its Members for the Windy Walk Drive expenses as part of the regular assessments provided for herein and shall vigorously and in good faith enforce the payment of such assessments. In addition, among other costs and expenses as outlined above, the Common Expenses shall also include the costs of water used for landscaping maintenance in the front and side yards of the Villas.

ARTICLE IXDAMAGE OR DESTRUCTION OF PROPERTY

Section 1. Damage or Destruction of Property. In the event any Villa, or other improvement is damaged or destroyed, the Owner shall, at his sole expense, within thirty (30) days from the date of the occurrence of the damage or destruction, or such extended time as the Board may allow, repair and rebuild the exterior of said Villa or other structure in a good workmanlike manner in conformance with the original plans and specifications used in the construction of said Villa or other improvements (except for changes thereto required by then current building codes) or shall repair and remedy such damage to the reasonable satisfaction of the Association. In the event such Owner refuses or fails to so repair and rebuild any and all such damage to the exterior of the Villa within the applicable time period, the Association is hereby irrevocably authorized by such Owner to repair and rebuild any such Villa and improvements, or to make such other repairs or replacements as in the judgment of the Association are appropriate, in a good workmanlike manner in conformance with the original plans and specifications of the Villa or other improvements (except for changes thereto required by then current building codes). In the alternative, the Association may remove the damaged improvements from the Lot and landscape the Lot as it deems necessary or appropriate. The Owner shall then repay the Association the amount actually expended for such repairs. Each Owner further agrees that the charges for such repairs, if not paid within ten (10) days after the Owner's receipt of a written statement from the Association specifying the amount due, shall thereupon be delinquent and shall become an Assessment Lien upon said Owner's Lot, subject to the provisions of Article VIII hereof, and shall continue to be a lien until fully paid. Said charges shall bear interest at the rate of eighteen percent (18%) per annum (or at such other rate as shall have been determined by the Board) from the date of their delinquency until paid.

Section 2. Insurance. Nothing contained in this Article IX shall be construed in any way to relieve any insurance company from payment of any and all amounts which would be payable under any policy or policies had this Article not been inserted.

Section 3. Disputes. In the event of a dispute between an Owner and the Association with respect to the cause of damage or the extent of repairs necessitated or with respect to the cost thereof, then upon written request of either party addressed to the other party, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the Board of Directors. If no such rules have been adopted, then the matter shall be submitted to three arbiters, one chosen by the Board of Directors, one chosen by the Owner, and these two

arbiters shall then choose a third arbiter. If the two arbiters cannot agree as to the selection of the third arbiter, the third arbiter shall be chosen by the then presiding Judge of the Superior Court of Maricopa County, Arizona. A determination by any two of the three arbiters shall be binding upon the Owner and the Association, who shall share the cost of arbitration equally. In the event one party fails to choose an arbiter within ten (10) days after receipt of a request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbiters.

ARTICLE X

INSURANCE

Section 1. Common Area and Villa Insurance. The Association shall obtain a broad form public liability policy covering all Common Areas and facilities, covering the Owners' and Association's interest in Windy Walk Drive and covering all damage or injury caused by the negligence of the Association or any of its officers, directors, or agents. Said insurance may include coverage against vandalism. In addition, the Association shall obtain a master insurance policy on all Villas within the Project, insuring against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of the Villas and any repair or reconstruction work in the event of damage or destruction from any hazard. Premiums for all such insurance, except on the individual Villas, shall be Common Expenses. All insurance obtained by the Association pursuant to this Article shall be written in the name of the Association; except that any insurance on individual Villas obtained by the Association shall be written in the name of the Association as trustee for each of the respective Villa Owners. Premiums for insurance obtained by the Board of Directors on individual Villas shall not be part of the Common Expenses, but shall be a Special Assessment on each Villa so covered, to be paid by the Owner thereof in accordance with the provisions of Article VIII. It shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, homeowner's liability insurance, theft and other insurance covering personal property damage and loss.

Section 2. Reconstruction Obligations. In the event of damage or destruction by fire or other casualty to any property covered by insurance written in the name of the Association, the Association shall, upon receipt of the insurance proceeds, contract to rebuild or repair such damaged or destroyed portions of the Property to as good a condition as formerly. All such insurance proceeds shall be deposited in the accounts of a bank or other financial institution which are insured by a federal government agency. The Board of Directors shall contract with any licensed contractor, who may be required to provide a full

performance and payment bond, for the repair, reconstruction or rebuilding of such destroyed building or buildings. In the event the insurance proceeds are insufficient to pay all the costs of repairing and/or rebuilding to the same condition as formerly, the Association shall levy a Special Assessment against all Villa Owners within the damaged building or buildings to make upon any deficiency, or, if damage is to Common Areas or facilities not a physical part of a Villa, the Special Assessment shall be levied against all Owners. In the event such insurance proceeds exceed the cost of repair and reconstruction, such excess shall be paid over to the respective mortgagees and Owners as their interests may then appear.

Section 3. Other Insurance. The Board shall have discretion to obtain any other insurance it deems necessary or appropriate, including but not limited to, officers and directors liability insurance, workman's compensation insurance and fidelity bonds.

ARTICLE XI

USE RESTRICTIONS

Section 1. Single Family Residential Use. Each Lot shall be limited to single family use and construction thereon shall be limited to a Villa no more than thirty feet in height (excluding the chimneys, if any), however, the construction and maintenance of model homes by the Declarant and parking incidental to the visiting of such model homes is expressly permitted. All buildings, structures, walls and fences erected upon the Lots shall be of new construction, unless approved by Declarant or the Association as provided in Article IV above. The height shall be measured from the finished ground floor grade of the Villa as determined by the grading and drainage plan approved by the City of Scottsdale and the Troon Village Architectural Review Committee.

Section 2. Temporary Structures. No structures of a temporary character, trailer, basement, tent, shack, barn or other outbuilding shall be constructed, erected, placed or used on any portion of the Property at any time for any purpose whatsoever, either temporarily or permanently. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for the Declarant to maintain, during the period of construction and sale of said Villas, upon such portion of the Property as the Declarant may authorize, a temporary office, convenient or incidental to the construction and sale of said Villas.

Section 3. Offensive Activities. No noxious or offensive activity may be carried on or permitted on any Lot, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood; nor shall any part of the Property be used for business, professional, commercial, religious or institutional purposes. However, the foregoing restrictions shall not apply to the business activities or the construction

and maintenance of buildings by the Declarant during the construction and sales period and/or of the Association in furtherance of its powers and purposes as herein set forth.

Section 4. Landscaping. No planting, gardening or landscaping shall be done, and no fences, hedges or walls shall be erected or maintained upon the Property except such as are installed in accordance with the provisions of Article IV. A Public Purchaser shall be required to landscape his back yard areas in accordance with plans and using a landscape contractor approved pursuant to Article IV, within sixty (60) days following the later of (i) the issuance of a certificate of occupancy by the City of Scottsdale for the Villa on such Lot, or (ii) the close of said Lot Owner's purchase of the Lot.

Section 5. Certain Equipment. All exterior appliances and equipment of every kind or nature shall be approved by the Declarant or Association, as applicable, pursuant to Article IV above, unless maintained as originally installed by Declarant. However, with respect to solar energy devices, if strict compliance with the Declarant's or Association's requirements, as applicable, would prevent the device from being functional or would otherwise effectively prohibit the installation or use of a solar energy device within the meaning of Arizona Revised Statutes, Section 33-439, as amended, then compliance with such requirements shall only be required to the extent reasonably consistent with the installation and use of the device.

Section 6. Signs. No sign (other than one name and address sign not exceeding 9" x 30" in size) of any nature whatsoever shall be permitted on any Lot without the prior written approval of the Declarant or the Board. This restriction shall not (i) prohibit the Declarant, during the construction and sale of Lots, from erecting such signs as it deems appropriate, or (ii) apply to the activities of the Association in furtherance of its powers and purposes as herein set forth.

Section 7. Lease. No portion of a Lot less than the entire Lot together with the improvements thereon, may be rented. Any lease of a Lot must be for a minimum of one month, must be in writing, and must be approved by the Association.

Section 8. Fences, Walls. The construction material, color and height of fences and walls shall be that initially constructed or as approved pursuant to Article IV. All fences on the rear of the Lot must be built on the rear lot line and must meet by joining any fence previously built on an adjoining Lot or Lots.

Section 9. Ownership and Use of Common Areas. The Common Areas shall remain undivided, and shall at all times be owned by the Association or its successors, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the common use and enjoyment, operation

and management of the Common Areas. Certain of the Common Areas may be subject to Natural Area Easements in favor of the City of Scottsdale which shall provide that such areas shall remain in their natural state and may not be developed or improved.

Section 10. Parking. No vehicles shall be parked or maintained on the streets in the Project except for such periods of time as shall be reasonably necessary to load or unload. A Lot Owner may seek prior written approval from the Association to park vehicles on the streets in the Project during special events such as social gatherings. No vehicles shall be parked or maintained on driveways except for such periods of time as shall be reasonably necessary to load or unload. All vehicles shall be kept in garages and garage doors shall be kept closed at all reasonable times.

Section 11. Windows. All window coverings must be approved in advance by the Architectural Committee.

Section 12. Additional Use Restrictions. The Property is subject to the use restrictions set forth in the Troon Village Declaration and the Tract Declaration. Prior to the Turnover Date, Declarant reserves the right to unilaterally impose additional use restrictions against the Property by recording an amendment to this Declaration in the records of Maricopa County, Arizona.

ARTICLE XII

EASEMENTS

Section 1. Blanket Easement. There is hereby created a blanket easement upon, across, over and under the Property for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewer, gas, telephone, electricity, television cable or communication lines and systems. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on the Property and (subject to the requirements of Article XI, Section 5) to affix and maintain wires and circuits in and under the roofs and exterior walls of the Villas. Notwithstanding anything to the contrary contained in this Article XII, no sewers, electrical lines, water lines, or other utility or service lines may be installed or relocated on the Property except as approved by the Declarant or the Board. This easement shall in no way affect other recorded easements on the Property.

Section 2. Easement for Encroachments. Each Lot and the Common Areas shall be subject to an easement for encroachments created by construction, settling and overhangs, as designed or constructed by the Declarant.

Section 3. Easements for Ingress and Egress. Easements for ingress and egress are hereby reserved to the Declarant, the Owners, and their family, guests, tenants and invitees for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the Common Area; and for vehicular traffic over, through and across such portions of the Common Area as from time to time may be paved and intended for such purposes; and for such other purposes reasonably necessary to the use and enjoyment of a Lot or the Common Area.

Section 4. Association's Right of Entry. During reasonable hours, the Association or any authorized representative of the Association shall have the right to enter upon and inspect any Lot, excluding the interior of any residence located thereon, for the purpose of making inspections to determine whether the provisions of this Declaration and any Rules promulgated by the Association are being complied with by the Owner of said Lot.

Section 5. Association's Easement for Performing Maintenance Responsibilities. The Association shall have an easement upon, across, over and under the Lots for the purpose of repairing, maintaining and replacing those portions of the Lots which the Association is obligated to maintain under Article VI, Section 2 of this Declaration and for performing all of the Association's other rights, duties and obligations hereunder.

Section 6. Common Driveway Easement. As shown on the plat for BALLANTRAE RIDGE described on page 1 of this Declaration, Lots 51, 52 and 53 are encumbered by a common driveway and water service easement (hereinafter the "common driveway easement"). Said common driveway easement shall be a reciprocal easement for the benefit of the Owners of said Lots 51, 52 and 53 for access and utility purposes. The Common Driveway Easement area shall be maintained by the Association.

Section 7. Maintenance Easement. The BALLANTRAE RIDGE plat establishes a five foot wall maintenance, overhang and drainage easement along the length of one side of most Lots and on one side of some of the Common Area tracts. In addition some of the Common Area tracts are subject to a five foot non-buildable and wall maintenance easement as shown on the plat. All five foot easements shown on the plat are hereinafter called a "maintenance easement". Every Lot is benefited by a maintenance easement or burdened by a maintenance easement or both. Generally, the Villa on each Lot will be constructed so that one side of the dwelling abuts on the Lot line adjoining a maintenance easement. The maintenance easement shall be for the use and benefit of the Lot adjoining the maintenance easement (the "User Lot"). The Lot upon which the maintenance easement is situated shall be referred to herein as the "Easement Lot".

(a) The Easement Lot Owner shall permit nothing to impede the flow of natural runoff from the User Lot dwelling onto the easement area and from thence to the street frontage.

(b) Subject to the maintenance obligations of the Association provided in Article VI, Section 2, the Easement Lot Owner shall have the duty to landscape, maintain and repair all improvements including, but not limited to, the landscaping and sprinkler system on the easement area. Said Owner shall have the duty to maintain the easement improvements and landscaping in such a manner as to provide reasonable access to the User Lot Owner. In addition, an Easement Lot Owner shall not allow his pets to interfere with a User Lot Owner's use of the easement area as permitted herein.

(c) The User Lot Owner and said Lot Owner's employees, agents, family, heirs, assigns and any governmental employees working for the benefit of said Owner, shall have a right of access across, over, under, and through the maintenance easement adjoining his Lot for the purposes of:

(i) maintaining, painting, repairing and rebuilding the portions of his dwelling located on or near the Lot line;

(ii) installing, using, maintaining, repairing and replacing any underground utility lines required by the User Lot Owner; and

(iii) runoff of naturally occurring water from the roof and eaves of said Owner's dwelling.

The User Lot Owner will be responsible for repairing any damage resulting from the use of his rights to the maintenance easement area reserved in this subparagraph (c), except it is recognized that from time to time a User Lot Owner may need to severely prune plants growing on the maintenance easement in order to maintain that portion of his dwelling located on or near the easement line. Prior to making substantial use of the rights reserved to a User Lot Owner herein, said Owner shall give reasonable notice to the adjoining Easement Lot Owner. It is understood that pursuant to Article VI, the Association is generally responsible for the maintenance of the exterior of the dwelling units.

(d) No structures shall be constructed on the non-buildable easements shown on the plat.

Section 8. Temporary Easements. Declarant, its agents, employees and contractors shall have a temporary easement upon each Lot and the Common Areas as is necessary for development of adjacent Lots and Common Areas and completion of improvements in public rights-of-way, public utility easements, drainage easements and Common Areas. In addition, Declarant, its agents, employees and contractors shall have a temporary easement upon every Lot and the Common Areas as is necessary to carry out any work required by, convenient to or incidental to carrying out the terms of any warranty or guaranty.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Binding Effect and Enforcement. The Restrictions contained herein shall run with the land and shall be binding upon all persons purchasing, owning, leasing, subleasing or occupying or otherwise having any interest in any Lot, their heirs, executors, administrators, successors, grantees and assigns. After the date on which this Declaration has been recorded, these Restrictions may be enforced by any one or more of the following: (a) the Association, which shall have the right and duty to enforce the same and expend Association moneys in pursuance thereof; (b) the Declarant, its successors and assigns (so long as Declarant has an interest in any part of the Property); and (c) the Owner or Owners of any Lot. The terms and conditions of this instrument shall be binding upon all persons affected by its terms, regardless of whether any reference is made to this instrument in the deed or other instrument of conveyance. Enforcement shall be by proceedings at law or in equity (either to restrain violation or to recover damages) against any person or persons violating or attempting to violate any Restriction; provided that the Association by and through its Board of Directors, is additionally authorized to enforce these Restrictions by taking any action reasonably required to remedy a violation hereunder. In the event the Declarant or the Association employs an attorney or attorneys to enforce any lien or to collect any moneys due pursuant to this Declaration or otherwise seeks to enforce these Restrictions, the Declarant or Association, as the case may be, shall be reimbursed by the Owner or Owners whose actions have necessitated the enforcement proceeding for all costs, including attorneys' fees, expended in such enforcement efforts, regardless of whether or not a civil action is actually commenced. Said amounts shall be payable within ten (10) days following the Owner's receipt of a written statement of the costs incurred, and shall bear interest at the rate of eighteen percent (18%) per annum from the date due until paid, or such other interest amount as shall be determined by the Board. If such amounts are not paid as provided for herein, the

amount of such costs shall constitute an Assessment Lien upon said Owner's Lot, subject to the provisions of Article VIII hereof. Nothing herein shall be deemed to indicate that damages at law constitute an adequate remedy for violation of a Restriction herein.

Section 2. Waiver or Abandonment. The waiver of, or failure to enforce any breach or violation of any Restrictions herein contained shall not be deemed to be a waiver or abandonment of such Restrictions, or a waiver of the right to enforce any subsequent breach or violation of such Restrictions. The foregoing shall apply regardless of whether any person affected hereby (or having the right to enforce these Restrictions) had knowledge of the breach or violation.

Section 3. Equal Treatment of Owners. These Restrictions shall be applied to all owners without discrimination.

Section 4. Severability. The invalidity of any one or more phrases, sentences, clauses, paragraphs, or sections hereof shall not affect the remaining portions of this Declaration or any part hereof, and in the event that one or more of the phrases, sentences, clauses; paragraphs, or sections contained herein should be invalid or should operate to render this Agreement invalid, this Agreement shall be construed as if such invalid phrase or phrases, sentence or sentences, clause or clauses, paragraph or paragraphs, or section or sections had not been inserted.

Section 5. Gender. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporation or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 6. Topic Headings. The marginal or topical headings of the paragraphs contained in this Declaration are for convenience only and do not define, limit or construe the contents of the paragraphs of this Declaration.

Section 7. Master Documents. The provisions of this Declaration are subject and subordinate to the provisions of the Troon Village Declaration, the Articles and Bylaws of the Troon Village Association, the rules adopted by the Troon Village Association and its duly appointed committees and the Tract Declaration. To the extent that the use restrictions contained in this Declaration are less restrictive than or in derogation of any of the provisions of the Troon Village Declaration, the Articles and Bylaws of the Troon Village Association, the rules adopted by the Troon Village Association or its duly appointed

committees, or the Tract Declaration, then the provisions of such documents, articles and rules shall control. In the event an Owner violates any of the provisions of the Troon Village Declaration or the Tract Declaration and the Troon Village Association fails to restrain or enforce the violation for an unreasonable period of time after written request to do so by the Association, such violation may be restrained or enforced as provided in Section 1 of this Article, in addition to as provided in the Troon Village Declaration.

Section 8. Term. This Declaration shall be effective upon the date of recordation and, as amended from time to time, shall continue in full force and effect for a period of twenty (20) years from the date hereof. From and after said date, this Declaration, as amended, shall be automatically extended for successive terms of ten (10) years each unless there is an affirmative vote to terminate this Declaration by the Owners holding at least seventy-five percent (75%) of the total voting power in the Association at an election held for such purpose. If the necessary votes are obtained, the Board shall cause to be recorded a Certificate of Termination, duly signed and acknowledged by the president or vice president and attested by the secretary or assistant secretary of the Association, with their signatures acknowledged. Thereupon, this Declaration shall have no further force and effect, and the Association shall be dissolved.

Section 9. Amendments. This Declaration may be amended by the affirmative vote of Owners holding at least seventy-five percent (75%) of the total voting power in the Association at a meeting duly called pursuant to the Articles and Bylaws for the adoption of the amendment. If the necessary votes are obtained to amend this Declaration, the Board shall cause a Certificate of Amendment, duly signed and acknowledged by the president or vice president and attested by the secretary or assistant secretary of the Association to be recorded in Maricopa County, Arizona.

Section 10. Declarant's Right to Amend. Notwithstanding the provisions of Section 9 of this Article, Declarant hereby reserves the right to amend this Declaration as may be necessary or appropriate in its sole discretion, without the approval of any other Owners, by recording a Declaration of Amendment in Maricopa County, Arizona, such right to amend to continue until such time as the Class B membership of Declarant terminates. Without limiting the generality of the foregoing, the Declarant may amend this Declaration to require the Association to participate in the costs and maintenance responsibilities for a guard and guardhouse if any has been established on Windy Walk Drive. Assessments shall be increased to provide for such costs. In addition the Declarant reserves the right in its sole

discretion to withdraw Tract A as a Common Area tract, to subdivide Tract A into residential lots and to annex any such lots under this Declaration. As long as the Deeds of Trust identified in the Consent of Lienholder attached hereto remain outstanding, any amendment by the Declarant pursuant to this Section 10 shall require the prior approval of the Valley National Bank of Arizona.

DATED this 19 day of February, 1986.

BALLANTRAE RIDGE LTD., INC., an
Indiana corporation

By John Mason
John Mason, Vice President

By Larry A. Hall
Larry A. Hall, Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 19th day of February, 1986, by John Mason, Vice President and Larry A. Hall, Secretary of BALLANTRAE RIDGE LTD., INC., an Indiana corporation, on behalf of the corporation.

James H. Deery
Notary Public

My Commission Expires:
6-29-86

APPROVED:

TROON VILLAGE ASSOCIATION

By James Nelson
Its President

TROON VILLAGE ASSOCIATION

By John Hall
Its Secretary