

WHEN RECORDED RETURN TO:

Stardust Development, Inc.  
6730 North Scottsdale Road  
Suite 230  
Scottsdale, AZ 85253  
Attn: Chris Heeter



OFFICIAL RECORDS OF  
MARICOPA COUNTY RECORDER  
HELEN PURCELL  
2002-0444761 04/30/02 15:37  
1 OF 1

GRACIAO

### VILLAGE DECLARATION FOR DREAMING SUMMIT UNIT 3B, PARCEL 1

This Village Declaration for Dreaming Summit Unit 3B, Parcel 1 (as amended from time to time, the "Village Declaration") is entered into as of the 26th day of April, 2002, by The Ryland Group, Inc., a Maryland corporation (the "Village Declarant"), and is consented to by Stardust Development, Inc., an Arizona corporation ("Stardust").

#### RECITALS

A. Stardust executed and caused to be recorded in the official records of Maricopa County, Arizona, on May 22, 2001, as Instrument No. 2001-0434864, that certain Amended and Restated Declaration of Covenants, Conditions, Restrictions, Reservations and Easements for Dreaming Summit (as amended from time to time, the "Master Declaration"). Stardust is named as the "Declarant" in the Master Declaration and for the remainder of this Village Declaration shall be referred to as the "Master Declarant."

B. The real property more particularly described on Exhibit "A" attached hereto (the "Village Property") constitutes Unit 3B, Parcel 1 within Dreaming Summit and is subject to the Master Declaration. As of the date of this Village Declaration, the Village Declarant owns five Lots within the Village Property, and the Master Declarant owns the balance of the Village Property (the "Master Declarant Property"). A Supplemental Declaration dated August 27, 2001, and applicable to the Village Property, was recorded at 2001-0797396 of the records of the Maricopa County Recorder. An additional Supplemental Declaration, Designation of Designated Builders and Certificate of Amendment to the Master Declaration dated October 12, 2001, and applicable to the Village Property, was executed by the Master Declarant pursuant to an agreement with the Village Declarant and recorded at 2001-0993453 of the records of the Maricopa County Recorder (the "Second Supplemental Declaration"). Except as otherwise specifically provided herein, this Village Declaration is subject to the terms of the Second Supplemental Declaration.

C. Article 15 of the Master Declaration provides for the Recordation of "Village Declarations" to set forth additional covenants, conditions, restrictions, assessments, charges, servitudes, liens, reservations and easements applicable to "Villages" within Dreaming Summit. This instrument constitutes a "Village Declaration" as provided for under Article 15 of the Master Declaration, and the Village Property constitutes a "Village" as provided for under Article 15 of the Master Declaration.

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D. The Village Declarant, as the owner of portions of the Village Property and as the anticipated developer of the Village Property, desires to subject the Village Property to all of the provisions of this Village Declaration. The Master Declarant, as the owner of portions of the Village Property and as the "Declarant" under the Master Declaration, has consented to the Recordation of this Village Declaration against the Master Declarant Property.

E. Defined terms used herein shall have the first letter of each word in the term capitalized. If not otherwise expressly provided herein, defined terms shall have the meanings given to them in the Master Declaration.

### DECLARATIONS

NOW, THEREFORE, the Village Declarant hereby declares as follows:

1. Village Declaration.

(a) The Village Property is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred, in whole or in part, subject to this Village Declaration; provided, however, that any property owned by or dedicated to a governmental agency or the public shall not be subject to this Village Declaration while owned by any such governmental entity or the public, except that any restrictions imposed in this Village Declaration upon the Owners and Residents concerning the use and maintenance of such property shall be applicable at all times. This Village Declaration shall run with the Village Property for all purposes and shall be binding upon and inure to the benefit of the Village Declarant, the Master Declarant, the Association and all Owners and Residents of the Village Property and their successors in interest.

(b) This Village Declaration and all of its provisions (including, but not limited to, the Assessment provisions set forth in Section 6 below) are in addition to the Master Declaration and shall be subordinate to the Master Declaration; provided, however, in accordance with Section 15.5 of the Master Declaration, to the extent this Village Declaration includes any maintenance and similar standards which are more stringent or otherwise higher than similar standards set forth in the Master Declaration, the higher standards shall control.

(c) The Village Declarant is undertaking the work of construction of residential Lots and incidental improvements upon the Village Property. The completion of that work and the sale, rental and other disposal of Dwelling Units is essential to the establishment and welfare of the Village Property as a residential community. In order that said work may be completed and Dwelling Units constructed on the Lots within the Village Property and the Village Property established as a fully occupied residential community as rapidly as possible, nothing in this Village Declaration shall be understood or construed to:

(i) Prevent the Village Declarant or the Master Declarant, and their respective contractors or subcontractors, from doing on the Village Property whatever is necessary or advisable in connection with the completion of said work; or

(ii) Prevent the Village Declarant or the Master Declarant, and their respective representatives, from erecting, constructing and maintaining, on any part of the

Village Property, such structures as may be reasonable or necessary for the conduct of the business of completing said work and establishing the Village Property as a residential community and disposing of the same by sale, lease or otherwise; or

(iii) Prevent the Village Declarant or the Master Declarant from maintaining such sign or signs on any of the Village Property as may be reasonable or necessary for the sale, lease or disposition thereof, including, but not limited to, such sign or signs as may be required or requested by the institution(s) providing financing to the Village Declarant or the Master Declarant, subject to any limitations on signage in the Design Guidelines or any limitations on signage reasonably agreed to by the Village Declarant and the Master Declarant.

(d) Nothing in this Village Declaration shall be construed to prevent the Master Declarant and Village Declarant from modifying that certain Final Plat for Dreaming Summit Unit 3B, recorded in Book 570 of Maps, at Page 50, as Document No. 2001-0775879A, Office of County Recorder of Maricopa County, Arizona, (as amended from time to time, the "Unit 3B Plat") or any portion thereof.

2. No Village Association. There shall be no Village Association for the Village Property. In addition to all of the rights, privileges and obligations that the Association has pursuant to the Master Declaration with respect to the "Property" (as defined in the Master Declaration), including the Village Property, the Association shall have all management, maintenance, administration and other rights, privileges and obligations with respect to the Village Property that are set forth in this Village Declaration.

3. Designated Builders. Pursuant to Article 1, Section (s) of the Master Declaration, the Village Declarant and its affiliate Ryland Homes of Arizona, Inc. are each hereby named as a "Designated Builder" and shall be considered a Designated Builder for all purposes under the Master Declaration.

4. Village Common Areas.

(a) Tract H of the Village Property as shown on the Unit 3B Plat, and the improvements or amenities thereon (including, but not limited to, the roads, the entrance gates and any related features), shall be the "Village Common Areas" of the Village Property. The Village Common Areas are intended predominantly or exclusively for the general benefit of the Owners, Residents and Occupants of the Village Property and are not intended for the general benefit of all Owners, Residents and Occupants of the Property.

(b) The Association and the Master Declarant shall have all rights, privileges, easements and obligations under the Master Declaration with respect to the Village Common Areas, as the Association and the Master Declarant have under the Master Declaration with respect to the Common Areas, including, but not limited to, the maintenance, management and other obligations set forth in Article 10 of the Master Declaration. All provisions of the Master Declaration that are applicable to the Common Areas shall also be applicable to the Village Common Areas, except the Village Common Areas shall be predominantly or exclusively for the general benefit of the Owners, Occupants and Residents of the Village Property. Thus, the

easement rights and related provisions set forth in Section 3.1 of the Master Declaration shall not apply to the Village Common Areas.

(c) Without limiting the generality of the statements set forth in this Section 4, the Village Common Areas shall constitute "Exempt Property" pursuant to the Master Declaration, for so long as they are owned by the Association.

5. Easements of Enjoyment in the Village Common Areas. The Village Declarant, the Master Declarant and every Owner, Occupant and Resident of the Village Property shall have a right and easement of enjoyment in and to all of the Village Common Area, which easement shall be appurtenant to, and shall pass with, the title to every Lot in the Village Property subject to the following provisions:

(a) The right of the Association to regulate the use of the Village Common Areas through the Association Rules and to prohibit or limit access to those Village Common Areas, and other specified landscaped areas, not intended for use by the Members. The Association Rules shall be intended, in the absolute discretion of the Board, to enhance the preservation of the Common Areas and the Village Common Areas for the safety and convenience of the users thereof, and otherwise shall serve to promote the best interests of the Village Declarant, the Master Declarant, Owners, Occupants and Residents of the Property.

(b) The right of the Association to dedicate or transfer all or any part of the Village Common Areas to any public or quasi-public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association. Unless otherwise required by zoning stipulations or other agreements with applicable governing municipalities or quasi-governmental agencies, entities or districts effective prior to the date hereof or specified on the Unit 3B Plat, no such dedication or transfer shall be effective unless an instrument approved by the Village Declarant, the Master Declarant and the Owners of two-thirds (2/3) of the Memberships in each class of Members, within the Village Property, agreeing to such dedication or transfer has been Recorded, except that the Board shall have authority to transfer to such public agencies, authorities or utilities easements and rights-of-way which are intended to benefit the Property and which do not have any substantial adverse effect on the enjoyment of the Village Common Areas by the Members who own Lots within the Village Property.

(c) The right of the Association to change the use of the Village Common Areas in accordance with the procedures described in the Master Declaration.

(d) The right of the Association to change the size, shape or location of the Village Common Areas, to exchange the Village Common Areas for other lands or interests therein which become Village Common Areas and to abandon or otherwise transfer Village Common Areas so long as, in each case, both (i) the Board determines that the Members who own Lots within the Village Property are not materially or adversely affected, and (ii) the Village Declarant, the Master Declarant and two-thirds (2/3) of the Class A Memberships within the Village Property have approved an instrument agreeing to such change in size, shape or location, exchange, abandonment or transfer.

(e) Any rights of the Association to restrict or otherwise regulate the Village Common Areas pursuant to the Master Declaration.

6. Village Assessments.

(a) Assessment Lien. Pursuant to Section 7.1 of the Master Declaration, the Village Assessments, the Special Village Assessments and the Village Capital Reserve Assessments set forth in this Section 6 shall be secured by the Assessment Lien more particularly described in the Master Declaration, and the Village Assessments, the Special Village Assessments and the Village Capital Reserve Assessments shall be the personal obligation of the person who was the Owner of the Lot at the time such Assessments were due.

(b) Village Assessments.

(i) To provide for the "Village Expenses" (as defined in Section 8(a) below), the Board shall assess a Village Assessment against each Membership in the Village Property. The amount of the Village Assessment shall be determined with the objective of providing for the Village Expenses. The Board may, during an Assessment period, revise the amount of the Village Assessment in order to meet Village Expenses which exceed the amounts anticipated by the Association and collect such increased Village Assessments in accordance with the procedures in this Section 6. The Village Assessment shall be assessed against each Member in the Village Property commencing with the year the first Lot in the Village Property is conveyed by the Village Declarant; provided, however, that in the event fulfillment of the purposes of the Association with respect to the Village Property does not require the imposition of a Village Assessment at that time, the Board may delay the initial imposition of the Village Assessment against each Member in the Village Property until such time as the fulfillment of the purposes of the Association with respect to the Village Property require such imposition.

(ii) Village Assessments shall be collected with the Regular Assessments that are collected pursuant to the Master Declaration.

(iii) In regard to all Members in the Village Property other than Master Declarant and the Village Declarant, the Village Assessment must be fixed at a uniform rate for each Lot within the Village Property. In regard to each of the Master Declarant and the Village Declarant, the Village Assessment shall be an amount per Lot in the Village Property equal to twenty-five percent (25%) of such uniform rate set in the preceding sentence of this Section 6(b)(iii).

(iv) Notwithstanding anything to the contrary herein, the Village Declarant has entered into a separate agreement with the Master Declarant (the "Ryland Agreement"), pursuant to which the Village Declarant has agreed to pay all Village Assessments associated with Memberships in the Village Property, which are held by the Master Declarant, at the reduced rate set forth in Section 6(b)(iii) above. Upon recordation of a "Notice of Termination" (as described in Section 12 below), the forgoing obligation shall be of no further force and effect.

(v) The Board shall adopt a budget for the Village Expenses of the Village Property for each fiscal year of the Association, which budget shall serve as the basis for

determining the Village Assessments for the applicable fiscal year. Within a reasonable period following the meeting of the Board at which it adopts the budget for the year in question, the Board shall make available to each Owner in the Village Property, upon request, a copy of the budget and a statement of the amount of Village Assessments to be levied against such Owner's Lot for that year. In the event the Board fails to adopt a budget for any fiscal year prior to commencement of such fiscal year, then until and unless such budget is adopted, the budget (and the amount of the Village Assessments provided for therein) for the year immediately preceding shall remain in effect. Neither the budget nor any Village Assessment levied pursuant thereto shall be required to be approved by the Owners in the Village Property.

(c) Special Village Assessments for Capital Improvements and Extraordinary Expenses.

(i) In addition to the Village Assessments authorized above, the Association may levy, in any Assessment period, a Special Village Assessment applicable to that Assessment period only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Village Common Area, including fixtures and personal property related thereto, or for the purpose of defraying other extraordinary expenses which, in the judgment of the Board, should be borne by the Owners in the Village Property rather than all Owners in the Property; provided that any such Special Village Assessment must have the prior written consent of the Village Declarant (so long as the Village Declarant still owns a Lot in the Village Property), the Master Declarant, and seventy-five percent (75%) of the votes of the Members in the Village Property who are voting in person or by proxy at a meeting duly called for such purpose. The provisions of this Section 6(c) shall not preclude or limit the assessment, collection or use of Village Assessments for the aforesaid purposes.

(ii) Special Village Assessments may be collected as specified by the Board unless otherwise determined by the resolution of the Members in the Village Property approving the Special Village Assessment.

(iii) All Special Village Assessments shall be on a uniform basis per Lot in the Village Property.

(iv) Special Village Assessments may not be assessed until the completion, and conveyance to and acceptance by the Association, of all Village Common Area improvements and landscaping.

(d) Village Capital Reserve Fund. In addition to the Village Assessments and the Special Village Assessments authorized in this Village Declaration, a Village Capital Reserve Assessment shall be levied against a new Member at the time of a transfer of a Lot in the Village Property from the Village Declarant to a home purchaser. Such Village Capital Reserve Assessment shall equal one-sixth (i.e., two months' value) of the then annual total Village Assessments per Lot in effect at the time of the sale or transfer of the Membership and is separate and in addition to any other Assessment. The Board may also charge a transfer fee to be reasonably set by the Board upon any subsequent sale of a Lot. The Village Capital Reserve Assessments shall be kept in a separate capital reserve fund and shall only be used for the

reconstruction, replacement or non-routine maintenance and repair of Village Common Area improvements (including, but not limited to, landscaping, equipment and other amenities).

(e) Deficits. In the event that the Village Assessments set forth in this Section 6 are insufficient to meet the Village Expenses, and if the Village Declarant or the Master Declarant are paying the reduced twenty-five percent (25%) Village Assessment, the Village Declarant shall subsidize the difference; provided, however, upon recordation of a Notice of Termination, the foregoing obligation shall be of no further force and effect. Notwithstanding any other provision of this Section 6(e), in no event shall the sum of the Village Assessment and subsidy paid by the Village Declarant per year exceed the total amount that the Village Declarant would have paid had it been required to pay the full Village Assessment rate per Lot in the Village Property for each Lot that is owned by the Village Declarant in the Village Property and for each Lot in the Village Property with respect to which the Village Declarant has the obligation to pay Village Assessments pursuant to Section 6(b)(iv)).

(f) Notice and Quorum for Any Action Authorized Under Section 6(c)(i). Written notice of any meeting called for the purpose of taking any action authorized under Section 6(c)(i) of this Village Declaration shall be sent to all Members in the Village Property subject to such Assessment no less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members in the Village Property or of proxies of Members in the Village Property entitled to cast fifty percent (50%) of all the votes (exclusive of suspended voting rights) of each class of Membership in the Village Property shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Any Member in the Village Property can waive notice to a meeting and right to vote may be exercised by proxy pursuant to such rules as the Board may from time to time promulgate.

(g) Property Exempted from Village Assessments, Special Village Assessments and Village Capital Reserve Assessments. Exempt Property shall be exempted from the Village Assessments, Special Village Assessments and Village Capital Reserve Assessments; provided, however, that if any change of ownership of Exempt Property results in all or any part thereof becoming Assessable Property in any year, the same thereupon shall, to the extent applicable, be subject to the Village Assessments, Special Village Assessments and Village Capital Reserve Assessments.

## 7. Enforcement.

(a) The Village Declarant, for so long as it owns a Lot in the Village Property, and the Association, as the agent and representative of the Members owning Lots within the Village Property, and each of the Members who own a Lot within the Village Property shall have the exclusive right to enforce the provisions of this Village Declaration.

(b) Any amounts owing the Village Declarant or the Association hereunder as a result of a default by any Owner within the Village Property and which are not paid within thirty (30) days after such amounts are due shall be immediately subject to a late payment

penalty as may be set by the Board from time to time (not to exceed the greater of ten percent (10%) of the amount owed or \$15.00), plus default interest on the amount of such late payment and such late payment fee, at a per annum rate equal to eighteen percent (18%).

(c) In the event of a default of any provisions hereof, the Association or the Village Declarant shall be entitled to obtain, in addition to any other rights or remedies at law or in equity, immediate injunctive relief. Each Owner agrees that damages are an inadequate remedy for any violation of any term or provision of this Village Declaration.

8. Purposes for which Village Assessments May Be Used.

(a) The Association shall apply all funds collected and received by it pursuant to this Village Declaration for the common good and benefit of the Village Property and the Members and Residents of the Village Property. The funds collected and received from Village Assessments shall be used only for costs associated with the following matters: maintenance, repair, replacement, operation and administration of the Village Common Areas; the establishment of replacement and maintenance reserves for the Village Common Areas; obtaining liability insurance for the Village Property; and supplying utilities and other public services to the Village Property (collectively, the "Village Expenses"). Subject to the limitations in this Section and Section 4(a) of this Village Declaration, notwithstanding Section 3 of the Second Supplemental Declaration, the Village Declarant hereby agrees that the Village Assessments may be levied and collected for all Village Expenses and that Special Village Assessments and Village Capital Reserve Assessments may be levied for the purposes described in Section 6(c) and Section 6(d), respectively of this Village Declaration.

(b) The Association shall not be obligated to spend in any year all the sums received by it in such year pursuant to this Village Declaration, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Village Assessment in the succeeding year if a surplus exists from a prior year and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association with respect to the Village Property and the accomplishment of its purposes pursuant to this Village Declaration.

9. Access Control. The Association, or its duly delegated representative, may operate an access control system for the Village Property or any portion of the Village Property.

(a) Any access control (or similar) system may (but is not required to) include all or any of the following: guard gates, entrance gates, key gates and other access control points, both manned and unmanned, at entries to various portions of the Village Property; computer and/or other monitoring equipment; and such other devices as may be deemed appropriate by the Board. The cost of any services described in this Section 9 shall be part of the Village Expenses and shall be collected through the Village Assessments described in Section 6 above.

(b) Neither the Association, nor the Village Declarant, nor the Master Declarant, nor any of their respective related parties, is or should be considered a guarantor or insurer of security in the Village Property or individual Lots. Each Owner, Occupant and Resident, for themselves and on behalf of their families, guests and invitees, acknowledges and



assumes the risks that the access control system will not keep out unauthorized pedestrians and other persons and that gated entries and other features of the access control system may restrict or delay entry into the Village Property by the police, fire department, ambulances and other emergency vehicles or personnel. Neither the Association, nor the Village Declarant, nor the Master Declarant, nor any of their respective related parties (nor any principal, committee, officer, director, agent or employee of any of them) shall be liable to any Owner, Occupant, Resident or other person for any claims or damages resulting, directly or indirectly, from the construction, existence, operation, failure of operation or maintenance of any gates or access control system, or for delays caused by reason of restricted access to the Village Property, or for the unauthorized entry of pedestrians and other persons into the Village Property.

(c) Each Owner, Occupant and Resident hereby releases the Association, the Village Declarant, the Master Declarant and their respective related parties (and each of their respective principals, committees, officers, directors, agents and employees) from any and all claims, actions, suits, demands, causes of action, losses, damages or liabilities related to or arising in connection with any nuisance, inconvenience, disturbance, injury or damage resulting, directly or indirectly, from the construction, existence, operation, failure of operation or maintenance of any gates or access control system, or for delays caused by reason of restricted access to the Village Property, or for the unauthorized entry of pedestrians and other persons into the Village Property.

10. Term; Amendments; Termination.

(a) Term; Method of Termination. This Village Declaration shall be effective upon the date of its Recordation and, as amended from time to time, shall continue in full force and effect for a term of twenty (20) years from the date the Master Declaration was Recorded. From and after said date, this Village Declaration shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Village Declaration by the then Members within the Village Property casting ninety percent (90%) of the total votes cast at a meeting held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension. This Village Declaration may be terminated at any time if ninety percent (90%) of the votes cast by each class of Members within the Village Property shall be cast in favor of termination at a meeting held for such purpose. Notwithstanding anything to the contrary in this Village Declaration, no vote to terminate this Village Declaration shall be effective unless and until (i) the Association has approved an alternative method for funding the Village Expenses; (ii) written consent of the Master Declarant has been obtained; (iii) written consent of the Village Declarant has been obtained (so long as the Village Declarant still owns any property within the Village Property); and (iv) written consent to such termination has been obtained, within a period from six (6) months prior to such vote to six (6) months after such vote, from the holders of Recorded first mortgages or deeds of trust to which the Assessment Lien is subordinate pursuant to Section 8.3 of the Master Declaration, on seventy-five percent (75%) of the Lots within the Village Property upon which there are such Recorded first mortgages and deeds of trust. If the necessary votes and consents are obtained, the Board shall cause to be Recorded, a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon this Village Declaration shall have no further force and effect. Notwithstanding anything to the contrary herein, upon termination of the Master

Declaration in accordance with its terms for any reason, this Village Declaration shall be deemed to terminate automatically.

(b) Amendments. The Village Declarant may amend this Village Declaration by Recording a Certificate of Amendment, duly signed and acknowledged. The Certificate of Amendment shall set forth in full the amendment adopted, and, except as provided in Section 10(c) and 10(d) of this Village Declaration, shall certify that, (i) the approval of the Master Declarant has been obtained; (ii) the approval of the Village Declarant has been obtained (if the Village Declarant still owns any Lot in the Village Property); and (iii) at a meeting duly called and held pursuant to the provisions of the Articles and Bylaws, the Members within the Village Property casting at least seventy-five percent (75%) of the votes then entitled to be cast by Members within the Village Property voted affirmatively for the adoption of the Amendment.

(c) Right of Amendment if Requested by Governmental Agency or Lending Institutions. Notwithstanding anything contained herein to the contrary, the Village Declarant reserves the right to amend all or any part of this Village Declaration to such an extent and with such language as may be requested by the FHA, the VA, the FNMA or the FHLMC and to further amend to the extent requested by any other federal, state or local governmental agency which requests such an amendment as a condition precedent to such agency's approval of this Village Declaration, or by any federally or state chartered lending institution as a condition precedent to lending funds upon the security of any Lot(s) within the Village Property or any portions thereof. Any such amendment shall be effected by the Recording, by the Village Declarant, of a Certificate of Amendment duly signed by or on behalf of the partners, authorized agents, or authorized officers of the Village Declarant, as applicable, with their signatures acknowledged, specifying the federal, state or local governmental agency or the federally or state chartered lending institution requesting the amendment and setting forth the amendatory language requested by such agency or institution. The Recording of such a Certificate shall be deemed conclusive proof of the agency's or institution's request for such an amendment, and such Certificate, when Recorded, shall be binding upon all of the Village Property and all persons having an interest therein. It is the desire of the Village Declarant to retain control of the Village Property during the anticipated period of planning and development. If any amendment requested pursuant to the provisions of this Section 10(c) deletes, diminishes or alters such control, the Village Declarant shall have the right to prepare, provide for and adopt, as an amendment hereto, other and different control provisions. Except as provided in this Section 10(c) and Section 10(d), the Village Declarant shall not have any right to amend this Village Declaration otherwise than in accordance with and pursuant to the provisions of Section 10(b) above.

(d) Village Declarant's Rights of Amendment. Notwithstanding anything in this Section 10 to the contrary, the Village Declarant shall, for so long as it possesses a Class B Membership, be entitled to amend this Village Declaration to correct minor errors and omissions, without the consent or approval of any Owner or other party.

#### 11. Miscellaneous Provisions.

(a) Interpretation of the Covenants. Except for judicial construction, the Association, by its Board, shall have the exclusive right to construe and interpret the provisions

of this Village Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefited or bound by the provisions hereof.

(b) Severability. Any determination by any court of competent jurisdiction that any provision of this Village Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

(c) Perpetuities and Restraints on Alienation. If any of the options, privileges, covenants or rights created by this Village Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provision shall continue until twenty-one (21) years after the death of the survivor of the now living descendants of the President of the United States on the date hereof.

(d) References to Village Declaration in Deeds. Deeds to, and instruments affecting, any Lot or any part of the Village Property may reference this Village Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the provisions of this Village Declaration shall be binding upon the grantee/Owner or other person claiming through any instrument and his heirs, executors, administrators, successors and assigns.

(e) Successors and Assigns of Village Declarant. Any reference in this Village Declaration to the Village Declarant shall include any of the Village Declarant's successors or assignees of rights and powers hereunder. The rights and powers of the Village Declarant may only be assigned by a written, Recorded instrument expressly assigning such rights and powers, consented to by the Master Declarant (for so long as the Master Declarant owns any portion of the Village Property).

(f) Gender and Number. Wherever the context of this Village Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

(g) Captions and Titles; Exhibits. All captions, titles or headings in this Village Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof. All exhibits to this Village Declaration are incorporated herein by this reference.

(h) Declarant Rights. Notwithstanding anything contained in this Village Declaration to the contrary, restrictions contained in this Village Declaration shall not be construed or deemed to limit or prohibit any act of the Village Declarant or the Master Declarant, or their respective employees, agents and subcontractors or parties designated by them in connection with the construction or completion of improvements upon or sale or leasing of the Lots or any other properties in the Village Property.

(i) FHA/VA Approval. For as long as there is a Class B Membership and if VA or FHA certification is desired by the Village Declarant, approval of the VA or FHA shall be

required for amendment of provisions in this Village Declaration to the extent required to be approved by the FHA or VA pursuant to their rules and regulations, unless such agencies have waived such requirements or unless the last sentence of this Section 11(i) applies. Consent of the FHA and VA to the foregoing will not be required if the FHA and VA have elected not to approve the Village Property for certification or if such approval has been revoked, withdrawn, canceled or suspended. Consent of the FHA or VA will be deemed to have been given if the matter has been submitted to the agency for approval and the agency has failed to respond within 30 days of such submittal.

(j) Provisions of the Master Declaration. As more particularly described in Section 1(b) of this Village Declaration, this Village Declaration is subordinate to the Master Declaration. In the course of addressing the operation, maintenance and administration of the Village Property and the Village Common Areas, certain provisions have been included in this Village Declaration that are similar or identical to provisions that are included in the Master Declaration. The inclusion of certain provisions that are similar or identical to provisions in the Master Declaration and the exclusion of other provisions from the Master Declaration shall not be construed, in any way, to impact the applicability of the Master Declaration to the Village Property, nor shall the inclusion or exclusion of provisions from the Master Declaration have any bearing upon the interpretation of this Agreement.

(k) Second Supplemental Declaration. Except as otherwise specifically provided herein, all terms of this Village Declaration are subject to the terms of the Second Supplemental Declaration, and in the event of any conflict, the terms of the Second Supplemental Declaration shall control.

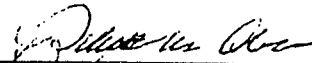
12. Termination of Ryland Agreement. If the Village Declarant defaults under the Ryland Agreement and the Ryland Agreement is terminated in accordance with its terms, the rights and obligations of the Village Declarant as the Village Declarant pursuant to this Village Declaration shall automatically and immediately terminate and be of no further force and effect, and the Master Declarant shall cause to be Recorded a Notice of Termination of Rights substantially in the form of Exhibit "B" attached hereto (the "Notice"). Upon Recordation of a Notice, the Master Declarant shall have the option, but not the obligation, to assume all the rights and obligations of the Village Declarant under this Village Declaration, all in accordance with the form of Notice.

[END]

IN WITNESS WHEREOF, the Village Declarant, has caused its name to be signed by the signature of its duly authorized representative as of the date and year first above written.

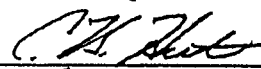
VILLAGE DECLARANT:

**THE RYLAND GROUP, INC.,**  
a Maryland corporation

By:   
Its: President

THE UNDERSIGNED CONSENTS AND  
AGREES TO THIS VILLAGE DECLARATION  
AS THE OWNER OF PORTIONS OF THE  
VILLAGE PROPERTY AND AS THE DECLARANT  
UNDER THE MASTER DECLARATION:

**STARDUST DEVELOPMENT, INC.,**  
an Arizona corporation

By:   
Its: President

20020444761

20020444761

STATE OF ARIZONA )  
 ) s.s.  
County of Maricopa )

On this the 26th day of April, 2002, before me, the undersigned Notary Public, personally appeared Robert M. Cross, who acknowledged himself to be the Division President of THE RYLAND GROUP, INC., a Maryland corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



David P. Meyer  
Notary Public

My Commission Expires:

6/12/2005

STATE OF ARIZONA )  
 ) s.s.  
County of Maricopa )

On this the 28th day of March, 2002, before me, the undersigned Notary Public, personally appeared Chris B. Heeter, who acknowledged himself to be the president of STARDUST DEVELOPMENT, INC., an Arizona corporation, on behalf of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Sharon K. Nelson  
Notary Public

My Commission Expires:

11/18/05



EXHIBIT "A"  
Legal Description of Village Property

Lots 1 through 79 and Tract H of the FINAL PLAT OF DREAMING SUMMIT  
UNIT 3B, according to the plat of record in the office of the County Recorder of  
Maricopa County, Arizona, recorded in Book 570 of Maps, Page 50, Document  
No. 2001-0775879A.

20020444761

20020444761

STATE OF ARIZONA )  
 ) ss.  
County of Maricopa )

On this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me, the undersigned Notary Public, personally appeared \_\_\_\_\_, the \_\_\_\_\_ of STARDUST DEVELOPMENT, INC., an Arizona corporation, and that he, being authorized to do so, signed the foregoing document on behalf of the corporation for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My Commission Expires: \_\_\_\_\_



20020444761

EXHIBIT "B"

Stardust Development, Inc.  
6730 North Scottsdale Road  
Suite 230  
Scottsdale, Arizona 85253  
Attention: Chris Heeter

NOTICE OF TERMINATION OF RIGHTS

This Notice of Termination of Rights (the "Notice") is given as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by STARDUST DEVELOPMENT, INC., an Arizona corporation ("Stardust").

1. Notice is hereby given that the rights and obligations of The Ryland Group, Inc., a Maryland corporation ("Ryland"), as the "Village Declarant" under that certain Village Declaration for Dreaming Summit Unit 3B, Parcel 1, dated as of the \_\_\_\_ day of \_\_\_\_\_, 2002, and recorded as Document No. \_\_\_\_\_, in the Official Records of Maricopa County, Arizona (the "Village Declaration"), have terminated and are of no further force and effect, in accordance with the terms of Section 12 of the Village Declaration.

2. Pursuant to Section 12 of the Village Declaration, Stardust has the option, but not the obligation, to assume all of the rights and obligations of Ryland, as the Village Declarant under the Village Declaration. Stardust hereby [insert "does" or "does not," as applicable] elect to assume all of the rights of Ryland, as the Village Declarant under the Village Declaration.

IN WITNESS WHEREOF, Stardust has executed this Notice as of the day and year first above written.

STARDUST DEVELOPMENT, INC.,  
an Arizona corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_