



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



March 30, 2011

James Holman and Carol D. Homan
14822 N 172nd Ln
Surprise, AZ 85388

Dear James Holman and Carol D. Homan,

Congratulations on the prospective purchase of your new residence!

Your new home is located in a community managed by Rossmar & Graham. We are the oldest, largest and most diversified community association management company in the Valley. We manage over 350 associations and we offer a wide range of essential services to our communities. We have offices strategically located in Mesa, Scottsdale and Peoria. We look forward to being your association management company and getting to know you.

This letter is our way of communicating with you early in the process in order to be of greater service to you when you complete the purchase of your residence. Until we actually receive a recorded deed, we may not be able to process all matters regarding your account and receipt of a recorded deed from your title company may take up to six weeks from the date of closing. Until then, if you have any questions, please feel free to contact our office at 480-551-4300 where you will be directed to a Call Center Customer Care Representative who is familiar with your community.

We wish you the very best of luck with the successful purchase of your new residence and we look forward to the opportunity to serve you in the future.

Regards,

Jim Hanley
President
Rossmar & Graham
Community Association Management



Rossmar & Graham
 9362 E. Raintree Drive
 Scottsdale, AZ 85260
 (480) 551-4300



March 30, 2011

James Holman and Carol D. Homan
 14822 N 172nd Ln
 Surprise, AZ 85388

Dear James Holman and Carol D. Homan:

Rossmar & Graham represents your Board of Directors and provides management services to your community. We welcome the opportunity to serve you and look forward to a great relationship. Rossmar & Graham has been in business since 1968. We specialize in the management of HOA and condominium associations and presently manage several associations in your area.

We have three branch offices here in the valley.

Main Office
 9362 E Raintree Drive
 Scottsdale, AZ 85260

Mesa Office
 1801 S Extension Rd, Suite 124
 Mesa, AZ 85210

Peoria Office
 15396 N 83rd Ave
 Bldg B - Suite 101
 Peoria, AZ 85381

If you need to contact us after hours, on weekends or in case of an emergency, please call (602) 336-2700. Our regular business office hours are 8:00 am until 5:00 pm, Monday through Friday.

Your community manager will be your primary contact and will be touring your community regularly for the purpose of CC&R compliance and supervising maintenance activities. Your community manager will also be working with your Board of Directors in an effort to enrich lifestyles within the community, enhance property values and to ensure that all administrative and financial matters are in order.

Please make your assessment checks payable to your homeowner's association and include your account number(s) on your check. You will receive your payment coupons or payment statement in the near future. As an alternative we recommend you use Pay Lease, a convenient, no-cost way to pay your Association maintenance fee.

To better serve you, our Call Center Customer Care Staff is standing by to answer any questions you may have regarding your account and your community. Please call our main number (480) 551-4300 for assistance. At Rossmar & Graham we have built a team of professionals you can count on and we look forward to the opportunity to serve you. If I may ever be of personal assistance, please feel free to contact me at (480) 551-4370.

Sincerely yours,

Rossmar & Graham
 Community Association Management

Karen Crandell
 Director Resale/Disclosure Department



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



Disclosure Letter

RG-B15810

March 30, 2011

James Holman and Carol D. Homan
14822 N 172nd Ln
Surprise, AZ 85388

Re: Sierra Montana Homeowners Association
Lot Number: 0011
Escrow Number: 478779

Dear James Holman and Carol D. Homan,

Rossmar & Graham is the managing agent for Sierra Montana Homeowners Association. Enclosed is a Resale Statement from the Association with respect to the pending sale of the above-referenced residence and copies of the Declaration, Bylaws and Rules and Regulations of the Association as required by state law.

The Resale Statement indicates the amount of your common expense assessments, the frequency of payments and the date through which the assessments have been paid. Any balance owing **BY THE SELLER/BUYER** through the date of closing, including special assessments, other assessments, fees or charges currently due is summarized below:

Unpaid Common Expense Assessments:	\$1,453.70 (Balance includes assessments, late fees and attorney costs)
Next Day (1-2 days) Resale Disclosure Package Fee:	\$554.95

NOTE: The balances shown above as owing by the seller do not reflect any liability by the buyer prior to closing! The title/escrow company will explain the above balances and prorations as a part of the closing process. The Resale and Disclosure Fees are payable to Rossmar & Graham, and the balance is paid to the Association. **Resale and Disclosure Fees are payable by the seller whether or not the sale is completed.*

Buyer is Responsible to Pay:

Please acknowledge your receipt of the Resale Statement and copies of the Declaration, Bylaws and Rules and Regulations of the Association by dating and signing the enclosed receipt and returning it to Rossmar & Graham as soon as possible.

If you have any questions, please contact the Resale/Disclosure Department at Rossmar & Graham, (480) 551-4300. Thank you.



Rossmar & Graham
 9362 E. Raintree Drive
 Scottsdale, AZ 85260
 (480) 551-4300



Planned Community Resale Statement

RG-B15810

March 30, 2011

Seller: Christopher Dean and Lucia Dean
 Purchaser: James Holman and Carol D. Homan
 Escrow Agent: LAVERNE ROBBINS
 Company: GREAT AMERICAN TITLE
 Phone: (602) 412-4545
 Escrow Number: 478779
 Unit Description: 14822 N 172nd Ln
 Surprise, AZ 85388

This Resale Statement is being furnished to the above-described Purchaser by Sierra Montana Homeowners Association (the "Association") pursuant to A.R.S. Section 33-1806 in connection with the sale of the Unit.

Association Information

The following is the principal contact for the Association:

Name: Rossmar & Graham
 Address: 9362 E. Raintree Dr Scottsdale, AZ 85260
 Phone: (480) 551-4300
 Contact: Roger Hartzog
 Mark Sirota

Assessment & Current Reserve Information

A statement, including the amount of common regular assessment and any balance owing **BY THE SELLER/BUYER** through the date of closing, including special assessments, other assessments, fees or charges currently due is summarized below:

The common regular assessment for 2011 is \$599.96 in installments of \$149.99 payable Quarterly and is assessed on the 1st.

Current Special Assessments?	no
Pending Vote for Special Assessments?	No
Current reserve balance:	\$41,807.47

* See Disclosure Letter for details of assessments owing by the seller prior to closing

Purchaser and/or Escrow Agent should contact Rossmar & Graham, the contact for the Association, three (3) days prior to the closing of the sale to obtain an update of the amounts due from Seller.



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



Planned Community Resale Statement (continued)

RG-B15810

Insurance Information

A portion of the Unit is not covered by insurance maintained by the Association. For information on insurance maintained by the Association, please contact:

Insurance Company: Community Association Underwriters of America, Inc.
Insurance Agent: Scott McLaughlin
Insurance Telephone: 800-228-1930

Violation Information

The records of the Association reflect the following alterations or improvements to the Unit which violate the provisions of the declaration: **There are none known to the association.**

This statement by the Association does not relieve the Seller of the Unit from the obligation to disclose alterations or improvements to the Unit which violate the declaration or which may not have been approved, nor does it preclude the Association from taking action against the purchaser of the Unit for violations existing at the time of purchase. There may be other items that have not been noted on this statement as it relates to landscaping or architectural improvements that may or may not be approved by the Association at the time of receipt of this notice. If you have any questions as to whether an improvement has been approved by the Board or Architectural committee please contact the Association Manager. A.R.S. Section 33-1260 Section 3 (e) reads in part; "Nothing in this subdivision relieves the seller of a unit from the obligation to disclose alterations or improvements to the unit that violate the declaration, nor precludes the association from taking action against the purchaser of a unit for violations apparent at the time of purchase that are not reflected in the association's records."

Litigation Information

The following litigation is currently pending by the Association against the Unit Owner or by the Unit Owner against the Association with respect to the Unit: **There is no current litigation.**

Information with respect to any such litigation should be obtained from the public records.



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



Planned Community Resale Statement (continued)

RG-B15810

Association Documents Information

The Association is furnishing to the Purchaser together with this Resale Statement, copies of the following documents: (1) the Declaration (CC&R's), Bylaws, and Rules and Regulations (if applicable), together with all amendments to each; (2) the current operating budget of the Association; (3) the most recent annual financial report of the Association or a summary thereof if the report is more than ten pages; and (4) the most recent reserve study of the Association, if any.

Except for the statements set forth in this Resale Statement, the Association makes no statements or representations of any kind concerning the Unit, including without limitation, the suitability of the Unit for the Purchaser's purposes, engineering or architectural design, or quality or manner of construction of the Unit, use or installation of specific materials, location of improvements within the boundaries of the Unit, or compliance of the Unit with any laws, ordinances, rules or regulations. The Association undertakes no obligation to update or supplement this Statement at any time after the date hereof.

This Statement was produced for the Association by:

Rossmar & Graham
Resale/Disclosure Department



Rossmar & Graham
 9362 E. Raintree Drive
 Scottsdale, AZ 85260
 (480) 551-4300



Receipt for Disclosure Package

RG-B15810

I hereby acknowledge receipt of the Resale Disclosure Package and copies of the Declaration, Bylaws and Rules and Regulations, if any, of the homeowner's association known as Sierra Montana Homeowners Association. This disclosure package was processed by Rossmar & Graham on behalf of Sierra Montana Homeowners Association on March 30, 2011.

HB 2154

House Bill 2154 will amend A.R.S. 33-1260 and 33-1806 on August 12, 2005 as signed by the governor.

House Bill 2154 reads:

"I hereby acknowledge that the declaration, bylaws and rules of the association constitute a contract between the association and me (the purchaser). By signing this statement, I acknowledge that I have read and understand the association's contract with me (the purchaser). I also understand that as a matter of Arizona law, if I fail to pay my association assessments, the association may foreclose on my property."

This signed statement must be returned within 14 calendar days.

Buyer's Name Signed: _____

Dated: _____

Buyer's Name Printed: James Holman and Carol D. Homan

Property Address: 14822 N 172nd Ln
 Surprise, AZ 85388

Note: If your address is different than the address shown above, please indicate your current address here:

Return to:
 Rossmar & Graham
 Resale/Disclosure Department
 9362 E. Raintree Dr
 Scottsdale, AZ 85260

OWNER DIRECTORY FORM

In the past, we have experienced emergency situations that have made us aware of the critical need for a current list of names and telephone numbers of owners and renters in each community. Please complete this form with the pertinent information and return it to Rossmar & Graham, so that we may have this information on file. This information will only be used by Rossmar & Graham and/or the Association, should the need arise to contact you.

COMMUNITY NAME: _____

OWNER(S) NAME: _____

ADDRESS: _____

E-MAIL ADDRESS: _____

MAILING ADDRESS (IF OTHER THAN HOME ADDRESS):

PHONE NUMBERS: HOME _____ **WORK** _____

HOME _____ **WORK** _____

TENANT INFORMATION (IF APPLICABLE):

NAME: _____

PHONE NUMBERS: HOME _____ **WORK** _____

HOME _____ **WORK** _____

OWNER SIGNATURE: _____ **DATE:** _____

(MUST SIGN)

PLEASE MAIL TO:
Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260



SUBJECT: RENTAL HOMES

Many home buyers from various parts of the country who purchase homes in Arizona may not be aware of a requirement to register rental homes. This requirement does not affect you if you are using the home as a second residence.

This letter and its attachment are intended as another service to our communities. Some owners may not realize that Arizona statute ARS 33-1902 requires the registration of all residential rental properties with the Assessor's Office of the county in which the property is located. The attached form is for your use if you are planning to utilize your new residential property as rental property. If you prefer, you may register online. For your convenience, a listing is provided below for the various counties in which our communities are located.

Please note that some communities may have rules and regulations concerning rental properties within their association's governing documents. You may wish to take a moment to review these documents to verify the reporting guidelines for your particular association.

We wish you the very best with your new purchase ... please feel free to contact us should you have any questions.

Sincerely,

ROSSMAR & GRAHAM
Caring for Communities

Maricopa County: www.maricopa.gov/assessor
Pima County: www.pima.gov/assessor
Pinal County: www.pinal.gov/assessor

Scottsdale - Corporate: 9362 E. Raintree Drive • Scottsdale, AZ 85260
Mesa/Central Valley - Branch: 1801 S. Extension • Suite 124 • Mesa, AZ 85210
Peoria - Branch: 15396 N. 83rd Avenue • Bldg. B, Suite 101 • Peoria, AZ 85382
Phone: 480-551-4300 • Fax: 480-551-6000 • www.rossmar-mgt.com

A  FIRSTSERVICE Company

NOTIFICATION OF ARIZONA RESIDENTIAL RENTAL PROPERTY

Pursuant to A.R.S. §§ 33-1901 and 33-1902 (see reverse side)

INSTRUCTIONS: In compliance with A.R.S. § 33-1902(A): an owner of residential rental property shall maintain with the Assessor in the county where the property is located information required by this section in a manner to be determined by the Assessor. If the property is owned by a corporation, limited liability company, partnership, limited partnership, trust or real estate investment trust, include the name, address and telephone number of the business entity and the statutory agent, if applicable.

Pursuant to A.R.S. § 33-1902(B): an out-of-state owner of residential rental property shall designate and record with the County Assessor a statutory agent who lives in this state and who will accept legal service on behalf of the owner. A person who fails to comply with any provision of this section shall be assessed a civil penalty of one thousand dollars, plus an additional one hundred dollars for each month after the date of the original violation until compliance occurs.

Retain a copy of this completed form for your records.

1. PROPERTY INFORMATION:

List County where property is located (required): _____

Check property type: Single Family Residence Multiple Family Residence Mobile Home MH/RV Park space

Property Site Address: _____

City/Town: _____
Street # _____ Street Direction _____ Street Name _____ Street Type (Ave, Lane, etc.) _____ Suffix (if any) _____
Zip Code: _____

List the year the building was built: _____

Parcel Number: _____

List Additional Parcel Numbers for this property (up to four):

For Unsecured Mobile Homes ONLY

List Tax Roll # _____

ATTACH LIST FOR ANY ADDITIONAL PARCELS

2. OWNERSHIP INFORMATION: (Please Print)

Check below to indicate form of ownership (Property Owner OR Business Entity):

Property owner, list name of owner: _____

Street Address: (no P.O. Box) _____
Last Name _____ First Name _____

City/State: _____ Zip Code: _____ Telephone # (____) _____

List the name of the business entity: _____

Street Address: (no P.O. Box) _____

City/State: _____ Zip Code: _____ Telephone # (____) _____

If the business entity is a:

Corporation, list name of corporate officer: _____

Limited liability company, list name of managing or administrative member: _____

Partnership, list name of general partner: _____

Limited partnership, list name of general partner: _____

Trust, list name of trustee: _____

Real estate investment trust, list name of general partner or officer: _____

3. OUT-OF-STATE OWNER'S DESIGNATION OF AGENT:

A.R.S. §33-1902(B) requires that if the owner listed above lives out of state, that a statutory agent is designated who resides in Arizona to accept legal service on behalf of the owner of residential rental property.

Name of statutory agent: _____ Address: _____

City: _____ Last Name _____ First Name _____ AZ Zip Code: _____ Telephone # (____) _____

4. REQUIREMENT TO UPDATE INFORMATION:

Under penalty of law the owner of Arizona residential rental property shall update any information listed above within ten days after a change in the information occurs.

I request that the Assessor update the following information: Mailing Address Legal Class

I hereby affirm that the information included or attached is true and correct.

X

Signature of Property Owner or Business Entity's Representative

Date

**CHAPTER 17
RESIDENTIAL RENTAL PROPERTY
ARTICLE 1. GENERAL PROVISIONS**

33-1901. Definitions

A. In this article, unless the context otherwise requires:

- ◆ "Managing Agent" means a person, corporation, partnership or limited liability company that is authorized by the owner to operate and manage the property.
- ◆ "Residential Rental Property" means property that is used solely as leased or rented property for residential purposes. If the property is a space rental mobile home park or a recreational vehicle park, "Residential Rental Property" includes the rental space that is leased or rented by the owner of that rental space but does not include the mobile home or recreational vehicle that serves as the actual dwelling if the dwelling is owned and occupied by the tenant of the rental space and not by the owner of the rental space.
- ◆ "Slum Property" means residential rental property that has deteriorated or is in a state of disrepair and that manifests one or more of the following conditions that are a danger to the health or safety of the public:
 - (a) Structurally unsound exterior surfaces, roof, walls, doors, floors, stairwells, porches or railings.
 - (b) Lack of potable water, adequate sanitation, facilities, adequate water or waste pipe connections.
 - (c) Hazardous electrical systems or gas connections.
 - (d) Lack of safe, rapid egress.
 - (e) Accumulation of human or animal waste, medical or biological waste, gaseous or combustible materials, dangerous or corrosive liquids, flammable or explosive materials or drug paraphernalia.

33-1902. Residential rental property; recording with the assessor; agent designation; civil penalty.

- A. An owner of residential rental property shall maintain with the assessor in the county where the property is located information required by this section in a manner to be determined by the assessor. The owner shall update any information required by this section within ten days after a change in the information occurs. The following information shall be maintained:
1. The name, address and telephone number of the property owner.
 2. If the property is owned by a corporation, limited liability company, partnership, limited partnership, trust or real estate investment trust, the name, address and telephone number of the statutory agent, if applicable, and the following:
 - (a) For a corporation, a corporate officer.
 - (b) For a partnership, a general partner.
 - (c) For a limited liability company, the managing or administrative member.
 - (d) For a limited partnership, a general partner.
 - (e) For a trust, a trustee.
 - (f) For real estate investment trust, a general partner or an officer.
 3. The street address and parcel number of the property.
 4. The year the building was built.
- B. An owner of residential rental property who lives outside this state shall designate and record with the assessor a statutory agent who lives in this state and who will accept legal service on behalf of the owner. The owner shall designate the agent in a manner to be determined by the assessor. The information shall include the name, address and telephone number of the agent.
- C. Residential rental property shall not be occupied if the information required by this section is not on file with the county assessor. This subsection does not affect any existing lease.
- D. All records, files and documents that are required by this section are public records.
- E. A person who fails to comply with any provision of this section shall be assessed a civil penalty of one thousand dollars, plus an additional one hundred dollars for each month after the date of the original violation until compliance occurs. The court shall not suspend any portion of the civil penalty provided by this subsection.
- F. Notwithstanding subsection E of this section, if a person complies within ten days after receiving the complaint that notices the violation, the court shall dismiss the complaint and shall not impose a civil penalty.
- G. In carrying out the provisions of this section the county assessor shall have immunity as provided in Section 12-820.01.

Return completed form to:

**Maricopa County Assessor
301 W Jefferson Suite 330
Phoenix AZ 85003-2196
(602) 506-3406**



END FOLDER RG-B15810

Sierra Montana Homeowners Association

Disclosure Documents



prepared exclusively for:

14822 N 172nd Ln
Surprise, AZ 85388

PLEASE NOTE This package contains the most recent documents on file with the Resale/Disclosure Department on the date requested, and may not include all relevant legal and financial information available for this Association. No representation is made by Rossmar & Graham, WelcomeLink, Inc., or their affiliates with respect to the accuracy and completeness of this information. Before taking any action in reliance upon the information contained herein, please consult qualified legal counsel and/or the legal instruments of the Association as recorded and filed with the appropriate governmental authority or jurisdiction.



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



March 30, 2011

James Holman and Carol D. Homan
14822 N 172nd Ln
Surprise, AZ 85388

Dear James Holman and Carol D. Homan,

Congratulations on the prospective purchase of your new residence!

Your new home is located in a community managed by Rossmar & Graham. We are the oldest, largest and most diversified community association management company in the Valley. We manage over 350 associations and we offer a wide range of essential services to our communities. We have offices strategically located in Mesa, Scottsdale and Peoria. We look forward to being your association management company and getting to know you.

This letter is our way of communicating with you early in the process in order to be of greater service to you when you complete the purchase of your residence. Until we actually receive a recorded deed, we may not be able to process all matters regarding your account and receipt of a recorded deed from your title company may take up to six weeks from the date of closing. Until then, if you have any questions, please feel free to contact our office at 480-551-4300 where you will be directed to a Call Center Customer Care Representative who is familiar with your community.

We wish you the very best of luck with the successful purchase of your new residence and we look forward to the opportunity to serve you in the future.

Regards,

Jim Hanley
President
Rossmar & Graham
Community Association Management



Rossmar & Graham
 9362 E. Raintree Drive
 Scottsdale, AZ 85260
 (480) 551-4300



Planned Community Resale Statement

RG-B15810

March 30, 2011

Seller: Christopher Dean and Lucia Dean
 Purchaser: James Holman and Carol D. Homan
 Escrow Agent: LAVERNE ROBBINS
 Company: GREAT AMERICAN TITLE
 Phone: (602) 412-4545
 Escrow Number: 478779
 Unit Description: 14822 N 172nd Ln
 Surprise, AZ 85388

This Resale Statement is being furnished to the above-described Purchaser by Sierra Montana Homeowners Association (the "Association") pursuant to A.R.S. Section 33-1806 in connection with the sale of the Unit.

Association Information

The following is the principal contact for the Association:

Name: Rossmar & Graham
 Address: 9362 E. Raintree Dr Scottsdale, AZ 85260
 Phone: (480) 551-4300
 Contact: Roger Hartzog
 Mark Sirota

Assessment & Current Reserve Information

A statement, including the amount of common regular assessment and any balance owing **BY THE SELLER/BUYER** through the date of closing, including special assessments, other assessments, fees or charges currently due is summarized below:

The common regular assessment for 2011 is \$599.96 in installments of \$149.99 payable Quarterly and is assessed on the 1st.

Current Special Assessments?	no
Pending Vote for Special Assessments?	No
Current reserve balance:	\$41,807.47

* See Disclosure Letter for details of assessments owing by the seller prior to closing

Purchaser and/or Escrow Agent should contact Rossmar & Graham, the contact for the Association, three (3) days prior to the closing of the sale to obtain an update of the amounts due from Seller.



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



Planned Community Resale Statement (continued)

RG-B15810

Insurance Information

A portion of the Unit is not covered by insurance maintained by the Association. For information on insurance maintained by the Association, please contact:

Insurance Company: Community Association Underwriters of America, Inc.
Insurance Agent: Scott McLaughlin
Insurance Telephone: 800-228-1930

Violation Information

The records of the Association reflect the following alterations or improvements to the Unit which violate the provisions of the declaration: **There are none known to the association.**

This statement by the Association does not relieve the Seller of the Unit from the obligation to disclose alterations or improvements to the Unit which violate the declaration or which may not have been approved, nor does it preclude the Association from taking action against the purchaser of the Unit for violations existing at the time of purchase. There may be other items that have not been noted on this statement as it relates to landscaping or architectural improvements that may or may not be approved by the Association at the time of receipt of this notice. If you have any questions as to whether an improvement has been approved by the Board or Architectural committee please contact the Association Manager. A.R.S. Section 33-1260 Section 3 (e) reads in part; "Nothing in this subdivision relieves the seller of a unit from the obligation to disclose alterations or improvements to the unit that violate the declaration, nor precludes the association from taking action against the purchaser of a unit for violations apparent at the time of purchase that are not reflected in the association's records."

Litigation Information

The following litigation is currently pending by the Association against the Unit Owner or by the Unit Owner against the Association with respect to the Unit: **There is no current litigation.**

Information with respect to any such litigation should be obtained from the public records.



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



Planned Community Resale Statement (continued)

RG-B15810

Association Documents Information

The Association is furnishing to the Purchaser together with this Resale Statement, copies of the following documents: (1) the Declaration (CC&R's), Bylaws, and Rules and Regulations (if applicable), together with all amendments to each; (2) the current operating budget of the Association; (3) the most recent annual financial report of the Association or a summary thereof if the report is more than ten pages; and (4) the most recent reserve study of the Association, if any.

Except for the statements set forth in this Resale Statement, the Association makes no statements or representations of any kind concerning the Unit, including without limitation, the suitability of the Unit for the Purchaser's purposes, engineering or architectural design, or quality or manner of construction of the Unit, use or installation of specific materials, location of improvements within the boundaries of the Unit, or compliance of the Unit with any laws, ordinances, rules or regulations. The Association undertakes no obligation to update or supplement this Statement at any time after the date hereof.

This Statement was produced for the Association by:

Rossmar & Graham
Resale/Disclosure Department



Rossmar & Graham
9362 E. Raintree Drive
Scottsdale, AZ 85260
(480) 551-4300



Disclosure Letter

RG-B15810

March 30, 2011

James Holman and Carol D. Homan
14822 N 172nd Ln
Surprise, AZ 85388

Re: Sierra Montana Homeowners Association
Lot Number: 0011
Escrow Number: 478779

Dear James Holman and Carol D. Homan,

Rossmar & Graham is the managing agent for Sierra Montana Homeowners Association. Enclosed is a Resale Statement from the Association with respect to the pending sale of the above-referenced residence and copies of the Declaration, Bylaws and Rules and Regulations of the Association as required by state law.

The Resale Statement indicates the amount of your common expense assessments, the frequency of payments and the date through which the assessments have been paid. Any balance owing **BY THE SELLER/BUYER** through the date of closing, including special assessments, other assessments, fees or charges currently due is summarized below:

Unpaid Common Expense Assessments:	\$1,453.70 (Balance includes assessments, late fees and attorney costs)
Next Day (1-2 days) Resale Disclosure Package Fee:	\$554.95

NOTE: The balances shown above as owing by the seller do not reflect any liability by the buyer prior to closing! The title/escrow company will explain the above balances and prorations as a part of the closing process. The Resale and Disclosure Fees are payable to Rossmar & Graham, and the balance is paid to the Association. **Resale and Disclosure Fees are payable by the seller whether or not the sale is completed.*

Buyer is Responsible to Pay:

Please acknowledge your receipt of the Resale Statement and copies of the Declaration, Bylaws and Rules and Regulations of the Association by dating and signing the enclosed receipt and returning it to Rossmar & Graham as soon as possible.

If you have any questions, please contact the Resale/Disclosure Department at Rossmar & Graham, (480) 551-4300. Thank you.

Sierra Montana Homeowners Association

Budget



C/O ROSSMAR & GRAHAM
9362 E RAINTREE DR
SCOTTSDALE AZ 85260

ACCT. DESC.	ACCT. #	2010 BUDGET	2011 BUDGET
I N C O M E			
ASSESSMENT INCOME	4000	1,470,803	1,482,801
UNCOLLECTED ASSESSMENTS	4000D	(170,133)	(175,956)
DELINQUENT PARCEL ASSESSMENT	4000D1	0	(10,811)
PARCEL ASSESSMENTS	4000P	45,864	51,480
TRANSFER FEE	4004	3,000	0
COLLECTION COST REIMBURSEMENT	4050	16,000	16,000
FORECLOSURE/TRUSTEE SALES	4050T	20,000	20,000
LATE FEE INCOME	4070	8,000	8,000
BUILDER ASSESSMENT	4205	30,000	25,498
VIOLATION FINES	4900	34,000	27,000
BUILDER ASSESSMENTS	P4205	0	15,912
TOTAL INCOME		<u>1,457,534</u>	<u>1,459,924</u>
E X P E N S E S			
A D M I N I S T R A T I V E			
MANAGEMENT FEE	5000	143,381	148,067
ROSSMAR CONNECT	5000RC	2,400	2,400
NSF FEE EXPENSE	5009B	300	300
LEGAL EXPENSE	5010	11,000	10,000
LIEN/COLLECTION COST	5020	65,000	89,000
FORECLOSURE/TRUSTEE SALES	5020T	65,000	50,000
AUDIT/TAX PREPARATION	5030	6,000	650
BANK CHARGES	5037	450	400
WEBSITE	5039	450	0
BILLING STATEMENTS	5043	12,500	13,000
PRINTING	5052	13,000	12,000
MEETING EXPENSE	5055	4,425	4,060
POSTAGE	5059	5,500	6,500
VIOLATION NOTICES	5059V	2,400	1,200
STATUTORY AGENT FEE	5065S	0	100
TAXES-WATER DISTRICT	5069W	32,479	0
PROPERTY TAXES	5070	5,200	42,250
CORPORATE TAXES	5080	80	2,500
INSURANCE	5090	7,560	7,620
STORAGE	5096	200	275
MISCELLANEOUS EXPENSE	5099	3,000	2,000
TOTAL ADMINISTRATIVE		<u>380,325</u>	<u>392,322</u>
U T I L I T I E S			
WATER/SEWER	5100	270,000	270,000
ELECTRIC	5120	17,500	17,500
WATER/SEWER	P5100	22,100	22,100
ELECTRIC	P5120	3,025	3,025
TOTAL UTILITIES		<u>312,625</u>	<u>312,625</u>
L A N D S C A P I N G			
LANDSCAPE CONTRACT	5200	422,941	422,940
IRRIGATION REPAIRS	5220	5,000	6,500
BACKFLOW INSPECTION	5222	400	400
EROSION CONTROL	5228	4,000	3,000
SHRUBS/TREES/FLOWERS	5230	2,000	2,000
PLANT REPLACEMENT	5231	15,000	15,000

11/10/2010
2:32 PM

563 SIERRA MONTANA HOMEOWNERS ASSOCIATION
BUDGET REPORT
01/01/2011

Page: 2

C/O ROSSMAR & GRAHAM
9362 E RAINTREE DR
SCOTTSDALE AZ 85260

ACCT. DESC.	ACCT. #	2010 BUDGET	2011 BUDGET
GRANITE REPLACEMENT	5239	6,063	29,729
TREE TRIMMING/REMOVAL	5240	3,276	18,752
WEED CONTROL	5244	6,400	8,000
STORM DAMAGE	5290	4,000	9,000
MISCELLANEOUS EXPENSE	5298	12,000	3,000
LANDSCAPE CONTRACT	P5200	16,740	15,345
IRRIGATION REPAIRS	P5220	2,000	1,200
BACKFLOW INSPECTION	P5222	50	50
WEED CONTROL	P5230	1,500	1,800
TREE TRIM/TREE REMOVAL	P5242	1,000	600
LANDSCAPE MISC.	P5249	1,500	500
TREE/PLANT REPLACEMENT	P5251	3,000	1,500
GRANITE/GRAVEL/SAND	P5253	1,000	0
STORM DAMAGE	P5269	1,500	1,000
		-----	-----
TOTAL LANDSCAPE		509,370	540,316
COMMON AREA			
ELECTRIC REPAIR & SUPPLIES	5722	5,000	4,000
SIGN MAINTENANCE	5740	3,000	3,000
VANDALISM	5780	4,000	8,500
COMMON AREA MAINTENANCE/REPAIRS	5800	2,000	2,000
EXTERMINATING	5850	7,200	7,200
GRAFFITI REMOVAL	5867	7,300	3,500
EXTERMINATING EXTRAS	5876	2,500	2,500
MAILBOX REPLACEMENT/REPAIR	5881M	2,000	1,500
EXTERMINATING	G5850	8,000	8,340
ELECTRICAL REPAIR & SUPPLY	P5722	2,000	1,200
GENERAL MAINTENANCE	P5770	500	300
SIGN MAINTENANCE	P5815	500	300
DRYWELL CLEANING	P5887	1,500	0
		-----	-----
TOTAL COMMON AREA		45,500	42,340
		-----	-----
TOTAL EXPENSES		1,247,820	1,287,603
		-----	-----
SURPLUS (DEFICIT) BEFORE RESERVES		209,714	172,321
		-----	-----
RESERVE CONTRIBUTIONS			
GENERAL	6010	84,274	111,759
REPAY RESERVE LOAN	6095	114,408	52,901
GENERAL	P6010	11,032	7,661
		-----	-----
TOTAL RESERVE CONTRIBUTIONS		209,714	172,321
		-----	-----
TOTAL SURPLUS (DEFICIT)		0	0
		=====	=====

563 SIERRA MONTANA HOMEOWNERS ASSOCIATION
BUDGET COMPARISON REPORT
12/31/2010

C/O ROSSMAR & GRAHAM
9362 E RAINTREE DR
SCOTTSDALE AZ 85260

***** CURRENT PERIOD *****			***** YEAR-TO-DATE *****		
ACTUAL	BUDGET	OVER (UNDER)	ACTUAL	BUDGET	OVER (UNDER) ANNUAL BUDGET
I N C O M E					
\$ 12,052	\$ 0	\$ 12,052	4000 ASSESSMENT INCOME	\$ 1,356,068	\$ 1,470,803 \$ (114,735) \$ 1,470,803
0	0	0	40002 HOMEOWNER REFUNDS	(2,008)	0 (2,008) 0
0	0	0	4000D UNCOLLECTED ASSESSMENTS	0	(170,133) 170,133 (170,133)
2,036	0	2,036	4000P PARCEL ASSESSMENTS	43,733	45,864 (2,131) 45,864
(75)	250	(325)	4004 TRANSFER FEE	0	3,000 (3,000) 3,000
309	0	309	4032 RESERVE INTEREST INCOME	3,971	0 3,971 0
(1,126)	1,337	(2,463)	4050 COLLECTION COST REIMBURSEME	25,065	16,000 9,065 16,000
4,175	1,663	2,512	4050T FORECLOSURE/TRUSTEE SALES	35,857	20,000 15,857 20,000
(10)	0	(10)	4055 RECOVERY-COLLECTION	0	0 0 0
1,775	663	1,112	4070 LATE FEE INCOME	16,272	8,000 8,272 8,000
35	0	35	4075 NSF FEE	460	0 460 0
5	0	5	4107 RESERVE INCOME	5	0 5 0
0	2,500	(2,500)	4205 BUILDER ASSESSMENT	18,404	30,000 (11,596) 30,000
0	0	0	4320 RESERVE CONTRIBUTION	2,450	0 2,450 0
191	0	191	4540 BANK FORECLOSED EXCESS PAYM	6,432	0 6,432 0
1,962	2,837	(875)	4900 VIOLATION FINES	18,908	34,000 (15,092) 34,000
125	0	125	4925 REIMBURSE EXPENSE	640	0 640 0
(656)	0	(656)	4950 REBILL FEE	1,247	0 1,247 0
0	0	0	4990 MISCELLANEOUS INCOME	11	0 11 0
34	0	34	P4032 RESERVE INTEREST INCOME	336	0 336 0
<u>\$ 20,831</u>	<u>\$ 9,250</u>	<u>\$ 11,581</u>	TOTAL INCOME	<u>\$ 1,527,849</u>	<u>\$ 1,457,534</u> <u>\$ 70,315</u> <u>\$ 1,457,534</u>
E X P E N S E S					
A D M I N I S T R A T I V E					
\$ 12,143	\$ 12,143	\$ 0	5000 MANAGEMENT FEE	\$ 143,381	\$ 143,381 \$ 0 \$ 143,381
200	200	0	5000RC ROSSMAR CONNECT	2,400	2,400 0 2,400
(17)	0	(17)	5009A REBILL FEE EXPENSE	(37)	0 (37) 0
0	25	(25)	5009B NSF FEE EXPENSE	385	300 85 300
0	913	(913)	5010 LEGAL EXPENSE	0	11,000 (11,000) 11,000
13,140	5,413	7,727	5020 LIEN/COLLECTION COST	125,234	65,000 60,234 65,000
3,325	5,413	(2,088)	5020T FORECLOSURE/TRUSTEE SALES	28,200	65,000 (36,800) 65,000
0	0	0	5030 AUDIT/TAX PREPARATION	830	6,000 (5,170) 6,000
0	32	(32)	5037 BANK CHARGES	8	450 (442) 450
0	32	(32)	5039 WEBSITE	0	450 (450) 450
1	0	1	5043 BILLING STATEMENTS	12,886	12,500 386 12,500
338	1,087	(749)	5052 PRINTING	6,036	13,000 (6,964) 13,000
226	366	(140)	5055 MEETING EXPENSE	2,282	4,425 (2,143) 4,425
211	462	(251)	5059 POSTAGE	9,520	5,500 4,020 5,500
4	200	(196)	5059V VIOLATION NOTICES	53	2,400 (2,347) 2,400
0	0	0	5065S STATUTORY AGENT FEE	100	0 100 0
0	2,702	(2,702)	5069W TAXES-WATER DISTRICT	4	32,479 (32,475) 32,479
0	0	0	5070 PROPERTY TAXES	33,347	5,200 28,147 5,200
0	0	0	5080 CORPORATE TAXES	55	80 (25) 80
0	630	(630)	5090 INSURANCE	7,734	7,560 174 7,560
24	13	11	5096 STORAGE	278	200 78 200
0	250	(250)	5099 MISCELLANEOUS EXPENSE	0	3,000 (3,000) 3,000
0	0	0	P5005A RESERVE STUDY	500	0 500 0
<u>\$ 29,596</u>	<u>\$ 29,881</u>	<u>\$ (285)</u>	TOTAL ADMINISTRATIVE	<u>\$ 373,197</u>	<u>\$ 380,325</u> <u>\$ (7,128)</u> <u>\$ 380,325</u>
U T I L I T I E S					
\$ 15,121	\$ 22,500	\$ (7,379)	5100 WATER/SEWER	\$ 314,824	\$ 270,000 \$ 44,824 \$ 270,000
867	1,462	(595)	5120 ELECTRIC	11,425	17,500 (6,075) 17,500
392	1,838	(1,446)	P5100 WATER/SEWER	7,404	22,100 (14,696) 22,100
111	253	(142)	P5120 ELECTRIC	1,325	3,025 (1,700) 3,025
<u>\$ 16,491</u>	<u>\$ 26,053</u>	<u>\$ (9,562)</u>	TOTAL UTILITIES	<u>\$ 334,978</u>	<u>\$ 312,625</u> <u>\$ 22,353</u> <u>\$ 312,625</u>
L A N D S C A P I N G					
\$ 35,245	\$ 35,246	\$ (1)	5200 LANDSCAPE CONTRACT	\$ 422,940	\$ 422,941 \$ (1) \$ 422,941
1,590	413	1,177	5220 IRRIGATION REPAIRS	13,321	5,000 8,321 5,000
0	37	(37)	5222 BACKFLOW INSPECTION	118	400 (282) 400
42,101	337	41,764	5228 EROSION CONTROL	42,101	4,000 38,101 4,000
870	163	707	5230 SHRUBS/TREES/FLOWERS	870	2,000 (1,130) 2,000
30,190	1,250	28,940	5231 PLANT REPLACEMENT	29,224	15,000 14,224 15,000

563 SIERRA MONTANA HOMEOWNERS ASSOCIATION
BUDGET COMPARISON REPORT
12/31/2010

C/O ROSSMAR & GRAHAM
9362 E RAINTREE DR
SCOTTSDALE AZ 85260

***** CURRENT PERIOD *****			***** YEAR-TO-DATE *****			
ACTUAL	BUDGET	OVER (UNDER)	ACTUAL	BUDGET	OVER (UNDER)	ANNUAL BUDGET
0	508	(508)	824	6,063	(5,239)	6,063
0	273	(273)	6,045	3,276	2,769	3,276
0	537	(537)	0	6,400	(6,400)	6,400
440	337	103	18,338	4,000	14,338	4,000
0	1,000	(1,000)	1,716	12,000	(10,284)	12,000
1,395	1,395	0	16,740	16,740	0	16,740
0	163	(163)	363	2,000	(1,637)	2,000
0	6	(6)	0	50	(50)	50
0	125	(125)	905	1,500	(595)	1,500
0	87	(87)	0	1,000	(1,000)	1,000
0	125	(125)	0	1,500	(1,500)	1,500
0	250	(250)	964	3,000	(2,036)	3,000
0	87	(87)	0	1,000	(1,000)	1,000
1,000	125	875	1,000	1,500	(500)	1,500
<u>\$ 112,830</u>	<u>\$ 42,464</u>	<u>\$ 70,366</u>	<u>\$ 555,468</u>	<u>\$ 509,370</u>	<u>\$ 46,098</u>	<u>\$ 509,370</u>
COMMON AREA						
\$ 0	\$ 413	\$ (413)	\$ 995	\$ 5,000	\$ (4,005)	\$ 5,000
74	250	(176)	768	3,000	(2,232)	3,000
44	0	44	(46)	0	(46)	0
686	337	349	9,625	4,000	5,625	4,000
0	163	(163)	0	2,000	(2,000)	2,000
0	600	(600)	9,000	7,200	1,800	7,200
110	612	(502)	3,025	7,300	(4,275)	7,300
450	212	238	2,675	2,500	175	2,500
0	163	(163)	45	2,000	(1,955)	2,000
696	663	33	6,955	8,000	(1,045)	8,000
0	163	(163)	353	2,000	(1,647)	2,000
0	38	(38)	0	500	(500)	500
0	38	(38)	0	500	(500)	500
0	125	(125)	0	1,500	(1,500)	1,500
<u>\$ 2,059</u>	<u>\$ 3,777</u>	<u>\$ (1,718)</u>	<u>\$ 33,394</u>	<u>\$ 45,500</u>	<u>\$ (12,106)</u>	<u>\$ 45,500</u>
<u>\$ 160,977</u>	<u>\$ 102,175</u>	<u>\$ 58,802</u>	<u>\$ 1,297,038</u>	<u>\$ 1,247,820</u>	<u>\$ 49,218</u>	<u>\$ 1,247,820</u>
<u>\$ (140,146)</u>	<u>\$ (92,925)</u>	<u>\$ (47,221)</u>	<u>\$ 230,812</u>	<u>\$ 209,714</u>	<u>\$ 21,098</u>	<u>\$ 209,714</u>
RESERVE CONTRIBUTIONS						
\$ 7,023	\$ 7,021	\$ 2	\$ 84,274	\$ 84,274	\$ 0	\$ 84,274
309	0	309	3,971	0	3,971	0
0	0	0	2,450	0	2,450	0
9,534	9,534	0	114,408	114,408	0	114,408
919	923	(4)	11,034	11,032	2	11,032
34	0	34	336	0	336	0
<u>\$ 17,819</u>	<u>\$ 17,478</u>	<u>\$ 341</u>	<u>\$ 216,472</u>	<u>\$ 209,714</u>	<u>\$ 6,758</u>	<u>\$ 209,714</u>
<u>\$ (157,965)</u>	<u>\$ (110,403)</u>	<u>\$ (47,562)</u>	<u>\$ 14,339</u>	<u>\$ 0</u>	<u>\$ 14,339</u>	<u>\$ 0</u>

Sierra Montana Homeowners Association

Financials



01/28/2011
9:24 AM

563 SIERRA MONTANA HOMEOWNERS ASSOCIATION
BALANCE SHEET
12/31/2010

Page: 1

C/O ROSSMAR &
GRAHAM
9362 E RAINTREE DR
SCOTTSDALE AZ
85260

ASSETS

OPERATING FUNDS

US BANK - OPERATING CHECKING

\$ 164,154.04

TOTAL OPERATING FUNDS

\$ 164,154.04

RESERVE FUNDS

MMA BANK UNITED PARCEL 7

\$ 41,501.93

RESERVE USB PARCEL 7

977.42

CAPITAL ONE MMA

212,303.81

US BANK RESERVES

147,730.24

TOTAL RESERVE FUNDS

\$ 402,513.40

OTHER ASSETS

ACCOUNTS RECEIVABLE RESTITUTION

\$ 2,134.74

TOTAL OTHER ASSETS

\$ 2,134.74

TOTAL ASSETS

\$ 568,802.18

LIABILITIES & EQUITY

LIABILITIES

PREPAID ASSESSMENTS

\$ 160,770.93

TOTAL LIABILITIES

\$ 160,770.93

HOMEOWNERS EQUITY

RESERVE EQUITY

GENERAL

\$ 412,934.68

RESERVES PARCEL 7

42,479.35

TRANSFER TO OPERATING FUND

(52,900.63)

TOTAL RESERVE EQUITY

\$ 402,513.40

OPERATING SURPLUS/(DEFICIT)

P/Y SURPLUS/(DEFICIT)

\$ (8,821.55)

CURRENT SURPLUS/(DEFICIT)

14,339.40

01/28/2011
9:24 AM

563 SIERRA MONTANA HOMEOWNERS ASSOCIATION
BALANCE SHEET
12/31/2010

Page: 2

C/O ROSSMAR &
GRAHAM
9362 E RAINTREE DR
SCOTTSDALE AZ
85260

TOTAL SURPLUS/(DEFICIT)	\$ 5,517.85

TOTAL LIABILITIES & EQUITY	\$ 568,802.18
	=====

Sierra Montana Homeowners Association

Reserve Study



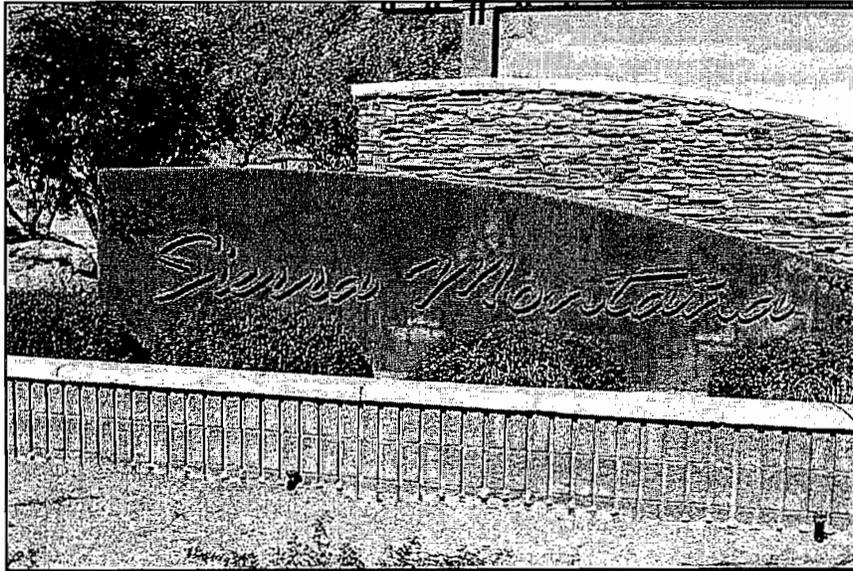
Arizona Office
4733 E. Firestone Drive
Chandler, AZ 85249
TEL 480/361-5340
800/393-7903
FAX 480/634-4616

www.ReserveStudy.com



Corporate Office
Calabasas, CA
Regional Offices
Orange County, CA
San Francisco, CA
Honolulu, HI
Las Vegas, NV
Seattle, WA
Denver, CO

Update With-Site-Visit Reserve Study



Sierra Montana HOA **Surprise, Arizona**

Report #: 12602-1

For Period Beginning: January 1, 2008

Ending: December 31, 2008

Date Prepared: October 18, 2007

Hello, and welcome to your Reserve Study!

It's all very simple, really. A Reserve Study is the *art and science* of anticipating and preparing for major common area repair and replacement costs. With our experience in this industry, we have gathered the information necessary to make an evaluation of the current status of your Reserve Components, an evaluation of the current status of your Reserve Fund, and a recommended Reserve Funding Plan.

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

While this Report has been prepared to answer all of your questions, please don't hesitate to call us if unanswered questions remain. Our toll-free number is (800) 393-7903, and answers to most frequently asked questions are on our web site (www.ReserveStudy.com). A *Quick Reference Guide* is provided on the following page, to map out your Reserve Study and provide directions to the most valuable areas. From the entire staff of Association Reserves, thank you for selecting us as your Reserve-planning partner!



Quick Reference Guide



What do I distribute to the homeowners?

A good choice is to distribute copies of the Executive Summary immediately following the Table of Contents (a summary page and the Reserve Component Listing).

Where do I find

a listing of our Reserve Components?

Table 2 shows the name, Useful Life, Remaining Useful Life, and current Replacement Cost.

our Percent Funded rating and recommended Reserve Contribution Rate?

With our major financial summary information, in the Executive Summary (Page i)

a description of our objectives and methodology?

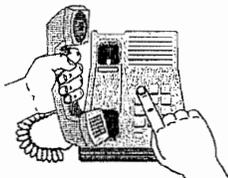
Beginning on Page 1 we introduce the Reserve Study, our objectives, and methodology.

more detailed information on our site inspection?

General site inspection notes can be found on Page 5. Photographs and specific information on each component can be found in the Photographic Inventory Appendix.

More questions?

Visit our web site at www.ReserveStudy.com



or call us at (800) 393-7903.

Table of Contents

- Executive Summaryi**
 - Reserve Study Summaryi
 - Reserve Component List Table 1.....ii

- Introduction, Objectives, and Methodology1**
 - Which Physical Assets are Covered by Reserves?.....2
 - How are Useful Life and Remaining Useful Life established?.....2
 - How are Cost Estimates Established?3
 - How much Reserves are enough?3
 - How much should we contribute?4
 - What is our Funding Goal?4

- Site Inspection Notes5**

- Projected Expenses6**
 - Expense Graph Figure 16

- Reserve Fund Status & Recommended Funding Plan7**
 - Funding Plan Graph Figure 27
 - Cash Flow Graph Figure 38
 - % Funded Graph Figure 4.....8

- Table Descriptions9**
 - Reserve Component List Detail Table 2.....10
 - Contribution & Fund Breakdown Table 312
 - 30 Year Reserve Plan Summary Table 4.....14
 - 30 Year Reserve Plan Year by Year Detail Table 515

- Accuracy, Limitations, and Disclosures27**

- Terms and Definitions28**

- Photographic InventoryAppendix**

Executive Summary

Association: Sierra Montana HOA **Assoc. #: 12602-1**
Location: Surprise, Arizona
of Units: 2584
Report Period: January 1, 2008 through December 31, 2008

Results

Projected Starting Reserve Balance:	\$239,442
Fully Funded Reserve Balance:	\$391,591
Percent Funded:	61.1%
Recommended 2008 Monthly Reserve Contribution:	\$8,400
Planned 2008 Unit Closing Contributions:	\$6,696
Most Recent Reserve Contribution Rate:	\$4,744

Economic Assumptions:

Net Annual After Tax Interest Earnings Accruing to Reserves.....4.00%
Annual Inflation Rate.....3.00%

The information in this Reserve Study updates the prior study prepared by Association Reserves AZ, LLC for the 2005 Fiscal Year. Our site inspection was performed on October 9, 2007.

Because your Reserve Fund is 61.1% Funded, this represents a fair, mid-range financial position. In perspective, above 30% but below 70% Funded defines the fair funding range.

A contribution for Reserves is collected at the close of new home sales. In 2008, we anticipate the community will be sold out with 35 closings contributing \$74.40 each and 110 closings in Parcel 7 contributing \$37.20 each.

Based on this starting point and your anticipated future expenses, our recommendation is to increase Reserve contributions \$8,400/month for the 2008 Fiscal Year.

Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or Fully Funded .

Please refer to the Executive Summary Table for a complete list of funded components as well as those projects scheduled for 2008.

Table 1: Executive Summary

12602-1

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
PHASE 1: PARCELS 8, 9, 10, 11, 15, 16, 18, 19, 20 & 21				
103 Concrete - Repair	5	1	\$2,750	\$2,833
403 Mailboxes - Replace (A)	18	13	\$131,225	\$192,708
403 Mailboxes - Replace (B)	18	14	\$26,225	\$39,668
405 Park Furniture - Replace (A)	12	7	\$4,200	\$5,165
405 Park Furniture - Replace (B)	12	8	\$3,625	\$4,592
406 BBQ Grills - Replace	12	8	\$700	\$887
410 Ramada Roofs - Replace (A)	25	20	\$9,500	\$17,158
410 Ramada Roofs - Replace (B)	25	21	\$9,500	\$17,673
419 Playground Equip. (P9) - Replace	15	10	\$27,600	\$37,092
420 Playground Equip. (P10) - Replace	15	10	\$58,850	\$79,089
425 Playground Equip. (P15) - Replace	15	11	\$49,450	\$68,450
426 Playground Equip. (P20) - Replace	15	11	\$42,000	\$58,138
428 Playground Equip/Furn. - Refurbish	5	0	\$4,250	\$4,927
430 Playground Sand - Replenish	10	5	\$3,950	\$4,579
433 Playground Turf - Replace (A)	10	5	\$8,815	\$10,219
433 Playground Turf - Replace (B)	10	6	\$6,765	\$8,078
442 Basketball Backboards - Replace	20	15	\$1,200	\$1,870
501 Block Walls - Repair	25	20	\$57,225	\$103,355
504 View Fence - Repair	25	20	\$38,675	\$69,851
1003 Irrigation Controllers - Replace	12	7	\$16,975	\$20,877
1107 View Fence - R				

Sierra Montana HOA

Phase 1

Irrigation Controllers:

Parcel	Stations	Date Code	Location:
8	24	19FE03-1	Corner of Spring Lane & 178th Ave.
9	24	31JL03-1	Hearn Road, west of Verde Vista
	12	30JL03-1	Adjacent to Lot #1 & tot lot in Tract B
	24	31JL03-1	Corner of Waddell & 178th Ave.
10	24		Corner of Ventura St. & 175th Drive
	32	19FE03-1	Bordering Waddell, east side of 175th Ave.
11	24	30JL03-1	Corner of Gelding Drive & 174th Drive
	32	28MY04-1	Spring Lane, next to Lot #19
16	24	09OC02-1	Banff Lane, next to Lot #14
	8	30JL03-1	Cul-de-sac on W. Port Royale Lane
	16	22JN00-01	Corner of Acoma Drive & Mauna Loa
19	24	31JL03-1	Bordering Verde Vista, behind Lot #90
20	24	31JL03-1	Bordering Verde Vista, next to Lot #69
21	8	30JL03-1	Corner of Greenway & 178th Ave.
	12	30JL03-1	Corner of Sierra Montana Loop & 178th Ave.

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 103 Concrete - Repair

Quantity: Numerous Sq Ft

Location: Walkways around tot lots and throughout common areas - Phases 1 & 2

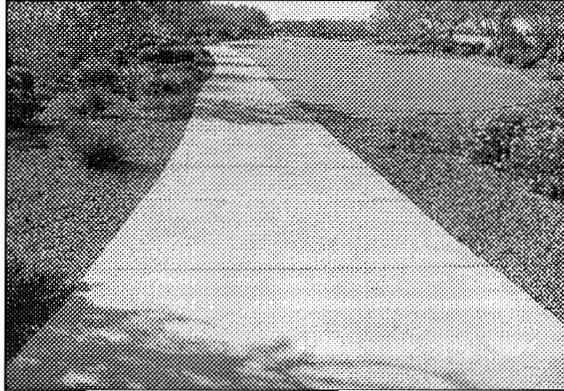
Evaluation: Common area walkways are the association's responsibility to maintain. There is no expectancy to replace all of them. This component provides an allowance for repairs and partial replacements as needed.

Useful Life:

5 years

Remaining Life:

1 years



Best Case: \$2,500.00

Allowance for repairs and partial replacements

Worst Case: \$3,000.00

Higher allowance

Cost Source: ARI Cost Allowance

Comp #: 403 Mailboxes - Replace (A)

Quantity: (90) Cluster Units

Location: Bordering streets in Phase 1 at Parcels 8, 9, 10, 11, 16, 18, 19, and 21

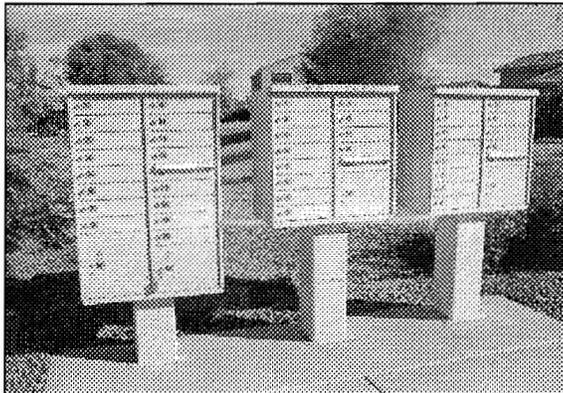
Evaluation: These mailbox cluster units were installed during 2003. Still appear to be in good condition. No signs of damage or vandalism noted. There are (37) 16-box units, (26) 13-box, (23) 12-box, and (4) 8-box.

Useful Life:

18 years

Remaining Life:

13 years



Best Case: \$118,100.00

Estimate to replace

Worst Case: \$144,350.00

Higher estimate

Cost Source: Research at www.Mailboxes.com

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 403 Mailboxes - Replace (B)

Quantity: (18) Cluster Units

Location: Bordering streets in Phase 1 at Parcels 15 and 20

Evaluation: These mailbox cluster units were installed during 2004. Still appear to be in good condition. No signs of damage or vandalism noted. There are (4) 16-box units, (10) 13-box, and (4) 12-box.

Useful Life:
18 years

Remaining Life:
14 years



Best Case: \$23,600.00
Estimate to replace

Worst Case: \$28,850.00
Higher estimate

Cost Source: Research at www.Mailboxes.com

Comp #: 405 Park Furniture - Replace (A)

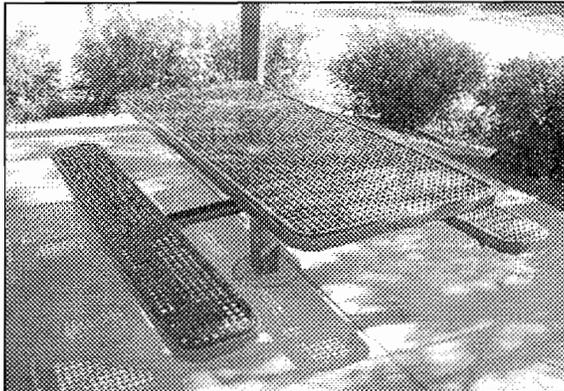
Quantity: (6) Assorted Pieces

Location: Playgrounds at Parcels 9 and 10

Evaluation: Pieces include (4) picnic tables and (2) trash receptacles. Installed during 2003. Several pieces exhibit vandalism and damages. Still functional but poor condition aesthetically.

Useful Life:
12 years

Remaining Life:
7 years



Best Case: \$3,800.00
Estimate to replace

Worst Case: \$4,600.00
Higher estimate

Cost Source: Wabash Valley Furniture Catalog

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 405 Park Furniture - Replace (B)

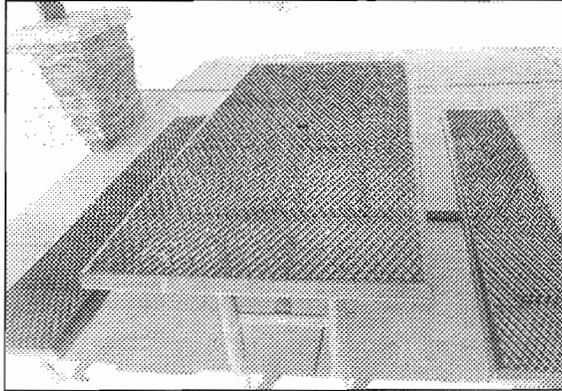
Quantity: (6) Assorted Pieces

Location: Playgrounds at Parcels 15 and 20

Evaluation: Pieces include (2) picnic tables, (2) benches, and (2) trash receptacles. The picnic tables are still in good condition. Benches exhibit a lot of vandalism and graffiti. All pieces are functional but benches are in poor condition aesthetically.

Useful Life:
12 years

Remaining Life:
8 years



Best Case: \$3,250.00
Estimate to replace

Worst Case: \$4,000.00
Higher estimate

Cost Source: Wabash Valley Furniture Catalog

Comp #: 406 BBQ Grills - Replace

Quantity: (2) Charcoal Grills

Location: Playgrounds at Parcels 15 and 20

Evaluation: These charcoal grills were installed during 2004. Grills appear to be in good condition. Only minimal use observed.

Useful Life:
12 years

Remaining Life:
8 years



Best Case: \$600.00
\$300/Grill; Estimate to replace

Worst Case: \$800.00
\$400/Grill; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 408 **Drinking Fountains - Replace**

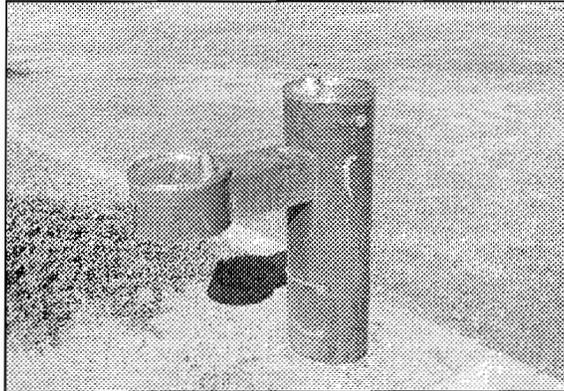
Quantity: (3) Drinking Fountains

Location: Playgrounds at Parcels 9, 10, and 20

Evaluation: Installed during 2003 and 2004. There are (2) fountains manufactured by Most Dependable Fountains, Inc. (MDF). The fountain at Parcel 20 is a Haws pedestal fountain. The association plans to remove all drinking fountains in the community, so Reserve funding has been removed.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 410 **Ramada Roofs - Replace (A)**

Quantity: Approx 512 Sq Ft

Location: (2) Ramadas - Playgrounds at Parcels 9 and 10

Evaluation: Ramadas have a pre-manufactured, corrugated metal roof (16x16). Long life expectancy under normal circumstances. Roofs already exhibit holes and damaged sections. Recommend repairing roofs in the near future. These ramadas were installed during 2003. The association should be prepared to replace the roofs eventually.

Useful Life:
25 years

Remaining Life:
20 years



Best Case: \$8,700.00

Worst Case: \$10,300.00

\$17.00/Sq Ft; Estimate to replace

\$20.10/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 410 Ramada Roofs - Replace (B)

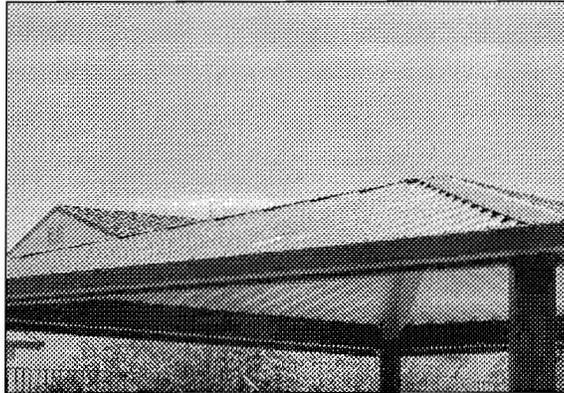
Quantity: Approx 512 Sq Ft

Location: (2) Ramadas - Playgrounds at Parcels 15 and 20

Evaluation: These ramadas were installed during 2004. Long life expectancy under normal circumstances. Observed to be in good condition. No damages or vandalism noted. The association should be prepared to replace the roofs eventually.

Useful Life:
25 years

Remaining Life:
21 years



Best Case: \$8,700.00
\$17.00/Sq Ft; Estimate to replace

Worst Case: \$10,300.00
\$20.10/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Comp #: 419 Playground Equip. (P9) - Replace

Quantity: (1) Structure

Location: Parcel 9 - adjacent to Lot #1 at the corner of 177th Lane & Ventura St.

Evaluation: Structure was installed during 2003. It has a couple of slides, horizontal ladder, and additional sections attached to the main platform. Some paint chipping and marks noted. Still in good condition overall.

Useful Life:
15 years

Remaining Life:
10 years



Best Case: \$25,300.00
Estimate to replace

Worst Case: \$29,900.00
Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 420 **Playground Equip. (P10) - Replace**

Quantity: (1) Structure

Location: Parcel 10 - between Lot #12 & 13 on Watson Lane

Evaluation: Structure was installed during 2003. This is a relatively large structure with one main platform, three slides, an arched climber, and a horizontal ladder. Observed paint chipping and crayon markings all over structure. Still functional but in poor condition aesthetically.

Useful Life:
15 years

Remaining Life:
10 years



Best Case: \$52,900.00
Estimate to replace

Worst Case: \$64,800.00
Higher estimate

Cost Source: Playworld Systems Catalog

Comp #: 425 **Playground Equip. (P15) - Replace**

Quantity: (1) Structure

Location: Parcel 15 - Tract B off of Banff Lane & 173rd Drive

Evaluation: This large play structure was installed during 2004. It consists of three main landings connected by bridges, four slides, and various ladders/climbers. Observed to be in good condition. No vandalism noted.

Useful Life:
15 years

Remaining Life:
11 years



Best Case: \$46,000.00
Estimate to replace

Worst Case: \$52,900.00
Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 426 Playground Equip. (P20) - Replace

Quantity: (1) Structure, (1) Swing

Location: Parcel 20 - Tract B off of Port Royale Lane & 176th Drive

Evaluation: This large play structure and the 3-bay arched swing set were installed during 2004. Good conditions observed overall. Swing set horizontal post needs painting. No vandalism noted.

Useful Life:

15 years

Remaining Life:

11 years



Best Case: \$37,700.00

\$29,900/Structure, \$7,800/Swing Set; Estimate to replace

Worst Case: \$46,300.00

\$36,800/Structure, \$9,500/Swing Set; Higher estimate

Cost Source: ARI Cost Database

Comp #: 428 Playground Equip/Furn. - Refurbish

Quantity: Numerous Pieces

Location: Playgrounds throughout community - Phases 1 & 2

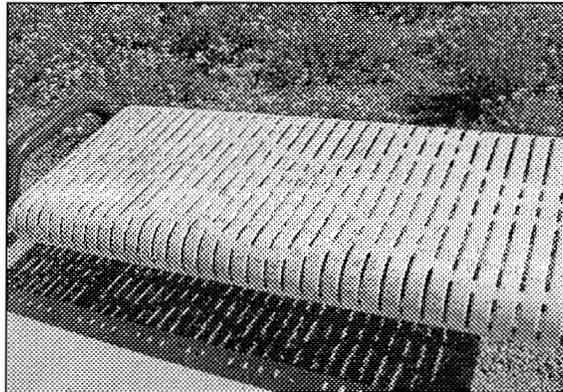
Evaluation: The playground equipment, furniture, and ramadas in Phase 1 have been moderately vandalized. The ramadas have holes in the roof. Picnic tables have sections of plastic torn off the metal. Some of the play structures have crayon and marker drawings on them. This component provides an allowance to repair or replace pieces as needed.

Useful Life:

5 years

Remaining Life:

0 years



Best Case: \$3,500.00

Allowance for repairs and replacement

Worst Case: \$5,000.00

Higher allowance

Cost Source: ARI Cost Allowance

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 430 Playground Sand - Replenish

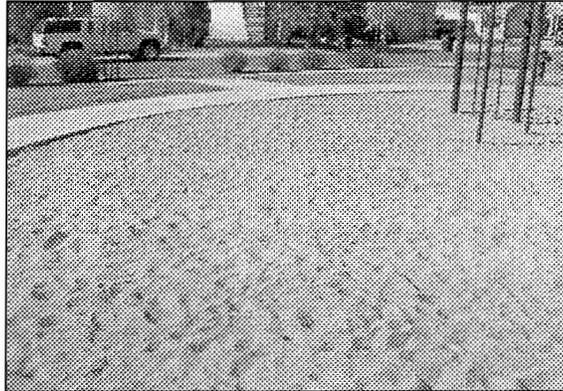
Quantity: Approx 100 Tons

Location: Playgrounds at Parcels 9, 10, 15, and 20

Evaluation: All of the Phase 1 playgrounds have a combination of sand and turf. Sand will eventually need to be replenished to maintain proper depths. Installed during 2003 and 2004. Sand still appears to be adequate. We estimate a total surface area of approximately 9,150 square feet.

Useful Life:
10 years

Remaining Life:
5 years



Best Case: \$3,700.00

\$37.00/Ton; Estimate to replenish

Worst Case: \$4,200.00

\$42.00/Ton; Higher estimate

Cost Source: ARI Cost Database

Comp #: 433 Playground Turf - Replace (A)

Quantity: Approx 430 Sq Ft

Location: Playgrounds at Parcels 9 and 10

Evaluation: This turf is a cushioned surface designed to absorb the impact of a child's fall. It also provides access to the play structure for handicapped children. Installed during 2003. Most of the turf is faded but is still intact and in fair condition.

Useful Life:
10 years

Remaining Life:
5 years



Best Case: \$8,170.00

\$19.00/Sq Ft; Estimate to replace

Worst Case: \$9,460.00

\$22.00/Sq Ft; Higher estimate

Cost Source: Research with Dave Bang & Associates (480-892-2266)

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 433 **Playground Turf - Replace (B)**

Quantity: Approx 330 Sq Ft

Location: Playgrounds at Parcels 15 and 20

Evaluation: The turf at these playgrounds was installed during 2004. Most of the turf is faded but is still intact and in fair condition. Some small sections appear to have been replaced.

Useful Life:
10 years

Remaining Life:
6 years



Best Case: \$6,270.00
\$19.00/Sq Ft; Estimate to replace

Worst Case: \$7,260.00
\$22.00/Sq Ft; Higher estimate

Cost Source: Research with Dave Bang & Associates (480-892-2266)

Comp #: 440 **Basketball Courts - Resurface**

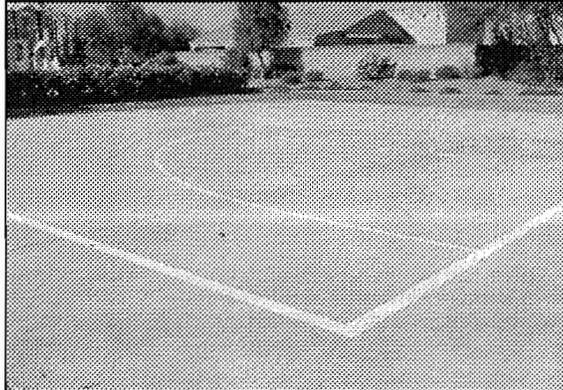
Quantity: (2) Courts

Location: Playgrounds at Parcels 10 and 15

Evaluation: Basketball courts are concrete with painted lines. They do not have a court coating on them that needs to be resurfaced. Recommend repainting the lines as a maintenance project when needed. There is no expectancy to replace the concrete. No Reserve funding required.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 442 **Basketball Backboards - Replace**

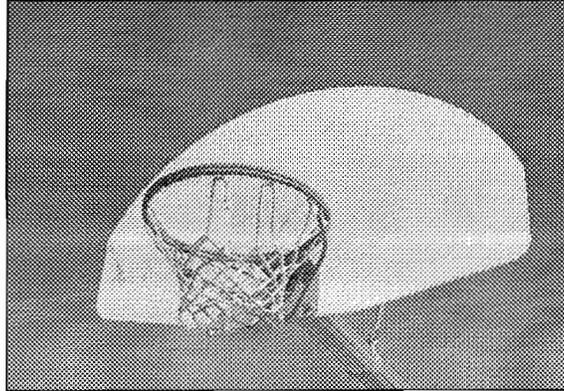
Quantity: (2) Backboards & Goals

Location: Playgrounds at Parcels 10 and 15

Evaluation: These are metal, fan shaped backboards with heavy duty goals from PW Athletics. Installed during 2003 and 2004. Observed to be intact and functional. Backboards exhibit rust spots and chipping, recommend repainting. Net replacement should be addressed as a maintenance project when needed.

Useful Life:
20 years

Remaining Life:
15 years



Best Case: \$1,100.00
\$550/Set; Estimate to replace

Worst Case: \$1,300.00
\$650/Set; Higher estimate

Cost Source: PW Athletic catalog

Comp #: 501 **Block Walls - Repair**

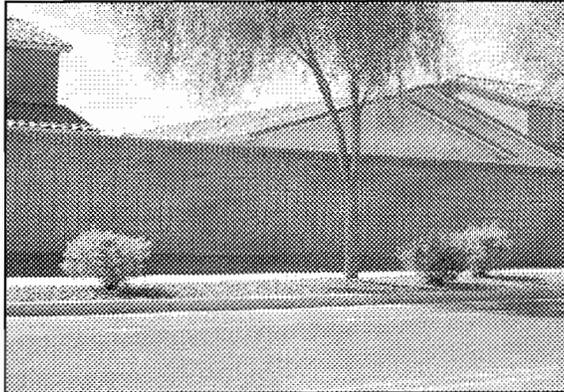
Quantity: Approx 286,150 Sq Ft

Location: Theme and view walls at Parcels 8, 9, 10, 11, 15, 16, 18, 19, 20, and 21

Evaluation: Phase 1 walls were primarily installed during 2003. A couple of parcels were installed during 2004. Still in good condition. No signs of significant settling or cracking noted. There is no expectancy to replace the walls under normal circumstances. This component provides an allowance for repairs and partial replacement.

Useful Life:
25 years

Remaining Life:
20 years



Best Case: \$51,500.00
\$9.00/Sq Ft; Allowance to replace 2% of the total

Worst Case: \$62,950.00
\$11.00/Sq Ft; Higher allowance to replace 2%

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

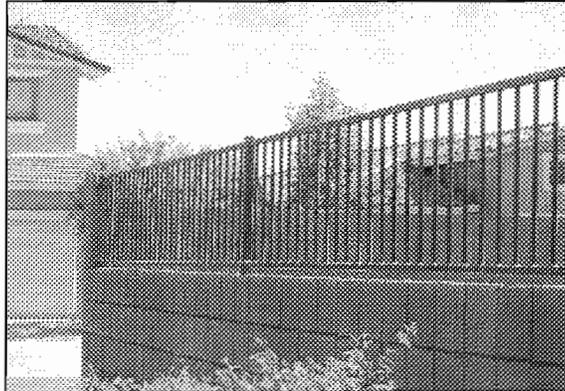
Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 504 View Fence - Repair
Quantity: Approx 8,370 LF
Location: Perimeter areas of Parcels 8, 9, 10, 11, 15, 16, 18, 20, and 21
Evaluation: Metal view fence consists of 2' metal panels mounted on top of 4' block walls. Phase 1 walls and fences were primarily installed during 2003. There is no irrigation exposure from the common area side of the walls. No expectancy for complete replacement. This component provides an allowance for partial replacement.

Useful Life:
25 years

Remaining Life:
20 years



Best Case: \$35,150.00

\$21.00/LF; Estimate to replace 20% of the total

Worst Case: \$42,200.00

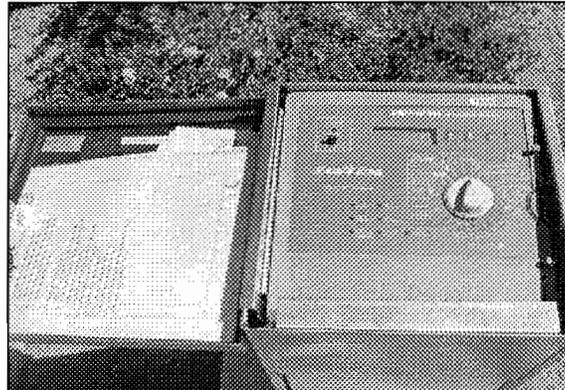
\$25.20/LF; Higher estimate to replace 20%

Cost Source: ARI Cost Database

Comp #: 1003 Irrigation Controllers - Replace
Quantity: (15) Rain Bird ESP-MC
Location: Common areas in Parcels 8, 9, 10, 11, 16, 19, 20, and 21
Evaluation: These controllers were primarily installed during 2003. They are still in good condition and well protected inside steel enclosures. Controllers include (2) 32-station, (8) 24-station, (1) 16-station, (2) 12-station, and (2) 8-station.

Useful Life:
12 years

Remaining Life:
7 years



Best Case: \$15,300.00

Estimate to replace

Worst Case: \$18,650.00

Higher estimate

Cost Source: Research with Horizon Irrigation

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 1004 **Steel Enclosures - Replace**

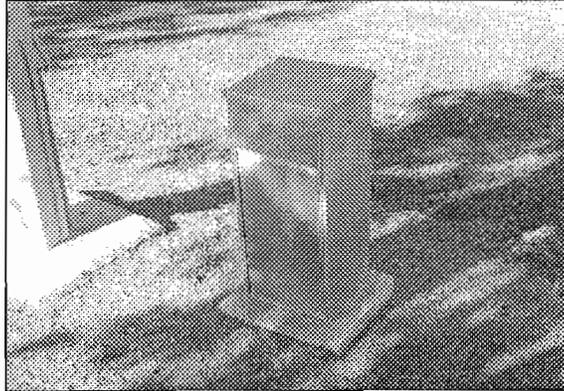
Quantity: (16) Rain Bird Enclosures

Location: Common areas in Parcels 8, 9, 10, 11, 16, 19, 20, and 21

Evaluation: Each irrigation controller is mounted inside a stainless steel Rain Bird enclosure. There is no expectancy to replace these enclosures under normal circumstances. No Reserve funding required.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 1006 **Landscape Granite - Replenish**

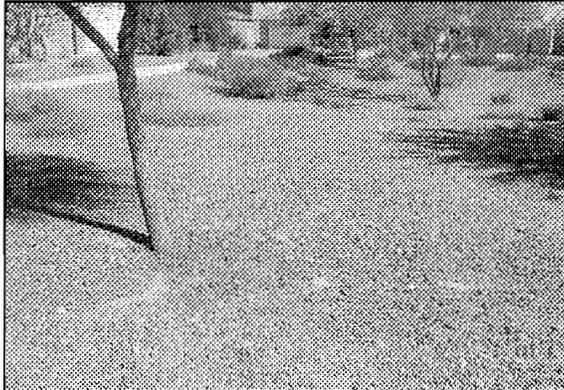
Quantity: Approx 2,400,600 Sq Ft

Location: Landscaped areas throughout Phase 1 of the community

Evaluation: Phase 1 granite was primarily installed during 2003. Some sections of Phase 1 were installed during 2004. The association budgets \$15,000 per year in the Operating account for regular replenishing. No Reserve funding required at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 1010 Drywells - Clean/Repair

Quantity: Numerous Drywells

Location: Landscaped areas throughout community

Evaluation: Drywells in this community were installed during 2003 through 2005. There is no expectancy to replace them unless inappropriately designed/installed or neglected. Periodic inspection and clean out are essential to ensure proper operation. The association budgets \$24,000 per year in the Operating account.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 1105 Block Walls - Repaint

Quantity: Approx 286,150 Sq Ft

Location: Theme and view walls at Parcels 8, 9, 10, 11, 15, 16, 18, 19, 20, and 21

Evaluation: These are unpainted block walls. There is no sealing or painting needed to maintain their appearance. No Reserve funding for paint is required.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 1107 View Fence - Repaint

Quantity: Approx 8,370 LF

Location: Perimeter areas of Parcels 8, 9, 10, 11, 15, 16, 18, 20, and 21

Evaluation: Metal view fence was installed and painted primarily during 2003. Surfaces exhibit fading and chipping. Minimal rust noted. Repaint periodically to inhibit rusting and to restore the appearance.

Useful Life:

4 years

Remaining Life:

0 years



Best Case: \$26,800.00

\$3.20/LF; Estimate to repaint

Worst Case: \$35,150.00

\$4.20/LF; Higher estimate

Cost Source: ARI Cost Database

Comp #: 1109 Culvert Rails - Repaint

Quantity: Approx 400 LF

Location: Common areas in Parcels 8, 9, 10, 19, and 20

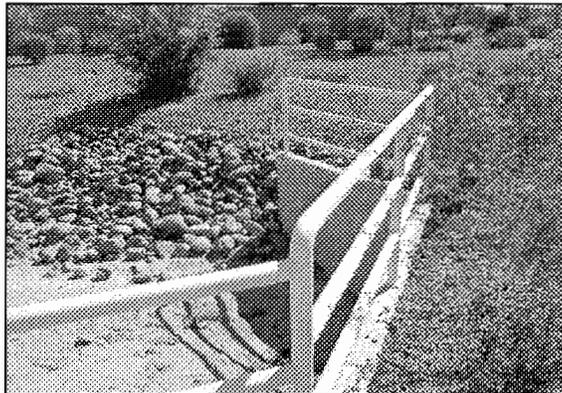
Evaluation: Metal culvert rails were installed and painted during 2003. Surfaces are chipped and peeling. Recommend repainting periodically to maintain the appearance.

Useful Life:

4 years

Remaining Life:

0 years



Best Case: \$2,000.00

\$5.00/LF; Estimate to repaint

Worst Case: \$2,600.00

\$6.50/LF; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

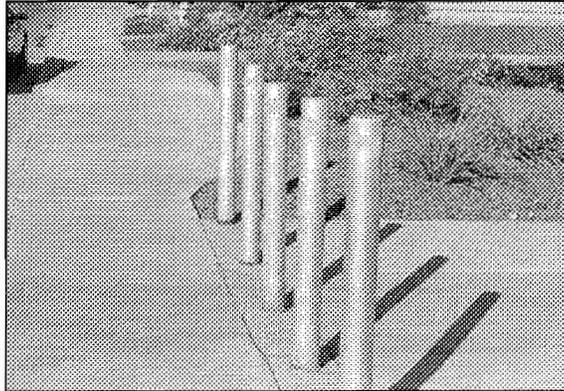
Client: 12602A Sierra Montana - Phase 1

Comp #: 1112 Bollard Posts - Repaint

Quantity: (157) Bollard Posts

Location: Common areas in Parcels 8, 9, 10, 11, 15, 16, 18, 19, 20, and 21

Evaluation: Bollard posts are installed in various locations to prevent unauthorized vehicles from accessing the common areas. Posts are painted and have reflective tape. Surfaces appear to be in poor condition. Rusting and chipping noted. Anticipate repainting in the near future.



Useful Life:
5 years

Remaining Life:
1 years

Best Case: \$1,260.00
\$8.00/Post; Allowance to repaint

Worst Case: \$1,570.00
\$10.00/Post; Higher allowance

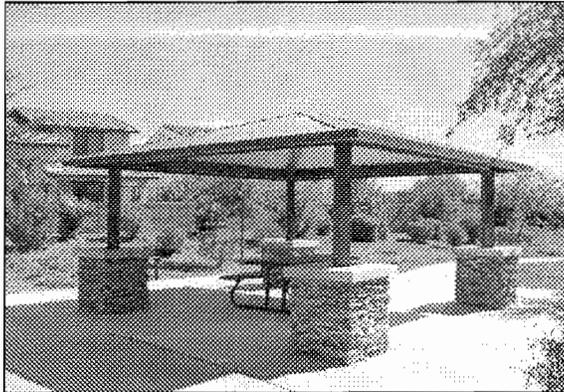
Cost Source: ARI Cost Allowance

Comp #: 1113 Ramadas - Repaint

Quantity: Approx 1,080 Sq Ft

Location: (4) Ramadas - Playgrounds at Parcels 9, 10, 15 and 20

Evaluation: These ramadas were installed during 2003 and 2004. They have metal posts and beams that require periodic repainting. Surfaces are currently in poor condition. Observed fading and discoloration. Scratches and vandalism also noted. Recommend repainting in the near future.



Useful Life:
6 years

Remaining Life:
0 years

Best Case: \$1,080.00
\$1.00/Sq Ft; Estimate to repaint

Worst Case: \$1,400.00
\$1.30/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 1114 Monuments - Repaint

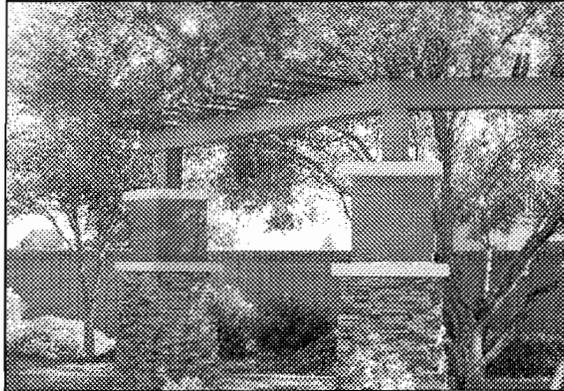
Quantity: Approx 4,000 Sq Ft

Location: Intersections of Waddell & Verde Vista, Greenway & Verde Vista, Cotton Lane & Acoma

Evaluation: There are (5) structures at the above locations with stucco columns and metal trellises. Installed and painted during 2003. Surfaces are in fair condition. Some chipping and fading noted. Plan to repaint them regularly to maintain the appearance in these high visibility locations.

Useful Life:
5 years

Remaining Life:
1 years



Best Case: \$2,900.00
\$580/Monument; Estimate to repaint

Worst Case: \$3,700.00
\$740/Monument; Higher estimate

Cost Source: ARI Cost Database

Comp #: 1400 Monuments (Main) - Refurbish

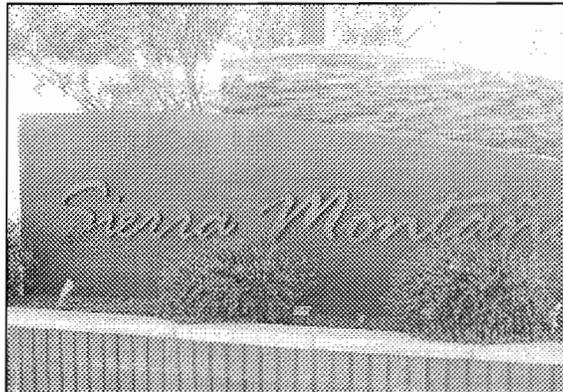
Quantity: (3) Monuments

Location: Intersections of Waddell & Verde Vista, Greenway & Verde Vista, Cotton Lane & Acoma

Evaluation: Community monuments were installed during 2003. Monuments have metal trellises, stone and stucco walls, and metal lettering. Observed to be in good condition. This component funds to eventually replace the lettering and repair the walls if needed.

Useful Life:
15 years

Remaining Life:
10 years



Best Case: \$7,800.00
\$2,600/Monument; Estimate to refurbish

Worst Case: \$9,600.00
\$3,200/Monument; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602A Sierra Montana - Phase 1

Comp #: 1402 **Monuments (Parcels) - Refurbish**

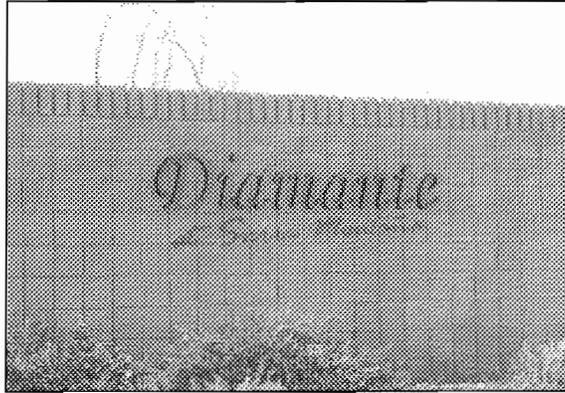
Quantity: (6) Monuments

Location: Entry areas into Parcels 8, 10, 15, 20, and 21

Evaluation: Parcel monuments consist of a combination of reverse pan channel and solid lettering mounted to the perimeter block walls. Long life expectancy if not vandalized. Replacement of the lettering should be anticipated eventually to upgrade and restore the appearance. Installed during 2003 and 2004.

Useful Life:
15 years

Remaining Life:
10 years



Best Case: \$14,450.00
Estimate to replace lettering

Worst Case: \$17,700.00
Higher estimate

Cost Source: ARI Cost Database

Sierra Montana HOA

Phase 2

Irrigation Controllers:

Parcel	Stations	Date Code	Location:
1	8	15JN04-1	Tract C off of Sierra Montana Loop, next to Lot #17
	16	25MY04-1	Tract C off of Sierra Montana Loop, next to Lot #17
	16	25MY04-1	Tract C off of Sierra Montana Loop, next to Lot #17
	8	31MY04-1	Corner of Greenway & 180th Ave.
2	12	30JL03-1	Corner of Port Royale Lane & 181st Lane
	32	28MY04-1	Corner of Port Royale Lane & 181st Lane
	16	31MY04-1	Corner of Caribbean Lane & 181st Drive
3	8	31MY04-1	Corner of Greenway & 183rd Drive
	32	28MY04-1	Tract A off of Maui Lane, next to Lot #125
5	8	15JN04-1	Corner of Sierra Montana Loop & 182nd Lane
6	32	28MY04-1	Corner of Sierra Montana Loop & 180th Lane
	12	28MY04-1	Tract C off of Mauna Loa Lane, next to Lot #44
	16	31MY04-1	Tract A bordering Lisbon Lane
12	24	25JN04-1	Cul-de-sac at Banff Lane
	24	07JN04-1	Bordering Mauna Loa Lane, near 176th Drive
	16	24MY04-1	Tract D on Lisbon Lane, between Lots 86 & 87
	32	06JN04-1	174th & Libson Ln
14	32	06JN04-1	174th in Tract D

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 403 Mailboxes - Replace (A)

Quantity: (45) Cluster Units

Location: Bordering streets in Parcels 1, 3, 6, and 12

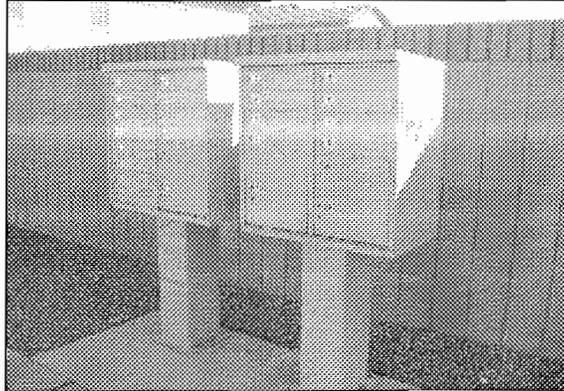
Evaluation: These mailbox cluster units were installed during 2004. Somewhat faded and dirty but still in good condition overall. There are (14) 16-box units, (3) 13-box, (23) 12-box, and (5) 8-box.

Useful Life:

18 years

Remaining Life:

14 years



Best Case: \$58,500.00

Estimate to replace

Worst Case: \$71,500.00

Higher estimate

Cost Source: ARI Cost Database

Comp #: 403 Mailboxes - Replace (B)

Quantity: (31) Cluster Units

Location: Bordering streets in Parcels 2, 4, 5, and 14

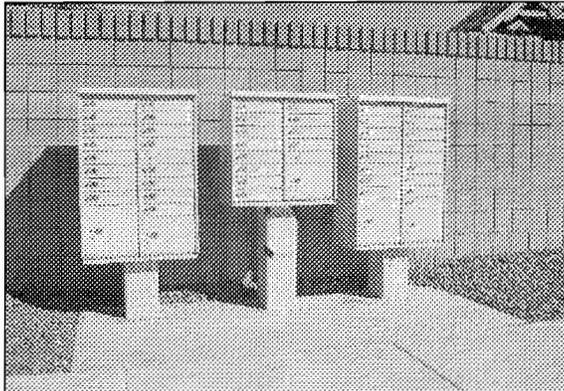
Evaluation: These mailbox clusters were installed during 2005. No signs of damage or vandalism were noted. There are (15) 16-box units, (14) 12-box, and (2) 8-box.

Useful Life:

18 years

Remaining Life:

15 years



Best Case: \$40,550.00

Estimate to replace

Worst Case: \$49,600.00

Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 405 Park Furniture - Replace (A)

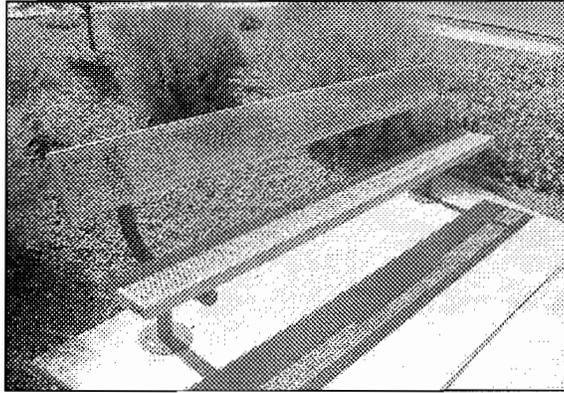
Quantity: (4) Assorted Pieces

Location: Playground at Parcel 12 & (1) bench at Parcel 6

Evaluation: Pieces include (1) picnic table, (2) benches, and (1) trash receptacle. There is only (1) bench on a walkway behind Parcel 6. Rest of the furniture is at the Parcel 12 tot lot. Installed during 2004. Minor vandalism noted. Still functional and in fair condition.

Useful Life:
12 years

Remaining Life:
8 years



Best Case: \$1,850.00
Estimate to replace

Worst Case: \$2,260.00
Higher estimate

Cost Source: Wabash Valley Furniture Catalog

Comp #: 405 Park Furniture - Replace (B)

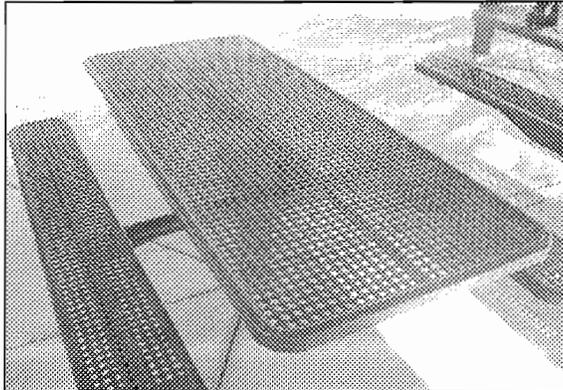
Quantity: (10) Pieces

Location: Playgrounds at Parcels 1, 2, 5 & 14

Evaluation: The furniture at Parcel 14 was installed during late 2004. There was no furniture at Parcels 1, 2 and 5 during our inspection. The quantity of this furniture is estimated based on the other playgrounds, and aging is based on a 2005 installation. Pieces include (5) picnic tables, (2) benches, and (3) trash receptacles.

Useful Life:
12 years

Remaining Life:
9 years



Best Case: \$3,750.00
Estimate to replace

Worst Case: \$4,600.00
Higher estimate

Cost Source: Wabash Valley Furniture Catalog

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 406 BBQ Grills - Replace (A)

Quantity: (2) Charcoal Grills

Location: Playground at Parcel 12

Evaluation: These charcoal grills were installed during 2004. Only minimal use was noted. Grills are somewhat rusted but still functional and in good condition.

Useful Life:

12 years

Remaining Life:

8 years



Best Case: \$600.00
\$300/Grill; Estimate to replace

Worst Case: \$800.00
\$400/Grill; Higher estimate

Cost Source: ARI Cost Database

Comp #: 406 BBQ Grills - Replace (B)

Quantity: (3) Charcoal Grills

Location: Playgrounds at Parcels 5 & 14

Evaluation: These charcoal grills were installed during 2005. Only minimal use was noted. Grills are somewhat rusted but still functional and in good condition.

Useful Life:

12 years

Remaining Life:

9 years



Best Case: \$900.00
\$300/Grill; Estimate to replace

Worst Case: \$1,200.00
\$400/Grill; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

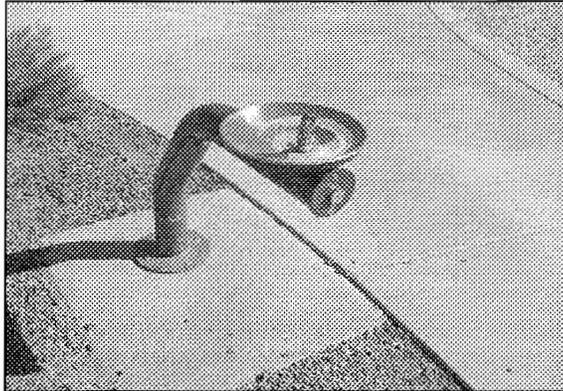
Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 408 **Drinking Fountains - Replace**
Quantity: (3) Haws Fountains
Location: Playgrounds at Parcels 1, 2 & 5
Evaluation: Installed during 2004. These are pedestal drinking fountains manufactured by Haws. They do not have chilled water and do not work. The fountain itself is still in relatively good condition. The association plans to remove all drinking fountains in the community, so Reserve funding has been removed.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 410 **Ramada Roofs - Replace (A)**
Quantity: Approx 256 Sq Ft
Location: (1) Ramada - Playground at Parcel 12
Evaluation: Ramadas have a pre-manufactured, corrugated metal roof. Long life expectancy under normal circumstances. They tend to get abused and vandalized over time. The association should be prepared to replace the roofs eventually. This Ramada was installed during 2004.

Useful Life:
25 years

Remaining Life:
21 years



Best Case: \$4,350.00
\$17.00/Sq Ft; Estimate to replace

Worst Case: \$5,150.00
\$20.10/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 410 Ramada Roofs - Replace (B)

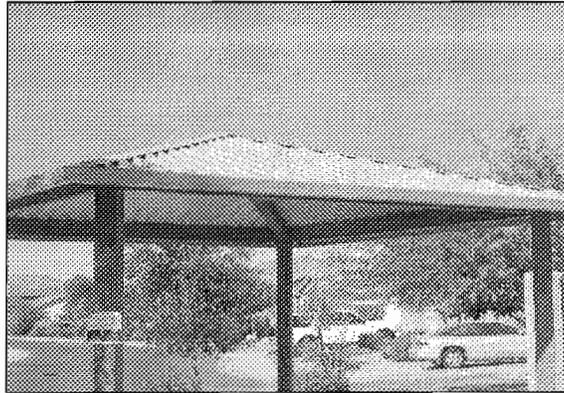
Quantity: Approx 1,170 Sq Ft

Location: (5) Ramadas - Playgrounds at Parcels 1, 2, 5, and (2) in 14

Evaluation: These ramadas were recently installed during late 2004. Aging is based on a 2005 installation for budgeting purposes. There are (4) 16x16 and (1) 12x12 ramadas. Long life expectancy under normal circumstances. The association should be prepared to replace the roofs eventually.

Useful Life:
25 years

Remaining Life:
22 years



Best Case: \$19,900.00
\$17.00/Sq Ft; Estimate to replace

Worst Case: \$23,500.00
\$20.10/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Comp #: 411 Playground Equip. (P1) - Replace

Quantity: (1) Structure, (2) Swings

Location: Parcel 1 - adjacent to Lot #27 at the corner of 179th Ave. & Maui Lane

Evaluation: This play structure and the arch swing sets were installed during 2004. This is a relatively large structure with three main landings connected by bridges, three slides, and various ladders/climbers. Normal wear and tear noted. Still functional and in fair condition.

Useful Life:
15 years

Remaining Life:
11 years



Best Case: \$34,800.00
\$32,200/Structure, \$2,600/Swing Set; Estimate to replace

Worst Case: \$40,000.00
\$36,800/Structure, \$3,180/Swing Set; Higher estimate

Cost Source: ARI Cost Database & Playworld Equipment Catalog

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 412 Playground Equip. (P2) - Replace

Quantity: (1) Structure,(1) Climber

Location: Parcel 2 - corner of Port Royale Lane & 181st Lane

Evaluation: This play structure and the climber were installed during late 2004. Aging is based on a 2005 installation for budgeting purposes. Structure has a long walking bridge, attached slides, hanging ladder, and a spring swing. Some wear and tear but still in overall good condition.

Useful Life:
15 years

Remaining Life:
11 years



Best Case: \$31,650.00
\$28,750/Structure, \$2,900/Climber; Estimate to replace

Worst Case: \$38,050.00
\$34,500/Structure, \$3,540/Climber; Higher estimate

Cost Source: ARI Cost Database & Playworld Equipment Catalog

Comp #: 415 Playground Equip. (P5) - Replace

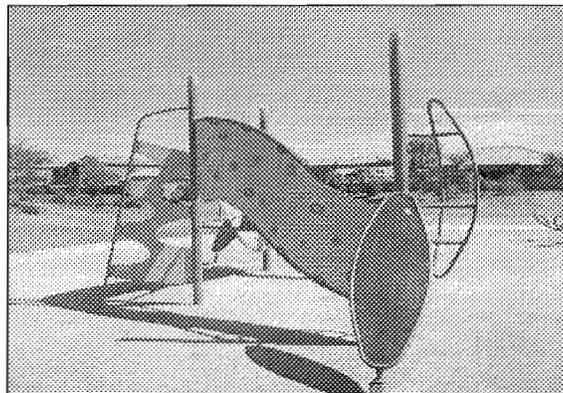
Quantity: (1) Structure

Location: Parcel 5 - Tract C off of Lisbon Lane, next to Lot #55

Evaluation: There was no play equipment installed at the time of inspection. Installation was in 2005. Future updates to this report will obtain more specific information about this component.

Useful Life:
15 years

Remaining Life:
12 years



Best Case: \$16,400.00
Estimate to replace

Worst Case: \$20,000.00
Higher estimate

Cost Source: ARI Cost Allowance

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 422 Playground Equip. (P12) - Replace

Quantity: (1) Structure

Location: Parcel 12 - Tract B at corner of Mauna Loa Lane & Woodrow Lane

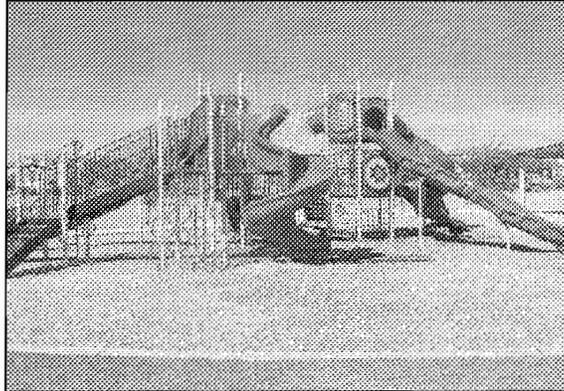
Evaluation: This play structure and the toss-up structure were installed during 2004. This is a large, elaborate structure with several landings, slides, and a bridge. Equipment still looks new and in good condition.

Useful Life:

15 years

Remaining Life:

11 years



Best Case: \$65,500.00

\$64,550/Structure, \$940/Toss-Up; Estimate to replace

Worst Case: \$80,050.00

\$78,900/Structure, \$1,150/Toss-Up; Higher estimate

Cost Source: Playworld Equipment Catalog

Comp #: 424 Playground Equip. (P14 A) - Replace

Quantity: (1) Structure, (2) Riders

Location: Parcel 14 - Tract C at the Banff Lane cul-de-sac

Evaluation: This play structure and the spring riders were installed during late 2004. Aging is based on a 2005 installation for budgeting purposes. This is a smaller structure for young children. It has two landings connected by a crawl tube and two small slides. There is a motorcycle and a butterfly spring rider.

Useful Life:

15 years

Remaining Life:

12 years



Best Case: \$18,000.00

\$16,000/Structure, \$1,940/Spring Riders; Estimate to replace

Worst Case: \$22,350.00

\$20,000/Structure, \$2,370/Spring Riders; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 424 Playground Equip. (P14 B) - Replace

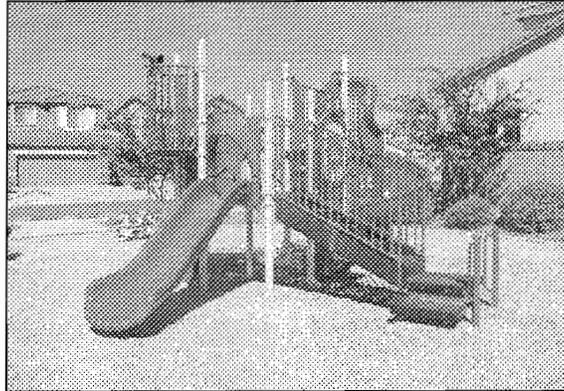
Quantity: (1) Structure, (2) Riders

Location: Parcel 14 - Tract D at Holland Ln and 174th Dr

Evaluation: This play structure and the spring riders were installed during 2006-07. Aging is based on a 2007 installation for budgeting purposes. This is a smaller structure for young children. It has two landings connected by stairs and two medium size slides. There is also a wave winder and a barnstormer airplane spring rider.

Useful Life:
15 years

Remaining Life:
14 years



Best Case: \$18,000.00
\$16,000/Structure, \$2,000/Spring Riders; Estimate to replace

Worst Case: \$22,450.00
\$20,000/Structure, \$2,460/Spring Riders; Higher estimate

Cost Source: ARI Cost Database

Comp #: 433 Playground Turf - Replace

Quantity: Approx 3,000 Sq Ft

Location: Playground at Parcel 2 and 5

Evaluation: This turf is a cushioned surface designed to absorb the impact of a child's fall. It also provides access to the play structure for handicapped children. Installed during late 2004. Most of the turf is faded but is still intact and in fair condition. However, there was vandalism noted. Aging is based on a 2005 installation for budgeting purposes.

Useful Life:
10 years

Remaining Life:
7 years



Best Case: \$57,000.00
\$19.00/Sq Ft; Estimate to replace

Worst Case: \$66,000.00
\$22.00/Sq Ft; Higher estimate

Cost Source: Research with Dave Bang & Associates (480-892-2266)

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 435 Playground Wood Chips - Replenish

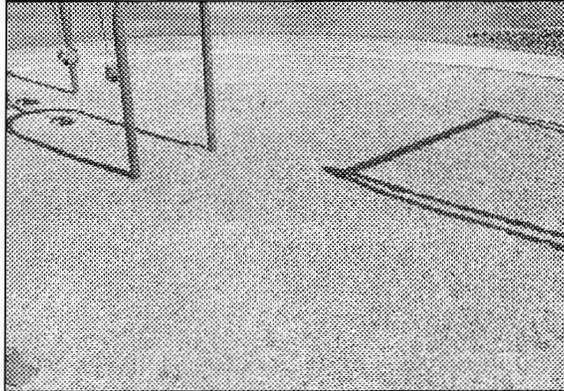
Quantity: Approx 470 Sq Yds

Location: Playgrounds at Parcels 1, 2, 12, and 14

Evaluation: Most of the wood chip surfaces were recently replenished. Tot lots are full and in good condition. Surfacing must be maintained at a minimum of 12" deep. Expect to replenish the wood chips eventually to ensure adequate depth and coverage.

Useful Life:
8 years

Remaining Life:
5 years



Best Case: \$26,350.00
\$56.00/Sq Yd; Estimate to replenish

Worst Case: \$32,900.00
\$70.00/Sq Yd; Higher estimate

Cost Source: Research with Dave Bang & Associates (480-892-2266)

Comp #: 440 Basketball Court - Resurface

Quantity: (1) Half Court

Location: Playground at Parcel 5

Evaluation: Basketball court is a tennis court type surface. Installed around 2005 and is still in good condition.

Useful Life:
5 years

Remaining Life:
2 years



Best Case: \$2,630.00
Estimate to resurface

Worst Case: \$3,150.00
Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 442 Basketball Backboard - Replace

Quantity: (1) Backboard & Goal

Location: Playground at Parcel 5

Evaluation: The backboard was installed in 2005. Still in good condition overall. It is a metal, fan shaped backboard with a heavy duty goal. Long life expectancy if not vandalized.

Useful Life:
20 years

Remaining Life:
17 years



Best Case: \$550.00
Estimate to replace

Worst Case: \$650.00
Higher estimate

Cost Source: PW Athletic catalog

Comp #: 501 Block Walls - Repair

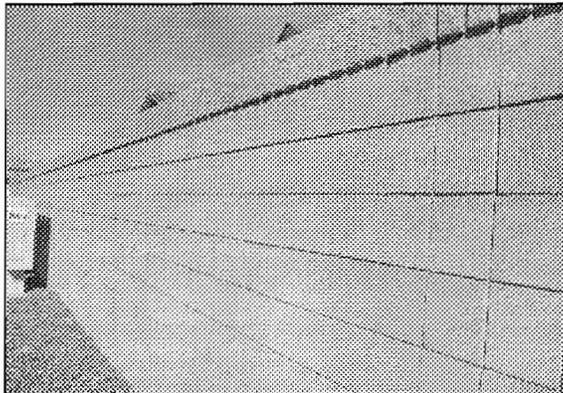
Quantity: Approx 274,000 Sq Ft

Location: Theme and view walls at Parcels 1, 2, 3, 4, 5, 6, 7, 12, and 14

Evaluation: Phase 2 walls were primarily installed during 2004. Still in good condition. No signs of significant settling or cracking noted. There is no expectancy to replace the walls under normal circumstances. This component provides an allowance for repairs and partial replacement.

Useful Life:
25 years

Remaining Life:
21 years



Best Case: \$49,350.00
\$9.00/Sq Ft; Allowance to replace 2% of the total

Worst Case: \$60,300.00
\$11.00/Sq Ft; Higher allowance to replace 2%

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 503 Metal Fence - Replace

Quantity: Approx 1,820 LF

Location: Parcel 3 on 185th Dr and Parcel 4 on 185th Dr

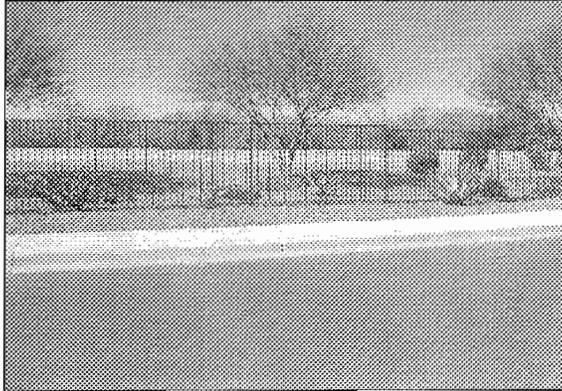
Evaluation: These sections of view fence consist of 6' metal panels mounted in the ground. Installed during 2005. Future replacement of this fencing should be anticipated.

Useful Life:

24 years

Remaining Life:

21 years



Best Case: \$47,850.00

\$26.30/LF; Estimate to replace

Worst Case: \$61,150.00

\$33.60/LF; Higher estimate

Cost Source: ARI Cost Database

Comp #: 504 View Fence (2') - Repair

Quantity: Approx 6,410 LF

Location: Perimeter areas of Parcels 1, 2, 3, 4, 5, and 6

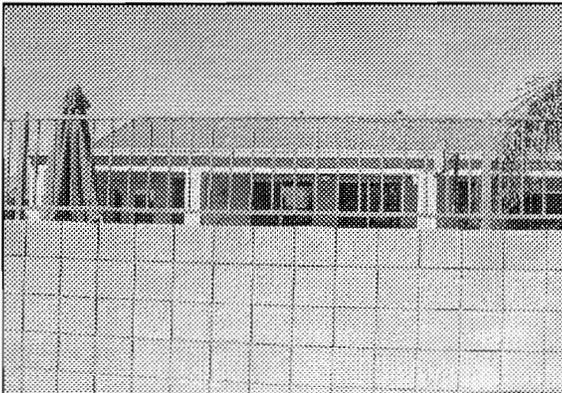
Evaluation: Metal view fence consists of 2' metal panels mounted on top of 4' block walls. Phase 2 walls and fences were primarily installed during 2004. There is no irrigation exposure from the common area side of the walls. No expectancy for complete replacement. This component provides an allowance for partial replacement.

Useful Life:

25 years

Remaining Life:

21 years



Best Case: \$27,000.00

\$21.00/LF; Estimate to replace 20% of the total

Worst Case: \$32,300.00

\$25.20/LF; Higher estimate to replace 20%

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 505 View Fence (4') - Replace

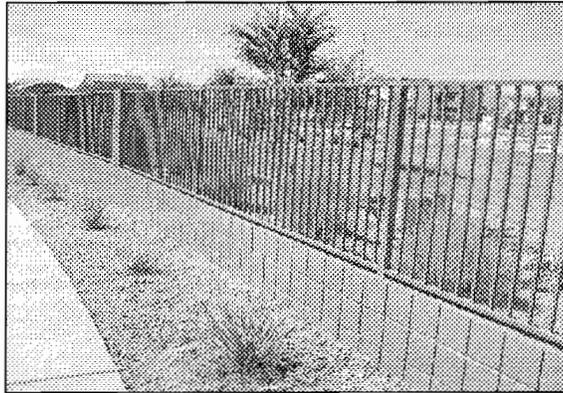
Quantity: 50% of 2,440 LF

Location: Perimeter of Parcel 7

Evaluation: This section of view fence was installed during 2006. It consists of 4' metal panels mounted on top of 2 - 3' block walls. There does not appear to be any significant irrigation exposure. Long life expectancy, but future replacement should still be planned. Parcel 7 is responsible for 50% of this cost.

Useful Life:
30 years

Remaining Life:
28 years



Best Case: \$29,300.00

\$24.00/LF; Estimate to replace, reflects 50% of the cost

Worst Case: \$34,200.00

\$28.00/LF; Higher estimate, reflects 50% of the cost

Cost Source: ARI Cost Database

Comp #: 1003 Irrigation Controllers - Replace

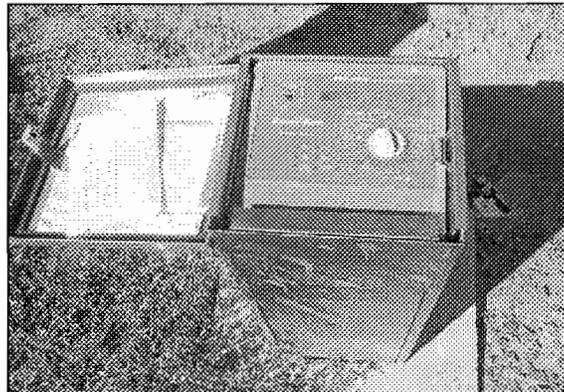
Quantity: (18) Rain Bird ESP-MC

Location: Common areas in Parcels 1, 2, 3, 5, 6, 12, and 14

Evaluation: These controllers were primarily installed during 2004. More controllers will likely be installed during 2005, and should be included in a future update to this report. Controllers include (5) 32-station, (2) 24-station, (5) 16-station, (2) 12-station, and (4) 8-station.

Useful Life:
12 years

Remaining Life:
8 years



Best Case: \$17,600.00

Estimate to replace

Worst Case: \$21,500.00

Higher estimate

Cost Source: Research with Horizon Irrigation

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 1004 Steel Enclosures - Replace

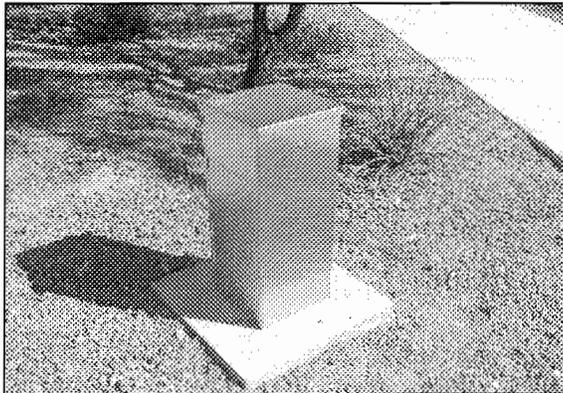
Quantity: (17) Rain Bird Enclosures

Location: Common areas in Parcels 1, 2, 3, 5, 6, and 12

Evaluation: Each irrigation controller is mounted inside a stainless steel Rain Bird enclosure. There is no expectancy to replace these enclosures under normal circumstances. No Reserve funding required.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 1006 Landscape Granite - Replenish

Quantity: Approx 1,955,060 Sq Ft

Location: Landscaped areas throughout community

Evaluation: Phase 2 granite was primarily installed during 2004. Some sections of the community will be installed during 2005. The association budgets \$15,000 per year in the Operating account for regular replenishing. No Reserve funding required at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Association Reserves - Arizona, LLC

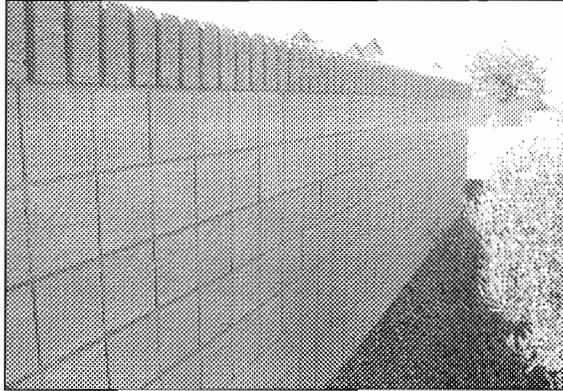
Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 1105 Block Walls - Repaint
Quantity: Approx 175,660 Sq Ft
Location: Theme and view walls at Parcels 1, 2, 3, 4, 5, and 6
Evaluation: These are unpainted block walls. There is no sealing or painting needed to maintain their appearance. No Reserve funding for paint is required.

Useful Life:

Remaining Life:



Best Case:

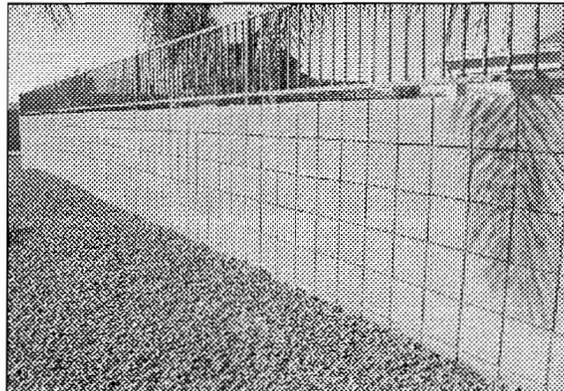
Worst Case:

Cost Source:

Comp #: 1105 Block Walls - Repaint (P-1,12,14)
Quantity: Approx 87,840 Sq Ft
Location: Parcel 1 (theme & view walls inside the parcel perimeter) and perimeter walls at Parcels 12 & 14
Evaluation: These block walls are painted to match the unpainted block walls throughout the rest of the community. Walls were painted in 2004-05. Somewhat faded. Fair conditions observed.

Useful Life:
6 years

Remaining Life:
2 years



Best Case: \$32,500.00
\$0.37/Sq Ft; Estimate to repaint

Worst Case: \$39,550.00
\$0.45/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 1105 **Block Walls - Repaint (P-7)**

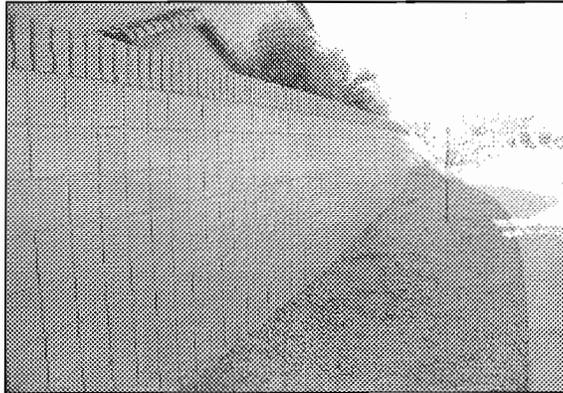
Quantity: Approx 10,500 Sq Ft

Location: Parcel 7 - theme and view walls bordering parcel perimeter

Evaluation: Perimeter block walls at Parcel 7 are all painted. They are not unpainted block like at the rest of the community. Walls were installed and painted during 2006. Master Association is responsible to paint the exterior surfaces of these perimeter walls only, not the interior surfaces.

Useful Life:
6 years

Remaining Life:
4 years



Best Case: \$3,900.00
\$0.37/Sq Ft; Estimate to repaint

Worst Case: \$4,730.00
\$0.45/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Comp #: 1107 **Metal Fence - Repaint**

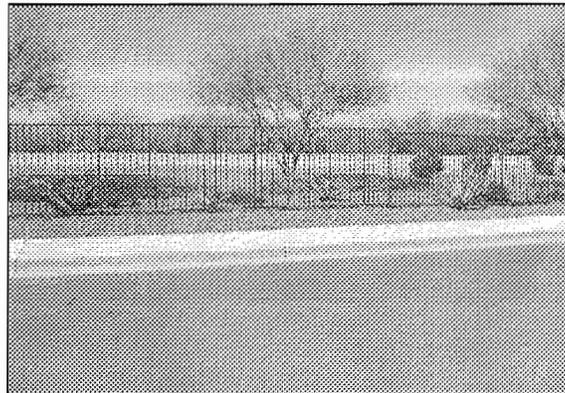
Quantity: Approx 1,820 LF

Location: Parcel 3 on 185th Dr and Parcel 4 on 185th Dr

Evaluation: These sections of fence were installed and painted during 2005. Surfaces are still in fair condition. Repaint periodically to maintain appearance and to inhibit rusting.

Useful Life:
4 years

Remaining Life:
1 years



Best Case: \$7,650.00
\$4.20/LF; Estimate to repaint

Worst Case: \$10,600.00
\$5.80/LF; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 1108 View Fence (2') - Repaint

Quantity: Approx 6,410 LF

Location: Perimeter areas of Parcels 1, 2, 3, 4, 5, and 6

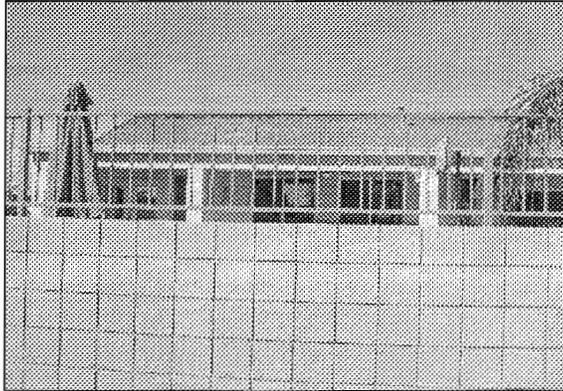
Evaluation: Metal view fence was installed and painted during 2004. Surfaces are faded and some rust is starting to appear. Repaint periodically to inhibit rusting and to restore the appearance.

Useful Life:

4 years

Remaining Life:

0 years



Best Case: \$20,500.00

\$3.20/LF; Estimate to repaint

Worst Case: \$26,950.00

\$4.20/LF; Higher estimate

Cost Source: ARI Cost Database

Comp #: 1108 View Fence (4') - Repaint

Quantity: 50% of 2,440 LF

Location: Perimeter of Parcel 7

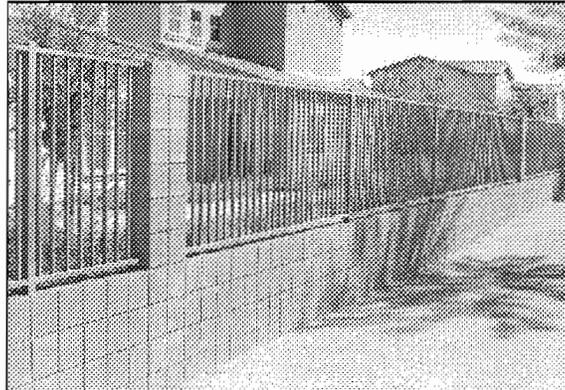
Evaluation: This section of view fence was installed and painted during 2006. It consists of 4' metal panels mounted on top of 2 - 3' block walls. Surfaces are still in good shape overall. Sections where paint was applied over welded spots do look faded. Parcel 7 is responsible for 50% of this cost.

Useful Life:

4 years

Remaining Life:

2 years



Best Case: \$5,130.00

\$4.20/LF; Estimate to repaint, reflects 50% of the cost

Worst Case: \$7,080.00

\$5.80/LF; Higher estimate, reflects 50% of the cost

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 1109 Culvert Rails - Repaint

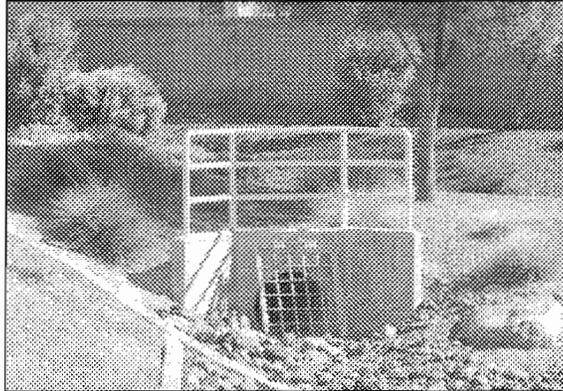
Quantity: Approx 305 LF

Location: Common areas in Parcels 1, 3, 4, 6, 7, and 12

Evaluation: Metal culvert rails were installed and painted during 2004. Surfaces are chipped and peeling. Recommend repainting periodically to maintain the appearance.

Useful Life:
4 years

Remaining Life:
0 years



Best Case: \$1,530.00
\$5.00/LF; Estimate to repaint

Worst Case: \$1,980.00
\$6.50/LF; Higher estimate

Cost Source: ARI Cost Database

Comp #: 1112 Bollard Posts - Repaint

Quantity: (88) Bollard Posts

Location: Common areas in Parcels 1, 2, 4, 5, and 14

Evaluation: Bollard posts are installed in various locations to prevent unauthorized vehicles from accessing the common areas. Posts are painted and have reflective tape. Expect to periodically repaint the posts to maintain the appearance.

Useful Life:
5 years

Remaining Life:
2 years



Best Case: \$710.00
\$8.00/Post; Allowance to repaint

Worst Case: \$880.00
\$10.00/Post; Higher allowance

Cost Source: ARI Cost Allowance

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 1113 Ramadas - Repaint

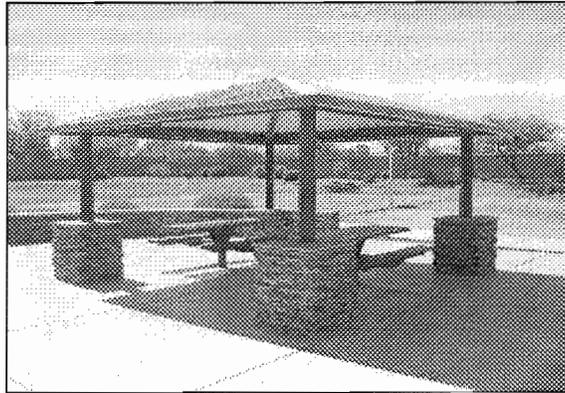
Quantity: Approx 1,270 Sq Ft

Location: (6) Ramadas - Playgrounds at Parcels 1, 2, 5, 12, and (2) in 14

Evaluation: These ramadas were installed during late 2004. They have metal posts and beams that will eventually need to be repainted. Surfaces are currently faded but still look to be in fair condition. Aging is based on a 2005 installation for budgeting purposes.

Useful Life:
6 years

Remaining Life:
3 years



Best Case: \$1,270.00
\$1.00/Sq Ft; Estimate to repaint

Worst Case: \$1,650.00
\$1.30/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Comp #: 1402 Monuments (P-7) - Refurbish

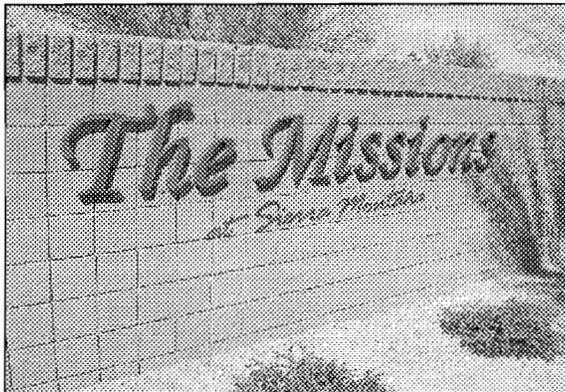
Quantity: (1) Monument

Location: Entry to Parcel 7 - corner of Vista Verde Dr. & Lisbon Ln.

Evaluation: Parcel monument consists of a combination of reverse pan channel and solid lettering mounted to the perimeter block wall. Long life expectancy if not vandalized. Replacement of the lettering should be anticipated eventually to upgrade and restore the appearance. Installed during 2006.

Useful Life:
15 years

Remaining Life:
13 years



Best Case: \$2,760.00
Estimate to replace lettering

Worst Case: \$3,400.00
Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602B Sierra Montana - Phase 2

Comp #: 1402 Monuments (Parcels) - Refurbish

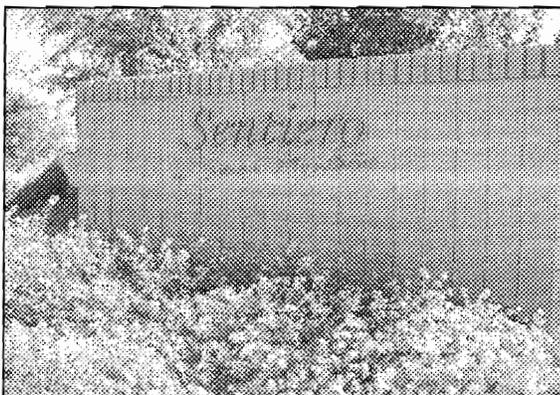
Quantity: (4) Monuments

Location: Entry areas into Parcels 5, 6, 12, and 14

Evaluation: Parcel monuments consist of a combination of reverse pan channel and solid lettering mounted to the perimeter block walls. Long life expectancy if not vandalized. Replacement of the lettering should be anticipated eventually to upgrade and restore the appearance. Installed during 2004.

Useful Life:
15 years

Remaining Life:
11 years



Best Case: \$9,530.00
Estimate to replace lettering

Worst Case: \$11,650.00
Higher estimate

Cost Source: ARI Cost Database

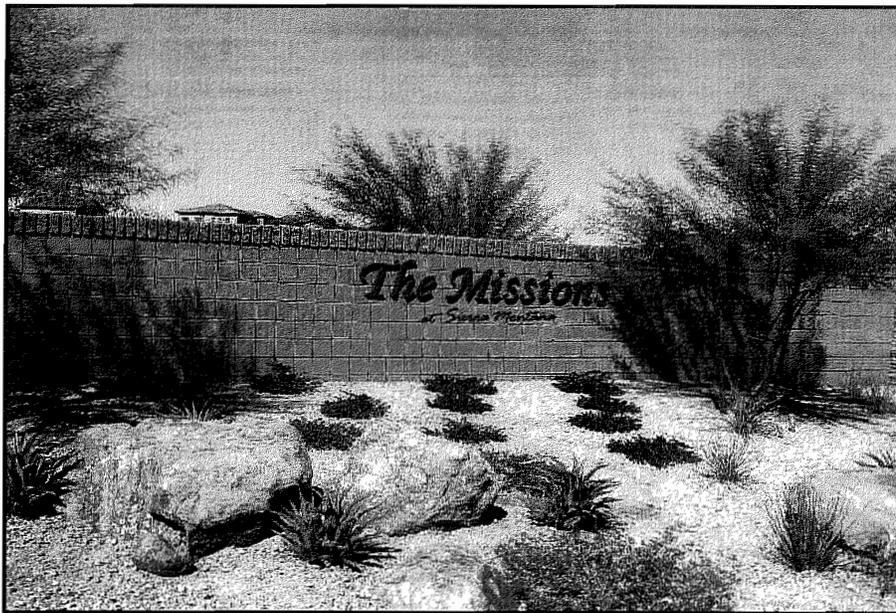
Arizona Office
4733 E. Firestone Drive
Chandler, AZ 85249

TEL 480/361-5340
800/393-7903
FAX 480/634-4616
www.reservestudy.com



Corporate Office
Calabasas, CA
Regional Offices
Phoenix, AZ
Orange County, CA
San Francisco, CA
Denver, CO
Kailua-Kona, HI
Las Vegas, NV
Seattle, WA

Update "No-Site-Visit" Reserve Study



Parcel 7 at Sierra Montana Surprise, Arizona

Report #: 12602C-2
For Period Beginning: January 1, 2011
Ending: December 31, 2011

Date Prepared: August 17, 2010



Hello, and welcome to your Reserve Study!

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

With respect to Reserves, this Report will tell you “where you are” and “where to go from here”.

In this Report, you will find...

- 1) A List of What you’re Reserving For**
- 2) An Evaluation of your Reserve Fund Size and Strength**
- 3) A Recommended Multi-Year Reserve Funding Plan**

More Questions?

Visit our website at www.ReserveStudy.com or call us at:

480/361-5340 or 800/393-7903



Table of Contents

3-Minute Executive Summary	i
Reserve Study Summary	i
Reserve Component List – Table 1	ii
Introduction, Objectives, and Methodology	1
Which Physical Assets are Covered by Reserves?	2
How are Useful Life and Remaining Useful Life established?	2
How are Cost Estimates Established?	2
How much Reserves are enough?	3
How much should we contribute?	4
What is our Funding Goal?	4
Projected Expenses	5
Expense Graph – Figure 1	5
Reserve Fund Status & Recommended Funding Plan	6
Funding Plan Graph – Figure 2	6
Cash Flow Graph – Figure 3	7
% Funded Graph – Figure 4	7
Table Descriptions	8
Reserve Component List Detail – Table 2	9
Contribution & Fund Breakdown – Table 3	10
30 Year Reserve Plan Summary – Table 4	11
30 Year Reserve Plan Year by Year Detail – Table 5	12
Accuracy, Limitations, and Disclosures	18
Terms and Definitions	19

3-Minute Executive Summary

Association: Parcel 7 at Sierra Montana **Assoc. #:** 12602C-2
Location: Surprise, Arizona
of Units: 140
Report Period: January 1, 2011 through December 31, 2011

Results

Projected Starting Reserve Balance:	\$42,422
Fully Funded Reserve Balance:	\$51,181
Average Reserve Deficit (Surplus) Per Unit:	\$63
Percent Funded:	82.9%
Recommended 2011 Monthly Reserve Contribution:	\$1,100
Recommended Special Assessment this Year:	\$0
Most Recent Reserve Contribution Rate:	\$919

Economic Assumptions:

Net Annual "After Tax" Interest Earnings Accruing to Reserves.....1.50%
Annual Inflation Rate.....3.00%

- This is an "Update No-Site-Visit" Reserve Study, based on a prior Report prepared by Association Reserves for your 2008 Fiscal Year. No site inspection was performed as part of this Reserve Study.
- This Reserve Study was prepared by, or under the supervision of, a credentialed Reserve Specialist (RS).
- Because your Reserve Fund is 82.9% Funded, this represents a strong position. In perspective, association's with a Reserve Fund over 70% Funded typically enjoy fiscal stability with low risk of special assessments and deferred maintenance.
- Based on this starting point, your anticipated future expenses, and your historical Reserve contribution rate, we recommend Monthly Reserve Contributions of \$1,100, followed by nominal annual increases (see tables herein) to help offset inflation.
- Your multi-year Funding Plan is designed to gradually bring you to the 100% level, or "Fully Funded".

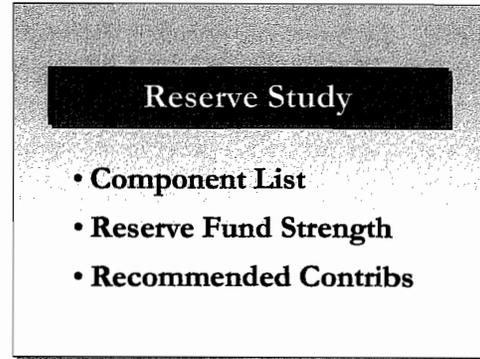
# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
103 Concrete - Repair	5	1	\$1,805	\$1,859
201 Asphalt - Resurface	20	15	\$83,725	\$130,441
202 Asphalt - Seal/Repair	4	3	\$4,490	\$4,906
403 Mailboxes - Replace	18	13	\$16,850	\$24,745
405 Park Furniture - Replace	12	7	\$2,435	\$2,995
406 BBQ Grills - Replace	12	7	\$725	\$892
410 Ramada Roofs - Replace	25	20	\$11,350	\$20,499
505 View Fence - Replace	30	25	\$37,850	\$79,249
1003 Irrigation Controllers - Replace	12	7	\$3,675	\$4,520
1105 Block Walls - Repaint	6	1	\$6,540	\$6,736
1108 View Fence - Repaint	4	0	\$4,885	\$5,498
1113 Ramadas - Repaint	6	1	\$620	\$639
1114 Driveway Signs - Repaint	6	1	\$870	\$896
13 Total Funded Components				

Note: a Useful Life of "N/A" means a one-time expense, not expected to repeat.

Introduction

A Reserve Study is the art and science of anticipating, and preparing for, an association's major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

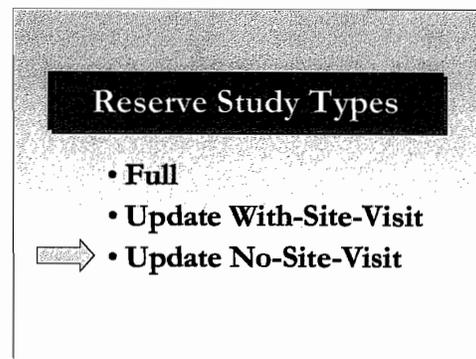
In this Report you will find the Reserve Component List (what you are reserving for). It contains our estimates for Useful Life, Remaining Useful Life, and the current repair or replacement cost for each major component the association is obligated to maintain. Based on that List and your starting balance we computed the association's Reserve Fund Strength (measured as "Percent Funded"), and created a recommended multi-year Reserve Funding Plan to offset future Reserve expenses.



As the physical assets age and deteriorate, it is important to accumulate financial assets to keep the two "in balance". A stable Reserve Funding Plan that offsets the irregular Reserve expenses will ensure that each owner pays their own "fair share" of ongoing common area deterioration.

Methodology

First we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan. For this "Update No-Site-Visit" Reserve Study, we started with a review of your prior Reserve Study, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs. Reserves), and research into any well-established association precedents. We adjusted life and cost factors based on time since the last Reserve Study and interviews with association representatives.



Which Physical Assets are Covered by Reserves?

There is a national-standard four-part test to determine which expenses should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a "surprise" which cannot be accurately anticipated). Fourth, the component must be above a minimum

threshold cost. This limits Reserve Components to major, predictable expenses. Within this framework, it is inappropriate to include "lifetime" components, unpredictable expenses (such as damage due to fire, flood, or earthquake), and expenses more appropriately handled from the Operational Budget or as an insured loss.

Reserve Components
<ul style="list-style-type: none">• Common Area• Limited Useful Life• Predictable Life Limit• Cost must be Significant

How are Useful Life and Remaining Useful Life established?

- 1) Reported Condition (wear and age since last report)
- 2) Association Reserves database of experience
- 3) Client Component History
- 4) Vendor Evaluation and Recommendation

How are Cost Estimates Established?

Financial projections are based on the average of our Best Case and Worst Case estimates, which are established in this order...

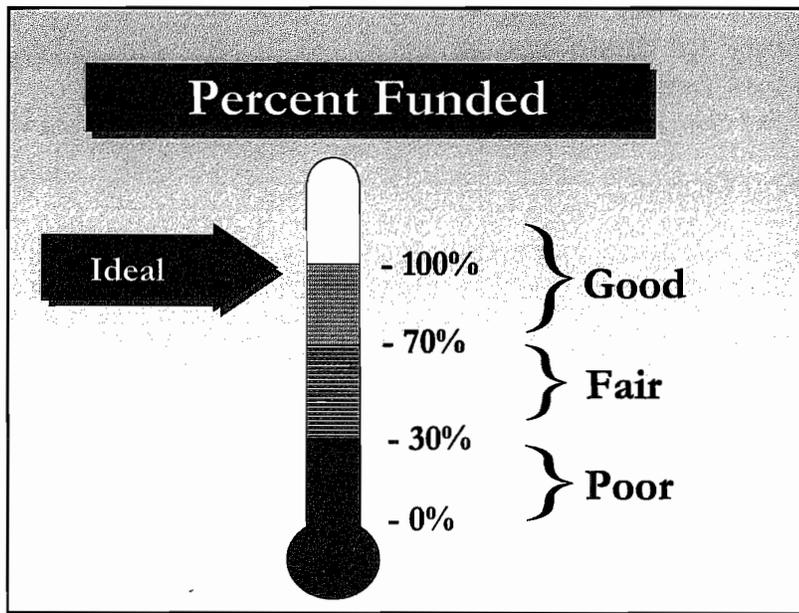
- 1) Client Cost History
- 2) Comparison to Association Reserves database or work done at similar associations
- 3) Vendor Recommendations
- 4) Reliable National Industry cost estimating guidebooks

How much Reserves are enough?

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate. Adequacy is measured in a two-step process:

- 1) Calculate the association's Fully Funded Balance (FFB)
- 2) Compare to the Reserve Fund Balance, and express as a percentage.

The FFB grows as assets age and the Reserve needs of the association increase, but shrinks when projects are accomplished and the Reserve needs of the association decrease. The Fully Funded Balance changes each year, and is a moving but predictable target.



Special assessments and deferred maintenance are common when the Percent Funded is below 30%. While the 100% point is Ideal, a Reserve Fund in the 70% - 130% range is considered "strong" because in this range cash flow problems are rare.

Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. New buyers should be very aware of this important disclosure!

How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. Our first objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it is a hallmark of a proactive plan.

Reserve contributions that are evenly distributed over the owners, over the years, enable each owner to pay their “fair share” of the association’s Reserve expenses (this means we recommend special assessments only when all other options have been exhausted). And finally, we develop a plan that is fiscally responsible and “safe” for Board members to recommend to their association.

Funding Principles

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible

What is our Funding Goal?

Maintaining the Reserve Fund at a level equal to the physical deterioration that has occurred is called “Full Funding” the Reserves (100% Funded). As each asset ages and becomes “used up”, the Reserve Fund grows proportionally. This is simple, responsible, and our recommendation. As stated previously, associations in the 100% range rarely experience special assessments or deferred maintenance.

Allowing the Reserves to fall close to zero, but not below zero, is called Baseline Funding. In these associations, deterioration occurs without matching Reserve contributions. With a low Percent Funded, special assessments and deferred maintenance are common.

Threshold Funding is the title of all other objectives randomly selected between Baseline Funding and Full Funding.

Funding Goals

- Full Funding
- Threshold Funding
- Baseline Funding

Projected Expenses

The figure below shows the array of the projected future expenses at your association. This figure clearly shows the near term and future expenses that your association will face. Note the large expense slated for 2026 primarily reflects the resurfacing of the asphalt.

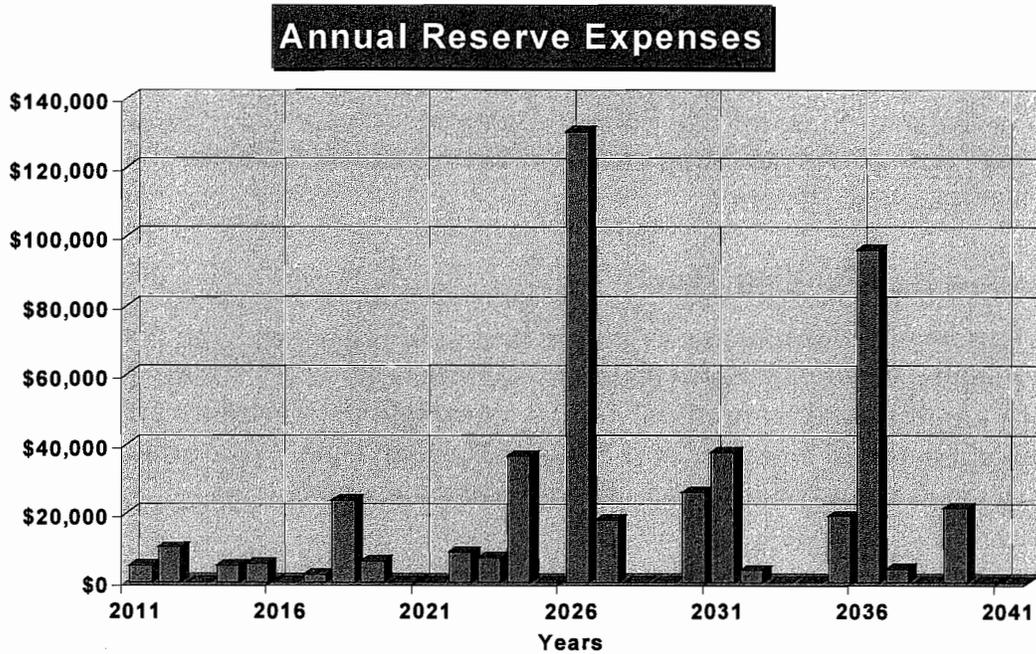


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about “near-term” projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$42,422 as-of the start of your Fiscal Year on January 1, 2011. This is based on your actual balance on May 31, 2010 of \$39,078 and anticipated Reserve contributions and expenses projected through the end of your Fiscal Year. As of January 1, 2011, your Fully Funded Balance is computed to be \$51,181 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 83% Funded. As indicated earlier in the Executive Summary, this represents a strong position.

Recommended Funding Plan

Based on your current Percent Funded and your projected cash flow requirements, we recommend Reserve contributions of \$1,100/month this Fiscal Year, followed by nominal annual increases to help offset inflation. This represents the first year of a 30-year Funding Plan. This same information is shown numerically in both Tables 4 and 5.

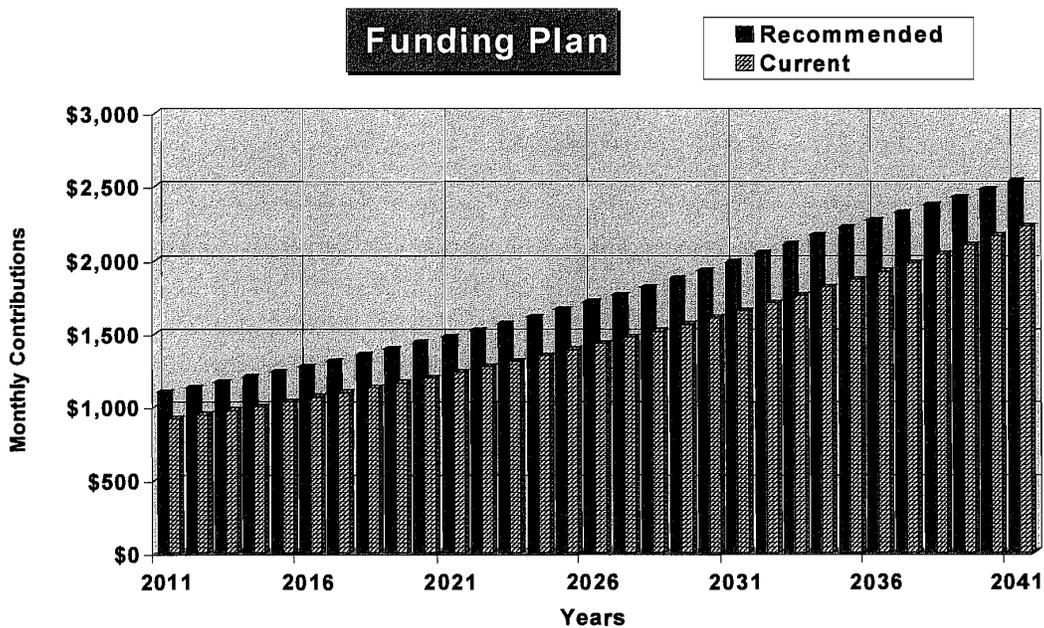


Figure 2

The following chart shows your Reserve Balance under our recommended Funding Plan and your current Funding Plan, and your always-changing Fully Funded Balance target.

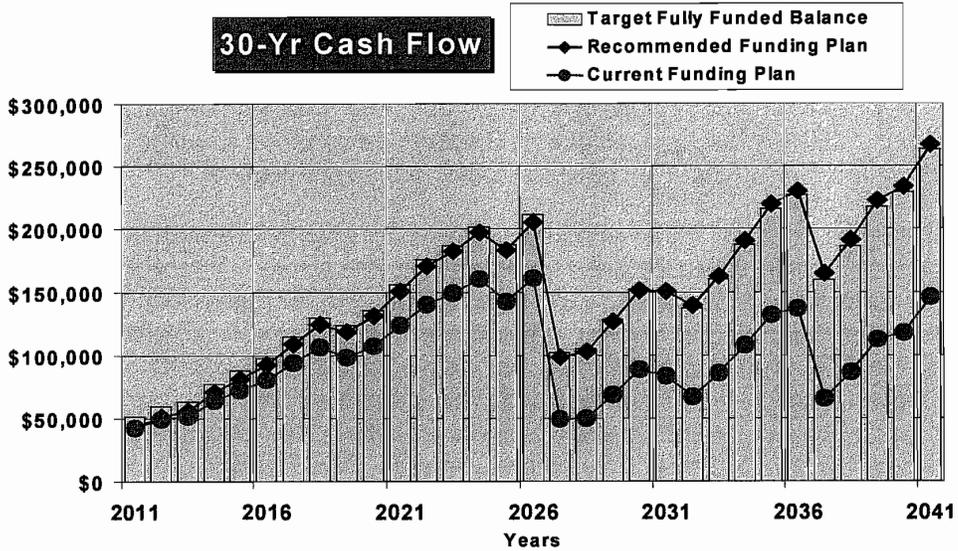


Figure 3

In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

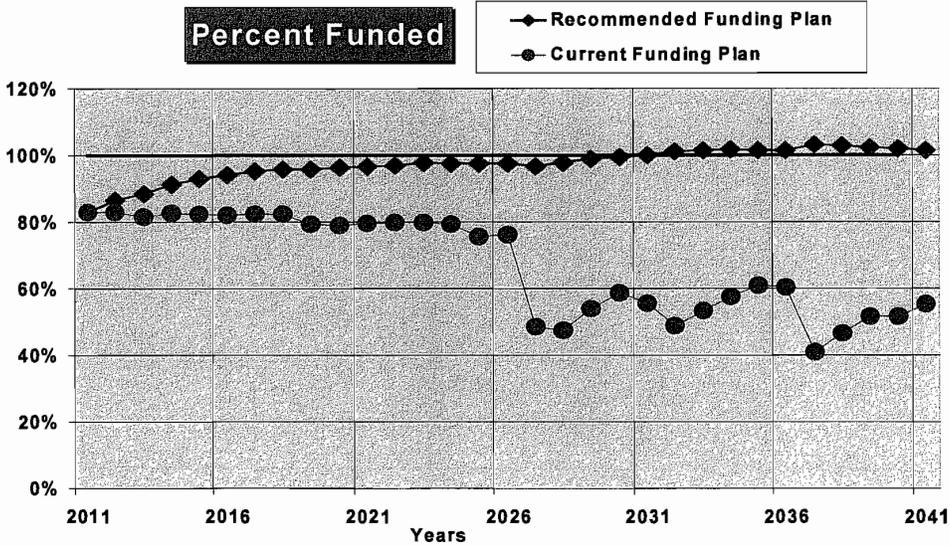


Figure 4

Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary page. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is underfunded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds, it simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail**12602C-2**

# Component	Quantity	Rem.		Best Cost	Current Worst Cost
		Useful Life	Useful Life		
103 Concrete - Repair	Numerous Sq Ft	5	1	\$1,550	\$2,060
201 Asphalt - Resurface	Approx 64,100 Sq Ft	20	15	\$75,350	\$92,100
202 Asphalt - Seal/Repair	Approx 64,100 Sq Ft	4	3	\$3,850	\$5,130
403 Mailboxes - Replace	(11) Cluster Units	18	13	\$15,200	\$18,500
405 Park Furniture - Replace	(4) Pieces	12	7	\$2,170	\$2,700
406 BBQ Grills - Replace	(2) Charcoal Grills	12	7	\$620	\$830
410 Ramada Roofs - Replace	Approx 612 Sq Ft	25	20	\$10,400	\$12,300
505 View Fence - Replace	50% of 2,440 LF	30	25	\$34,200	\$41,500
1003 Irrigation Controllers - Replace	(3) Rain Bird, ESP-24MC	12	7	\$3,300	\$4,050
1105 Block Walls - Repaint	Approx 15,950 Sq Ft	6	1	\$5,900	\$7,180
1108 View Fence - Repaint	50% of 2,440 LF	4	0	\$4,270	\$5,500
1113 Ramadas - Repaint	Approx 400 Sq Ft	6	1	\$520	\$720
1114 Driveway Signs - Repaint	(24) Signs	6	1	\$740	\$1,000
13 Total Funded Components					

Table 3: Contribution and Fund Breakdown**12602C-2**

# Component	Useful Life	Rem.	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
		Useful Life				
103 Concrete - Repair	5	1	\$1,805	\$1,444	\$1,444.00	\$34.68
201 Asphalt - Resurface	20	15	\$83,725	\$20,931	\$20,750.36	\$402.15
202 Asphalt - Seal/Repair	4	3	\$4,490	\$1,123	\$1,122.50	\$107.83
403 Mailboxes - Replace	18	13	\$16,850	\$4,681	\$4,680.56	\$89.93
405 Park Furniture - Replace	12	7	\$2,435	\$1,015	\$1,014.58	\$19.49
406 BBQ Grills - Replace	12	7	\$725	\$302	\$302.08	\$5.80
410 Ramada Roofs - Replace	25	20	\$11,350	\$2,270	\$0.00	\$43.61
505 View Fence - Replace	30	25	\$37,850	\$6,308	\$0.00	\$121.20
1003 Irrigation Controllers - Replace	12	7	\$3,675	\$1,531	\$1,531.25	\$29.42
1105 Block Walls - Repaint	6	1	\$6,540	\$5,450	\$5,450.00	\$104.71
1108 View Fence - Repaint	4	0	\$4,885	\$4,885	\$4,885.00	\$117.32
1113 Ramadas - Repaint	6	1	\$620	\$517	\$516.67	\$9.93
1114 Driveway Signs - Repaint	6	1	\$870	\$725	\$725.00	\$13.93
13 Total Funded Components				\$51,181	\$42,422	\$1,100

Table 4: 30-Year Reserve Plan Summary

12602C-2

Fiscal Year Beginning: 01/01/11

Interest:	1.5%	Inflation:	3.0%
------------------	-------------	-------------------	-------------

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Rating	Annual Reserve Contribs.	Loans or Special Assmts	Interest Income	Projected Reserve Expenses
2011	\$42,422	\$51,181	82.9%	Strong	\$13,200	\$0	\$704	\$4,885
2012	\$51,441	\$59,479	86.5%	Strong	\$13,596	\$0	\$803	\$10,130
2013	\$55,710	\$62,978	88.5%	Strong	\$14,004	\$0	\$947	\$0
2014	\$70,661	\$77,380	91.3%	Strong	\$14,424	\$0	\$1,139	\$4,906
2015	\$81,317	\$87,535	92.9%	Strong	\$14,857	\$0	\$1,299	\$5,498
2016	\$91,975	\$97,773	94.1%	Strong	\$15,302	\$0	\$1,505	\$0
2017	\$108,782	\$114,379	95.1%	Strong	\$15,761	\$0	\$1,746	\$2,155
2018	\$124,134	\$129,673	95.7%	Strong	\$16,234	\$0	\$1,818	\$23,804
2019	\$118,382	\$123,550	95.8%	Strong	\$16,721	\$0	\$1,868	\$6,188
2020	\$130,782	\$135,824	96.3%	Strong	\$17,223	\$0	\$2,105	\$0
2021	\$150,111	\$155,287	96.7%	Strong	\$17,740	\$0	\$2,401	\$0
2022	\$170,252	\$175,796	96.8%	Strong	\$18,272	\$0	\$2,644	\$8,714
2023	\$182,453	\$186,820	97.7%	Strong	\$18,820	\$0	\$2,845	\$6,965
2024	\$197,154	\$202,067	97.6%	Strong	\$19,385	\$0	\$2,848	\$36,537
2025	\$182,850	\$187,816	97.4%	Strong	\$19,966	\$0	\$2,912	\$0
2026	\$205,728	\$211,290	97.4%	Strong	\$20,565	\$0	\$2,277	\$130,441
2027	\$98,130	\$101,650	96.5%	Strong	\$21,182	\$0	\$1,507	\$17,941
2028	\$102,878	\$105,147	97.8%	Strong	\$21,818	\$0	\$1,719	\$0
2029	\$126,414	\$127,795	98.9%	Strong	\$22,472	\$0	\$2,079	\$0
2030	\$150,965	\$151,708	99.5%	Strong	\$23,146	\$0	\$2,258	\$26,066
2031	\$150,304	\$150,093	100.1%	Strong	\$23,841	\$0	\$2,167	\$37,432
2032	\$138,880	\$137,342	101.1%	Strong	\$24,556	\$0	\$2,258	\$3,358
2033	\$162,336	\$159,945	101.5%	Strong	\$25,293	\$0	\$2,643	\$0
2034	\$190,272	\$187,342	101.6%	Strong	\$26,051	\$0	\$3,071	\$0
2035	\$219,393	\$216,239	101.5%	Strong	\$26,637	\$0	\$3,371	\$19,057
2036	\$230,344	\$227,072	101.4%	Strong	\$27,237	\$0	\$2,959	\$96,063
2037	\$164,478	\$159,635	103.0%	Strong	\$27,850	\$0	\$2,665	\$3,893
2038	\$191,100	\$185,850	102.8%	Strong	\$28,476	\$0	\$3,101	\$0
2039	\$222,678	\$217,623	102.3%	Strong	\$29,117	\$0	\$3,421	\$21,449
2040	\$233,766	\$229,044	102.1%	Strong	\$29,772	\$0	\$3,756	\$0

Table 5: 30-Year Income/Expense Detail (yrs 0 through 4)

12602C-2

Fiscal Year	2011	2012	2013	2014	2015
Starting Reserve Balance	\$42,422	\$51,441	\$55,710	\$70,661	\$81,317
Annual Reserve Contribution	\$13,200	\$13,596	\$14,004	\$14,424	\$14,857
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$704	\$803	\$947	\$1,139	\$1,299
Total Income	\$56,326	\$65,840	\$70,661	\$86,224	\$97,473
# Component					
103 Concrete - Repair	\$0	\$1,859	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$4,906	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$0	\$6,736	\$0	\$0	\$0
1108 View Fence - Repaint	\$4,885	\$0	\$0	\$0	\$5,498
1113 Ramadas - Repaint	\$0	\$639	\$0	\$0	\$0
1114 Driveway Signs - Repaint	\$0	\$896	\$0	\$0	\$0
Total Expenses	\$4,885	\$10,130	\$0	\$4,906	\$5,498
Ending Reserve Balance:	\$51,441	\$55,710	\$70,661	\$81,317	\$91,975

Table 5: 30-Year Income/Expense Detail (yrs 5 through 9)

12602C-2

Fiscal Year	2016	2017	2018	2019	2020
Starting Reserve Balance	\$91,975	\$108,782	\$124,134	\$118,382	\$130,782
Annual Reserve Contribution	\$15,302	\$15,761	\$16,234	\$16,721	\$17,223
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$1,505	\$1,746	\$1,818	\$1,868	\$2,105
Total Income	\$108,782	\$126,289	\$142,186	\$136,971	\$150,111
# Component					
103 Concrete - Repair	\$0	\$2,155	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$5,522	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$2,995	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$892	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$4,520	\$0	\$0
1105 Block Walls - Repaint	\$0	\$0	\$8,043	\$0	\$0
1108 View Fence - Repaint	\$0	\$0	\$0	\$6,188	\$0
1113 Ramadas - Repaint	\$0	\$0	\$763	\$0	\$0
1114 Driveway Signs - Repaint	\$0	\$0	\$1,070	\$0	\$0
Total Expenses	\$0	\$2,155	\$23,804	\$6,188	\$0
Ending Reserve Balance:	\$108,782	\$124,134	\$118,382	\$130,782	\$150,111

Table 5: 30-Year Income/Expense Detail (yrs 10 through 14)

12602C-2

Fiscal Year	2021	2022	2023	2024	2025
Starting Reserve Balance	\$150,111	\$170,252	\$182,453	\$197,154	\$182,850
Annual Reserve Contribution	\$17,740	\$18,272	\$18,820	\$19,385	\$19,966
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,401	\$2,644	\$2,845	\$2,848	\$2,912
Total Income	\$170,252	\$191,167	\$204,119	\$219,387	\$205,728
# Component					
103 Concrete - Repair	\$0	\$2,499	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$6,215	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$24,745	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$0	\$0	\$0	\$9,604	\$0
1108 View Fence - Repaint	\$0	\$0	\$6,965	\$0	\$0
1113 Ramadas - Repaint	\$0	\$0	\$0	\$910	\$0
1114 Driveway Signs - Repaint	\$0	\$0	\$0	\$1,278	\$0
Total Expenses	\$0	\$8,714	\$6,965	\$36,537	\$0
Ending Reserve Balance:	\$170,252	\$182,453	\$197,154	\$182,850	\$205,728

Table 5: 30-Year Income/Expense Detail (yrs 15 through 19)

12602C-2

Fiscal Year	2026	2027	2028	2029	2030
Starting Reserve Balance	\$205,728	\$98,130	\$102,878	\$126,414	\$150,965
Annual Reserve Contribution	\$20,565	\$21,182	\$21,818	\$22,472	\$23,146
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,277	\$1,507	\$1,719	\$2,079	\$2,258
Total Income	\$228,571	\$120,819	\$126,414	\$150,965	\$176,370
# Component					
103 Concrete - Repair	\$0	\$2,896	\$0	\$0	\$0
201 Asphalt - Resurface	\$130,441	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$7,205	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$4,270
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$1,271
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$6,444
1105 Block Walls - Repaint	\$0	\$0	\$0	\$0	\$11,468
1108 View Fence - Repaint	\$0	\$7,839	\$0	\$0	\$0
1113 Ramadas - Repaint	\$0	\$0	\$0	\$0	\$1,087
1114 Driveway Signs - Repaint	\$0	\$0	\$0	\$0	\$1,526
Total Expenses	\$130,441	\$17,941	\$0	\$0	\$26,066
Ending Reserve Balance:	\$98,130	\$102,878	\$126,414	\$150,965	\$150,304

Table 5: 30-Year Income/Expense Detail (yrs 20 through 24)

12602C-2

Fiscal Year	2031	2032	2033	2034	2035
Starting Reserve Balance	\$150,304	\$138,880	\$162,336	\$190,272	\$219,393
Annual Reserve Contribution	\$23,841	\$24,556	\$25,293	\$26,051	\$26,637
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,167	\$2,258	\$2,643	\$3,071	\$3,371
Total Income	\$176,312	\$165,694	\$190,272	\$219,393	\$249,402
# Component					
103 Concrete - Repair	\$0	\$3,358	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$6,109	\$0	\$0	\$0	\$9,127
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$20,499	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$0	\$0	\$0	\$0	\$0
1108 View Fence - Repaint	\$8,823	\$0	\$0	\$0	\$9,930
1113 Ramadas - Repaint	\$0	\$0	\$0	\$0	\$0
1114 Driveway Signs - Repaint	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$37,432	\$3,358	\$0	\$0	\$19,057
Ending Reserve Balance:	\$138,880	\$162,336	\$190,272	\$219,393	\$230,344

Table 5: 30-Year Income/Expense Detail (yrs 25 through 29)

12602C-2

Fiscal Year	2036	2037	2038	2039	2040
Starting Reserve Balance	\$230,344	\$164,478	\$191,100	\$222,678	\$233,766
Annual Reserve Contribution	\$27,237	\$27,850	\$28,476	\$29,117	\$29,772
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,959	\$2,665	\$3,101	\$3,421	\$3,756
Total Income	\$260,540	\$194,993	\$222,678	\$255,216	\$267,294
# Component					
103 Concrete - Repair	\$0	\$3,893	\$0	\$0	\$0
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$10,273	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$79,249	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$13,693	\$0	\$0	\$0	\$0
1108 View Fence - Repaint	\$0	\$0	\$0	\$11,177	\$0
1113 Ramadas - Repaint	\$1,298	\$0	\$0	\$0	\$0
1114 Driveway Signs - Repaint	\$1,822	\$0	\$0	\$0	\$0
Total Expenses	\$96,063	\$3,893	\$0	\$21,449	\$0
Ending Reserve Balance:	\$164,478	\$191,100	\$222,678	\$233,766	\$267,294

Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a "one-year" document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves – Arizona, LLC, and its employees have no ownership, management, or other business relationships with the client beyond this Reserve Study engagement. D.J. Vlaming, R.S., company president, is a credentialed Reserve Specialist. All work done by Association Reserves – Arizona, LLC is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association's situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association's representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were derived from the prior Reserve Study, unless otherwise noted in our "Site Inspection Notes" comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area)
GSY	Gross Square Yards (area)
HP	Horsepower
LF	Linear Feet (length)

Effective Age: The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

Fully Funded Balance (FFB): The Reserve Balance that is in direct proportion to the fraction of life “used up” of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

Inflation: Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

Interest: Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

Percent Funded: The ratio, at a particular point in time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life: The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

Useful Life: The estimated time, in years, that a common area component can be expected to serve its intended function.

Arizona Office
4733 E. Firestone Drive
Chandler, AZ 85249
TEL 480/361-5340
800/393-7903
FAX 480/634-4616

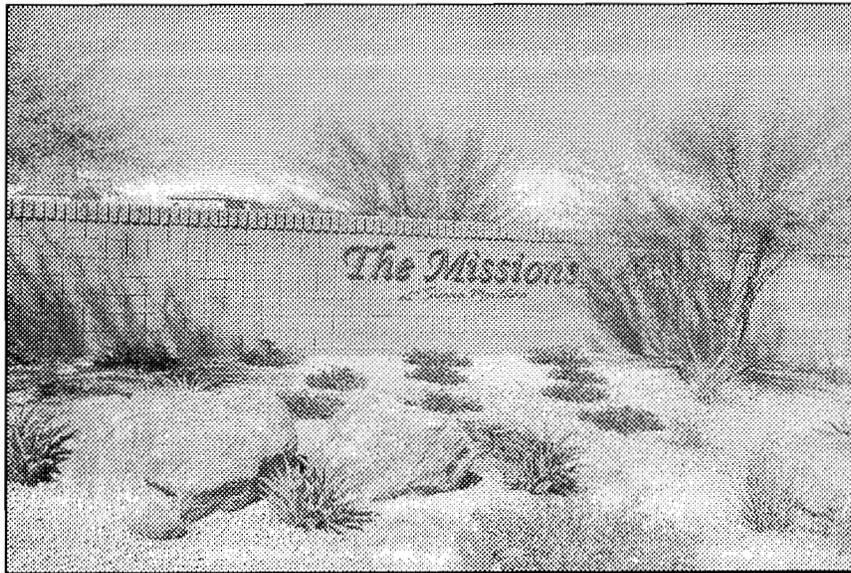
www.ReserveStudy.com



Reserve Studies for Community Associations

Corporate Office
Calabasas, CA
Regional Offices
Orange County, CA
San Francisco, CA
Honolulu, HI
Las Vegas, NV
Seattle, WA
Denver, CO

“Full” Reserve Study



Parcel 7 at Sierra Montana Surprise, Arizona

Report #: 12602C-1
For Period Beginning: January 1, 2008
Ending: December 31, 2008

Date Prepared: October 18, 2007

Hello, and welcome to your Reserve Study!

It's all very simple, really. A Reserve Study is the *art and science* of anticipating and preparing for major common area repair and replacement costs. With our experience in this industry, we have gathered the information necessary to make an evaluation of the current status of your Reserve Components, an evaluation of the current status of your Reserve Fund, and a recommended Reserve Funding Plan.

This Report is a valuable budget planning tool, for with it you control the future of your association. It contains all the fundamental information needed to understand your current and future Reserve obligations, the most significant expenditures your association will face.

While this Report has been prepared to answer all of your questions, please don't hesitate to call us if unanswered questions remain. Our toll-free number is (800) 393-7903, and answers to most frequently asked questions are on our web site (www.ReserveStudy.com). A *Quick Reference Guide* is provided on the following page, to map out your Reserve Study and provide directions to the most valuable areas. From the entire staff of Association Reserves, thank you for selecting us as your Reserve-planning partner!



Quick Reference Guide



What do I distribute to the homeowners?

A good choice is to distribute copies of the "Executive Summary" immediately following the Table of Contents (a summary page and the Reserve Component Listing).

Where do I find...

...a listing of our Reserve Components?

Table 2 shows the name, Useful Life, Remaining Useful Life, and current Replacement Cost.

...our Percent Funded rating and recommended Reserve Contribution Rate?

With our major financial summary information, in the Executive Summary (Page i)

...a description of our objectives and methodology?

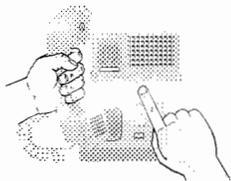
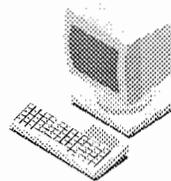
Beginning on Page 1 we introduce the Reserve Study, our objectives, and methodology.

...more detailed information on our site inspection?

General site inspection notes can be found on Page 5. Photographs and specific information on each component can be found in the Photographic Inventory Appendix.

More questions?

Visit our web site at www.ReserveStudy.com



or call us at (800) 393-7903.

Table of Contents

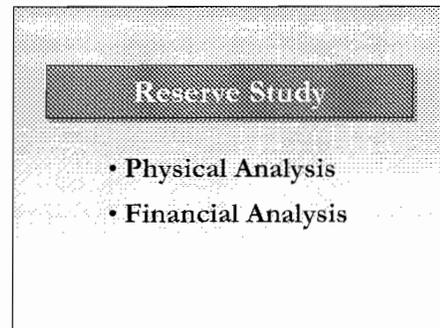
Executive Summary	i
Reserve Study Summary	i
Reserve Component List – Table 1.....	ii
Introduction, Objectives, and Methodology	1
Which Physical Assets are Covered by Reserves?.....	2
How are Useful Life and Remaining Useful Life established?.....	2
How are Cost Estimates Established?	3
How much Reserves are enough?.....	3
How much should we contribute?	4
What is our Funding Goal?	4
Site Inspection.....	5
Projected Expenses	6
Expense Graph – Figure 1	6
Reserve Fund Status & Recommended Funding Plan	7
Funding Plan Graph – Figure 2	7
Cash Flow Graph – Figure 3	8
% Funded Graph – Figure 4.....	8
Table Descriptions	9
Reserve Component List Detail – Table 2.....	10
Contribution & Fund Breakdown – Table 3	11
30 Year Reserve Plan Summary – Table 4.....	12
30 Year Reserve Plan Year by Year Detail – Table 5	13
Accuracy, Limitations, and Disclosures	19
Terms and Definitions.....	20
Photographic Inventory	Appendix

# Component	Useful Life (yrs)	Rem. Useful Life (yrs)	Current Average Cost	Future Average Cost
103 Concrete - Repair	5	4	\$1,750	\$1,970
201 Asphalt - Resurface	20	18	\$80,775	\$137,514
202 Asphalt - Seal/Repair	4	1	\$6,415	\$6,607
403 Mailboxes - Replace	18	16	\$16,325	\$26,197
405 Park Furniture - Replace	12	10	\$2,350	\$3,158
406 BBQ Grills - Replace	12	10	\$700	\$941
410 Ramada Roofs - Replace	25	23	\$11,350	\$22,400
505 View Fence - Replace	30	28	\$31,750	\$72,642
1003 Irrigation Controllers - Replace	12	10	\$3,675	\$4,939
1105 Block Walls - Repaint	6	4	\$6,540	\$7,361
1108 View Fence - Repaint	4	2	\$6,105	\$6,477
1113 Ramadas - Repaint	6	4	\$600	\$675
1114 Driveway Signs - Repaint	6	4	\$840	\$945
13 Total Funded Components				

Introduction

It is all very simple, really. A Reserve Study is the art and science of anticipating and preparing for major common area repair and replacement expenses. Partially art, because in this field we are making projections about the future. Partially science, because our work is a process of research and analysis along well defined methodologies.

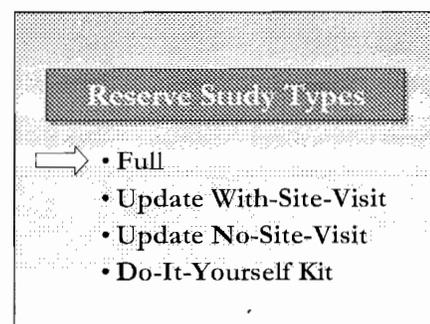
A Reserve Study consists of two parts: the Physical Analysis and the Financial Analysis. The Physical Analysis contains the information about the current condition and repair or replacement cost of the major common area components the association is obligated to maintain. The Financial Analysis contains an evaluation of the association's Reserve balance (measured by Percent Funded) and a recommended Funding Plan to offset the anticipated Reserve expenses.



The primary responsibility of the Board of Directors is to maintain, protect, and enhance the assets of the association. As the physical assets age and deteriorate, it is important to accumulate financial assets, keeping the two "in balance". The Reserve Study is the document that helps keep the physical and financial assets of the association in balance. This Reserve Study is a budget-planning document. The primary information you will get from this document is a list of your major Reserve components, a finding of the current status (strength) of your Reserve Fund, and a recommended Funding Plan. The basic objective of the Reserve Study is to provide a plan to collect funds at a stable rate to offset the predicted irregular Reserve expenses. Setting a stable Reserve contribution rate will ensure that each owner pays their own "fair share" of the ongoing, gradual deterioration of the common areas.

Methodology

By necessity, the Physical Analysis occurs before the Financial Analysis (first we establish what the projected expenses are, then we determine the association's financial status and create a Funding Plan). For this "Full" Reserve Study, the Physical Analysis starts with a review of your Governing Documents, recent Reserve expenditures, an evaluation of how expenditures are handled (ongoing maintenance vs. Reserves), and research into any well-established association precedents. We performed an on-site inspection to inventory (quantify and evaluate) your common areas, creating your Reserve Component List "from scratch". Your Reserve Component List (Table 1 or Table 2) contains a description and



quantification of individual line items, and estimates for the Useful Life, Remaining Useful Life, and current Replacement Cost of each component. The average of the Best and Worst Case cost estimates are used for all calculations throughout the Financial Analysis. With this information and an assumed inflation rate (as shown on the Executive Summary), we are able to project the array of future major expenses facing the association.

Which Physical Assets are Covered by Reserves?

Reserve expenses are the larger, infrequent expenses that require significant advance planning. Operating expenses, on the other hand, are those ongoing daily, weekly, or monthly expenses that occur and recur throughout the year. Small surprises are typically handled as maintenance contingencies, while the larger ones may be covered by insurance or require special assessments.

There is a national-standard four-part test to determine which expense items should be funded through Reserves. First, it must be a common area maintenance responsibility. Second, the component must have a limited life. Third, the limited life must be predictable (or it by definition is a “surprise” which cannot be accurately anticipated). Fourth, the component must be above a minimum threshold cost. This limits Reserve Components to major, predictable expenses. We do not typically Reserve for building foundations and major infrastructure elements since they do not have limited life expectancies. Light bulbs or other small items are not listed as Reserve Components since their individual costs are insignificant. Finally, it is usually inappropriate to include unpredictable expenses such as damage due to fire, flood, or earthquake since these typically cannot be considered “reasonably predictable”.

Reserve Components

- **Common Area**
- **Limited Useful Life**
- **Predictable Life Limit**
- **Cost must be Significant**

How are Useful Life and Remaining Useful Life established?

Useful Life is typically established by our experience with the component, adjusted by assumptions for quality, rate of wear and tear, expected normal maintenance, and weather exposure. Remaining Useful Life is established primarily by the component's current observed condition. The observed age of the component may or may not equal the “Chronological Age” of the component due to accelerated wear or low usage. For components requiring a particular expertise or components where age characteristics are not visible (elevators, chillers, security electronics, etc.), it is typical that we interview the association's service vendor to obtain a recommendation for Useful Life and Remaining Useful Life.

How are Cost Estimates Established?

The best way to obtain an accurate cost for a component is for it to be repaired or replaced, providing us with a valuable benchmark from which to make current cost estimates. In absence of “actual” costs, we regularly make comparisons to projects that were done recently at similar associations. In addition, we often contact local vendors who provide us with insights into current pricing trends. For components that require a particular expertise (major roof or roadway systems, elevators, etc.), it is our normal practice to interview your vendor who maintains that asset. In the absence of these estimating tools, we look to reliable industry cost guidebooks. A “Best Case” and “Worst Case” cost estimate is made for each component in an attempt to bracket the actual cost.

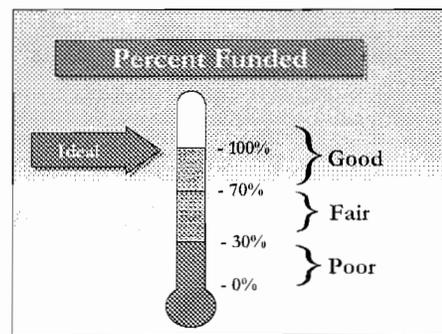
Cost Estimating Tools

- Association History
- Similar Properties
- Vendor Interviews
- Printed cost guides

How much Reserves are enough?

Your Reserve cash Balance can measure reserves, but the true measure is whether the funds are adequate for the needs of the association. Reserve Fund size is therefore measured by Percent Funded, which is the actual (or projected) Reserve Balance divided by the association’s calculated Fully Funded Balance (FFB), expressed as a percentage. Table 3 shows that the Fully Funded Balance is the current “value” of the deteriorated portion (not the total replacement value) of all the Reserve Components. To show how this works with one component, in the case of a \$10,000 component with a 10 year Useful Life, in the third year the Fully Funded Balance is three tenths of \$10,000, or \$3,000. The FFB grows as assets age, but shrinks as components are replaced. Deteriorated associations have a higher FFB than association with assets in good condition. The Fully Funded Balance changes each year, and is a predictable, but moving target.

Special assessments and deferred maintenance are common when the Percent Funded is weak (below 30%). While the 100% point is Ideal, a Reserve Fund above the 70% level should be considered “strong” because cash flow problems are rare. Measuring your Reserves by Percent Funded tells how well prepared your association is for upcoming Reserve expenses. An association with a strong Reserve Fund should experience smooth sailing financially, while an association with a weak Reserve Fund should expect cash flow problems. New buyers should be very aware of this important disclosure!



How much should we contribute?

There are four Funding Principles that we balance in developing your Reserve Funding Plan. First and foremost, our objective is to design a plan that provides you with sufficient cash to perform your Reserve projects on time. A stable contribution rate is desirable because it indicates the association is being run on a stable financial platform, not being driven by the winds of change from year to year. For fairness, it is important to evenly distribute the contributions over the years so each owner pays their fair share of the deterioration in direct proportion to the amount of time they are owners. And finally, any Funding Plan must be based on fiscally responsible principles. Your Funding Plan was created by a process where different solutions were tested until one was found that most successfully met all four of these principles and achieved your Funding Goal.

Funding Principles

- Sufficient Cash
- Stable Contribution Rate
- Evenly Distributed
- Fiscally Responsible

What is our Funding Goal?

There are different Funding Goals to strive for, ranging from conservative to risky. Establishing a goal of simply having sufficient cash for all future years is called "Baseline Funding". The drawback is that there is little or no "margin for error", and expenses that are higher than budgeted or projects that occur earlier than planned will often cause special assessments.

"Full Funding" is when the association has the goal of becoming Fully Funded (Reserve Cash equals the FFB). Such an objective means the association is following the simple and responsible principle that you "replace what you use up". Believing this to be the responsible choice, our Funding Plan will direct you to Full Funding. Members of Fully Funded associations enjoy low exposure to the risk of special assessments or deferred maintenance. Strong interest earnings will minimize their Reserve contributions. Board members enjoy peace of mind that the association's physical and financial assets are in balance, and therefore a degree of insulation from claims of fiscal irresponsibility.

Funding Goals

- Full Funding
- Threshold Funding
- Baseline Funding

"Threshold Funding" is different in that the association selects a target other than 0% or 100%. This objective may be between 0% and 100% Funded, higher than 100% Funded, or a particular Reserve cash balance. Associations choosing Threshold Funding select this option to customize their risk exposure.

Site Inspection

The inspection for Parcel 7 occurred at the same time as our inspection for Sierra Montana on October 9, 2007. We met with Community Manager Mr. Jerry Noffsinger from Associated Asset Management to review the age of this parcel as well as responsibilities for common area maintenance between the master association and this parcel.

Owners in this parcel are responsible for maintenance of common areas within the perimeter walls. This includes the asphalt driveways between homes and parking spaces bordering the streets. The streets themselves are public and not maintained by the association.

The master association maintains everything around the exterior of this parcel. Therefore, funding to repaint the exterior block wall surfaces of the perimeter wall is funded in the Sierra Montana Reserve Study. Maintenance of the perimeter view fence is shared between the master and this parcel, so both studies fund 50% for painting this fence and for future replacement.

Projected Expenses

The figure below shows the array of the projected future expenses at your association. As with all computations in this Report, the estimates in this figure are based on the average of Best and Worst Case expense projections. As you can see, expenses are projected 30 years into the future, using the Inflation rate shown in the Executive Summary. This figure clearly shows the near term and future expenses your association will face. Note the large expense slated for 2026 primarily reflects resurfacing the asphalt.

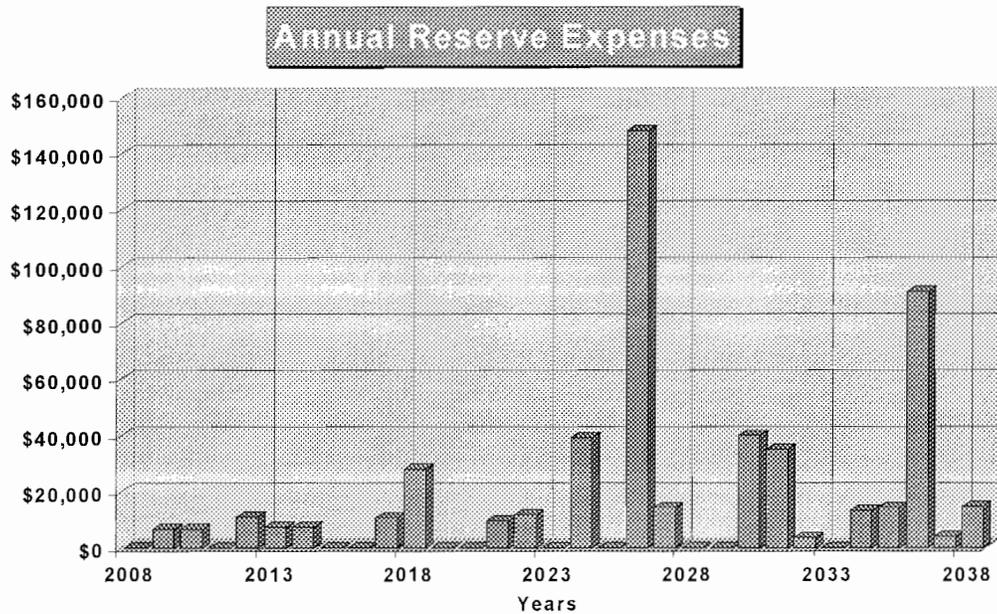


Figure 1

A summary of this information is shown in Table 4, while details of the projects that make up this information are shown in Table 5. Since this is a projection about future events that may or may not take place as anticipated, we feel more certain about "near-term" projects than those many years away. While this Reserve Study is a one-year document, it is based on 30 years worth of looking forward into the future.

Reserve Fund Status

The starting point for our financial analysis is your Reserve Fund balance, projected to be \$7,687 as-of the start of your Fiscal Year on January 1, 2008. This is based on your actual balance on September 30, 2007 of \$5,337 plus budgeted Reserve contributions of \$763/month and estimated interest earnings through the end of your Fiscal Year. As of January 1, 2008, your Fully Funded Balance is computed to be \$24,911 (see Table 3). This figure represents the deteriorated value of your common area components. Comparing your Reserve Balance to your Fully Funded Balance indicates your Reserves are 31% Funded. As indicated earlier in the Executive Summary, this represents a borderline weak-fair status.

Recommended Funding Plan

Based on your current Percent Funded and projected cash flow requirements, we recommend increasing Reserve contributions to \$850/month for the 2008 Fiscal Year. This is in addition to the projected \$14,300 of closing contributions expected during 2008. This represents the first year of a 30-year Funding Plan. To most fairly spread out the contribution burden over current and future owners in our inflationary economic environment, nominal annual increases of 4% should be expected in future years. This Reserve contribution rate was established by testing different funding options while balancing the four Funding Principles in an attempt to eventually achieve Full Funding. Generally, the tools we utilize are regular ongoing contributions (for stability and fairness), and special assessments (used only as a last resort). Our recommended multi-year Funding Plan is shown below. This same information is shown numerically in both Table 4 and Table 5.

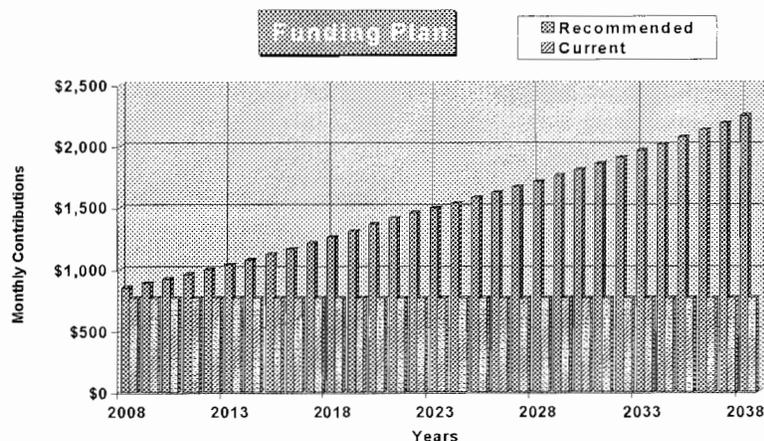


Figure 2

Your projected Reserve Balance as a result of following this Recommended multi-year Funding Plan and your Current Funding Plan is shown below, compared to your Fully Funded Balance target. This assumes the future expenses we have projected in this Reserve Study. While your Reserve Balance might seem high in future years, remember that these figures are "inflated" future dollars. In addition, this Reserve Balance is necessary to prepare for expenses in following years and provide necessary "margin" for projects that will probably not occur exactly as planned.

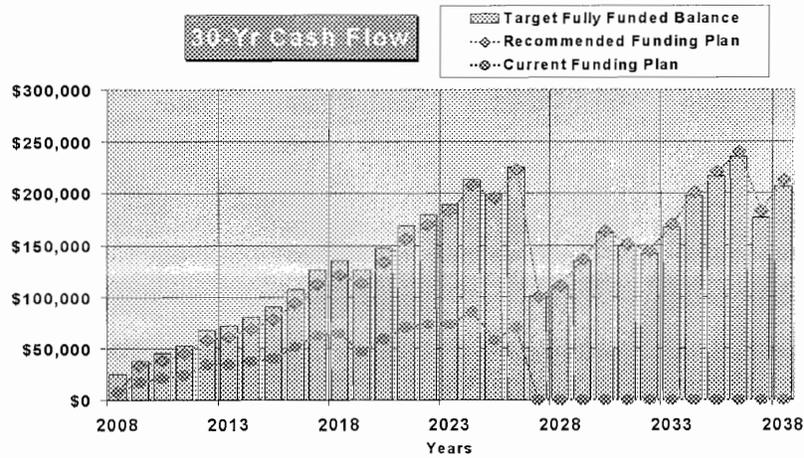


Figure 3

A simple comparison (a percentage comparison) of your Actual Reserve Balance to the moving Fully Funded Balance target is shown below. In this figure it is easy to see how your Reserve Fund gradually draws closer to the Fully Funded (100%) level.

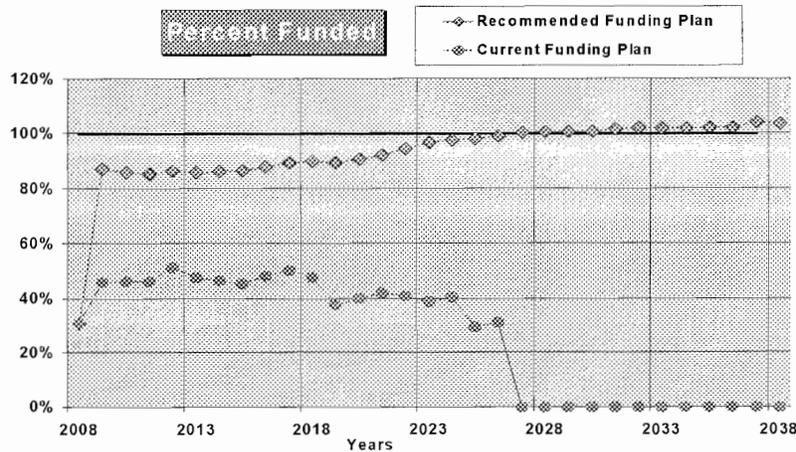


Figure 4

Table Descriptions

The tabular information in this Report is broken down into five tables.

Table 1 summarizes your funded Reserve Components, and is part of the Executive Report summary that appeared earlier in this Report.

Table 2 provides the main component description, life, and cost factors for all components determined to be appropriate for Reserve designation. This table represents the core information from which all other tables are derived.

Table 3 is presented primarily as an accounting summary page. The results of the individual line item Fully Funded Balance computations are shown. These individual quantities are summed to arrive at the Fully Funded Balance for the association as of the start date of the Report. The figures in the Current Fund Balance column and the Monthly Reserve Contribution column show our distribution throughout the line items. If the association is under funded, Reserve Funds are distributed first to components with a short Remaining Useful Life. If the association's Reserve Balance is above 100% Funded, funds are distributed evenly for all components. Contribution rates for each component are a proportionate distribution of the total contribution on the basis of the component's significance to the association (current cost divided by useful life). This presentation is not meant to cause clients to redistribute association funds. It simply presents one way to evenly distribute the total among all the different line items.

Table 4: This table provides a one-page 30-year summary of the cash flowing into and out of the association, compared to the Fully Funded Balance for each year.

Table 5: This table shows the cash flow detail for the next 30 years. This table makes it possible to see what components are projected to require repair or replacement each year, and the size of those individual expenses.

Table 2: Reserve Component List Detail**12602C-1**

# Component	Quantity	Useful Life	Rem. Useful Life	Best Cost	Current Worst Cost
103 Concrete - Repair	Numerous Sq Ft	5	4	\$1,500	\$2,000
201 Asphalt - Resurface	Approx 64,100 Sq Ft	20	18	\$71,800	\$89,750
202 Asphalt - Seal/Repair	Approx 64,100 Sq Ft	4	1	\$5,130	\$7,700
403 Mailboxes - Replace	(11) Cluster Units	18	16	\$14,700	\$17,950
405 Park Furniture - Replace	(4) Pieces	12	10	\$2,100	\$2,600
406 BBQ Grills - Replace	(2) Charcoal Grills	12	10	\$600	\$800
410 Ramada Roofs - Replace	Approx 612 Sq Ft	25	23	\$10,400	\$12,300
505 View Fence - Replace	50% of 2,440 LF	30	28	\$29,300	\$34,200
1003 Irrigation Controllers - Replace	(3) Rain Bird, ESP-24MC	12	10	\$3,300	\$4,050
1105 Block Walls - Repaint	Approx 15,950 Sq Ft	6	4	\$5,900	\$7,180
1108 View Fence - Repaint	50% of 2,440 LF	4	2	\$5,130	\$7,080
1113 Ramadas - Repaint	Approx 400 Sq Ft	6	4	\$500	\$700
1114 Driveway Signs - Repaint	(24) Signs	6	4	\$720	\$960
13 Total Funded Components					

Table 3: Contribution and Fund Breakdown**12602C-1**

# Component	Useful Life	Rem. Useful Life	Current (Avg) Cost	Fully Funded Balance	Current Fund Balance	Reserve Contributions
103 Concrete - Repair	5	4	\$1,750	\$350	\$350.00	\$25.15
201 Asphalt - Resurface	20	18	\$80,775	\$8,078	\$7,337.00	\$290.23
202 Asphalt - Seal/Repair	4	1	\$6,415	\$4,811	\$0.00	\$115.25
403 Mailboxes - Replace	18	16	\$16,325	\$1,814	\$0.00	\$65.17
405 Park Furniture - Replace	12	10	\$2,350	\$392	\$0.00	\$14.07
406 BBQ Grills - Replace	12	10	\$700	\$117	\$0.00	\$4.19
410 Ramada Roofs - Replace	25	23	\$11,350	\$908	\$0.00	\$32.62
505 View Fence - Replace	30	28	\$31,750	\$2,117	\$0.00	\$76.05
1003 Irrigation Controllers - Replace	12	10	\$3,675	\$613	\$0.00	\$22.01
1105 Block Walls - Repaint	6	4	\$6,540	\$2,180	\$0.00	\$78.33
1108 View Fence - Repaint	4	2	\$6,105	\$3,053	\$0.00	\$109.68
1113 Ramadas - Repaint	6	4	\$600	\$200	\$0.00	\$7.19
1114 Driveway Signs - Repaint	6	4	\$840	\$280	\$0.00	\$10.06
13 Total Funded Components				\$24,911	\$7,687	\$850

Table 4: 30-Year Reserve Plan Summary**12602C-1**

Year	Starting Reserve Balance	Fully Funded Balance	Percent Funded	Annual Reserve Contribs.	Unit Closing Contribs.	Interest Income	Reserve Expenses
2008	\$7,687	\$24,911	30.9%	\$10,200	\$14,300	\$812	\$0
2009	\$32,999	\$37,841	87.2%	\$10,608	\$0	\$1,426	\$6,607
2010	\$38,426	\$44,720	85.9%	\$11,032	\$0	\$1,658	\$6,477
2011	\$44,640	\$52,315	85.3%	\$11,474	\$0	\$2,052	\$0
2012	\$58,166	\$67,198	86.6%	\$11,933	\$0	\$2,390	\$10,951
2013	\$61,537	\$71,646	85.9%	\$12,410	\$0	\$2,608	\$7,437
2014	\$69,118	\$80,260	86.1%	\$12,906	\$0	\$2,930	\$7,290
2015	\$77,665	\$89,707	86.6%	\$13,423	\$0	\$3,438	\$0
2016	\$94,525	\$107,382	88.0%	\$13,959	\$0	\$4,135	\$0
2017	\$112,620	\$126,037	89.4%	\$14,518	\$0	\$4,667	\$10,653
2018	\$121,152	\$134,741	89.9%	\$15,098	\$0	\$4,674	\$27,967
2019	\$112,957	\$126,351	89.4%	\$15,702	\$0	\$4,922	\$0
2020	\$133,581	\$147,006	90.9%	\$16,331	\$0	\$5,775	\$0
2021	\$155,687	\$168,787	92.2%	\$16,984	\$0	\$6,497	\$9,421
2022	\$169,747	\$179,613	94.5%	\$17,451	\$0	\$7,029	\$11,881
2023	\$182,345	\$188,693	96.6%	\$17,931	\$0	\$7,794	\$0
2024	\$208,070	\$213,335	97.5%	\$18,424	\$0	\$8,058	\$39,002
2025	\$195,550	\$199,113	98.2%	\$18,930	\$0	\$8,353	\$0
2026	\$222,833	\$225,224	98.9%	\$19,451	\$0	\$6,462	\$147,907
2027	\$100,838	\$100,377	100.5%	\$19,986	\$0	\$4,224	\$14,317
2028	\$110,731	\$110,005	100.7%	\$20,536	\$0	\$4,930	\$0
2029	\$136,196	\$135,309	100.7%	\$21,100	\$0	\$5,979	\$0
2030	\$163,275	\$162,033	100.8%	\$21,681	\$0	\$6,281	\$39,874
2031	\$151,363	\$149,168	101.5%	\$22,277	\$0	\$5,906	\$35,061
2032	\$144,485	\$141,576	102.1%	\$22,889	\$0	\$6,280	\$3,557
2033	\$170,097	\$166,925	101.9%	\$23,519	\$0	\$7,409	\$0
2034	\$201,025	\$197,442	101.8%	\$24,166	\$0	\$8,414	\$13,166
2035	\$220,439	\$216,078	102.0%	\$24,830	\$0	\$9,197	\$14,250
2036	\$240,216	\$234,946	102.2%	\$25,513	\$0	\$8,455	\$90,899
2037	\$183,285	\$176,243	104.0%	\$26,215	\$0	\$7,917	\$4,124

Table 5: 30-Year Reserve Plan Detail (yrs 0 through 4)

12602C-1

Fiscal Year	2008	2009	2010	2011	2012
Starting Reserve Balance	\$7,687	\$32,999	\$38,426	\$44,640	\$58,166
Annual Reserve Contribution	\$10,200	\$10,608	\$11,032	\$11,474	\$11,933
Unit Closing Contributions	\$14,300	\$0	\$0	\$0	\$0
Interest Earnings	\$812	\$1,426	\$1,658	\$2,052	\$2,390
Subtotal	\$32,999	\$45,033	\$51,116	\$58,166	\$72,468
# Component					
103 Concrete - Repair	\$0	\$0	\$0	\$0	\$1,970
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$6,607	\$0	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$0	\$0	\$0	\$0	\$7,361
1108 View Fence - Repaint	\$0	\$0	\$6,477	\$0	\$0
1113 Ramadas - Repaint	\$0	\$0	\$0	\$0	\$675
1114 Driveway Signs - Repaint	\$0	\$0	\$0	\$0	\$945
Subtotal	\$0	\$6,607	\$6,477	\$0	\$10,951
Ending Reserve Balance:	\$32,999	\$38,426	\$44,640	\$58,166	\$61,537

Table 5: 30-Year Reserve Plan Detail (yrs 5 through 9)

12602C-1

Fiscal Year	2013	2014	2015	2016	2017
Starting Reserve Balance	\$61,537	\$69,118	\$77,665	\$94,525	\$112,620
Annual Reserve Contribution	\$12,410	\$12,906	\$13,423	\$13,959	\$14,518
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$2,608	\$2,930	\$3,438	\$4,135	\$4,667
Subtotal	\$76,555	\$84,955	\$94,525	\$112,620	\$131,805
# Component					
103 Concrete - Repair	\$0	\$0	\$0	\$0	\$2,283
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$7,437	\$0	\$0	\$0	\$8,370
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$0	\$0	\$0	\$0	\$0
1108 View Fence - Repaint	\$0	\$7,290	\$0	\$0	\$0
1113 Ramadas - Repaint	\$0	\$0	\$0	\$0	\$0
1114 Driveway Signs - Repaint	\$0	\$0	\$0	\$0	\$0
Subtotal	\$7,437	\$7,290	\$0	\$0	\$10,653
Ending Reserve Balance:	\$69,118	\$77,665	\$94,525	\$112,620	\$121,152

Table 5: 30-Year Reserve Plan Detail (yrs 10 through 14)

12602C-1

Fiscal Year	2018	2019	2020	2021	2022
Starting Reserve Balance	\$121,152	\$112,957	\$133,581	\$155,687	\$169,747
Annual Reserve Contribution	\$15,098	\$15,702	\$16,331	\$16,984	\$17,451
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,674	\$4,922	\$5,775	\$6,497	\$7,029
Subtotal	\$140,924	\$133,581	\$155,687	\$179,168	\$194,227
# Component					
103 Concrete - Repair	\$0	\$0	\$0	\$0	\$2,647
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$9,421	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$3,158	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$941	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$4,939	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$8,789	\$0	\$0	\$0	\$0
1108 View Fence - Repaint	\$8,205	\$0	\$0	\$0	\$9,234
1113 Ramadas - Repaint	\$806	\$0	\$0	\$0	\$0
1114 Driveway Signs - Repaint	\$1,129	\$0	\$0	\$0	\$0
Subtotal	\$27,967	\$0	\$0	\$9,421	\$11,881
Ending Reserve Balance:	\$112,957	\$133,581	\$155,687	\$169,747	\$182,345

Table 5: 30-Year Reserve Plan Detail (yrs 15 through 19)**12602C-1**

Fiscal Year	2023	2024	2025	2026	2027
Starting Reserve Balance	\$182,345	\$208,070	\$195,550	\$222,833	\$100,838
Annual Reserve Contribution	\$17,931	\$18,424	\$18,930	\$19,451	\$19,986
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$7,794	\$8,058	\$8,353	\$6,462	\$4,224
Subtotal	\$208,070	\$234,552	\$222,833	\$248,746	\$125,048
# Component					
103 Concrete - Repair	\$0	\$0	\$0	\$0	\$3,069
201 Asphalt - Resurface	\$0	\$0	\$0	\$137,514	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$0	\$11,249
403 Mailboxes - Replace	\$0	\$26,197	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$0	\$10,495	\$0	\$0	\$0
1108 View Fence - Repaint	\$0	\$0	\$0	\$10,393	\$0
1113 Ramadas - Repaint	\$0	\$963	\$0	\$0	\$0
1114 Driveway Signs - Repaint	\$0	\$1,348	\$0	\$0	\$0
Subtotal	\$0	\$39,002	\$0	\$147,907	\$14,317
Ending Reserve Balance:	\$208,070	\$195,550	\$222,833	\$100,838	\$110,731

Table 5: 30-Year Reserve Plan Detail (yrs 20 through 24)

12602C-1

Fiscal Year	2028	2029	2030	2031	2032
Starting Reserve Balance	\$110,731	\$136,196	\$163,275	\$151,363	\$144,485
Annual Reserve Contribution	\$20,536	\$21,100	\$21,681	\$22,277	\$22,889
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$4,930	\$5,979	\$6,281	\$5,906	\$6,280
Subtotal	\$136,196	\$163,275	\$191,237	\$179,546	\$173,655
# Component					
103 Concrete - Repair	\$0	\$0	\$0	\$0	\$3,557
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$0	\$12,661	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$4,503	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$1,341	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$22,400	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$0	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$7,042	\$0	\$0
1105 Block Walls - Repaint	\$0	\$0	\$12,531	\$0	\$0
1108 View Fence - Repaint	\$0	\$0	\$11,698	\$0	\$0
1113 Ramadas - Repaint	\$0	\$0	\$1,150	\$0	\$0
1114 Driveway Signs - Repaint	\$0	\$0	\$1,610	\$0	\$0
Subtotal	\$0	\$0	\$39,874	\$35,061	\$3,557
Ending Reserve Balance:	\$136,196	\$163,275	\$151,363	\$144,485	\$170,097

Table 5: 30-Year Reserve Plan Detail (yrs 25 through 29)

12602C-1

Fiscal Year	2033	2034	2035	2036	2037
Starting Reserve Balance	\$170,097	\$201,025	\$220,439	\$240,216	\$183,285
Annual Reserve Contribution	\$23,519	\$24,166	\$24,830	\$25,513	\$26,215
Planned Special Assessments	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$7,409	\$8,414	\$9,197	\$8,455	\$7,917
Subtotal	\$201,025	\$233,605	\$254,466	\$274,184	\$217,416
# Component					
103 Concrete - Repair	\$0	\$0	\$0	\$0	\$4,124
201 Asphalt - Resurface	\$0	\$0	\$0	\$0	\$0
202 Asphalt - Seal/Repair	\$0	\$0	\$14,250	\$0	\$0
403 Mailboxes - Replace	\$0	\$0	\$0	\$0	\$0
405 Park Furniture - Replace	\$0	\$0	\$0	\$0	\$0
406 BBQ Grills - Replace	\$0	\$0	\$0	\$0	\$0
410 Ramada Roofs - Replace	\$0	\$0	\$0	\$0	\$0
505 View Fence - Replace	\$0	\$0	\$0	\$72,642	\$0
1003 Irrigation Controllers - Replace	\$0	\$0	\$0	\$0	\$0
1105 Block Walls - Repaint	\$0	\$0	\$0	\$14,963	\$0
1108 View Fence - Repaint	\$0	\$13,166	\$0	\$0	\$0
1113 Ramadas - Repaint	\$0	\$0	\$0	\$1,373	\$0
1114 Driveway Signs - Repaint	\$0	\$0	\$0	\$1,922	\$0
Subtotal	\$0	\$13,166	\$14,250	\$90,899	\$4,124
Ending Reserve Balance:	\$201,025	\$220,439	\$240,216	\$183,285	\$213,292

Accuracy, Limitations, and Disclosures

Because we have no control over future events, we cannot claim that all the events we anticipate will occur as planned. We expect that inflationary trends will continue, and we expect that financial institutions will provide interest earnings on funds on-deposit. We believe that reasonable estimates for these figures are much more accurate than ignoring these economic realities. The things we can control are measurements, which we attempt to establish within 5% accuracy. Your starting Reserve Balance and current Reserve interest earnings are also numbers that can be identified with a high degree of certainty. These figures have been provided to us, and were not confirmed by our independent research. Our projections assume a stable economic environment and lack of natural disasters.

Because both the physical status and financial status of the association change each year, this Reserve Study is by nature a "one-year" document. This information can and should be adjusted annually as part of the Reserve Study Update process so that more accurate estimates can be reflected in the Reserve plan. Reality often differs from even the best assumptions due to changing economic factors, physical factors, or ownership expectations. Because many years of financial preparation help the preparation for large expenses, this Report shows expenses for the next 30 years. We fully expect a number of adjustments will be necessary through the interim years to both the cost and timing of distant expense projections. It is our recommendation and that of the American Institute of Certified Public Accountants (AICPA) that your Reserve Study be updated annually.

Association Reserves – Arizona, LLC, and its employees have no ownership, management, or other business relationships with the client beyond this Reserve Study engagement. D.J. Vlaming, R.S., company president, is a credentialed Reserve Specialist. All work done by Association Reserves – Arizona, LLC is performed under his Responsible Charge. There are no material issues to our knowledge that have not been disclosed to the client that would cause a distortion of the association's situation.

We have relied upon the client to provide the current (or projected) Reserve Balance, the estimated net-after-tax current rate of interest earnings, and to indicate if those earnings accrue to the Reserve Fund. In addition, we have considered the association's representation of current and historical Reserve projects reliable, and we have considered the representations made by its vendors and suppliers to also be accurate and reliable.

Component quantities indicated in this Report were developed by Association Reserves unless otherwise noted in our "Site Inspection Notes" comments. No destructive or intrusive testing was performed, nor should the site inspection be assumed to be anything other than for budget purposes.

Terms and Definitions

BTU	British Thermal Unit (a standard unit of energy)
DIA	Diameter
GSF	Gross Square Feet (area)
GSY	Gross Square Yards (area)
HP	Horsepower
LF	Linear Feet (length)

Effective Age: The difference between Useful Life and Remaining Useful Life. Note that this is not necessarily equivalent to the chronological age of the component.

Fully Funded Balance (FFB): The Reserve Balance that is in direct proportion to the fraction of life "used up" of the current Repair or Replacement cost. This benchmark balance represents the value of the deterioration of the Reserve Components. This number is calculated for each component, then summed together for an association total.

$$\text{FFB} = (\text{Current Cost} \times \text{Effective Age}) / \text{Useful Life}$$

Inflation: Cost factors are adjusted for inflation at the rate defined in the Executive Summary and compounded annually. These increasing costs can be seen as you follow the recurring cycles of a component on Table 5.

Interest: Interest earnings on Reserve Funds are calculated using the average balance for the year (taking into account income and expenses through the year) and compounded monthly using the rate defined in the Executive Summary. Annual interest earning assumption appears in the Executive Summary, page ii.

Percent Funded: The ratio, at a particular point in time (typically the beginning of the Fiscal Year), of the actual (or projected) Reserve Balance to the Fully Funded Balance, expressed as a percentage.

Remaining Useful Life: The estimated time, in years, that a common area component can be expected to continue to serve its intended function.

Useful Life: The estimated time, in years, that a common area component can be expected to serve its intended function.

Photographic Inventory Appendix

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 103 Concrete - Repair

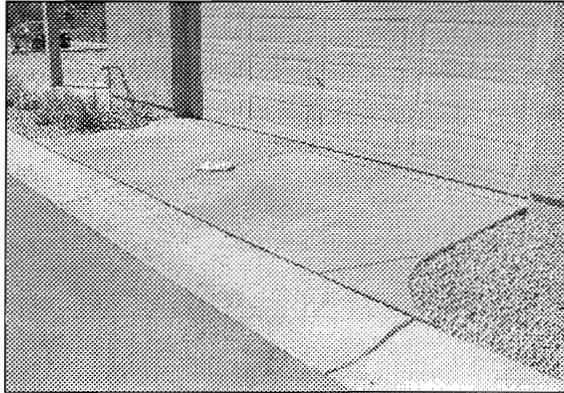
Quantity: Numerous Sq Ft

Location: Walkways throughout community & driveway aprons at each garage

Evaluation: Parcel owners are responsible for the maintenance and repair of common area walkways and the concrete driveway apron leading to each garage. Mostly installed during 2006 and 2007. There is no expectancy for complete replacement. This component provides an allowance for repairs and partial replacements as needed.

Useful Life:
5 years

Remaining Life:
4 years



Best Case: \$1,500.00

Worst Case: \$2,000.00

Allowance for repairs and partial replacements

Higher allowance

Cost Source: ARI Cost Allowance

Comp #: 200 Asphalt - Resurface

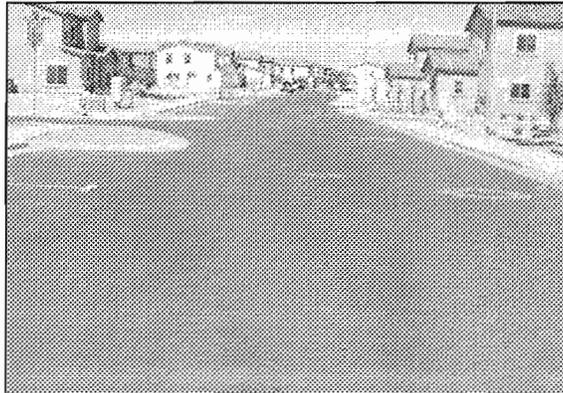
Quantity: Numerous Sq Ft

Location: Streets throughout Parcel 7

Evaluation: Parcel streets are maintained by the city, not the association. No Reserve funding has been allocated.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 201 Asphalt - Resurface

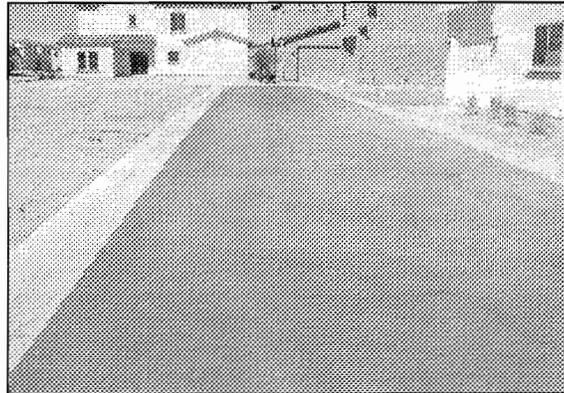
Quantity: Approx 64,100 Sq Ft

Location: Driveways and parking spaces throughout Parcel 7

Evaluation: Parcel owners are responsible for the driveways between buildings and the parking spaces bordering streets. Installed during 2006. Surfaces are generally smooth and in good condition. They have not been sealed yet, however.

Useful Life:
20 years

Remaining Life:
18 years



Best Case: \$71,800.00
\$1.12/Sq Ft; New topcoat/overlay

Worst Case: \$89,750.00
\$1.40/Sq Ft; Higher estimate for more labor and material

Cost Source: ARI Cost Database

Comp #: 202 Asphalt - Seal/Repair

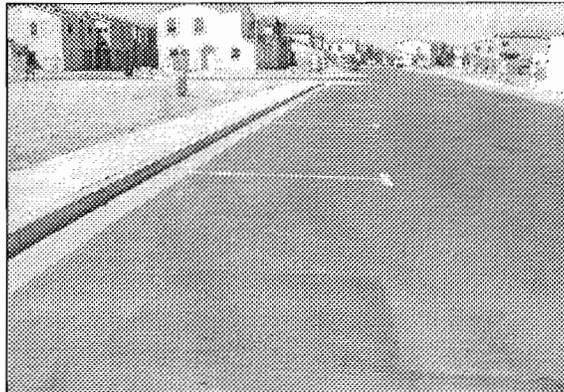
Quantity: Approx 64,100 Sq Ft

Location: Driveways and parking spaces throughout Parcel 7

Evaluation: This component budgets to periodically seal coat the asphalt surfaces. This is needed to protect and preserve the pavement, but it has not been done yet. Initial application is likely to occur after majority of construction is finished. Expect seal to be applied during 2009.

Useful Life:
4 years

Remaining Life:
1 years



Best Case: \$5,130.00
\$0.08/Sq Ft; Estimate to seal coat

Worst Case: \$7,700.00
\$0.12/Sq Ft; Higher estimate, includes minor patching

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 321 **Landscape Lights - Replace**

Quantity: Numerous Fixtures

Location: Landscaped areas in Parcel 7

Evaluation: Parcel owners are responsible for the low voltage lighting in the common areas. There is no expectancy to completely replace this lighting system. Recommend repairs and replacing fixtures as a maintenance expense when needed.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 403 **Mailboxes - Replace**

Quantity: (11) Cluster Units

Location: Bordering streets throughout Parcel 7

Evaluation: These mailbox cluster units were installed during 2006. Intact and in good condition. No signs of damage or vandalism was noted. There are (6) 16-box units, (1) 12-box, and (4) 8-box.

Useful Life:
18 years

Remaining Life:
16 years



Best Case: \$14,350.00
Estimate to replace

Worst Case: \$17,550.00
Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 405 Park Furniture - Replace

Quantity: (4) Pieces

Location: Playgrounds in Parcel 7

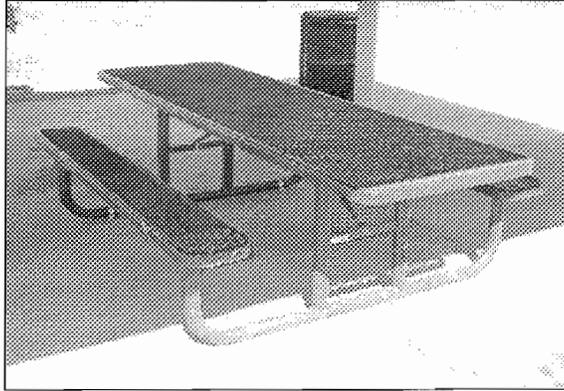
Evaluation: Pieces include (2) 8' picnic tables with handicap access and (2) trash receptacles. Installed during 2006. They are still in good condition. No signs of vandalism or graffiti noted.

Useful Life:

12 years

Remaining Life:

10 years



Best Case: \$2,100.00

Estimate to replace

Worst Case: \$2,600.00

Higher estimate

Cost Source: Wabash Valley Furniture Catalog

Comp #: 406 BBQ Grills - Replace

Quantity: (2) Charcoal Grills

Location: Playgrounds in Parcel 7

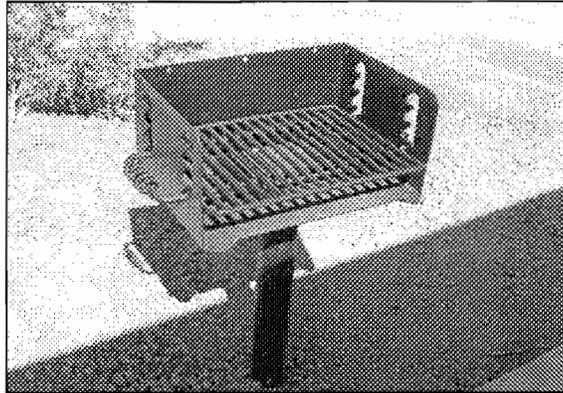
Evaluation: These charcoal grills were installed during 2006. One looks like it has never been used. The other does exhibit signs of periodic use. Still in overall good condition.

Useful Life:

12 years

Remaining Life:

10 years



Best Case: \$600.00

\$300/Grill; Estimate to replace

Worst Case: \$800.00

\$400/Grill; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 410 Ramada Roofs - Replace

Quantity: Approx 612 Sq Ft

Location: Playgrounds in Parcel 7

Evaluation: Ramadas have a pre-manufactured, corrugated metal roof. Long life expectancy under normal circumstances. They tend to get abused and vandalized over time. The association should be prepared to replace the roofs eventually. These ramadas were installed during 2006.

Useful Life:
25 years

Remaining Life:
23 years



Best Case: \$10,400.00
\$17.00/Sq Ft; Estimate to replace

Worst Case: \$12,300.00
\$20.10/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Comp #: 505 View Fence - Replace

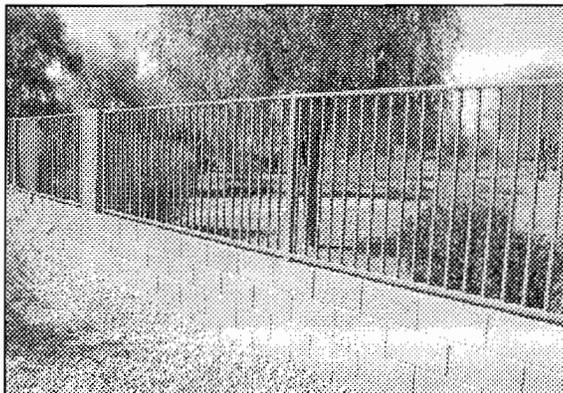
Quantity: 50% of 2,440 LF

Location: Perimeter of Parcel 7

Evaluation: Perimeter view fence was installed during 2006. It consists of 4' metal panels mounted on top of 2 - 3' block walls. There does not appear to be any significant irrigation exposure. Long life expectancy, but future replacement should still be planned. Replacement cost is shared 50/50 with the master association.

Useful Life:
30 years

Remaining Life:
28 years



Best Case: \$29,300.00
\$24.00/LF; Estimate to replace, reflects 50% of the cost

Worst Case: \$34,200.00
\$28.00/LF; Higher estimate, reflects 50% of the cost

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 1003 Irrigation Controllers - Replace

Quantity: (3) Rain Bird, ESP-24MC

Location: Corners of Lisbon Ln. & 177th Ave. and corner of Banff Ln. & 177th Ave.

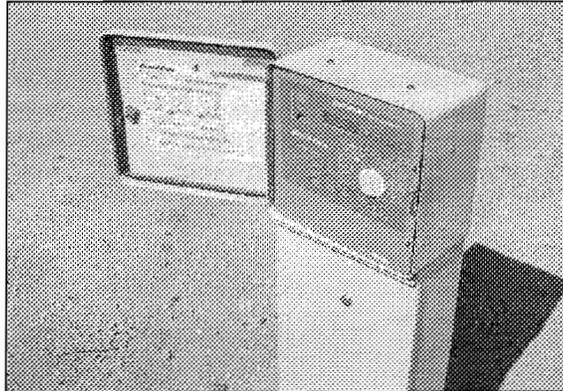
Evaluation: These controllers were installed during 2006. They are all 24-station controllers. Still appear to be in near new condition. Date codes are 31JL06-1, 16OC06-1, and 16OC06-1.

Useful Life:

12 years

Remaining Life:

10 years



Best Case: \$3,300.00

Worst Case: \$4,050.00

\$1,100/Controller; Estimate to replace, installed

\$1,350/Controller; Higher estimate

Cost Source: ARI Cost Database

Comp #: 1006 Landscape Granite - Replenish

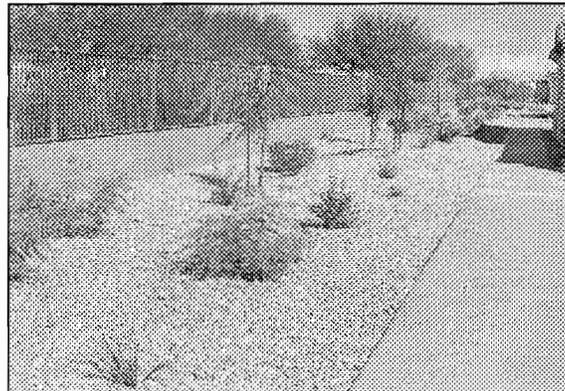
Quantity: Numerous Sq Ft

Location: Landscaped areas throughout Parcel 7

Evaluation: Granite was installed during 2006 and 2007. More will be installed as the parcel is built out. The Parcel budgets annual funding in the Operating account for regular replenishing. No Reserve funding required at this time.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Association Reserves - Arizona, LLC

Inventory Appendix

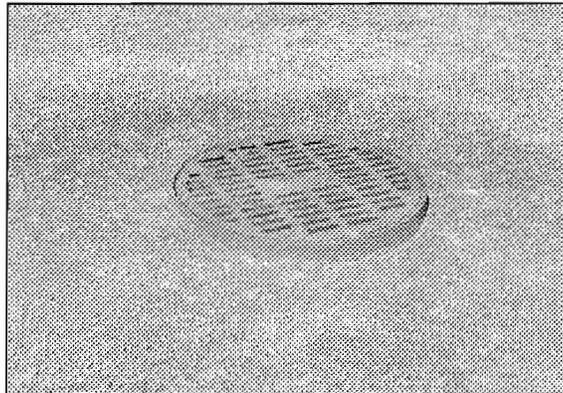
Client: 12602C Sierra Montana - Parcel 7

Comp #: 1010 Drywells - Clean/Repair

Quantity: (4) Drywells

Location: Landscaped areas throughout Parcel 7

Evaluation: Drywells in this parcel were installed during 2006. There is no expectancy to replace them unless inappropriately designed/installed or neglected. Periodic inspection and clean out are essential to ensure proper operation. The association budgets for this as an annual Operating expense.



Useful Life:

Remaining Life:

Best Case:

Worst Case:

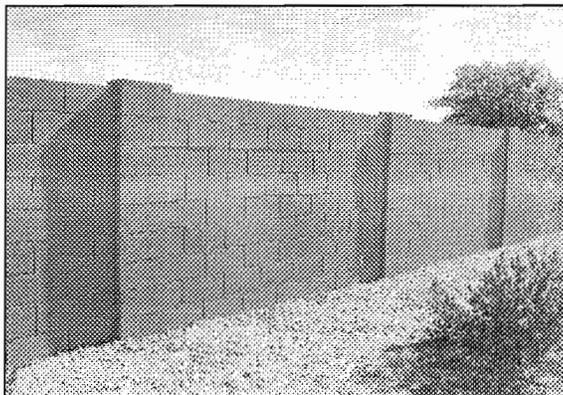
Cost Source:

Comp #: 1105 Block Walls - Repaint

Quantity: Approx 15,950 Sq Ft

Location: Perimeter of Parcel 7

Evaluation: Parcel owners are responsible to paint all block wall surfaces that face parcel common areas. The master association paints the exterior wall surfaces. Installed and painted during 2006. Surfaces are still in good condition.



Useful Life:

6 years

Remaining Life:

4 years

Best Case: \$5,900.00

\$0.37/Sq Ft; Estimate to repaint

Worst Case: \$7,180.00

\$0.45/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 1108 View Fence - Repaint

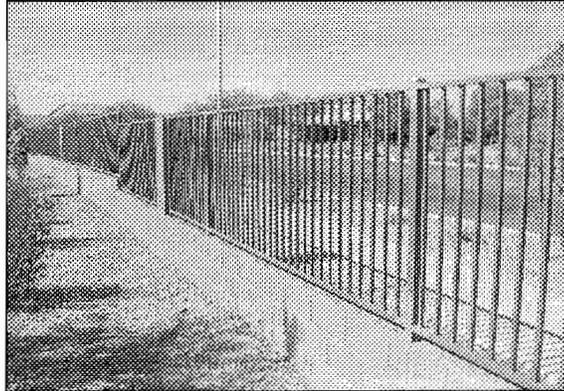
Quantity: 50% of 2,440 LF

Location: Perimeter of Parcel 7

Evaluation: View fence was installed and painted during 2006. It consists of 4' metal panels mounted on top of 2 - 3' block walls. Surfaces are still in good shape overall. Sections where paint was applied over welded spots do look faded. Repaint cost is shared 50/50 with the master association.

Useful Life:
4 years

Remaining Life:
2 years



Best Case: \$5,130.00
\$4.20/LF; Estimate to repaint, reflects 50% of the cost

Worst Case: \$7,080.00
\$5.80/LF; Higher estimate, reflects 50% of the cost

Cost Source: ARI Cost Database

Comp #: 1109 Culvert Rails - Repaint

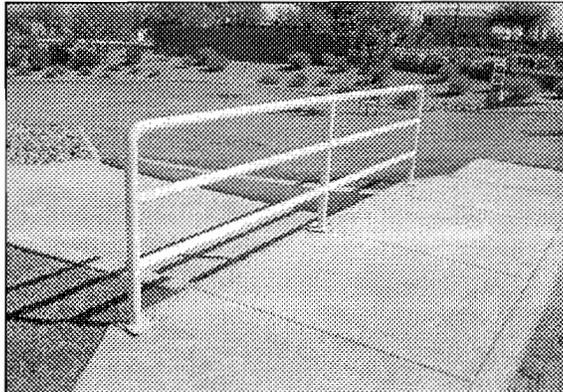
Quantity: Approx 56 LF

Location: Common areas in Parcel 7

Evaluation: Metal culvert rails were installed and painted during 2006. Surfaces are in good to fair condition. Cost to repaint is too small for Reserve designation. Treat repainting as a maintenance expense or include with other painting projects.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 1112 **Bollard Posts - Repaint**

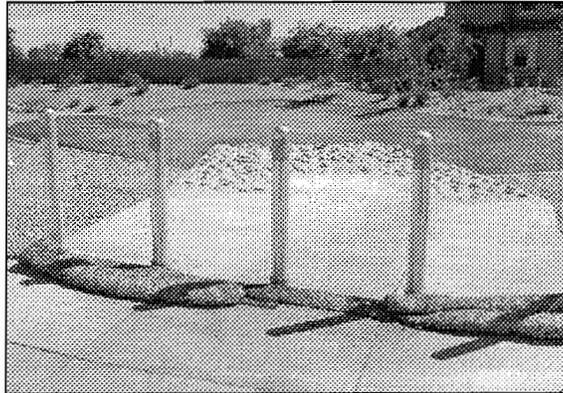
Quantity: (10) Bollard Posts

Location: Common areas in Parcel 7

Evaluation: Bollard posts were installed to prevent unauthorized vehicles from accessing the common areas. Posts are painted and have reflective tape. Expect to periodically repaint the posts to maintain the appearance. Cost to repaint is too small for Reserve designation.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Comp #: 1113 **Ramadas - Repaint**

Quantity: Approx 400 Sq Ft

Location: Playgrounds in Parcel 7

Evaluation: These ramadas were installed during 2006. They have metal posts and beams that will eventually need to be repainted. Surfaces are currently in good condition.

Useful Life:

6 years

Remaining Life:

4 years



Best Case: \$500.00

\$1.25/Sq Ft; Estimate to repaint

Worst Case: \$700.00

\$1.75/Sq Ft; Higher estimate

Cost Source: ARI Cost Database

Association Reserves - Arizona, LLC

Inventory Appendix

Client: 12602C Sierra Montana - Parcel 7

Comp #: 1114 Driveway Signs - Repaint

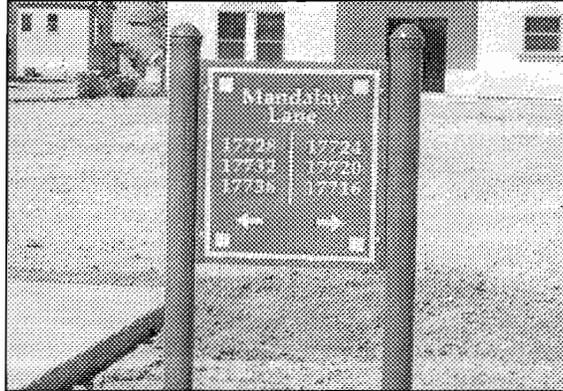
Quantity: (24) Signs

Location: Entrance to each driveway throughout Parcel 7

Evaluation: Driveway signs were installed during 2006. They consists of a 2' x 1.5' metal sign mounted to two metal posts. All surfaces are painted. Good conditions observed. Recommend planning to repaint periodically in the future to restore the appearance. Replacement of the signs if not anticipated under normal circumstances.

Useful Life:
6 years

Remaining Life:
4 years



Best Case: \$720.00
\$30.00/Sign; Allowance to repaint

Worst Case: \$960.00
\$40.00/Sign; Higher allowance

Cost Source: ARI Cost Allowance

Comp #: 1402 Monument - Refurbish

Quantity: (1) Monument

Location: Entry to Parcel 7 - corner of Vista Verde Dr. & Lisbon Ln.

Evaluation: Monument consists of a combination of reverse pan channel and solid lettering mounted to the perimeter block wall. Long life expectancy if not vandalized. Replacement of the lettering should be anticipated eventually. Refurbishing is the master association's responsibility, so no funding has been allocated.

Useful Life:

Remaining Life:



Best Case:

Worst Case:

Cost Source:

Sierra Montana Homeowners Association

Declaration



**HOLD FOR
PICK-UP**

When recorded return to

Fortis Real Estate Investments, LLC
6710 North Scottsdale Road, Suite 100
Scottsdale, Arizona 85253

Attn: Mr. N. Kelly House

First American Title

1373890



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL
2002-0834473 08/15/02 16:18
6 OF 6

DELRO550A

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
SIERRA MONTAÑA**

5

01-1-03 333017
0117000000

**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
SIERRA MONTAÑA**

THIS DECLARATION is made on the date hereinafter set forth by FORTIS REAL ESTATE INVESTMENTS, LLC, an Arizona limited liability company ("Fortis"), THE RYLAND GROUP, INC, a Maryland corporation ("Ryland"), SHEA HOMES LIMITED PARTNERSHIP, a California limited partnership ("Shea"), and JOURNEY BUILDERS, LLC, an Arizona limited liability company ("Journey") (Fortis, Ryland, Shea and Journey are sometimes hereinafter referred to individually as a "Co-Declarant" and collectively as "Co-Declarants")

WITNESSETH

WHEREAS, Co-Declarants are the owners of certain real property ("Property") located in the City of Surprise, County of Maricopa, State of Arizona, described on Exhibit A attached hereto

WHEREAS, Co-Declarants desire to provide for the development on the Property of detached single family residences

NOW, THEREFORE, Co-Declarants hereby declare that the Property described above shall be subject to the following reservations, easements, limitations, restrictions, servitudes, covenants, conditions, charges and liens (hereinafter sometimes collectively termed "Covenants and Restrictions") which are for the purpose of protecting the value and desirability of, and which shall run with, the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner of any portion of the Property

**ARTICLE I
DEFINITIONS**

Section 1 1 "Architctural Committee" means the committee established by the Board pursuant to Section 3 4 of this Declaration

Section 1 2 "Architctural Committee Rules" means the rules adopted by the Architectural Committee

Section 1 3 "Articles" means the Articles of Incorporation of the Association which have been or will be filed in the Office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time

Section 1 4 "Assessment Lien" means the lien granted to the Association by this Declaration to secure the payment of Assessments and all other amounts payable to the Association under the Project Documents

1020525 04/15171-0002

Section 1 5 “Assessments” means the annual, special, and neighborhood assessments levied and assessed against each Lot pursuant to Article IV of the Declaration

Section 1 6 “Association” means the Arizona nonprofit corporation organized or to be organized by the Co-Declarants to administer and enforce the Project Documents and to exercise the rights, powers and duties set forth therein, and its successors and assigns Co-Declarants intend to organize the Association under the name of “Sierra Montaña Homeowners Association,” but if such name is not available, Co-Declarants may organize the Association under such other name as the Co-Declarants deem appropriate

Section 1 7 “Association Rules” means the rules and regulations adopted by the Association, as the same may be amended from time to time

Section 1 8 “Board” means the Board of Directors of the Association

Section 1 9 “Builder” means an Owner in the business of, or an Owner that has an affiliate identified with the Owner in the business of, constructing and selling homes or in the business of acting as a landbanker that sells lots to Owners who construct and sell homes, which purchases one or more Lots without Single Family Residences constructed thereon for the purpose of constructing Single Family Residences thereon and selling such Lots and Single Family Residences

Section 1 10 “Bylaws” means the bylaws of the Association, as such bylaws may be amended from time to time

Section 1 11 “Co-Declarant” means each of Fortis Real Estate Investments, LLC, an Arizona limited liability company, The Ryland Group, Inc., a Maryland corporation, Shea Homes Limited Partnership, a California limited partnership, and Journey Builders, LLC, an Arizona limited liability company, and each of their successors and assigns so long as any such successor or assign is a Builder who acquires two or more undeveloped Lots from a Co-Declarant for the purpose of development and resale and such acquisition includes a transfer of the Co-Declarant’s rights herein Specifically, in the event a Co-Declarant transfers parcels or groups of Lots to more than one transferee who meets the preceding criteria, at the election of such Co-Declarant any or all such transferees shall receive the rights and obligations of Co-Declarant with respect to the parcels or groups of Lots so transferred No successor Co-Declarant shall have any liability resulting from any actions or inactions of any preceding Co-Declarant unless expressly assumed by the successive Co-Declarant, in which event the preceding Co-Declarant shall be released from liability The obligations and liability of each Co-Declarant under this Declaration shall be limited to the obligations that relate to Lots within the Project then owned by such Co-Declarant at the time the obligations arose and a Co-Declarant shall not be liable for the action or inaction of another Co-Declarant The rights of each Co-Declarant under this Declaration shall in any event cease at such time such entity ceases to own a Lot within the Project

Section 1 12 “Common Area” means all real property owned by the Association Unless the context requires otherwise, references in this Declaration to Common Area(s) shall also be deemed to include Maintenance Area(s)

11/11/11 11:11:11

Section 1 13 "Common Expenses" means expenditures made by, or financial liabilities of, the Association, together with any allocations to reserves

Section 1 14 "Declaration" means the provisions of this document and any amendments hereto

Section 1 15 "Designated Builder" means any Builder (a) that is designated by the Co-Declarants as a "Designated Builder" in a Supplemental Declaration or in a written notice given by the Co-Declarants to the Association, if and so long as the development, construction, sale and marketing activities of such Designated Builder have received the prior approval of the Co-Declarants, or (b) to whom rights of a Co-Declarant have expressly been transferred in accordance with this Declaration

Section 1 16 "First Mortgage" means any mortgage, deed of trust, or contract for deed on a Lot which has priority over all other mortgages, deeds of trust and contracts for deed on the same Lot. A contract for deed is a recorded agreement whereby the purchaser of a Lot acquires possession of the Lot but does not acquire legal title to the Lot until a deferred portion of the purchase price for the Lot has been paid to the seller

Section 1 17 "First Mortgagee" means the holder of any First Mortgage

Section 1 18 "Improvement" means buildings, roads, driveways, parking areas, fences, walls, rocks, hedges, plantings, planted trees and shrubs, and all other structures or landscaping improvements of every type and kind

Section 1 19 "Lot" or "lot" means any lot shown on a Plat. For purposes of voting on any issue required to receive the approval of Lot Owners, the Owner of a parcel zoned for residential use shall be deemed to be the Owner of the maximum number of Lots into which such parcel may be subdivided under then applicable zoning and other legal requirements

Section 1 20 "Maintenance Area" means (a) any real property not owned by the Association but which is maintained by the Association for the benefit of the Members of the Association (e.g., landscaping in public rights-of-way), and (b) any other real property not owned by the Association but which is maintained by the Association pursuant to a written agreement entered into by the Association for the benefit of the Members

Section 1 21 "Member" means any person, corporation, partnership, joint venture or other legal entity who is a member of the Association

Section 1 22 "Owner" or "owner" shall mean the record owner, except as provided below, whether one or more persons or entities, of 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 an obligation. In the case of a Lot where fee simple title is vested of record in a trustee under a deed of trust, legal title shall be deemed to be in the trustor. In the case of a Lot where fee simple title is vested in a trustee pursuant to a trust agreement, the beneficiary entitled to possession shall be deemed to be the Owner

ARTICLE II
PLAN OF DEVELOPMENT

Section 2 1 Property Initially Subject to the Declaration This Declaration is being recorded to establish a general plan for the development and use of the Project in order to protect and enhance the value and desirability of the Project. All of the Property within the Project shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any interest in any of the Property subject to this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general plan for the development and use of the Property and hereby evidences his intent that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and all Owners. Each Co-Declarant, its successors, assigns and grantees, covenants and agrees that the Lots and the membership in the Association and the other rights created by this Declaration shall not be separated or separately conveyed, and such shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

ARTICLE III
THE ASSOCIATION, RIGHTS AND DUTIES,
MEMBERSHIP AND VOTING RIGHTS

Section 3 1 Rights, Powers and Duties The Association shall be a non-profit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Project Documents together with such rights, powers and duties as may be reasonably necessary to effectuate the objectives and purposes of the Association as set forth in the Project Documents. Unless the Project Documents specifically require a vote of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board.

Section 3 2 Board of Directors and Officers The affairs of the Association shall be conducted by a Board of Directors and such officers and committees as the Board may elect or appoint in accordance with the Articles and the Bylaws.

Section 3 3 Association Rules The Board may, from time to time and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations. The Association Rules may restrict and govern the use of any area by any Owner, by the family of such Owner, or by any invitee, licensee or lessee of such Owner except that the Association Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. Upon adoption, the Association Rules shall have the same force and effect as if they were set forth in and were a part of this Declaration.

1020525 04/15171-0002

1020525 04/15171-0002

Section 3 4 Architectural Committee The Board shall establish an Architectural Committee consisting of three (3) members (unless and until the Co-Declarants vote to expand the Architectural Committee) to regulate the external design, appearance and use of the Property and to perform such other functions and duties as may be imposed upon it by this Declaration, the Bylaws or the Board. The Co-Declarants shall appoint and remove the members of the Architectural Committee, except that at such time as no Co-Declarant any longer owns a Lot, the Board shall appoint and remove the members of the Architectural Committee.

Section 3 5 Identity of Members Membership in the Association shall be limited to Owners of Lots. An Owner of a Lot shall automatically, upon becoming the Owner thereof, be a member of the Association and shall remain a member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease.

Section 3 6 Transfer of Membership Membership in the Association shall be appurtenant to each Lot and a membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of a 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 shall be void and shall not be reflected upon the books and records of the Association. The Association shall have the right to charge a reasonable transfer fee to the new owner in connection with any transfer of a Lot.

Section 3 7 Classes of Members The Association shall have two classes of voting membership.

Class A Class A Members shall be all Owners, with the exception of the Co-Declarants until the termination of the Class B membership. Each Class A Member shall be entitled to one (1) vote for each Lot owned.

Class B The Class B Members shall be the Co-Declarants. Each Class B Member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (i) When seventy-five percent (75%) of the Lots have been conveyed to Purchasers, or
- (ii) Seven (7) years after the conveyance of the first Lot to a Purchaser, or
- (iii) When each Co-Declarant has notified the Association in writing that it relinquishes its Class B membership.

Section 3 8 Joint Ownership When more than one person is the Owner of any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one ballot be cast with respect to any Lot. The vote or votes for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their

limitation any claims arising from a Co-Declarant's exercise of any right arising from Co-Declarant's Class B membership or arising from any action or inaction by any person in such person's capacity as an officer or director of the Association, shall be asserted by the Association more than six months following the later of termination of the Class B membership or the termination of such person's service as an officer or director of the Association. All claims that are not filed in a proper court within the foregoing time period shall be deemed forever waived and released. This section shall not be subject to amendment without the unanimous, written approval of Fortis, Ryland, Shea and Journey

1020525 04/15/17 0002

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 4.1 Creation of the Lien and Personal Obligation of Assessments Each Co-Declarant, for each Lot owned by it, hereby covenants, and each Owner of a Lot, by becoming the Owner thereof, whether or not it is expressed in the deed or other instrument by which the Owner acquired ownership of the Lot, is deemed to covenant and agree to pay to the Association annual assessments, special assessments, and any applicable neighborhood assessments. The annual, special, and neighborhood assessments, together, with interest, costs and reasonable attorneys fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such Lot at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the Owner's successors in title unless expressly assumed by them.

Section 4.2 Purpose of the Assessments The Assessments levied by the Association shall be used exclusively for (i) the upkeep, maintenance and improvement of the Common Area, (ii) maintenance, repair, replacement, and operation of rights-of-way and easements within or immediately adjacent to the Project (e.g., landscaping and sidewalks within the right-of-way of adjoining streets) to the extent that such actions are required by government entities or deemed appropriate by the Association's Board of Directors, (iii) promoting the recreation, health, safety and welfare of the Owners and residents of Lots within the Property, and (iv) the performance and exercise by the Association of its rights, duties and obligations under the Project Documents. Notwithstanding the foregoing, neighborhood assessments shall be used only for the benefit of the neighborhood paying such assessments, shall not be used for any purpose that is covered by annual assessments or special assessments in other areas of the Property, and shall be accounted for separately from annual and special assessments.

Section 4.3 Annual Assessment

(A) For each fiscal year of the Association, the Board shall adopt a budget for the Association containing an estimate of the total amount of funds which the Board believes to be required during the ensuing fiscal year to pay all Common Expenses including, but not limited to (i) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the Common Area and those parts of the Lots, if any, which the Association has the responsibility of maintaining, repairing or replacing under the Project Documents, (ii) the cost of wages, materials, insurance premiums, services, supplies and maintenance or repair of the Common Area and for the general operation and administration of the Association, (iii) the

11/17/2025 11:17:11 AM

assessment shall commence on the date designated by the Board except that no increase in the annual assessment for any fiscal year which would result in the annual assessment exceeding the maximum annual assessment for such fiscal year shall become effective until approved by Members casting at least two-thirds (2/3) of the votes cast by Members who are voting in person or by proxy at a meeting duly called for such purpose

(G) The maximum annual assessment for each fiscal year of the Association shall be as follows

(i) Until January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment for each Lot shall be \$500 00

(ii) From and after January 1 of the year immediately following the conveyance of the first Lot to a Purchaser, the maximum annual assessment will automatically increase during each fiscal year of the Association by the greater of (a) 10% of the maximum annual assessment for the immediately preceding fiscal year or (b) an amount based upon the percentage increase in the Consumer Price Index for All Urban Consumers (All Items) US Town Average, published by the United States Department of Labor, Bureau of Labor Statistics (1982 - 84 = 100) (the "Consumer Price Index"), which amount shall be computed in the last month of each fiscal year in accordance with following formula

$\frac{Y-X}{X}$ multiplied by the maximum annual assessment for the calendar year immediately preceding the year for which the maximum annual assessment is to be determined equals the amount by which the maximum annual assessment may be increased

Where

X = Consumer Price Index for September of the calendar year two years preceding the calendar year for which the maximum annual assessment is to be determined

Y = Consumer Price Index for September of the calendar year one year preceding the calendar year for which the maximum annual assessment is to be determined

In the event the Consumer Price Index ceases to be published, then the index which shall be used for computing the increase in the maximum annual assessment permitted under this Subsection shall be the substitute recommended by the United States government for the Consumer Price Index or, in the event no such successor index is recommended by the United States government, the index selected by the Board

(iii) The increase in the maximum annual assessment pursuant to this Subsection (G) shall be calculated without considering the portion of the immediately preceding annual assessment attributable to the payment of utility charges or insurance premiums by the Association. In addition to the increase in the maximum annual assessment pursuant to Subsection (G)(ii) above, the maximum annual assessment shall include an increase for each

1020525 04/15171-0002

(D) The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with late charges, interest, lien recording fees, reasonable collection costs, reasonable attorneys' fees and any other sums due to the Association in any manner allowed by law including, but not limited to, (i) bringing an action at law against the Owner personally obligated to pay the delinquent Assessment Lien securing the delinquent Assessments or (ii) bringing an action to foreclose the Assessment Lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

Section 4 9 Subordination of the Lien to Mortgages The Assessment Lien shall be subordinate to the lien of any First Mortgage. The sale or transfer of any Lot shall not affect the Assessment Lien except that the sale or transfer of a Lot pursuant to judicial or nonjudicial foreclosure of a first mortgage or any bona fide, good faith proceeding in lieu thereof shall extinguish the Assessment Lien as to payments which became due prior to the sale or transfer. No sale or transfer shall relieve the Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

Section 4 10 Exemption of Owner No Owner of a Lot may exempt himself from liability for Assessments levied against his Lot or for other amounts which he may owe to the Association under the Project Documents by waiver and non-use of any of the Common Area and facilities or by the abandonment of his Lot.

Section 4 11 Maintenance of Reserve Fund Out of the annual assessments and other income, the Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area.

Section 4 12 No Offsets All Assessments and other amounts payable to the Association shall be payable in accordance with the provisions of the Project Documents, and no offsets against such Assessments or other amounts shall be permitted for any reason, including, without limitation, a claim that the Association is not properly exercising its duties and powers as provided in the Project Documents.

Section 4 13 Transfer Fee Each Purchaser of a Lot shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as established from time to time by the Board.

Section 4 14 Reserve Account Funding In addition to the transfer fee described in Section 4 13, the first purchaser of a Lot following construction of a residence on such Lot shall pay to the Association at the time of the purchase an amount equal to two (2) months worth of annual assessments. All amounts paid pursuant to this Section shall be paid by the Association into a reserve account to fund future major repairs and replacements. The Co-Declarants and the Association may take such payments into account when determining the amounts to be funded to reserves from other Association funds. Nothing in this Section shall be construed as prohibiting or mandating the Association making additional payments into reserve accounts from other Association funds. Payments made pursuant to this Section do not apply toward payment of annual assessments and constitute a separate obligation.

7
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50

Section 4 15 Neighborhood Assessments The Board of Directors shall have the right to impose neighborhood assessments against Lots in any specific area of the Property in order to provide for the repair, replacement, operation and maintenance of Common Areas within such area that are different from or in addition to the types of Common Areas in the balance of the Property and that are designed to benefit less than all of the Property (e g , private streets, separate entryways or gates, enhanced landscaping, community centers, swimming pools) Any such determination by the Board shall be made in a writing specifying the purposes of the neighborhood assessment and the Lots subject thereto Any such determination by the Board may also include an additional imposition on such Lots pursuant to Section 4 14 in order to fund a reserve account for the specific improvements intended to be maintained by the neighborhood assessment

Section 4 16 Co-Declarants' Audit Rights Following the termination of the Class B membership and so long as a Co-Declarant owns any Lot, the Co-Declarant shall have the right to audit the books and records of the Association

ARTICLE V
USE RESTRICTIONS

Section 5 1 Residential Use Except as otherwise provided herein, all Lots shall be improved and used only for Single Family Residential Use No gainful occupation, profession, trade or other commercial activity shall be conducted on any Lot, provided, however, each Co-Declarant may use its Lots for such facilities as in its sole opinion may be reasonably required, convenient or incidental to the construction and sale of residential units, including, without limitation, a business office, storage areas, construction yards, signs, a model site or sites, and a display and sales office Notwithstanding the foregoing, home businesses are permitted on the Lots provided they are in accordance with applicable municipal ordinances for home business in residential districts

Section 5 2 Building Type and Size No building shall be constructed or permitted to remain on any Lot other than one detached Single Family Residence not to exceed two stories in height and a private one to three car garage Unless otherwise approved in writing by the Architectural Committee, all buildings shall be of new construction and no prefabricated structure shall be placed upon any Lot if Visible from Neighboring Property, storage structures and/or a sales office may be maintained upon any Lot or Lots by each Co-Declarant or a building contractor for the purpose of erecting and selling dwellings on the Property or for the purpose of constructing improvements on the Common Area, but such temporary structures shall be removed upon completion of construction or selling of a dwelling or the Common Area, whichever is later No structure of a temporary character, trailer, basement, tent, shack, garage, barn or other out buildings shall be used on any Lot at any time as a residence, either temporarily or permanently Each Co-Declarant and contractors for each Co-Declarant shall have the right to place temporary construction trailers and store materials on the Common Areas adjacent to such Co-Declarant's Lots for the purpose of constructing improvements on the Common Areas

Section 5 3 Signs No sign of any kind which is Visible From Neighboring Property shall be installed or displayed on any Lot or Common Area without the prior written approval of

11-23-2017
VAF/WW/ML-2

described areas of any vehicle whose parking is otherwise prohibited by this Declaration or the parking of any inoperable vehicle. In the event the garage and driveway is insufficient for parking, temporary parking shall be allowed on the street directly adjacent to the Lot, in no event shall overnight on-street parking be allowed on any street and in no event shall an Owner or occupant park on a temporary basis on streets other than directly adjacent to such Owner's or occupant's Lot. Parking in the front or side yard of any Lot is prohibited. No part of any vehicle may be parked over any part of a sidewalk because such parking may impede use of the sidewalks, particularly for persons with disabilities using the sidewalks.

Section 5.7 Towing of Vehicles The Association shall have the right to have any vehicle or equipment parked, kept, maintained, constructed, reconstructed or repaired in violation of the Project Documents towed away at the sole cost and expense of the owner of the vehicle or equipment. Any expense incurred by the Association in connection with the towing of any vehicle or equipment shall be paid to the Association upon demand by the owner of the vehicle or equipment. If the vehicle or equipment towed is owned by an Owner, then the cost incurred by the Association in towing the vehicle or equipment shall be assessed against the Owner and his Lot and be payable on demand, and such cost shall be secured by the Assessment Lien.

Section 5.8 Machinery and Equipment No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot except such machinery or equipment as is usual and customary in connection with the use or maintenance of improvements constructed by the any Co-Declarant or approved by the Architectural Committee.

Section 5.9 Restrictions and Further Subdivision No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner other than a Co-Declarant, and no portion less than all or an undivided interest in all of any Lot shall be conveyed or transferred by any Owner other than a Co-Declarant. Notwithstanding the foregoing and subject to compliance with any applicable city ordinances, a vacant Lot may be split between the Owners of the Lots adjacent to such Lot so that each portion of such Lot would be held in common ownership with another Lot adjacent to that portion.

Section 5.10 Windows Within sixty (60) days of occupancy each Owner shall install permanent suitable window treatments on all windows facing the street. No reflective materials, including, but without limitation, aluminum foil, reflective screens or glass, mirrors or similar type items, shall be installed or placed upon the outside or inside of any windows.

Section 5.11 HVAC and Solar Panels Except as initially installed by a Co-Declarant, no heating, air conditioning, evaporative cooling or solar energy collecting unit or panels shall be placed, constructed or maintained upon any Lot without the prior written approval of the Architectural Committee.

Section 5.12 Garages and Driveways The interior of all garages situated on any Lot shall be maintained in a neat and clean condition. Garages shall be used only for the parking of vehicles and the storage of normal household supplies and materials and shall not be used for or converted to living quarters or recreational activities after the initial construction thereof without

the prior written approval of the Architectural Committee. Garage doors shall be left open only as needed for ingress and egress.

Section 5 13 Installation of Landscaping

(A) Within ninety (90) days after becoming the Owner of a Lot, the Owner shall install landscaping and irrigation improvements in compliance with the xeriscape principles and other applicable requirements set forth in the applicable municipal zoning ordinances in that portion of his Lot which is between the street(s) adjacent to his Lot and the exterior wall of his Residential Unit or any wall separating the side or back yard of the Lot from the front yard of the Lot. Any Lot that has non-solid fencing (e.g., wrought iron rather than a solid wall) on any boundary of its rear yard shall be completely landscaped and irrigated (front, rear, and side yards) by the Owner of such Lot in compliance with xeriscape principles and other applicable requirements set forth in the applicable municipal zoning ordinances within ninety (90) days of becoming the Owner of the Lot. The landscaping and irrigation improvements shall be installed in accordance with plans approved in writing by the Architectural Committee. Prior to installation of such landscaping, the Owner shall maintain the portions of such Lot required to be landscaped in a weed-free condition.

(B) If any Owner fails to landscape any portion of his Lot within the time provided for in this Section, the Association shall have the right, but not the obligation, to enter upon such Owner's Lot to install such landscaping improvements as the Association deems appropriate, and the cost of any such installation shall be paid to the Association by the Owner of the Lot, upon demand from the Association. Any amounts payable by an Owner to the Association pursuant to this Section shall be secured by the Assessment Lien, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this Declaration for the collection and enforcement of assessments.

(C) This Section 5 13 shall not apply to the Co-Declarants or any Purchaser with respect to any Lot or any other property that has not been conveyed to an Owner with a residence already constructed thereon, except that this Section 5 13 shall apply upon commencement of residential occupancy of any Lot containing a residence.

Section 5 14 Co-Declarants' and Designated Builders' Exemption Notwithstanding anything herein to the contrary, nothing contained in this Declaration shall apply to or prohibit a Co-Declarant or its duly authorized agents and contractors, or a Designated Builder or its duly authorized agents and contractors, or be construed to prevent the erection or maintenance by a Co-Declarant or its duly authorized agents and contractors or a Designated Builder or its duly authorized agents and contractors, of model homes, structures, improvements or signs necessary or convenient to the construction, development, identification, or sale or lease of Lots or other Property within the Project. The Association shall take no action that would interfere with access to or use of model homes, without limitation of the foregoing, the Association shall have no right to close private streets to access by members of the public desiring access to model homes.

Section 5 15 Leasing Restrictions Any lease or rental agreement must be in writing and shall be subject to the Declaration. All leases must be for an entire residence and Lot and

1020525 04/15/17-0002

01/20/2025 11:11:11

(D) Regulated Receivers shall be subject to the following requirements

(i) If permitted by applicable Federal Regulations or Other Laws, no Regulated Receiver shall be permitted outdoors on any Lot, whether attached to a building or structure or on any Lot, unless approved in writing by the Architectural Committee, with such screening and fencing as such Committee may require. If such restriction is not so permitted, the provisions of subsections (ii) and (iii) below shall apply.

(ii) A Regulated Receiver and any required Mast shall be placed so as not to be Visible from Neighboring Property if such placement will not (a) unreasonably delay or prevent installation, maintenance or use of the Regulated Receiver, (b) unreasonably increase the cost of installation, maintenance or use of the Regulated Receiver, or (c) preclude the reception of an acceptable quality signal.

(iii) Regulated Receivers and any required Masts shall be placed on Lots only in accordance with the following descending order of locations, with Owners required to use the first available location that does not violate the requirements of parts (a) through (c) in subsection (ii) above:

- 1 A location in the back yard of the Lot where the Receiver will be screened from view by landscaping or other improvements,
- 2 An unscreened location in the backyard of the Lot,
- 3 On the roof, but completely below the highest point on the roof line,
- 4 A location in the side yard of the Lot where the Receiver and any pole or mast will be screened from view by landscaping or other improvements,
- 5 On the roof above the roofline,
- 6 An unscreened location in the side yard,
- 7 A location in the front yard of the Lot where the Receiver will be screened from view by landscaping or other improvements.

Notwithstanding the foregoing order of locations, if a location stated in the above list allows a Receiver to be placed so as not to be Visible from Neighboring Property, such location shall be used for the Receiver rather than any higher-listed location at which a Receiver will be Visible from Neighboring Property, provided that placement in such non-visible location will not violate the requirements of parts (a) through (c) in subsection (ii) above.

(iii) Owners shall install and maintain landscaping or other improvements ("Screening") around Receivers and Masts to screen items that would otherwise be Visible from Neighboring Property unless such requirement would violate the requirements of parts (a) through (c) in subsection (ii) above. If an Owner is not required to install and maintain Screening due to an unreasonable delay in installation of the Receiver that such Screening would cause, the Owner shall install such screening within 30 (thirty) days following installation of the Receiver and shall thereafter maintain such Screening, unless such Screening installation or maintenance will violate the provisions of parts (a) through (c) in subsection (ii) above. If an Owner is not required to install Screening due to an unreasonable increase in the cost of installing the Receiver

11-06-2017
11:11

Notwithstanding the foregoing, (a) the provisions in Sections 7.3 and 7.4 regarding an Owner's sole liability for repair of damage caused by such Owner's guests or licensees shall not apply to damage resulting from guests or licensees of the Association and such damage shall be considered caused by unrelated third parties and (b) the rule in Section 7.4 regarding damage arising from events occurring on a particular Owner's Lot shall not apply to damage arising from events occurring on streets or Common Areas. Notwithstanding the foregoing, any damage to a wall that is covered by the Association's casualty insurance shall, to the extent of proceeds actually received from such insurance, be paid for by the Association.

Section 7.9 Walls Forming Part of Residence If a Lot contains a wall that is (i) an exterior wall of a residence (including any garage associated with a residence) and (ii) located on or immediately adjacent to the Lot boundary line, the provisions of this Article shall apply subject to the following:

(A) The wall shall have a perpetual easement for encroachments onto any adjoining Lot or Common Area of up to one-foot, provided, however, that such easement shall only apply to initial construction of the wall and any replacements of the wall that do not encroach further than the original wall.

(B) Any roof improvements (including gutters and similar related improvements) above such wall shall have a perpetual easement for encroachments onto any adjoining Lot or Common Area of up to four feet, provided, however, that such easement shall only apply to initial construction of the roof improvements and any replacements of the roof improvements that do not encroach further than the original roof improvements.

(C) The Owner of the Lot adjacent to such wall shall not, without the written approval of the Owner of the Lot on which the residence is located, do any of the following:

- (i) use the wall for recreational purposes (e.g., bouncing balls),
- (ii) use the wall as part of an enclosure for pets,
- (iii) allow sprinklers to spray onto the wall,
- (iv) allow plants to attach themselves to the wall (e.g., ivy),
- (v) allow any tree to grow within six feet of the wall (with such distance measured from the part of the tree that is nearest to the wall within five feet of the ground level of the tree),
- (vi) attach anything to the wall, or
- (vii) otherwise take any action regarding the wall that a reasonable person would conclude has a substantial likelihood of disturbing the peaceful and undisturbed use of the interior of the residence of which the wall forms a part.

0000000000
20250711

other public authority maintains said easement area. There is hereby created a blanket easement upon, across, over and under the Property for ingress to, egress from and the installation, replacing, repairing and maintaining of all utility and service lines and systems including, but not limited to, water, sewer, gas, telephone, electricity, cable or communication lines and systems, such as utilities are installed in connection with the initial development of each Lot. Pursuant to this easement, a providing utility or service company may install and maintain facilities and equipment on the Lots and Common Areas and affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of buildings thereon. Notwithstanding anything to the contrary contained in this section, no sewers, electrical lines, water lines, or other utility or sewer lines may be installed or relocated within the Property except as initially created or approved by a Co-Declarant without the prior written approval of, in the case of a Common Area, the Association and the Architectural Committee or, in the case of a Lot, the Owner of such Lot and the Architectural Committee. Nothing contained herein shall entitle any Co-Declarant or any utility in exercising the rights granted herein to disturb any dwelling unit constructed in accordance with the requirements hereof. Each Co-Declarant further reserves temporary construction easements for utility lines, maintenance of storage tanks and facilities and access to and from such facilities.

Section 9.4 Co-Declarants' Easement Easements over the Lots for the installation and maintenance of electric, telephone cable, communications, water, gas, drainage and sanitary sewer or similar or other lines, pipes or facilities

- (A) as shown on the recorded Plat,
- (B) as may be hereafter required or needed to service any Lot (provided, however, no utility other than a connection line to a dwelling unit served by the utility shall be installed in any area upon which a dwelling unit has been or may legally be constructed on the Lot)

are hereby reserved by the Co-Declarants, together with the right to grant and transfer the same

Section 9.5 Encroachments The Lots shall be subject to an easement for overhangs and encroachments by walls, fences or other structures upon adjacent Lots as constructed by the original builder or as reconstructed or repaired in accordance with the original plans and specifications or as a result of the reasonable repair, shifting, settlement or movement of any such structure

ARTICLE X MAINTENANCE

Section 10.1 Maintenance by the Association The Association shall be responsible for the maintenance, repair and replacement of the Common Area and may, without any approval of the Owners being required, do any of the following

- (A) Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any such area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area),

2000001117
2000001117
2000001117

Section 10.5 Landscaping Replacement Landscaping originally planted on the Common Areas may exceed the landscaping that is ultimately planned for Common Areas due to over-planting in anticipation of normal plant losses. The Board is hereby granted the authority to remove and not replace dead or damaged landscaping if, in the reasonable discretion of the Board, (a) the remaining landscaping is acceptable to the Board and (b) the remaining landscaping is generally consistent in quality and quantity with the landscaping shown on approved landscaping plans filed with governmental entities in connection with Property, even if the location of specific plants is different than the locations shown on such approved landscaping plans. Neither any Co-Declarant nor any other installer of landscaping in Common Areas shall be responsible for replacement of landscaping that dies more than ninety days following installation or that requires replacement due to vandalism, lack of proper watering or maintenance by Association, or damage due to negligence, the Association shall be solely responsible for such replacement (subject to potential recovery by the Association from any vandal or negligent person).

Section 10.6 Alteration of Maintenance Procedures Following the termination of the Class B membership and so long as a Co-Declarant owns any Lot, the Association shall not, without the written approval of the Co-Declarants, alter or fail to follow the maintenance and repair procedures recommended by the Association's management company as of the termination of the Class B membership unless such alteration will provide for a higher level of maintenance and repair. Each Co-Declarant shall have the right, but not the obligation, to perform any required maintenance or repair on the Common Areas adjacent to the Lots then or previously owned by such Co-Declarant that is not performed by the Association within ten (10) business days following notice from the Co-Declarant that such maintenance or repair is required under this section, if the Co-Declarant performs such maintenance or repair, the costs incurred by the Co-Declarant shall be reimbursed by the Association within thirty (30) days following written demand for reimbursement accompanied by copies of invoices for such costs. This section shall not be subject to amendment without the written approval of the Co-Declarants.

ARTICLE XI
INSURANCE

Section 11.1 Scope of Coverage Commencing not later than the time of the first conveyance of a Lot to a person other than a Co-Declarant, the Association shall maintain, to the extent reasonable available, the following insurance coverage:

(A) Property insurance on the Common Area insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Common Area, as determined by the Board, provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured Property, exclusive of land, excavations, foundations and other items normally excluded from a Property policy,

(B) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000.00. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and

11/11/11 11:11:11

(H) "Agreed Amount" and "Inflation Guard" endorsements

Section 11.2 Certificates of Insurance An insurer that has issued an insurance policy under this Article shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Article may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 11.3 Fidelity Bonds

(A) The Association shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association, including, but without limitation, officers, directors and employees of any management agent of the Association, whether or not they receive compensation for their services. The total amount of fidelity bond maintained by the Association shall be based upon the best business judgment of the Board, and shall not be less than the greater of (i) the amount equal to one hundred fifty percent (150%) of the estimated annual operating expenses of the Association, (ii) the estimated maximum amount of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond, (iii) the sum equal to three (3) months assessments on all Lots plus adequate reserve funds. Fidelity bonds obtained by the Association must also meet the following requirements:

- (i) The fidelity bonds shall name the Association as an obligee,
- (ii) The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions,
- (iii) The bonds shall provide that they may not be canceled or substantially modified (including cancellation from non-payment of premium) without at least ten (10) days prior written notice to the Association.

(B) The Association shall require any management agent of the Association to maintain its own fidelity bond in an amount equal to or greater than the amount of the fidelity bond to be maintained by the Association pursuant to Subsection (A) of this Section. The fidelity bond maintained by the management agent shall cover funds maintained in bank accounts of the management agent and need not name the Association as an obligee.

Section 11.4 Payment of Premiums The premiums for any insurance obtained by the Association pursuant to this Article shall be included in the budget of the Association and shall be paid by the Association.

Section 11.5 Insurance Obtained by Owners Each Owner shall be responsible for obtaining Property insurance for his own benefit and at his own expense covering his Lot, and all Improvements and personal Property located thereon. Each Owner shall also be responsible for obtaining at his expense personal liability coverage for death, bodily injury or Property damage arising out of the use, ownership or maintenance of his Lot.

20250415171-0002

annexed), to annex any real property that is adjacent to any real property that is then subject to this Declaration, property shall be deemed adjacent if contiguous at any point or if separated only by a street, alley, right-of-way or easement. Annexation shall be effective upon recordation by the Co-Declarants of a signed and acknowledged declaration of annexation with the County Recorder of Maricopa County, Arizona stating that such adjacent real property has been annexed to this Declaration, no consent or approval of such annexation by the Board of Directors or Members of the Association shall be necessary for an annexation by the Co-Declarants. Upon annexation, the annexed real property shall have the same rights, privileges and obligations as property originally subject to the terms of this Declaration, including membership in the Association, except that such rights, privileges and obligations shall not include matters arising or accruing prior to annexation, annual assessments shall be prorated for annexed property through the date of annexation.

Section 12.6 De-Annexation of Property Subject to Section 14.4, the Co-Declarants shall have the right from time to time, in their sole discretion, upon a unanimous vote but without the consent of any person (other than consent of the owner of the property being de-annexed), to delete from the Property and remove from the effect of this Declaration one or more portions of the Property, provided, however, that a portion of the Property may not be deleted from this Declaration unless at the time of such deletion and removal no dwelling units or material Common Area improvements have been constructed thereon (unless the de-annexation is for the purpose of accomplishing minor adjustments to the boundaries of Lots or the Property). No deletion of Property shall occur if such deletion would act to terminate access to any right-of-way or utility line unless reasonable alternative provisions are made for such access. No deletion of Property shall affect the Assessment Lien on the deleted Property for Assessments accruing prior to deletion. Any deletion of Property hereunder shall be made by the Co-Declarants recording a notice thereof.

ARTICLE XIII
CLAIM AND DISPUTE RESOLUTION/LEGAL ACTIONS

It is intended that the Common Area, each Lot, and all Improvements constructed on the Property by persons ("Developers") in the business of constructing improvements will be constructed in compliance with all applicable building codes and ordinances and that all Improvements will be of a quality that is consistent with the good construction and development practices in the area where the Project is located for production housing similar to that constructed within the Project. Nevertheless, due to the complex nature of construction and the subjectivity involved in evaluation such quality, disputes may arise as to whether a defect exists and the responsibility therefor. It is intended that all disputes and claims regarding alleged defects ("Alleged Defects") in any Improvements on any Lot or Common Area will be resolved amicably, without the necessity of time-consuming and costly litigation. Accordingly, all Developers (including the Co-Declarants), the Association, the Board, and all Owners shall be bound by the following claim resolution procedures:

13.1 Right to Cure Alleged Defect If a person or entity ("Claimant") claims, contends, or alleges an Alleged Defect, each Developer shall have the right to inspect, repair and/or replace such Alleged Defect as set forth herein.

13.1.1 Notice of Alleged Defect If a Claimant discovers an Alleged Defect, within fifteen (15) days after discovery thereof, Claimant shall give written notice of the Alleged

11/11/2025 10:00:00 AM

thereafter fails to comply with such resolution or award, then the other party to the Dispute may file suit or initiate administrative proceedings to enforce the terms of such negotiation, mediation, or award without the need to again comply with the procedures set forth in this Article. In such event, the party taking action to enforce the terms of the negotiation, mediation, or the award shall be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties pro rata), all costs incurred to enforce the terms of the negotiation, mediation or award including, without limitation, attorneys fees and court costs.

**ARTICLE XIV
GENERAL PROVISIONS**

Section 14.1 Severability Judicial invalidation of any part of this Declaration shall not affect the validity of any other provisions.

Section 14.2 Construction The Article and Section headings have been inserted for convenience only and shall not be considered in resolving questions of interpretation or construction. All terms and words used in this Declaration regardless of the number and gender in which they are used shall be deemed and construed to include any other number, and any other gender, as the context or sense requires. In the event of any conflict or inconsistency between this Declaration, the Articles, and/or the Bylaws, the provisions of this Declaration shall control over the provision of the Articles and the Bylaws and the provisions of the Articles shall prevail over the provisions of the Bylaws.

Section 14.3 Notices Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail, postage prepaid, if to an Owner, addressed to that Owner at the address of the Owner's Lot or if to the Architectural Committee, addressed to that Committee at the normal business address. If notice is sent by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of the same has been deposited in the United States mail, postage pre-paid. If personally delivered, notice shall be effective on receipt. Notwithstanding the foregoing, if application for approval, plans, specifications and any other communication or documents shall not be deemed to have been submitted to the Architectural Committee, unless actually received by said Committee. Any vote, election, consent or approval of any nature by the Owners or the Board of Directors, whether hereunder or for any other purpose, may, in the discretion of the Board of Directors and in lieu of a meeting of members, be held by a mail-in ballot process pursuant to such reasonable rules as the Board may specify.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

11/15/17

Section 14.4 VA/HUD Approvals If the Project or this Declaration has been initially approved by the Veterans Administration ("VA") or the United States Department of Housing and Urban Development ("HUD"), then so long as there is a Class B membership in the Association, the following actions will require the prior approval of the VA or HUD: annexation of any additional properties, dedication of Common Area, and amendment of the Declaration. HUD or VA approval of an action requiring such approval shall be deemed given if (a)

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

20060814

SHEA HOMES LIMITED PARTNERSHIP,
a California limited partnership

By J F Shea Co , Inc , a Nevada
corporation, its general partner

By _____
Its _____

By _____
Its _____

JOURNEY BUILDERS, LLC, an Arizona
limited liability company

By _____
Its _____

STATE OF ARIZONA)
) ss
County of Maricopa)

Acknowledged before me this 14th day of August, 2002, by FORTIS REAL ESTATE
INVESTMENTS, LLC, an Arizona limited liability company, by Kelly House, its
President

Susan M Bergust
Notary Public

My commission expires
July 30 2006



11-1-2002
11-1-2002

application for approval is made in writing together with written certification complying with HUD/VA guidelines stating that the Property, including the Declaration and other Association documents, will continue to comply with applicable HUD/VA requirements and (b) HUD and/or VA does not remove the Property from its list of approved projects or otherwise object to the application within thirty days following such application

Section 14.5 Co-Declarant Approvals Notwithstanding anything herein to the contrary, at any time that a provision in this Declaration calls for, anticipates, permits or requires a decision, approval or similar determination (a "Decision") by Co-Declarants, then unless this Declaration expressly requires the unanimous vote or approval of all the Co-Declarants, a Decision made by the Co-Declarants then owning a majority of all the Lots then owned by all the Co-Declarants shall be deemed to be the Decision of all the Co-Declarants

IN WITNESS WHEREOF, the Co-Declarants have executed this Declaration this 15th day of August, 2002

CO-DECLARANTS

FORTIS REAL ESTATE INVESTMENTS,
LLC, an Arizona limited liability company

By _____
Its _____

HIERLAND GROUP, INC, Inc, a
Maryland corporation

By *[Signature]*
Its V.P.

MURRAY

SHEA HOMES LIMITED PARTNERSHIP,
a California limited partnership

By J F Shea Co , Inc , a Nevada
corporation, its general partner

By [Signature]
Its Asst Secretary

By [Signature]
Its Asst Secretary

JOURNEY BUILDERS, LLC, an Arizona
limited liability company

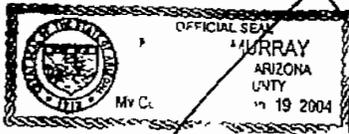
By _____
Its _____

STATE OF ARIZONA)
) ss
County of Maricopa)

Acknowledged before me this 14th day of August, 2002, by FORTIS REAL ESTATE
INVESTMENTS, LLC, an Arizona limited liability company, by Dave Garcia and Brad Harts
Asst Secretary

[Signature]
Notary Public

My commission expires



20060814

STATE OF ARIZONA)
) ss
County of Maricopa)

Acknowledged before me this _____ day of August, 2002, by THE RYLAND GROUP, INC, a Maryland corporation, by _____, its _____

Notary Public

My commission expires _____

STATE OF ARIZONA)
) ss
County of Maricopa)

Acknowledged before me this _____ day of August, 2002, by SHEA HOMES LIMITED PARTNERSHIP, a California limited partnership, by J F Shea Co , Inc , a Nevada corporation, its general partner, by _____, its _____, and by _____, its _____

Notary Public

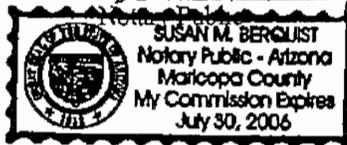
My commission expires _____

STATE OF ARIZONA)
) ss
County of Maricopa)

Acknowledged before me this 14th day of August, 2002, by JOURNEY BUILDERS, LLC, an Arizona limited liability company, by John P. Moroney its President

Susan M Bergquist

My commission expires July 30 2006



August 14, 2002

LEGAL DESCRIPTION FOR
SIERRA MONTANA
HOMEOWNERS ASSOCIATION

That part of Section 10, Township 3 North, Range 2 West, and also that part of Section 11, Township 3 North, Range 2 West, the Gila and Salt River Meridian, Maricopa County, Arizona, more particularly described as follows

Beginning at the North Quarter Corner of said Section 11,

Thence North $89^{\circ}43'39''$ East, along the North line of the Northeast Quarter of said Section 11, a distance of 1,897 34 feet,

Thence South $00^{\circ}09'14''$ East, a distance of 1,204 09 feet,
Thence North $89^{\circ}43'39''$ East, a distance of 689 52 feet,
Thence North $89^{\circ}50'46''$ East a distance of 55 00 feet,
Thence South $00^{\circ}09'14''$ East, a distance of 374 55 feet,
Thence South $89^{\circ}38'48''$ West, a distance of 414 23 feet,
Thence South $00^{\circ}21'12''$ East, a distance of 256 88 feet,

Thence South $54^{\circ}40'03''$ West, a distance of 510 57 feet to a point on a 1,050 00 foot radius non-tangent curve, whose center bears North $44^{\circ}01'03''$ East,

Thence Southeasterly, along said curve, through a central angle of $44^{\circ}10'17''$, a distance of 809 48 feet,

Thence North $89^{\circ}50'46''$ East, a distance of 24 01 feet,

Thence North $44^{\circ}50'46''$ East, a distance of 28 28 feet to a point on a line that's parallel with and 55 00 feet westerly, as measured at right angles, from the East line of the Northeast Quarter of said Section 11;

Thence North $00^{\circ}09'14''$ West, along said parallel line, a distance of 829 16 feet,

Thence North $89^{\circ}38'48''$ East, a distance of 55 00 feet to a point on the East line of the Northeast Quarter of said Section 11,

Thence South $00^{\circ}09'14''$ East, along said East line, a distance of 1,003 80 feet to a point on the South line of the Northeast Quarter of said Section 11,

Thence South $89^{\circ}34'14''$ West, along said South line, a distance of 1,982 38 feet,
Thence South $00^{\circ}09'12''$ East, a distance of 2,642 57 feet to a point on the South line of the Southeast Quarter of said Section 11,

Legal Description for
Sierra Montana
Homeowners Association
August 14, 2002

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
73
74
75
76
77
78
79
80
81
82
83
84
85
86
87
88
89
90
91
92
93
94
95
96
97
98
99
100

Thence South $89^{\circ}27'43''$ West, along said South line, a distance of 660 87 feet to the South line of the Southwest Quarter of said Section 11,

Thence South $89^{\circ}28'12''$ West, along said South line, a distance of 2,644 29 feet to a point on the West line of the Southwest Quarter of said Section 11, said line being common with the East line of the Southeast Quarter of said Section 10,

Thence North $00^{\circ}07'16''$ West, along said common line, a distance of 2,649 68 feet to a point on the South line of the Northeast Quarter of said Section 10,

Thence South $89^{\circ}20'36''$ West, along said South line, a distance of 2,642 31 feet to a point on the South line of the Northwest Quarter of said Section 10,

Thence South $89^{\circ}22'14''$ West, along said South line, a distance of 1,318 73 feet to a point on a 779 38 foot radius non-tangent curve, whose center bears North $85^{\circ}40'54''$ West,

Thence Northwesterly, along said curve, through a central angle of $22^{\circ}50'12''$, a distance of 310 64 feet,

Thence North $18^{\circ}31'05''$ West, a distance of 409 49 feet to a point on a 1,360 01 foot radius non-tangent curve, whose center bears North $71^{\circ}28'54''$ East,

Thence Northwesterly, along said curve, through a central angle of $10^{\circ}33'10''$, a distance of 250 49 feet,

Thence North $07^{\circ}57'56''$ West, a distance of 1,028 39 feet to the beginning of a tangent curve of 1,249 48-foot radius, concave Easterly,

Thence Northerly, along said curve, through a central angle of $15^{\circ}53'07''$, a distance of 346 42 feet,

Thence North $07^{\circ}55'11''$ East, a distance of 339 35 feet to a point on the North line of the Northwest Quarter of said Section 10,

Thence North $89^{\circ}14'23''$ East, along said North line, a distance of 1,631 45 feet to a point on the North line of the Northeast Quarter of said Section 10,

Thence North $89^{\circ}13'11''$ East, along said North line, a distance of 2,645 60 feet to a point on the North line of the Northwest Quarter of said Section 11,

Thence North $89^{\circ}43'38''$ East, along said North line, a distance of 2,642 36 feet to the Point of Beginning

20080814

Legal Description for
Sierra Montana
Homeowners Association
August 14, 2002

Thence South 00°00'00" East, a distance of 752.00 feet,
Thence South 90°00'00" West, a distance of 872.00 feet,

Thence North 00°00'00" East, a distance of 622.96 feet to the beginning of a tangent curve of
1,038.88 foot radius, concave Westerly,

Thence Northerly, along said curve, through a central angle of 05°26'47", a distance of 98.75
feet,

Thence North 39°38'14" East, a distance of 28.24 feet to a point on a 970.00 foot radius non-
tangent curve, whose center bears South 05°16'45" East,

Thence Easterly, along said curve, through a central angle of 04°56'23", a distance of 83.63 feet,

Thence North 89°39'38" East, a distance of 775.19 feet to the True Point of Beginning

Containing 15.000 Acres, more or less

EXCEPTION #2, PROPOSED PARK SITE

Commencing at the North Quarter Corner of said Section 11,

Thence North 89°43'39" East, along the North line of the Northeast Quarter of said Section 11, a
distance of 853.43 feet,

Thence South 00°16'21" East, a distance of 116.79 feet to the beginning of a tangent curve of
600.00 foot radius, concave Northwesterly,

Thence Southwesterly, along said curve, through a central angle of 41°20'00", a distance of
432.84 feet,

Thence South 41°03'39" West, a distance of 374.02 feet to the beginning of a tangent curve of
1,000.00 foot radius, concave Northwesterly,

Thence Southwesterly, along said curve, through a central angle of 15°36'34", a distance of
272.44 feet,

Thence South 56°40'14" West, a distance of 592.06 feet to the beginning of a tangent curve of
2,000.00-foot radius, concave Southeasterly;

Thence Southwesterly, along said curve, through a central angle of 13°26'27", a distance of
469.18 feet,

2002 AUG 14 11 11 AM

Legal Description for
Sierra Montana
Homeowners Association
August 14, 2002

Thence South 43°13'47" West, a distance of 166 59 feet,

Thence North 46°46'13" West, a distance of 377 73 feet to the beginning of a tangent curve of 800 00-foot radius, concave Southwesterly;

Thence Northwesterly, along said curve, through a central angle of 43°34'08", a distance of 608 34 feet,

Thence South 89°39'38" West, a distance of 153 81 feet,

Thence South 00°00'00" East, a distance of 782 00 feet to the True Point of Beginning,

Thence South 00°00'00" East, a distance of 629 28 feet,

Thence North 77°41'51" West, a distance of 513 95 feet to the beginning of a tangent curve of 470 00 foot radius, concave Northeasterly,

Thence Northwesterly, along said curve, through a central angle of 77°41'51", a distance of 637 36 feet,

Thence North 00°00'00" East, a distance of 60 57 feet,

Thence North 90°00'00" East, a distance of 872 00 feet to the True Point of Beginning

Containing 10 048 Acres, more or less

EXCEPTION #3, PROPOSED PARCEL 13

Commencing at the North Quarter Corner of said Section 11,

Thence North 89°43'39" East, along the North line of the Northeast Quarter of said Section 11, a distance of 853 43 feet,

Thence South 00°16'21" East, a distance of 116 79 feet to the beginning of a tangent curve of 600 00 foot radius, concave Northwesterly,

Thence Southwesterly, along said curve, through a central angle of 41°20'00", a distance of 432 84 feet,

Thence South 41°03'39" West, a distance of 374 02 feet to the beginning of a tangent curve of 1,000 00-foot radius, concave Northwesterly,

When recorded return to:

Taylor Woodrow/Arizona, Inc.
6720 North Scottsdale Road, Suite 390
Scottsdale, Arizona 85253
Attn: Lynne M. Dugan

**AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR SIERRA MONTAÑA**

This Amendment to Declaration of Covenants, Conditions and Restrictions for Sierra Montaña ("Amendment") is made effective as of the 17th day of March, 2004 and amends that certain Declaration of Covenants, Conditions, and Restrictions for Sierra Montaña ("Declaration") recorded at Maricopa County, Arizona instrument no. 2002-0834473. This Amendment is entered into by the undersigned, who are (a) Owners of at least two thirds of the Lots and (b) all of the Co-Declarants. The undersigned hereby elect to amend the Declaration pursuant to Section 12.3 thereof as follows:

1. Section 5.5 of the Declaration is amended by adding a new part (C) to Section 5.5 reading as follows:

"(C) No truck, mobile home, travel trailer, tent trailer, trailer, camper shell, detached camper, recreational vehicle, boat trailer or other similar equipment or other motor vehicle of any kind shall be parked, kept or maintained on any Lot or on the Common Area except for (i) motor vehicles which do not exceed 258 inches in length, 75 inches in height and 84 inches in width, (ii) motor vehicles which are owned by any guest or invitee of any Owner or tenant and which are parked on a Lot only during such time as the guest or invitee is visiting the Owner or tenant but in no event shall such a motor vehicle be parked on a Lot for more than seven (7) days during any six (6) month period of time. No vehicle described in this subsection shall be permitted to park in the rear or side yard of any Lot so as to be Visible from Neighboring Property or Common Area."

2. Article V of the Declaration is hereby amended by adding a new Section 5.23 reading as follows:

"5.23 Waivers. The Architectural Committee may issue a waiver from any restriction in this Article V as to any Lot or Parcel upon the Architectural Committee determining that such waiver will not have a substantial adverse effect on the value or desirability of any Lot or Parcel adjacent to the Lot or Parcel for which the waiver is issued. Any such waiver may be limited in duration or conditioned on other events. Notwithstanding the foregoing, Declarant (so long as Declarant is the owner of any portion of the Property) or the Board shall have the right to issue a waiver of any or all restrictions in this Declaration to any Lot or Parcel that is Exempt Property, which waiver shall be effective so long as the Lot or Parcel maintains its status as Exempt Property."

3. Section 4.3(H) of the Declaration is hereby amended to read as follows:

(H) Notwithstanding anything herein to the contrary, the annual assessment and any special assessment for any Lot within the portions of the Property commonly referred to as Parcel 7 shall be fifty percent (50%) of the annual assessment or special assessment otherwise generally applicable to the Lots within the Project during any period of time that Lots within Parcel 7 are subject to a neighborhood assessment pursuant to Section 4.15 of this Declaration.

4. Section 14.4 of the Declaration is hereby deleted.

5. Except as stated herein, the Declaration shall continue in full force and effect. This Amendment may be executed in counterparts, each of which shall be deemed an original, with the same force and effect as if all signatures were appended to on instrument. Capitalized terms used in this Amendment without definition shall have the meanings stated in the Declaration. Taylor Woodrow/Arizona, Inc. hereby certifies, covenants and represents that (a) a copy of this Amendment was delivered to VA and HUD offices with a request for approval thereof pursuant to Section 14.4 of the Declaration on or prior to the date of recordation of this Amendment and that (b) Taylor Woodrow/Arizona, Inc. will record a notice within forty-five days following the date of recordation of this Amendment if VA and/or HUD object to this Amendment or remove the Project from its list of approved projects. Pursuant to the immediately preceding sentence and Section 14.4 of the Declaration, this Amendment shall not take effect until forty six days following the date of recordation of this Amendment and shall not take effect on such date if Taylor/Woodrow/Arizona, Inc. has recorded the notice described in the preceding sentence.

In witness whereof, the undersigned have placed their signatures.

SIGNATURES APPEAR ON THE FOLLOWING PAGE

TAYLOR WOODROW/ARIZONA, INC.,
an Arizona corporation

By: *Thomas R. Blake, Jr.*
Thomas R. Blake, Jr.
Its: Vice President Land Acquisition

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 17th day of March, 2004 by
Thomas R. Blake, Jr., the Vice President of Taylor Woodrow/Arizona, Inc., an Arizona
corporation, for and on behalf of the corporation.

Lynne M. Dugan
Notary Public



THE RYLAND GROUP, INC.,
a Maryland corporation

By: *Robert M. Cross*
Its: *Operational V.P.*

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 5th day of March, 2004 by
Robert M. Cross, the Ops. V.P. of The Ryland Group, Inc., a Maryland
corporation, for and on behalf of the corporation.



Melissa Baker
Notary Public

Shea Homes Limited Partnership,
a California limited partnership

By: J.F. Shea LLC,
a Delaware limited liability company
doing business in the State of Arizona
as J.F. Shea I LLC, its general partner

By: [Signature]
Its: Assistant Secretary

By: [Signature]
Its: Assistant Secretary

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 17th day of February, 2004 by
Dan Garue and Ruth Truman, the Asst. Sec. and Asst. Sec.
respectively of Shea Homes Limited Partnership, a California limited partnership by J. F. Shea I
LLC, its general partner.



[Signature]
Notary Public

BEAZER HOMES HOLDING CORP.,
A Delaware corporation

By: [Signature]
Its: President of Sales & Marketing

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 17th day of February, 2004 by Carolyn Morrison of Beazer Homes Holding Corp., a Delaware corporation, for and on behalf of the corporation.



Notary Seal/Stamp

Mindy E. Himmel
Notary Public

CANTERRA AT SIERRA MONTANA I, LLC,
an Arizona limited liability company

By: [Signature]
Its: Member

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 25th day of February, 2004 by Thomas Rietz - member of Canterra at Sierra Montana I, LLC, Inc., an Arizona limited liability company, for and on behalf of the corporation.



[Signature]
Notary Public

MILLER FAMILY HOMES, LLC.,
An Arizona limited liability company

By: Janice K. Miller
Its: Managing Director

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 18 day of Feb., 2004 by
Janice K. Miller of Miller Family Homes, LLC., an Arizona limited
liability company, for and on behalf of the corporation.

Notary Seal/Stamp

Diana Olson

Notary Public



MONTALBANO HOMES OF ARIZONA, INC.,
an Arizona corporation

By: *Mark Malouf*
Its: C.O.O.

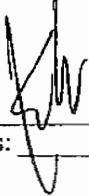
STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 19 day of February, 2004 by
Mark Malouf of Montalbano Homes of Arizona, Inc., an Arizona
corporation, for and on behalf of the corporation.

 OFFICIAL SEAL
STACIE K. SMALL
Notary Public - State of Arizona
MARICOPA COUNTY
Commission #221978
My Comm. Expires May 31, 2008
Notary Seal/Stamp

Stacie K. Small
Notary Public
Stacie K Small

SANTA ANNA CONSTRUCTION, INC.,
an Arizona corporation

By: 
Its: PRESIDENT

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 18 day of February, 2004 by
Ken Brumby of Santa Anna Construction, Inc., an Arizona corporation,
for and on behalf of the corporation.



MARK PARRONE
Notary Public - Arizona
Maricopa County
Expires 04/30/06

Notary Seal/Stamp


Notary Public

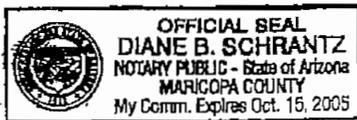
SCOTT HOMES II, L.L.C.,
an Arizona limited liability company

By: SCOTT MANAGEMENT COMPANY,
AN ARIZONA CORPORATION
Its: MANAGER

By: [Signature]
Its: _____

STATE OF ARIZONA)
) ss.
County of Maricopa)

This instrument was acknowledged before me this 1st day of March, 2004 by Steven S. Robson of Scott Homes II, L.L.C., an Arizona limited liability company, for and on behalf of the ~~corporation~~ limited liability company.



Notary Seal/Stamp

[Signature]
Notary Public

* the president of Scott Management Company, an Arizona corporation,
in its capacity as the Manager of

Sierra Montana Homeowners Association

Articles of Incorporation



AZ. CORP. COMMISSION
FILED

JAN 22 2003

APPR
TERM
DATE

D Valleges
1/22/03
1061680-9

ARTICLES OF INCORPORATION
OF

SIERRA MONTANA HOMEOWNERS ASSOCIATION,
an Arizona nonprofit corporation

The undersigned hereby voluntarily set forth the following statements for the purpose of forming a non-profit corporation under and pursuant to the laws of the State of Arizona, and for that purpose hereby adopt these Articles of Incorporation.

ARTICLE I
NAME

The name of the corporation is Sierra Montana Homeowners Association (the "Association").

ARTICLE II
DURATION

The Association shall exist perpetually.

ARTICLE III
PURPOSE OF THE ASSOCIATION

The object and purpose for which this Association is organized is to provide for the management, maintenance, operation, replacement and repair of the Common Area and to perform all duties and exercise all rights imposed on or granted to the Association by the Project Documents. In furtherance of and in order to accomplish the foregoing object and purpose, the Association may transact any or all-lawful business for which nonprofit corporations may be incorporated under federal and state law.

ARTICLE IV
CHARACTER OF BUSINESS

The character of the business which the Association intends to conduct in Arizona is to provide for the management, maintenance, operation, replacement and repair of the Common Area and to exercise and perform such other powers and duties as are imposed on or granted to the Association by the Project Documents.

ARTICLE V
STATUTORY AGENT

N. Kelly House, whose address is 6710 North Scottsdale Road, Suite 100, Scottsdale, Arizona 85253 and who has been a bona fide resident of the State of Arizona for more than three (3) years last past, is hereby appointed and designated as the initial statutory agent for the Association.

ARTICLE VI
BOARD OF DIRECTORS

The number of Directors constituting the initial Board of Directors shall be five (5). The names and addresses of the initial Directors of the Association who shall serve until the first annual meeting of the members or until their successors are elected and qualified are as follows:

<u>Name</u>	<u>Mailing Address</u>
N. Kelly House	6710 North Scottsdale Road Suite 100 Scottsdale, AZ 85253
Scott Menard	6710 North Scottsdale Road Suite 100 Scottsdale, AZ 85253
Lynne Dugan	6710 North Scottsdale Road Suite 100 Scottsdale, AZ 85253
David Garcia	8800 North Gainey Drive Suite 350 Scottsdale, AZ 85258
Michael Lanata	637 South 48 th Street Suite 203 Tempe, AZ 85281

ARTICLE VII
INCORPORATOR

The name and address of the incorporator of the Association is N. Kelly House, 6710 North Scottsdale Road, Suite 100, Scottsdale, AZ 85253.

ARTICLE VIII
LIMITATION ON LIABILITY OF DIRECTORS

To the fullest extent allowable under federal and state law, no Director of the Association shall be personally liable to the Association or its members for monetary damages for breach of fiduciary duty as a Director, except liability for any of the following:

- (i) Any breach of the Director's duty of loyalty to the Association or its members;
- (ii) Acts or omissions which are not in good faith and which involve intentional misconduct or a knowing violation of law;
- (iii) A violation of state law prohibitions regarding issuance of shares of stock, payments of dividends, or distributions of income or profit;
- (iv) Any transaction from which the Director derived an improper personal benefit;
- (v) A violation of state laws regarding transactions with the Director that are void or voidable because of conflicts of interest.

ARTICLE IX
KNOWN PLACE OF BUSINESS

The known place of business of the Association shall be located at 6710 North North Scottsdale Road, Suite 100, Scottsdale, AZ 85253.

ARTICLE X
MEMBERSHIP AND VOTING RIGHTS

Membership in the Association shall be limited to Owners of Lots. Each Owner shall have such rights, privileges and votes in the Association as are set forth in the Project Documents. Every person or entity who is a record owner of any Lot is entitled to membership and voting rights in the Association. Membership is appurtenant to, and inseparable from, ownership of a Lot.

ARTICLE XI
BYLAWS

The Board of Directors shall adopt the initial Bylaws of the Association. The power to alter, amend or repeal, the Bylaws is reserved to the Members except that the Board, without a vote of the Members, may amend the Bylaws in order to conform the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant. So long as there is a Class B membership in the Association, any amendment of the Bylaws must be approved by the Veterans Administration ("VA") or the United States Department of Housing and Urban Development ("HUD"). HUD or VA approval of an amendment to the Bylaws shall be deemed given if (a) application for approval is made in writing together with written certification complying with HUD/VA guidelines stating that the Bylaws, as amended, will continue to comply with applicable HUD/VA requirements and (b) HUD and/or VA

does not remove the Property from its list of approved projects or otherwise object to the application within thirty days following such application.

ARTICLE XII
OFFICERS

The following persons shall be the initial officers of the Association and shall hold the positions opposite their names until the first annual meeting of the Association or until their successors have been elected and qualified:

Dave Garcia	-	President
N. Kelly House	-	Vice-President
Scott Menard	-	Secretary/Treasurer

ARTICLE XIII
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by Owners representing not less than two-thirds (2/3) of the authorized votes of each class of the Association membership. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created, as the Board of Directors shall determine. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, or assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purpose as the Board of Directors shall determine.

ARTICLE XIV
AMENDMENTS

These Articles may be amended only with the consent of Members owning not less than two thirds of the total Lots.

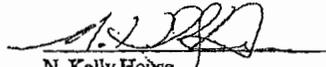
ARTICLE XV
DEFINED TERMS

Capitalized terms used in these Articles without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Sierra Montana. In the event of a conflict or inconsistency between these Articles and the Declaration, the provisions of the Declaration shall control.

ARTICLE XVI
FHA/VA APPROVAL

So long as there is a Class B membership, the following actions will require the prior approval of HUD or VA: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, and dissolution and amendment of these Articles. HUD or VA approval of an amendment to these Articles shall be deemed given if (a) application for approval is made in writing together with written certification complying with HUD/VA guidelines stating that the Articles, as amended, will continue to comply with applicable HUD/VA requirements and (b) HUD and/or VA does not remove the Property from its list of approved projects or otherwise object to the application within thirty days following such application.

Dated this 16th day of January, 2003.

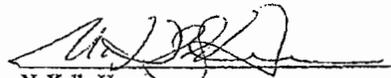


N. Kelly House

STATUTORY AGENT CONSENT

The undersigned, having been designated to act as Statutory Agent for Sierra Montana Homeowners Association, hereby consents to act in that capacity until removed or resignation is submitted.

Date: January 16th, 2003



N. Kelly House

ARIZONA CORPORATION COMMISSION
CORPORATIONS DIVISION

Phoenix Address: 1300 West Washington
Phoenix, Arizona 85007-2929

Tucson Address: 400 West Congress
Tucson, Arizona 85701-1347

NONPROFIT
CERTIFICATE OF DISCLOSURE
A.R.S. Section 10-3202.D.

Sierra Montana Homeowners Association
EXACT CORPORATE NAME

- A. Has any person serving either by election or appointment as officer, director, trustee, or incorporator in the corporation:
1. Been convicted of a felony involving a transaction in securities, consumer fraud or antitrust in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 2. Been convicted of a felony, the essential elements of which consisted of fraud, misrepresentation, theft by false pretenses, or restraint of trade or monopoly in any state or federal jurisdiction within the seven-year period immediately preceding the execution of this Certificate?
 3. Been or are subject to an injunction, judgment, decree or permanent order of any state or federal court entered within the seven-year period immediately preceding the execution of this Certificate wherein such injunction, judgment, decree or permanent order:
 - (a) Involved the violation of fraud or registration provisions of the securities laws of that jurisdiction?; or
 - (b) Involved the violation of the consumer fraud laws of that jurisdiction?; or
 - (c) Involved the violation of the antitrust or restraint of trade laws of that jurisdiction?

Yes No

B. IF YES, the following information MUST be attached:

1. Full name and prior name(s) used.
2. Full birth name.
3. Present home address.
4. Prior addresses (for immediate preceding 7-year period).
5. Date and location of birth.
6. Social Security number.
7. The nature and description of each conviction or judicial action, date and location, the court and public agency involved and its or cause number of case.

- C. Has any person serving either by election or appointment as an officer, director, trustee or incorporator of the corporation, served in any such capacity or held such interest in any corporation which has been placed in bankruptcy or receivership or had its charter revoked, or administratively dissolved by any jurisdiction?

Yes No

IF YOUR ANSWER TO THE ABOVE QUESTION IS "YES", YOU MUST ATTACH THE FOLLOWING INFORMATION FOR EACH CORPORATION:

1. Name and address of the corporation.
2. Full name, including alias and address of each person involved.
3. State(s) in which the corporation:
 - (a) Was incorporated.
 - (b) Has transacted business.
4. Dates of corporate operation.
5. A description of the bankruptcy, receivership or charter revocation, including the date, court or agency and the file or cause number of the case.

D. The fiscal year end adopted by the corporation is DEC-31.

Under penalties of law, the undersigned incorporator/officers declare that we have examined this Certificate, including any attachments, and to the best of our knowledge and belief it is true, correct and complete, and hereby declare as indicated above. THE SIGNATURE(S) MUST BE DATED WITHIN THIRTY (30) DAYS OF THE DELIVERY DATE.

BY [Signature] DATE 1/17/03 BY _____ DATE _____
 TITLE Incorporator, N. Kelly Hulse TITLE _____

BY _____ DATE _____ BY _____ DATE _____
 TITLE _____ TITLE _____

DOMESTIC CORPORATIONS: ALL INCORPORATORS MUST SIGN THE INITIAL CERTIFICATE OF DISCLOSURE. (If more than four incorporators, please attach remaining signatures on a separate sheet of paper.)

If within sixty days, any person becomes an officer, director, or trustee and the person was not included in this disclosure, the corporation must file an AMENDED certificate signed by all incorporators, or if officers have been elected, by a duly authorized officer.

FOREIGN CORPORATIONS: Must be executed by any two executive officers or directors.

Sierra Montana Homeowners Association

Bylaws



**BYLAWS
OF
SIERRA MONTANA HOMEOWNERS ASSOCIATION**

SIERRA MONTANA HOMEOWNERS ASSOCIATION

INDEX TO BYLAWS

ARTICLE 13
1.1 Defined Terms3
1.2 Conflicting Provisions3
1.3 Designation of Fiscal Year.....3
1.4 Books and Records3
1.5 Amendment.....3
1.6 Indemnification4
ARTICLE 2.....4
2.1 Annual Meeting4
2.2 Special Meetings4
2.3 Notice of Meetings.....4
2.4 Quorum4
2.5 Majority Vote5
2.6 Proxies5
ARTICLE 35
3.1 Number5
3.2 Term of Office5
3.3 Removal5
3.4 Compensation5
3.5 Action Taken Without a Meeting5
3.6 Vacancies6
3.7 Regular Meetings6
3.8 Special Meetings.....6
3.9 Quorum6
3.10 Majority Vote.....6
3.11 Powers and Duties.....6
ARTICLE 4.....8
4.1 Enumeration of Officers.....8
4.2 Election of Officers.....8
4.3 Term9
4.4 Special Appointments9
4.5 Resignation and Removal9
4.6 Vacancies9
4.7 Multiple Officers.....9
4.8 Powers and Duties.....9
CERTIFICATION.....9

**BYLAWS
OF
SIERRA MONTANA HOMEOWNERS ASSOCIATION**

**ARTICLE 1
GENERAL PROVISIONS**

1.1 **Defined Terms.** Capitalized terms used in these Bylaws without definition shall have the meanings specified for such terms in the Declaration of Covenants, Conditions and Restrictions for Sierra Montana Homeowners Association.

1.2 **Conflicting Provisions.** In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

1.3 **Designation of Fiscal Year.** The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

1.4 **Books and Records.** The books, records and papers of the Association shall be available for inspection by any Member during reasonable business hours. The Project Documents shall be available for inspection by any Member during reasonable business hours at the principal office of the Association, where copies may be purchased at reasonable cost.

1.5 **Amendment.**

(A) These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of the Members having a majority (more than 50%) of the votes entitled to be cast by the Members present in person or by proxy.

(B) So long as there is a Class B membership in the Association, the Declarant, without a vote of the Members and without the consent of any First Mortgagee, may amend these Bylaws in order to conform these Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, The Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by the Declarant.

(C) So long as there is a Class B membership in the Association, any amendment of these Bylaws must be approved by the Veterans Administration ("VA") or the United States Department of Housing and Urban Development ("HUD"). HUD or VA approval of an amendment to these Bylaws shall be deemed given if (a) application for approval is made in writing together with written certification complying with HUD/VA guidelines stating that the Bylaws, as amended, will continue to comply with applicable HUD/VA requirements and (b)

HUD and/or VA does not remove the Property from its list of approved projects or otherwise object to the application within thirty days following such application.

1.6 **Indemnification.** To the extent it has the power to do so under federal and state law, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Association, by reason of the fact that he is or was a member, director, officer, employee or agent of the Association or is or was serving at the request of the Association as a member, director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, and against judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if his action or omission was made in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Indemnification of any such person shall be made in accordance with the procedures set forth in the Arizona Revised Statutes.

ARTICLE 2

MEETINGS OF MEMBERS

2.1 **Annual Meeting.** The first annual meeting of the Members shall be held within one (1) year of the first close of escrow of a Lot to a class A Member of the Association, at such time and place as may be set by the Board. An annual meeting of the Members shall be held at least once every twelve (12) months thereafter at such time and place as is determined by the Board.

2.2 **Special Meetings.** Special meetings of the Members may be called at any time by the President or by the Board or upon written request signed by Members having at least one-fourth (1/4) of the authorized votes in Class A of the Association membership which request shall be delivered to the President or Secretary.

2.3 **Notice of Meetings.** Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting by mailing a copy of each notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. By attending a meeting, a Member waives any right he may have had to object to the meeting on the basis that the proper notice of the meeting was not given in accordance with these Bylaws or the statutes of the State of Arizona.

2.4 **Quorum.** Except as otherwise provided in the Articles, the Declaration or these Bylaws, the presence in person or by proxy of Members entitled to cast one-tenth (1/10th) of the total authorized votes in the Association shall constitute a quorum at all meetings of the Members. If a quorum shall not be present at any meeting, the Members entitled to vote thereat

shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

2.5 Majority Vote. The vote of a majority of the Members at a meeting at which a quorum is present shall be binding upon all Members for all purposes except where a higher percentage vote is required by law, the Articles, the Declaration, or these Bylaws.

2.6 Proxies and Mail Ballots. At all meetings of the Members a vote may be cast in person, by proxy, or by mail ballot. A proxy may be granted by any Member in favor of only another Member, the Secretary of the Association, the Declarant, or the Member's mortgagee, or in the case of a non-resident Member, the lessee of such, duly executed in writing and it shall be valid only for the particular meeting designated in the proxy. All proxies must be filed with the Secretary prior to the commencement of the meeting for which the proxy is given. The proxy shall be deemed revoked only upon actual receipt by the person presiding over the meeting of a notice of revocation signed by the Member who granted the proxy. Except with respect to proxies in favor of a mortgagee, no proxy shall in any event be valid for a period in excess of 180 days after the execution thereof. Any election of director(s) of the Association may, if directed by the Board, provide for mail ballots for Owners to vote in such election; such ballots shall be subject to such rules as the Board may reasonably establish.

ARTICLE 3 **BOARD OF DIRECTORS**

3.1 Number. The affairs of this Association shall be initially managed by a board of five (5) directors, who need not be Members of the Association so long as there is a Class B membership in the Association. After the termination of the Class B membership, all directors must be Members of the Association. The Board may increase or decrease the number of directors on the board, but the number of directors must always be an odd number and shall not be greater than nine (9) or less than three (3). No reduction in the number of directors shall affect the remaining term of any previously elected director.

3.2 Term of Office. The initial members of the Board shall hold office until the first annual meeting of the Members and until their successors are elected and qualified. Commencing with the first annual meeting of the Members, all directors shall be elected for a term of one (1) year. After termination of the Class B membership, the terms of directors shall be increased to three years and shall be staggered so that one-third of the director positions are eligible for election in each calendar year.

3.3 Removal. At any annual or special meeting of the Members duly called, any one or more of the members of the Board of Directors may be removed from the Board with or without cause by Members having more than fifty percent (50%) of the votes entitled to be cast by the Members present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thereby created.

3.4 Compensation. No director shall receive compensation for any service he may render as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

3.5 **Action Taken Without a Meeting.** The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written consent of all the directors. Any such written consent shall be filed with the minutes of the proceedings of the Board.

3.6 **Vacancies.** Vacancies on the Board caused by any reason other than the removal of a director in accordance with the provisions of Section 3.3 of these Bylaws shall be filled by a majority vote of the remaining directors at the first regular or special meeting of the Board held after the occurrence of such vacancy, even though the directors present at such meeting may constitute less than a quorum. Each person so elected shall serve the unexpired portion of the prior director's term.

3.7 **Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board. Such meetings shall be held at least once during each fiscal year.

3.8 **Special Meetings.** Special meetings of the Board may be called by the President on three (3) business days notice to each director, given in writing, by hand delivery, mail or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two directors.

3.9 **Quorum.** A majority of the directors shall constitute a quorum for the transaction of business.

3.10 **Majority Vote.** Every act or decision done or made by a majority of the directors present at a duly-held meeting at which a quorum is present shall be regarded as the act of the Board.

3.11 **Powers and Duties.**

(A) The Board shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by the Project Documents required to be exercised or done by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Members that may hereafter be adopted, the Board shall have the following powers and duties:

- (1) Open bank accounts on behalf of the Association and designate the signatories thereon;
- (2) Make, or contract for the making of, repairs, additions to, improvements to or alterations of the Common Area in accordance with the Project Documents, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;

(3) In the exercise of its discretion, enforce by legal means the provisions of the Project Documents;

(4) Designate, hire and dismiss the personnel necessary for the maintenance, construction, operation, management, repair, and replacement of the Common Area and provide services for the Members, and, where appropriate, provide for the compensation of such personnel and for the purchase of equipment, supplies and material to be used by such personnel in the performance of their duties;

(5) Provide for the operation, care, upkeep and maintenance of all of the Common Area and borrow money on behalf of the Association when required in connection with the operation, upkeep and maintenance for said areas; provided, however, the consent of Members having at least two-thirds (2/3) of the total votes in the Association shall be obtained either in writing or at a meeting called and held for such purpose in accordance with the provisions of these Bylaws in order for the Association to borrow in excess of \$5,000;

(6) Prepare and adopt an annual budget for the Association prior to the commencement of each fiscal year;

(7) Adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of the Members and their family members, guests, lessees and invitees thereon and establish penalties for the infraction thereof;

(8) Suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any Assessment or other amounts due under the terms of the Project Documents for a period of fifteen (15) days, and suspend the voting rights of a Member for a period not to exceed sixty (60) days for any infraction of the Project Documents;

(9) Exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the membership by other provisions of the Project Documents;

(10) Declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(11) Employ, hire and dismiss such employees as they deem necessary and to prescribe their duties and their compensation;

(12) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by any Member entitled to vote;

(13) Supervise all officers, agents and employees of the Association and see that their duties are properly performed;

(14) Levy and collect Assessments as provided in the Declaration;

(15) Issue, or cause an appropriate officer to issue upon demand to any person, a certificate setting forth whether or not any Assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

(16) Procure and maintain adequate property, liability and other insurance as required by the Declaration; and

(17) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(B) The Board may employ for the Project a "Managing Agent" at a compensation established by the Board. The Managing Agent may either be an employee of the Association or an independent professional management company. The Managing Agent shall perform such duties and services as the Board shall authorize, including, but not limited to, all of the duties listed in the Declaration and these Bylaws except for such duties and services that under the Declaration may not be delegated to the Managing Agent. The Board may delegate to the Managing Agent all of the powers granted to the Board or the officers of the Association by the Declaration and these Bylaws other than the following powers:

- Assessments;
- (1) To adopt the annual budget, any amendment thereto or to levy Assessments;
 - (2) To adopt, repeal or amend Association Rules;
 - (3) To designate signatories on Association bank accounts;
 - (4) To borrow money on behalf of the Association.

(C) Any contract with the Managing Agent must provide that it may be terminated with or without cause and without payment of any penalty or termination fee on at least thirty (30) days written notice. The term of any such contract may not exceed three (3) years.

ARTICLE 4 **OFFICERS AND THEIR DUTIES**

4.1 Enumeration of Officers. The principal officers of the Association shall be the President, the Vice-President, the Secretary, and the Treasurer, all of whom shall be elected by the Board. The President must be a member of the Board. Any other officers may, but need not, be members of the Board.

4.2 Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the members.

4.3 Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

4.4 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

4.5 Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6 Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

4.7 Multiple Officers. Any two or more offices may be held simultaneously by the same person except the offices of President and Secretary.

4.8 Powers and Duties. To the extent such powers and duties are not assigned or delegated to a manager pursuant to Section 3.11(B) of these Bylaws, the powers and duties of the officers shall be as follows:

(A) **President.** The President shall be the chief executive officer of the Association; shall preside at all meetings of the Board or the Members; shall see that orders and resolutions of the Board are carried into effect; and have general and active management of the business of the Association;

(B) **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

(C) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board;

(D) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds for appropriate Association purposes as set forth in the Project Documents; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and, in general, perform all the duties incident to the office of Treasurer.

CERTIFICATION

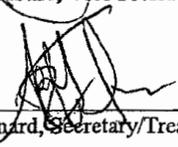
I hereby certify that the foregoing Bylaws were duly adopted by the Board of Directors of the Association on the 29th day of January, 2003.



Dave Garcia, President



N. Kelly House, Vice President



Scott Menard, Secretary/Treasurer

Sierra Montana Homeowners Association

Resolutions



RESOLUTION

SIERRA MONTANA HOMEOWNERS ASSOCIATION

**ASSOCIATION RULES
&
DESIGN GUIDELINES**

In the open session of Sierra Montana Homeowners Association a majority of the Board of Directors adopted the attached Association Rules & Design Guidelines on October 27, 2008.

THEREFORE, it is resolved that this Association Rules & Design Guidelines shall be effective as of December 1, 2008.

IN WITNESS WHEREOF, the undersigned have verified the approval of this Resolution and Association Rules & Design Guidelines on this 24 day of November, 2008.



President

11-24-08
Date



Secretary

11-24-08
Date

RESOLUTION

**SIERRA MONTANA HOMEOWNERS ASSOCIATION
BOARD MEMBERS CODE OF CONDUCT**

In the open session of Sierra Montana Homeowners Association a majority of the Board of Directors adopted the attached Board Members Code Of Conduct on November 24, 2008.

THEREFORE, it is resolved that this Board Members Code OF Conduct shall be effective as of December 1, 2008.

IN WITNESS WHEREOF, the undersigned have verified the approval of this Resolution and Board Members Code Of Conduct on this 24 day of November, 2008.



President

11-24-08

Date



Secretary

11.24.08

Date

RESOLUTION

**SIERRA MONTANA HOMEOWNERS ASSOCIATION
LANDSCAPE COMMITTEE CHARTER**

In the open session of Sierra Montana Homeowners Association a majority of the Board of Directors adopted the attached Landscape Committee Charter on November 24, 2008.

THEREFORE, it is resolved that this Landscape Committee Charter shall be effective as of December 1, 2008.

IN WITNESS WHEREOF, the undersigned have verified the approval of this Resolution and Landscape Committee Charter on this 24 day of November, 2008.



President

11-24-08
Date



Secretary

11-24-08
Date

RESOLUTION

SIERRA MONTANA HOMEOWNERS ASSOCIATION

PARKING COMMITTEE CHARTER

In the open session of Sierra Montana Homeowners Association a majority of the Board of Directors adopted the attached Parking Committee Charter on November 24, 2008.

THEREFORE, it is resolved that this Parking Committee Charter shall be effective as of December 1, 2008.

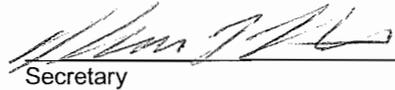
IN WITNESS WHEREOF, the undersigned have verified the approval of this Resolution and Parking Committee Charter on this 24 day of November, 2008.



President

11-24-08

Date



Secretary

11-24-08

Date

RESOLUTION

SIERRA MONTANA HOMEOWNERS ASSOCIATION

**SUPPLEMENTAL
ASSOCIATION RULES
&
DESIGN GUIDELINES**

**For
THE MISSIONS**

In the open session of Sierra Montana Homeowners Association a majority of the Board of Directors adopted the attached Association Rules & Design Guidelines on July 27, 2009.

THEREFORE, it is resolved that this Association Rules & Design Guidelines shall be effective as of September 1, 2009.

IN WITNESS WHEREOF, the undersigned have verified the approval of this Resolution and Association Rules & Design Guidelines on this 27 day of July, 2009.



President

07/27/09
Date



Secretary

07/27/09
Date

SIERRA MONTANA HOMEOWNERS ASSOCIATION

LONG RANGE PLANNING COMMITTEE CHARTER

Effective February 22, 2010

Committee Establishment:

The Long Range Planning Committee is hereby established as an ad hoc committee of the Sierra Montana Homeowner's Association. This committee shall exist on an extended basis and/or until such time the Association Board of Directors feel it is no longer necessary and abolishes it.

Membership:

The Committee shall consist of one to five Members. The Committee may be expanded by direction of the Board of Directors. The Board will approve all Committee members. Termination of services will be by resignation, removal by the Board or the abolishment of the Committee. The Committee may consist of only a Member if necessary.

Committee Leadership:

The Board will appoint a Director or a Member to the Committee as Chairperson. The Chairperson will appoint a Vice Chairperson and a Recording Secretary, providing there are enough Committee members available to fill these positions. In the event this is a one person Committee, the Chairperson shall be responsible for all duties of the Committee.

Procedures:

The Committee shall conduct business by physically gathering in a central location. The Committee shall meet at the call of the Chairperson or in his/her absence, the Vice Chairperson, or at the request of the Board to consider matters assigned under this Charter. A majority of Committee members present at meetings shall constitute a quorum to act on business before the Committee. Minutes of meetings shall be properly recorded and promptly forwarded to the Board Secretary, via Management, for further distribution and will be retained in the permanent records of the Association.

Management will forward all Committee's recommendations and a Committee minute provided by the Committee's appointed Recording Secretary. These meeting minutes and Committee recommendations shall be promptly forwarded to the Board Secretary,

via Management, for further distribution and will be retained by the Association for permanent record. The Committee recommendations may be reviewed by the Board of Directors and used in their decision making process.

Mission:

The express purpose of the Long Range Planning Committee shall be to assist the Board with the planning of various topics, which may need to be addressed in the prior year(s) and potential costs that may be associated with implementing each discussion item. This Committee works at the sole discretion of the Board as shall serve in the function of assisting with a business plan for the Association. Additional functions of the Committee shall include, but are not be limited to the following:

- Serve in advisory capacity to the Board of Directors.
- Assist the Board in meeting its responsibilities.
- Follow the Board's recommendations of long term planning issues.
- Ascertain by survey or other means, up-to-date interests, and issues as defined by the Homeowners.
- Assist the Board by making recommendations of subject items/issues to be reviewed by this Committee.
- Assist the Board with the planning of specific future projects, programs or expenses that impact the Community and fall within the legal responsibilities of the Association.
- Assist the Board by recommending changes to Budget Line Items that will fund recommended project, programs and expenses.
- Recommend and/or additions/deletions to existing policies, rules, regulations and documents after gaining inputs from Homeowners.
- Make monthly reports to the Board.

The Committee does not have a budget or spending authority; unless specifically authorized on a case by case basis by the Board of Directors. Nor does the Committee have the authority to change any policy of governing documents.

SIERRA MONTANA HOMEOWNERS ASSOCIATION

BOARD MEETING CONDUCT POLICY

WHEREAS, the following resolution is hereby adopted and approved by in an open meeting of the Board of Directors of Sierra Montana Homeowners Association, Inc., an Arizona nonprofit corporation, on March 29, 2010.

WHEREAS, the Board, pursuant to Article III, Section 3.3 of the Declaration of Covenants, Conditions and Restrictions for Sierra Montana (the "CC&Rs") has the authority to adopt rules and regulations that are not inconsistent with the CC&Rs, Bylaws or Articles of Incorporation; and

WHEREAS, there is a need to adopt a specific rule regarding the unruly, disruptive and uncivilized behavior of some Owners at Board, Membership and Annual meetings of the Association and when addressing Association issues with the Board or the Association's Community Association Manager; and

WHEREAS, it is the intent that this rule shall be applicable to all Owners, tenants, guests, invitees, or any others at the Sierra Montana Homeowners Association, and this resolution shall remain in effect until otherwise rescinded, modified, or amended by a majority of the Board of Directors,

NOW, THEREFORE, BE IT RESOLVED the following rule is hereby adopted by the Board of Directors.

If during the course of any Board meeting, Membership meeting or Annual meeting of the Sierra Montana Homeowners Association, or during any other interactions or communications with the Association or its representatives, any Owner, tenant, guest, invitee or any other individual that engage in unruly, disruptive or otherwise uncivilized behavior, said Owner, tenant, guest invitee or any other individual engaging in unruly, disruptive or otherwise uncivilized behavior will be asked to and is required to immediately cease and desist this behavior. If this behavior continues to occur at a Board meeting, Membership meeting or Annual meeting the Owner, tenant, guest, invitee, or other individual will be asked and is required to immediately leave the meeting in which said conduct occurs. If, after being asked to cease and desist the behavior, the violator actions/behavior continues, said violator shall be subject to sanctions as imposed by the Board of Directors. These sanctions can include, but are not limited to levy monetary penalties, fines, suspensions of privileges, or charges to hire security for future or current meetings or any other related charges or expense the Board deems necessary.

Sierra Montana Homeowners Association

Policies



SIERRA MONTANA HOMEOWNERS ASSOCIATION

FINE POLICY and FINE APPEAL PROCESS

Effective January 1, 2011

Pursuant to Article III, Section 3 12 of the Declaration of Covenants, Conditions and Restrictions for Sierra Montana Homeowners Association, Inc, recorded at Instrument No. 2002-0834473 in the records of Maricopa County, Arizona (the "Declaration"), the Board of Directors of Sierra Montana Homeowners Association Inc. (the "Association") has resolved and adopted this Policy providing for notice and an opportunity to be heard to an owner prior to the imposition of a monetary penalty for certain violations of the Declaration, as may be amended from time to time, and any track declaration or plat governing any portion of Sierra Montana, or any architectural committee rules, Association rules and/or regulations, and any landscape or design guidelines adopted by the Board of Directors of the Association (collectively, the "Governing Documents").

The Board of Directors intends to impose monetary penalties as authorized by A.R.S. Section 33-1803 and Article VI, Section 4 of the Declaration. The Board of Directors, when imposing monetary penalties reserves the right to enforce the Govern Documents in any other legal manner. The following Fine Policy and Fine Appeal Process is intended to be a guide only and is not intended to create any rights or obligations. The Board of Directors reserves the right to impose a monetary penalty on the first date of a violation, to accrue the fine daily until the violation is cured, and to impose fines in the amounts in excess of those set forth in the fine schedule of the Fine Policy.

FINE POLICY

The following Fine Policy shall be followed for the SIERRA MONTANA HOMEOWNERS ASSOCIATION for any and all violations relating to the following:

Declaration of Covenants, Conditions and Restrictions Article V

Section 5, 4 Noxious and Offensive Activity

Section 5.5 Motor Vehicle and Equipment

Section 5.6 Parking

Section 5.8 Machinery and Equipment

Section 5.16 Animals

Section 5.18 Refuse

Association Rules & Design Guidelines

Rules

Design Guidelines

Parking

Sanitation

FIRST NOTICE:

An initial notice of the violation shall be sent to the Homeowner via regular mail requesting compliance within ten (10) days. This notice shall contain information of the violation appeal process, as described in this document. **NO FINE, NOTICE OF HEARING.**

CONTINUING VIOLATIONS:

If the violation continues, or re-occurs within a six (6) month time period, without resolution and after the first notice a continuing violation notice may be sent to the Homeowner via regular mail. This notice shall contain information of the Violation appeal process, as described in this document. A fine of \$50.00 shall be assessed for the each occurrence of the violation until the violation is resolved. In addition the Board shall have the right to remedy the violation and/or take legal action; the cost of which shall be billed to the Homeowner and collected as allowed by Arizona Revised Statutes. This notice, and future notices, shall contain information of the violation appeal process as described in the VIOLATION APPEAL PROCESS as described in this document. A \$50 FINE will be assessed per occurrence. **\$50 FINE IMPOSED PER OCCURANCE, NOTICE OF HEARING.**

FINES:

No fine shall be imposed without first providing a written warning (FIRST NOTICE) to the Homeowner describing the violation and stating that failure to stop the violation within no less than ten (10) days or another recurrence of the same violation within six (6) months of the original violation shall make the Homeowner subject to imposition of a fine.

This Fine Policy is in addition to any and all other remedies provided for by laws of the State of Arizona and the Declaration of Covenants, Conditions and Restrictions of Sierra Montana Homeowners Association and any amendments thereto and the use hereof does not inhibit the Association exercising any other rights of enforcement.

FINE POLICY

The following Fine Policy shall be followed for the SIERRA MONTANA HOMEOWNERS ASSOCIATION for all violations not previously listed in this Policy. This Policy may also include those violations relating to the prior FINE POLICY.

FIRST NOTICE:

An initial notice of the violation shall be sent to the Homeowner via regular mail requesting compliance within ten (10) days. This notice shall contain information of the violation appeal process, as described her in this document. **NO FINE, NOTICE OF HEARING.**

SECOND NOTICE:

If violation still exists, or re-occurs within a six (6) month time period, without resolution and after a first notice a second notice may be sent to the Homeowner via regular mail requesting compliance within ten (10) days. This notice shall contain information of the violation appeal process, as described in this document. A \$50 FINE will be assessed with the second notice. **\$50 FINE IMPOSED, NOTICE OF HEARING.**

THIRD NOTICE:

If violation still exists, or re-occurs within a six (6) month time period, without resolution and after a second notice a third notice requesting compliance within ten (10) days shall be mailed via regular mail to the Homeowner. This notice shall contain information of the violation appeal process, as described in this document. A \$100 FINE will be assessed with the third notice. **\$100 FINE, NOTICE OF HEARING.**

FOURTH NOTICE:

If violation still exists, or re-occurs within a six (6) month time period, and after a fourth notice requesting compliance within ten (10) days shall be mailed via regular mail to the Homeowner. This notice shall contain information of the violation appeal process, as described in this document. A \$200 FINE will be assessed with the fourth notice. **\$200 FINE IMPOSED, NOTICE OF HEARING.**

CONTINUING VIOLATIONS:

If the violation continues, or re-occurs within a six (6) month 'time period, without resolution and after the fourth notice, a FINE of \$200 shall be assessed every ten (10) days until the violation is resolved. This notice shall contain information of the violation appeal process, as described in this document. In addition, the Board shall have the right to remedy the violation and/or take legal action, the cost of which shall be billed to the Homeowner and collected as allowed by Arizona Revised Statues. A \$200 FINE will be assessed per occurrence. **\$200 FINE IMPOSED, NOTICE OF HEARING.**

FINES:

No fine shall be imposed without first providing a written warning to the Homeowner describing the violation and stating that failure to stop the violation within no less than ten (10) days or another recurrence of the same violation within six (6) months of the original violation shall make the Homeowner subject to imposition of a fine.

This Fine Policy is in addition to any and all other remedies provided for by laws of the State of Arizona and the Declaration of Covenants, Conditions and Restrictions of Sierra Montana Homeowners Association and any amendments thereto and the use hereof does not inhibit the Association exercising any other rights of enforcement.

VIOLATION APPEAL PROCESS

When a violation notice is sent to a Homeowner, the notice includes a statement notifying the Homeowner that they have the "**RIGHT OF APPEAL**". When a Homeowner wants to appeal a violation, they must send the Management Company written notice that they are requesting an appeal of the violation.

- Appeals shall be received within five (5) days of the date of the fine notification (violation letter).
- Appeals shall demonstrate extenuating circumstances which require deviation from the CC& R's and/or Community Rules and Design Review Guidelines.
- Appeals shall include all pertinent backup information to support the existence of the extenuating circumstances. · All decisions of the Board are final and may not be further appealed. · Any appeal that does not meet the above requirements shall not be heard by the Board and shall be considered DENIED.
- The Homeowner appealing the violation will be given written notice that the appeal is scheduled.
- The appeal shall be heard in Executive Session.
- The Board President will introduce all parties.
- Lengthy discussions are not a part of an appeal process.
- The Homeowner who is appealing will be asked to state their case and present any documentation that is applicable.
- Each Board Member will have the opportunity to ask the Homeowner specific questions regarding the appeal.
- Upon completion of the question and answer period, the Board President will state that the appeal has been heard and the Board will make their decision in closed session. Then "Written Notice" will be given to the Homeowner of the Board's decision within seven (7) days working days.

If the appeal is denied, the Homeowner must bring the violation into compliance within fourteen (14) days. If the violation still exists after fourteen (14) days, the Homeowner will be fined **\$200** every fourteen (14) days until the violation is corrected. In addition, the Board of Directors may seek legal action to remedy the violation.

SIERRA MONTANA HOMEOWNERS ASSOCIATION

ASSESSMENT COLLECTION POLICY

EFFECTIVE MARCH 1, 2011

Pursuant to the Arizona Planned Communities Act §§ 33-1803 and 1807 and Article IV of the Declaration of Covenants, Conditions and Restrictions for Sierra Montana (the "Declaration"), the following resolution is hereby adopted by the undersigned, being all of the directors of Sierra Montana Homeowners Association (the "Association").

WHEREAS, Sierra Montana has authority pursuant to Article IV, Section 1 of the Declaration to levy assessments against the property;

WHEREAS, the Board of Directors of Sierra Montana Homeowners Association (the "Board") finds there is a need to establish orderly procedures for collection of assessments levied against properties that remain unpaid beyond the prescribed due dates;

WHEREAS, pursuant to Article IV, Section 4.7, permits the Board to establish how the annual assessment shall be paid in installments;

NOW THEREFORE, IT IS RESOLVED on this 28th day of February 2011 that the following procedures and practices are established, and effective March 1, 2011, for the collection of assessments owing and to become owing by the Owners of Sierra Montana Homeowners Association, and to be known as the "Assessment Collection Policy" for the Association in discharge of its responsibilities regarding collection of assessments levied against properties:

1. **POLICY OBJECTIVE:** The collection of assessments pursuant to the Declaration and this Assessment Collection Policy will be governed by the following objective:
 - a. The Association will pursue collection, in a uniform manner, of all annual assessments, special assessments, and any applicable neighborhood assessments, fees and fines which are due to the Association.
 - b. Pursuant to Article IV, Section 4.7 of the Declaration, the Board may require that the annual assessment be paid in installments.
 - c. At each step within the collection process, the Board may analyze the facts and circumstances then known concerning a given delinquency to direct collection efforts toward the expedient course of action.
2. **DUE DATE and DELINQUENT DATE:** Per the date established by the Board, quarterly assessments, fees and fines are due on the first day of January, April, July, and October and considered late if not received by the management agent on or before the fifteenth (15th) day of the month in which assessments are due.

3. HANDLING CHARGES and RETURNED CHECK FEE: In order to recoup costs incurred because of the additional administrative expenses associated with collecting delinquent assessments, collection of the following fees and charges are part of the Collection Policy:

a. Any handling charges, administrative fees, postage, or other expenses incurred by the Association in connection with the collection of any assessment or related among owing beyond the Delinquency Date for such assessment will become due and owing by the Owner responsible for the unpaid assessments.

b. A \$25.00 charge will become due and payable for any check tendered to Sierra Montana Homeowners Association, which is dishonored by the drawee of such check. The charge is in addition to any other fee or charge which the Association is entitled to recover from an Owner in connection with collection of assessments and is subject to change by the Board from time to time.

c. Pursuant to Article IV, Section 1, of the Declaration, the Assessment Lien shall be deemed to secure the interest and the Association's costs, collection costs and reasonable attorney's fees in addition to all assessments.

4. APPLICATION OF FUNDS RECEIVED: All monies received by the Association will be applied to amounts outstanding to the extent of and in the following order:

a. First to unpaid assessment amount, special assessments, any applicable neighborhood assessments which are due to the Association.

b. Second to late fees.

c. Third to collection fees, lien fees, and demand letter fees incurred by or on behalf of the Association.

d. Fourth to attorneys fees and costs incurred by or on behalf of the Association.

e. Last to monetary penalties (fines).

5. OWNERSHIP RECORDS: All collection notices and communications will be directed to those persons shown by the records of the Association as being the Owner of the Property for which assessments are due and will be sent to the most recent address of such Owner solely as reflected by the records of the Community Association. It is the owners' responsibility to keep the association informed of any changes related to ownership or mailing addresses for the owner.

6. NOTIFICATION TO OWNER:

a. LATE FEE: No sooner than sixteen (16) days after the due date, the Association will assess a late fee of \$15.00 or ten percent (10%) of the unpaid assessment balance, whichever is greater, to the Owner's account.

b. REBILL INVOICE: No sooner than thirty (30) days after the due date, the Association may Rebill Invoice the owner making a formal demand for immediate payment of all outstanding amounts. An administrative fee of \$20.00 will be assessed to the Owner's account. This practice shall be in effect providing the Association has not placed a moratorium on this task.

c. DEMAND LETTER INTENT TO LIEN LETTER: No sooner than forty-five (45) days after the due date, the Association may send a Demand Letter to the Owner making a formal demand for immediate payment of all outstanding amounts. An administration fee of \$25.00 will be assessed to the Owner's account. This practice shall be in effect providing the Association has not placed a moratorium on this task.

d. LIEN: In the event that the debt remains unpaid for sixty (60) days, the Board may cause to be prepared and recorded with the County Recorder a written notice of Lien. The assessments, together with interest, costs, and attorneys' fees will be a lien upon the property until the amount due and owing is paid in full. This practice shall be in effect providing the Association has not placed a moratorium on this task.

e. REFERRAL TO COLLECTIONS ATTORNEY: In the event that the debt to the Association, the account's sum balance, is equal to or greater than two quarterly assessments remains unpaid, the Association may, at any time, turn the matter over to the Association's collection firm for collection. This sum balance may be any combination of Assessments, Special Assessments, Neighborhood Assessments, Fees and Fines. The Owner will be responsible for all attorneys' fees and costs incurred in collecting the debt.

7. ALTERNATIVE COLLECTION COURSES: At each step in the collection process the Board, acting with input and recommendation from management and counsel, will evaluate which course of legal action appears to be in the best interest of the Association for recovery of unpaid assessments. Where foreclosure of the assessment lien in favor of the Association, together with pursuit of personal judgment against the Owner, is determined to be advisable, the Board will direct counsel to proceed accordingly.

Sierra Montana Homeowners Association

Rules and Regulations



**SIERRA MONTANA
HOMEOWNERS
ASSOCIATION**

**Association Rules
&
Design Guidelines**

December 1, 2008

SIERRA MONTANA
HOMEOWNERS ASSOCIATION
ASSOCIATION RULES & DESIGN GUIDELINES

TABLE OF CONTENTS

INTRODUCTION.....	1
OVERVIEW OF GUIDELINES.....	1
DEFINITIONS.....	2
Common Area.....	2
Visible From Neighboring Property.....	2
Modifications.....	2
RULES.....	2
Alcohol.....	2
Behavior.....	3
Motorized Vehicles.....	3
Responsibility.....	3
Special Events.....	3
Use of Common Areas.....	3
DESIGN GUIDELINES.....	4
Awnings.....	4
Basketball Goals.....	4
Barbecues, Firepits, Fireplaces and Kivas.....	5
Decorative Items.....	5
Decorative Pots.....	5
Exterior Ornamentation.....	5
Statues.....	6
Seasonal and Decorative Flags.....	6
Holiday Decorations.....	6
Concrete Driveways Maintenance/Extension, Additions and Sidewalks.....	6
Driveway resurfacing.....	7
Additional Sidewalks.....	7
Fences and Wall Including Decorative Walls.....	7
Flagpoles.....	8
Gates.....	9
Gazeboes, Pergolas and Hot Tub Covers.....	10
Gutters and Downspouts.....	10
Headers.....	10
HVAC (Including Evaporative Coolers).....	10
Landscaping.....	10
Machinery and Equipment.....	11
Paint Colors/Re-Paint.....	11
Playground Equipment.....	11

Roof and Roof Structures.....	12
Pools and Spas.....	12
Pool Fencing and Equipment.....	12
Prohibited Plant Material.....	13
Sanitation.....	13
Satellite Dishes/Antennas.....	13
Security Lighting/Devices.....	14
Security Screen Doors.....	14
Security Signs.....	15
Signs.....	15
Solar Panels and Equipment.....	15
Storage Sheds.....	15
Sunscreens.....	16
Yard Furniture.....	16
Water Features.....	16
Wind Turbines.....	17
Windows.....	17
APPLICATION PROCEDURE.....	17
Submittal.....	17
Review – Approval and/or Disapproval.....	18
Review Period.....	18
Approval Expiration.....	18
Construction Period.....	19
Appeal Process.....	19
ACCESSORY STRUCTURES ON ONE ACRE LOTS.....	20
APPLICATION PROCEDURE.....	20
Submittal.....	20
Review Approval and /or Disapproval.....	21
Approval Expiration.....	21
Construction Period.....	21
Appeal.....	21
Accessory Structures.....	22
Drainage.....	23

INTRODUCTION

OVERVIEW OF GUIDELINES

Due to the nature of the community documents, it is important to converge all of the pertinent information regarding architectural submittals into one document: Association Rules and Design Guidelines ("Rules"). These Rules for Sierra Montana Homeowners Associations, as allowed in the Declaration of Covenants, Conditions and Restrictions (CC&R's) for Sierra Montana Homeowners Association and all resolutions to date, will provide you with all the latest information relevant to improvements which will require approval from the Architectural Committee, per Article V, Section .22 of the CC&R's.

The Rules, as set forth in this document, shall interpret and implement procedure for the Architectural Committee's review and standards, including, but not limited to, architectural design, placement of buildings, landscaping, color schemes, intended to enhance property values and high standards, including, but not limited to, architectural design, placement of buildings, landscaping, color schemes, exterior finish and material, signage, and wall design. These documents are intended to enhance property values and high standards of development that exist within Sierra Montana Homeowners Association. Unless specifically identified as not requiring submittal for approval within this document, prior approval from the Architectural Committee is required. The Rules are established to assist residents in conforming to the standards established, and amended from time to time, by the Board of Directors. **FOLLOWING THESE RULES DOES NOT ELIMINATE THE NEED FOR SUBMISSION OF PLANS FOR APPROVAL BY THE ARCHITECTURAL COMMITTEE SHOULD THE ARCHITECTURAL COMMITTEE REQUIRE SUBMISSION FOR APPROVAL.** Each application will be reviewed on a case-by case basis.

PRIOR TO THE COMMENCEMENT OF CONSTRUCTION OR INSTALLATION, ALL PLANS MUST BE SUBMITTED, IF REQUIRED, TO THE ARCHITECTURAL COMMITTEE. APPROVAL TO PROCEED SHALL BE REQUIRED IN WRITING FROM THE ARCHITECTURAL COMMITTEE. FOLLOWING THESE GUIDELINES DOES NOT ELIMINATE THE NEED FOR SUBMISSION OF PLANS (UNLESS SPECIFICALLY NOTED).

In the event of conflict between these Design Guidelines, the Declaration, any other Declaration of Covenants or Restrictions, and any governmental ordinance, building code or regulation, the more restrictive standard shall prevail.

THESE RULES MAY BE AMENDED FROM TIME TO TIME BY A MAJORITY VOTE OF THE BOARD OF DIRECTORS.

DEFINITIONS

COMMON AREAS

“Common Area(s)” include any section/tract of land owned by the Association. This includes, but is not limited to, the Parcel Parks, grass areas, retention areas, drainage areas and paths.

VISIBLE FROM NEIGHBORING PROPERTIES

“Visible from neighboring property” means visible to a six foot tall person standing at ground level on any part of the neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

NEIGHBORING PROPERTY

“Neighboring Property” shall include a Lot, Common Area, or other Property, located in any direction from the Lot in question, that is either immediately adjacent to the Lot or is located in the general vicinity of the Lot (such that an item located on the Lot could be visible from the nearby Lot, Common Area, or other property).

MODIFICATIONS

No exterior construction, alteration, addition, or renovation to any structure or improvements on a Lot; no modifications to patios, and no landscaping, hardscape, walls or fences will be allowed on any Lot, without application to, and written approval by, the Reviewer. Each Owner is responsible for removing or otherwise correcting, at their expense, non-complying and/or unapproved improvements.

RULES

ALCOHOL

The consumption of alcoholic beverage, in reasonable amounts, is permitted by the Residences and their Guests of Sierra Montana who are of legal drinking age in the State of Arizona. No glass or breakable bottles or packaging is allowed in the Common Area and Facilities.

BEHAVIOR

All noxious offensive activity, which is in the reasonable determination of the Associations representatives or agent, tends to cause embarrassment, discomfort, nuisance or discrimination to persons using the Common Areas, Facilities and Activities is prohibited. Resident(s) and/or their Guests causing the noxious offensive activity will be asked to stop; the Association's representative or agent will ask the offending Resident(s) and/or Guests to immediately leave the Common Area, Facilities and Activity.

MOTORIZED VEHICLES

All motorized vehicles, including ATV's, go-peds, motorized skateboards, motorcycles, go-carts and similar vehicles are prohibited from entering into the Common Areas including the washes, trails, retention areas, walkways and parks. This rule shall not apply to service contractors of the Association while in performance of their duties.

RESPONSIBILITY

The Property Owner is responsible for the actions of the occupants of the Owner's residence and Owner's guest. Any notice of violation of these Rules shall be sent to the Owner for remedy or imposition of penalty.

SPECIAL EVENTS

The Association reserves the right to schedule special events in the Common Areas, including, but not limited to, the ramadas, athletic courts, play equipment and BBQ grills.

USE OF COMMON AREAS

The Common Areas including the ramadas, athletic courts, play equipment and BBQ grills are to be used on a first-come, first-serve basis. The Common Areas may not be reserved. No over-night activity is permitted without prior written approval for the Board of Directors or their agent.

DESIGN GUIDELINES

AWNINGS

Awnings and canopies provide an effective means for controlling glare and excessive heat build up on windows and door openings, which help in reducing energy consumption and utility costs. The Manner in which sun shading is provided has considerable effect on the exterior appearance of a house. All awnings must be approved by the Architectural Committee.

1. Awnings and canopies shall be placed in rear and side yards only.
2. Awnings and canopies should be compatible with the architectural character of the house in terms of style, materials, color and visual scale.
3. The color of the awning or canopy shall match the trim or dominant color of the home.
4. The location of any awning or canopy shall not adversely affect view, sunlight or natural ventilation of adjacent properties.
5. If visible from Neighboring Property, frames for the awnings shall be painted to match the trim or dominant color of the home.
6. Plastic or rigid metal awnings are not permitted. Shade material must be canvas (or woven material) of a color, which is complementary to the house as approved by the ARC.
7. All awnings must be approved by the Architectural Committee. Awnings over all windows shall be canvas or similar material, of solid color on both sides, and shall be installed only on the side and/or rear of the home.
8. All awning submittals must include a drawing with the location of the proposed awning installation, a sample of the material to be used, along with the color and design of the proposed awning.
9. Owner is responsible for maintenance and repair of awnings. Association retains the right to determine when an awning must be repaired and/or replaced due to weathering, fading, tearing, ripping, etc.

BASKETBALL GOALS

1. Portable basketball goals are allowed, but must be stored out of sight when not in use.
2. Only pole mounted backboard and goals are acceptable. Poles must be set in the ground permanently. Backboards shall not be attached to the house, garage or roof.
3. Goals must be installed on the "exterior" side of the driveway, and provide a "ball containment" by using plant material to prevent ball from entering neighbor's property. This may be accomplished by installing shrubbery or trees. Ground cover is not considered basketball containment.

1. Permanent basketball poles located in front or rear yards must be painted to match the color of the body of the exterior of the home or black in color.
2. Backboards must be of a predominantly neutral color (gray, black or white) or match the color of the body of the exterior of the home. Clear Plexiglas backboards are acceptable without painting.
3. All equipment must be constantly maintained. Broken backboards, disfigured or bent rims, ripped or torn nets, chipped and/or peeling paint, etc, constitute grounds for fines and/or removal.
4. Only nylon or similar cord nets are acceptable. Metal or chain nets are expressly prohibited.
5. Courts MAY NOT be painted or permanently outlined on the driveway or other concrete surfaces.
6. Lighting for night use of the equipment is prohibited.
7. Permanent basketball goals located in the rear yard must comply with all above applicable guidelines.

Basketball equipment does not need to be submitted for approval providing the equipment is in compliance with the above rules.

BARBECUES, FIREPITS, FIREPLACES AND KIVAS

Wood burning and/or gas built-in barbecue units or fireplaces must be contained in the rear yard. Site chimney elements must be setback a minimum of five (5) feet from any side view fence panel and no more than eight (8) feet in height. Gas burning types of kivas are acceptable. Gas kivas, fireplaces or firepit may be permitted in the front courtyard of a home, providing it is placed within the fenced courtyard. These items are not permitted in the open front yards.

DECORATIVE ITEMS

Front yard item(s) must be submitted for approval by the Architectural Committee. The Board of Directors reserves the right to require removal of decorative items in front yards based on size, quantity, color and location and any other criteria that the Board may determine.

Decorative Pots

Empty decorative pots are prohibited in the front yard. Decorative pots may be approved by the Architectural Committee providing live plant material is placed in them and they are an integral part of the overall landscape design.

Exterior Ornamentation

Components such as posts or fences to mark the corners, statues, wagons, wagon wheels, representations of animals, weather vanes, saguaro ribs, cactus skeletons, driftwood, milk jugs, yard and farm equipment or other miscellaneous ornamentation items are not permitted in the front yards. These items may be placed in the rear yard providing they do not extend fence height.

Statues

Statuary is permitted in the front courtyard area, behind a pony wall, or in the main entry foyer area with Committee approval prior to placement. Statuary is permissible within the rear yard and does not require submittal to the Architectural Committee, except on Lots with view fencing. The Committee reserves the right to limit the size and quantity of statuary in the front yard, as well as rear yards with view fencing. Statuary must not exceed 12 inches in height, must be of earth tones and must be approved by the Architectural Committee.

Seasonal and Decorative Flags

Seasonal and decorative flags are permitted, provided they are mounted to the house or the eave of the house, mounted on or below the lowest eave of the home – and the flag is kept in like new condition.

Holiday Decorations

Holiday decorations may be installed 40 days prior to the holiday and must be removed within 40 days after the holidays.

Decorative and Seasonal Items

The Board of Directors reserves the right to require the removal of decorative items in front yards based on size, quantity, color, location and any other criteria. The Board of Directors, at its sole discretion, shall make its determination on a case-by-case basis.

Decorative Art on Houses

Decorative Art on houses shall be neutral in color and limited to two items. Dimensions of decorative art shall be no greater than three feet in length, width and diameter.

CONCRETE DRIVEWAY MAINTENANCE/EXTENSION, ADDITIONS AND SIDEWALKS

Driveway extensions will be reviewed for approval provided the following conditions are met.

1. Only driveway extensions located in the side yard of the property will be considered.
2. Submittals must include a plat map with exact lot dimensions and the location and dimensions of the proposed extension.
3. The total parking area may not exceed thirty (30) feet of contiguous frontage or fifty percent (50%) of the lot width (existing plus extension) as measured at its widest point, whichever is less.
4. All extensions must end one foot from the side property line. The area between the extension and the lot line must be landscaped with the same groundcover used in the front yard or a material approved by the Architectural Committee.

Driveway Resurfacing:

1. All driveway resurfacing materials shall be concrete or exterior pavers.
2. All driveway coloring materials including dyes, stains and coatings shall be designed for exterior concrete surfaces only.
3. Color must be a neutral or natural concrete color.
4. If unit pavers are used for resurfacing, must be a solid color in gray or tan tones or a multiple color scheme in the same tone. All colors must be approved by the ARC.
5. Painting of paved surfaces is prohibited.

Additional Sidewalks

Sidewalks installed to utilize the side gates do not need to be submitted if all of the following conditions are met.

1. The additional sidewalk is three (3) feet or less in width, is one (1) foot or more from the property line, and is two (2) feet or more from the home, and
2. The area between the home and the sidewalk addition must have groundcover installed to match the existing groundcover.

The Architectural Committee reserves the right to review and request changes to the addition per these requirements.

Additional sidewalks in any other location in the front yard must be submitted for approval.

FENCES AND WALLS INCLUDING DECORATIVE WALLS

Plans to raise the height of a party wall must be submitted for approval with information on the height of all walls that will abut the wall(s) being raised. Side and rear walls may not exceed six (6) feet in height from ground level, as measure from the lowest side of the wall.

Plans for new fences or walls must be submitted to the Architectural Committee prior to constructions. Walls must match the existing wall in texture and color. Owner proposing to modify, alter, make additions to or rebuild a party wall shall first obtain the written consent of the adjoining Owner, which shall not be unreasonably withheld or conditioned.

Perimeter walls on lots bordering common areas may NOT be torn down to allow access to rear yards. AN ASSESSMENT OF \$2500.00 WILL BE ASSESSED TO A LOT IN WHICH A COMMON WALL HAS BEEN REMOVED WITHOUT ARCHITECTURAL COMMITTEE APPROVAL. Access must be gained through the front wall on the side of the home, repairs to this wall must be completed in a timely fashion and include repairing the old wall to match the texture and color of the remaining wall.

Decorative or garden walls may not exceed thirty-six (36) inches in height. Decorative or garden walls must be submitted for approval prior to installation and be stuccoed and painted to match the base color of the home.

Decorative rock/flagstone application may be used, but it must match the decorative rock/flagstone application that matches the home.

FLAGPOLES

Per Arizona State Bill 1055 signed by the Governor on April 29, 2002, the following rules shall apply to flagpoles in this community

Display of the American / Arizona State Flags

1. These flags may be displayed from sunrise to sunset
2. These flags should not be displayed on days when the weather is inclement, except when an all-weather flag is displayed
3. No other flag or pennant should be placed above or, if on the same level, to the right of the American flag
4. If the American flag is displayed from a vertical flagpole or a flagpole/staff projecting horizontally or at an angle from a windowsill or front of a home, the union of the flag (blue, where the stars are located) should be placed at the peak of the flagpole/staff unless the flag is at half staff
5. The flag should never be displayed with the union down, except as a signal of dire distress in instances of extreme danger to life or property
6. The flag should never touch anything beneath it (the ground, a floor, water or merchandise)
7. The flag should never be fastened, displayed, used, or stored in such a manner as to permit it to be easily torn down, soiled, or damage, in any way
8. The flag, when it is in such condition that it is no longer a fitting emblem for display, must be removed and replaced with a new flag.

Placement of American / Arizona State Flags Display, Poles, number of Flags

1. Prior to installing a flagpole on any Lot, the Owner of said Lot must, in writing submit a request including specific plans detailing the height, type, location, method of installation, and color of the pole to the Architectural Committee for approval
2. Only one (1) flagpole of any type is allowed on a Lot.
3. The height of a flagpole can be not taller than the height of the highest point of the roofline or the distance between the point of placement of the pole in the yard and closest point of either of the following
4. The sidewalk (or the street if no sidewalk exists),
5. Any common area, or
6. Any neighbor's property line

There shall be no more than one (1) American / Arizona State flag displayed at any one time on a Lot. The Association permits display of a reasonable number of additional American flags on the following National Holidays only (to be removed not later than 5:00 pm of the following day) Memorial Day, Flag Day, July 4th, Labor Day, Veteran's Day, The American / Arizona State flags may not be placed on common area.

GATES

All requests for additional gates or gates other than that which were offered by the original developer of the lot/home must be submitted for Architectural approval. Placement of gate(s) must be approved by the Architectural Committee.

Double gates may be installed to allow wider access to rear yards. All gates (double or single) should be of the same material, design and color as the originally installed single gates unless approved by the Architectural Committee.

Gates may be painted providing the color and sheen is the same as the body color of the home. The wooden slats may be stained, without Committee approval providing the stain is clear, natural tint or a light brown color stain. Redwood and dark color stain is not permitted.

Decorative Gates/Enclosures – Permitted subject to the following:

1. They are used to enclose the front foyer area in which case they are required to flow the natural line of the house entrance area.
2. Decorative gates/enclosures must match the color of the body of the house.
3. The Architectural Committee may allow mixed material gates (wood/metal) where the gate has significant artistic value.
4. The height of the gate/enclosure must be submitted to the Architectural Committee for approval.

GAZEBOS, PERGOLAS AND HOT TUB COVERS

All Gazebos, Pergolas, Hot Tub Covers and other Backyard Structures must comply with the City of Surprise Building Code and other applicable ordinances.

1. Paint to match the color of the home or treat wood periodically to preserve a quality appearance.
2. Must be five (5) feet from any lot perimeter wall
3. Maximum Height must not exceed ten (10) feet
4. Roof tiles to match the roof tiles of the home.

Visible portable tents, canopies, umbrellas, gazebos and other pop up structures may be installed providing they meet the following:

1. If visible over the fence line, they must have a minimum five (5) foot setback from all walls.
2. The color of the fabric must match the color of the home or be an earth tone
3. All temporary structures MUST be maintained in good repair.

GUTTERS AND DOWNSPOUTS

Gutters and downspouts will be considered for approval if the finish matches the color of the home. The Association strongly recommends use of high quality materials that offer long life, as the gutters must be maintained in good condition at all times. Downspouts should be directed to release the water away from the house in that no impediments such as sidewalks and curbing are allowed to encumber the water.

HEADERS

Headers are continuous materials that separate turf from other planter or inert areas. Headers shall be of concrete or masonry material may not exceed 12 inches in width and shall be flush where they abut other paved areas. Rock, railroad ties, plastic, steel, aluminum and redwood header boards are prohibited.

HVAC (INCLUDING EVAPORATIVE COOLERS)

Except as initially installed by the Builder, no heating, air conditioning or evaporative cooling unit shall be placed, installed, constructed or maintained upon any lot without the prior written approval of the Architectural Committee. All units shall be ground mounted, located within the perimeter of the rear yard and screened or concealed from view of all neighboring property.

LANDSCAPING

Within ninety (90) days of becoming an owner of a lot, the Owner shall install landscaping and irrigation improvements in compliance with xeriscape principles on any portion of the lot between the street(s) adjacent to the lot and the exterior wall of the house, or any wall separating the side of back yard of the lot from the front yard of the lot. Lots with view fencing in the rear are also required to have the rear yard landscaped within ninety (90) days of becoming the owner of the lot. Plans must be approved by the Architectural Committee prior to the start of installation.

MACHINERY AND EQUIPMENT

No machinery, fixtures or equipment of any type, including but not limited to, heating, cooling, air conditioning, refrigeration equipment, and clotheslines may be placed on any lot or parcel without screening or concealment from view of non-residential neighboring property or public property.

Oil pans, carpet, boards or any other object used to collect oil spills from driveways must be removed when not in use so as to not be visible.

PAINT COLORS/ RE-PAINTING

Any residence that is repainted must receive approval from the Architectural Committee, prior to painting, if the color and/or sheen are different than the original color and sheen. Home colors must be of a complementary color to the roof tiles. Details must be supplied to the Architectural Committee as to what section of the house will be painted a particular color. The Committee will also need to be provided with a color photograph or the colored roof tile to insure the roof and paint color are complementary.

PLAYGROUND EQUIPMENT

Plans for play structures and similar recreational equipment must be submitted for approval since in most instances they protrude over the fence line. This is not to eliminate play structures, but to consider privacy issues for adjacent neighbors and to assure nothing unsightly is erected.

The maximum height which will be considered for approval of swing sets and other play equipment shall be ten (10) FEET. The maximum height for any deck/platform is four (4) feet above ground level.

The play structure may be placed no closer than five (5) feet to any lot line. When considering plan approval, the Committee will consider the appearance, height and proximity to neighboring property. Submittals must include a picture or photograph of the structure, total dimensions, materials and a plat map or drawings indicating the proposed location and its proximity to adjacent property lines.

The color of the canopy of the play structure must be a neutral color (off-white, beige, light brown), or a single solid color of red, blue, green or yellow, or striped with white and one other color (red, blue, green or yellow). Prints and multi-colored striped canopies are prohibited.

Trampolines shall be installed in accordance with the instructions from the manufacturer. Trampolines shall be placed a minimum of five (5) feet from all perimeter walls.

ROOF AND ROOF STRUCTURES

Roofing materials should match that which were installed by the builder on the original roof of the home or that which were offered as an option by the builder for a patio cover. Asphalt shingles (including rolled singles) are expressly prohibited unless used on the original roof of the home.

Color and material of supports should match the home. Roof shall be flat or match the pitch of the roof of the home. All patio covers not installed by the builder will need to be reviewed by the Architectural Committee on any individual basis, prior to installation, with strong consideration being given to any impact of architectural features in the neighborhood.

If the dwelling unit has a pitched roof, the roofing material for that portion visible from neighboring property must be clay or concrete tile. Unless specifically authorized in this document, no heating, air condition, ventilation equipment or any other equipment or structures shall be located or installed or maintained anywhere on a Lot if it is visible from neighboring property.

POOLS AND SPAS

Pools and spas do not require the prior approval of the Architectural Committee. Perimeter walls on lots bordering common areas may NOT be torn down to allow access to rear yards. AN ASSESSMENT OF \$2000.00 WILL IS ASSESSED TO A LOT IN WHICH A COMMON WALL HAS BEEN REMOVED WITHOUT ARCHITECTURAL COMMITTEE APPROVAL. Access must be gained through the front wall on the side of the home, repairs to this wall must be completed in a timely fashion and include repairing the old wall to match the texture and color of the remaining wall.

All pool and spa equipment must be screened from view of neighboring property (Lots with view fencing must submit plans for screening for approval by the Architectural Committee.)

Pools may not be backwashed into any residential street or common area. All backwash water should be retained on the Owners Lot or discharged into the sewage system. Check with your pool contractor concerning City ordinance requirements for backwashing. Damage, including erosion, to common area due to backwashing will be repaired by the Association and all expense incurred by the Association will be billed to the homeowner.

POOL FENCING AND EQUIPMENT

The specifications for rear yard wrought iron pool fencing installation on a Lot with view fencing shall be of a neutral earth tone color to match or blend with the exterior color of the home and meet all City, State and Federal Requirements.

Pool equipment on lots with view fencing must be screened from view from common areas. Screening may be through plant material or hardscape enclosure. Hardscape enclosures do not require approval if the enclosure does not exceed four (4) feet in height, and is stuccoed and painted to match the base color of the home. All other screen materials require approval of the Architectural Committee.

PROHIBITED PLANT MATERIAL

The following vegetation types and varieties are expressly prohibited:

1. Any species of tree and shrub whose mature height may reasonably be expected to exceed 30 feet
2. All pines (Pinus), cypress (Cupressus), False Cypress (Chamaecypans), Juniper or Cedar (Juniperus)
3. Olive Trees (Olea europea) other than the "Swan Hill" variety
4. Mexican Palo Verde (Parkinsonia aculeatea)
5. All Eucalyptus
6. All varieties of mulberry trees
7. All varieties of Citrus are permissible within the confines of the rear yard only
8. Oleanders (Nerium oleander) other than the dwarf variety and Thevetia (Thevetia species)
9. Fountain Grass (Pennisetum setaceum) or Pampas grass (Cortaderia selloana)

SANITATION

No garbage or trash may be placed on any lot or parcel except in covered containers meeting the City specifications, which must be stored out of sight. Trash containers may not be set out prior to 6:00 pm the night before and must be removed by 6:00 am the day after trash collection.

Each owner shall be responsible for removal of rubbish, debris and garbage not only from his lot or parcel, but also from all public right-of-ways either fronting or alongside his lot or parcel, excluding (1) public roadway improvements, and (b) those areas specified on a Tract Declaration or subdivision plat to be maintained by the City or the Association.

SATELLITE DISHES/ANTENNAS

To the extent permitted by applicable law, the installation of antennas, satellite dishes or other devices for the transmission or reception of television or radio signals or any other form of electromagnetic radiation shall be subject to the prior written approval of the Architectural Committee unless applicable law prohibits the Architectural Committee from requiring such prior approval. If the applicable law prohibits the Architectural Committee from requiring prior approval from the installation of certain

antennas, any such antennas are to be installed as follows. The preferred installation locations are as follows, in descending order of preference.

1. The satellite dish antennae shall be ground mounted whenever possible
2. A location in the rear yard of the Lot where the Receiver will be screened from view by landscaping or other improvements
3. An unscreened location in the rear yard of the Lot
4. On the roof, below the roofline
5. A location in the side yard of the Lot where the Receiver and any pole or mast will be screened from view by landscaping or other improvements.
6. On the roof above the roofline
7. An unscreened location in the side yard
8. A location in the front yard of the Lot where the Receiver will be screened from view by landscaping or other improvements.

Wires must be securely attached to the dwelling and painted to match where attached, and any masts used to mount the dish must be painted to match the surface onto which it is mounted.

SECURITY LIGHTING/DEVICES

1. Security lighting must be directed as to not shine on neighboring property
2. Exterior lighting must be soft and indirect, with no light sources visible directly to neighboring properties
3. Security features including, but not limited to, doors and windows must be submitted for approval.
4. Security floodlighting is allowed in the side and rear yards only.

SECURITY / SCREEN DOORS

Security doors must be of simple design, modest in ornamentation, and of a color compatible with the residence. No exposed metal including black wrought iron is permitted on doors or windows with the exception of security doors. Security doors are doors designed to prevent access into the home while allowing airflow.

Wrought iron security/screen doors need not be submitted for approval provided they are painted to match the base color of the home. Silver colored aluminum screen/security doors and/or wire screen mesh doors are strictly prohibited on front doors.

SECURITY SIGNS

Security signs must be located a maximum distance of two (2) feet from the front of the home. Security signs must not exceed 12 inches by 12 inches and must be maintained in good condition at all times.

SIGNS

No signs shall be displayed on any lot except the following:

1. Signs used by Builder to advertise the lots and residence for sale or lease,
2. One temporary "for sale" sign with a total face area of five (5) SQUARE FEET OR LESS
3. Such signs as may be required by law
4. One residential identification sign with a total face area of eighty (80) square inches or less, and,
5. Signs approved by the Architectural Committee

All signs must conform to applicable municipal ordinances. Signs advertising landscaping or pool contractors, etc, must be removed within forty-eight (48) hours of completion of work.

Garage Sale Signage & Rules – The following rules apply for Garage Sale signage:

1. All signs must be put up and taken down on the day of the sale
2. All signs must have the address of the home on them
3. Signs must not be placed in areas that will impede walking or traffic flow.

SOLAR PANELS AND EQUIPMENT

Solar energy devices may be installed in accordance with the State of Arizona Statutes. Roof mounted solar equipment (excluding the solar panels) must match the roof material. Panels must be an integrated part of the roof design and mounted directly to the roof plane. Solar units must not break the roof ridgeline. Visibility must be minimized from public view, and may be required to be screened from neighboring property in a manner approved by the ARC.

STORAGE SHEDS

Storage sheds will be permitted and need not be submitted for approval, provided the shed meets the following requirements

1. Maximum height of the shed, including roof, does not exceed seven (7) feet,
2. Shed must be placed at least three (3) feet from all party walls and perimeter walls within the community, and

3. Color of shed must match or blend with color scheme of house or be neutral (i.e. beige, tan)

If placed in a yard with a view fence, the shed must be screened from view with plant materials. Placement of a shed in a yard with a view fences requires approval of the Architectural Committee prior to installation.

Sheds not meeting the above noted specifications need to be submitted to the Architectural Committee and will be considered on a case-by-case basis.

SUNSCREENS

Bronze, gray, charcoal, brown or beige sunscreen material may be installed and not submitted for approval provided that the window frame matches the sunscreen material or the existing window frames.

Reflective window films are expressly prohibited. Bronze or charcoal non-reflective window tinting may be installed without Architectural Committee approval

YARD FURNITURE

Yard furniture may be placed in the front yard with Architectural Committee providing the furniture is designed as outdoor yard furniture, it remains in like new condition, it is limited to no more than two chairs and a small bistro table or a single bench/swing style seat and the furniture is placed on an approved hardscape and is located within four (4) feet of the front door. Yard furniture is not permitted to be placed on the decomposed granite of the front yard or on the driveway. A small table and four chairs are permitted in large front courtyards. Material must be of natural wood, concrete, metal or a combination of metal and wood.

WATER FEATURES

Water features / Fountains will be considered for front yard application provided they are a color that blends with the house and landscaping and are designed as an integral part of the front yard landscaping. Height of the fountains and placement must be approved by the Architectural Committee.

Water Features / Fountains for rear yard applications are permissible within the rear yard and do not require submittal to the Architectural Committee, except on Lots with view fencing. Water features may not exceed 4 ½ feet in height. It is recommended that water features be chlorinated.

A water feature, pond and/or stream may not be drained or backwashed into the washes, common landscape areas, drainage ways or streets. All water must be retained on owner's lot or discharged into the sewage system.

WIND TURBINES

Any form of rooftop solar or ventilation equipment will not be approved unless it is either fully screened from public view from adjacent properties, or designed to make it an integral feature of the home design.

WINDOWS

Permanent draperies or suitable window treatments shall be installed on all front facing windows within sixty (60) days of occupancy. No reflective materials, including but not limited to, aluminum foil, reflective screens or glass, mirrors or similar type material, shall be installed or placed upon the outside or inside of any windows. Exterior window coverings or treatments used to shelf or decorate openings must be compatible, with respect to materials and color, with the style and color of home. Exterior window coverings (awnings) require Architectural Committee approval.

APPLICATION PROCEDURE

SUBMITTAL

Application and plans (which will be kept on file with the Association) should be mailed to:

Sierra Montana Homeowners Association

C/o Rossmar and Graham

15396 N. 83rd AV Bldg B, Ste 101

Peoria, AZ 85381

The following information should be included with the submittal:

1. Application Form –Architectural Committee Form – a completed application form (copies may be obtained from the your Community web sites or management office)

2. Plot Plan – A site plan showing dimensions, relation to existing dwelling and property lines (setbacks). Measurements must be written on the plans. Plot plans are received upon execution of your sales contract
3. Elevation Plans – Plans showing finished appearance of improvement in relation to existing dwelling
4. Specifications – Detailed description of materials to be used, color samples and dimensions must be submitted.

All buildings, structures and other improvements erected within Sierra Montana Homeowners Association and the use and appearance of all land within Sierra Montana Homeowners Association, shall comply with all applicable City zoning and code requirements as well as the Declaration and these Rules.

REVIEW – APPROVAL AND/OR DISAPPROVAL

REVIEW PERIOD

The Architectural Committee shall have 45 days after submittal of plans to approve or disapprove plans. No verbal approvals/disapprovals will be given by the management company. All decisions will be mailed via US Mail. If the Homeowner does not receive a response after the 45 days, the application/submittal is considered disapproved.

Review and approval or disapproval will include, but is not limited to, consideration of material, quality of workmanship, colors and consistency with the external design and color of existing structures on the lot and impact on the neighboring lots. The location of the improvement with respect to topography and finished grade elevation is also considered.

Receiving an Architectural Committee approval does not eliminate the need or responsibility of the Homeowner from receiving any required permits from the City or County. Any Committee approval is based on esthetics only and has no relation to the engineering on the project.

Neither the Architectural Committee, nor the Board of Directors, nor the Declarant shall have any liability in connection with or related to approved plans, specifications or improvements. The approval of the plans does not mean that judgment is passed on the structural soundness of the improvement nor its effect upon existing or future drainage. The review of the plans is for aesthetic purposes only.

Approval Expiration – Construction must be started within 90 days of the date of the Committee’s approval of the application or the Committee’s approval shall be deemed withdrawn and plans must be resubmitted in accordance with these Rules.

Construction Period – Once started, construction shall be pursued diligently in order to assure prompt completion thereof. Absent a different deadline for completion of construction (which may be shorter or longer, at the Committee’s discretion), such construction shall be completed within six (6) months of the date of the Committee’s approval of the application.

APPEAL PROCESS

In the event a homeowner/association member is not in agreement with an Architectural Committee decision, an appeal process is provided as follows:

1 First Level Appeal – ARCHITECTURAL COMMITTEE

Upon notification of a CC&R violation or denial of an application submitted to the ARC, the homeowner may submit within seven (7) days an application for appeal. The application for appeal must state and be supported with pictures/drawings why the denied project or violation meets the CC&R’s. The application must be submitted through the Management Company. ARC members will then review the application for appeal and will decide whether to uphold the original ARC review/violation or override the original review. The sole basis for approval/override of the original review will be that they appeal does conform to the stated CC&R’s. The ARC review must be completed within 15 calendar days upon receipt. The homeowner may appeal to the ARC in writing or via email.

2 Second level Review – BOARD OF DIRECTORS

If the homeowner/violator’s appeal is upheld by the ARC review and the homeowner feels he/she is in conformance with the CC&R’s, a second level appeal may be filed through the Community Association Manager within thirty (30) days of notification of ARC/CC&R appeal denial. If this appeal is in writing or via email, the homeowner must state how the area of appeal conforms to the CC&R’s and be supported by pictures and drawings. If the appeal is in person, in order to be placed on the Board of Directors meeting agenda, the homeowner must contact the Management Company not less than ten (10) calendar days prior to the next regularly scheduled Board of Directors meeting. The Board meets the last Monday of each month. A member of the ARC that was present at the first level appeal may be called in by the Board to provide testimony.

If the homeowner/violator does not comply with the decision of the appeal process within the required time frame the Association may/will take legal action. The homeowner/violator may be held liable for any legal expense incurred by the Association should the civil courts not find in his favor.

ACCESSORY STRUCTURES ON ONE-ACRE LOTS

These design guidelines are an addition to the previously adopted Guidelines for Sierra Montana, except that they only relate to accessory buildings on one-acre lots within Sierra Montana. All other information within the previously adopted Design Guidelines still remains in force and effect.

PRIOR TO THE COMMENCEMENT OF CONSTRUCTION OR INSTALLATION, ALL PLANS MUST BE SUBMITTED TO THE COMMITTEE. APPROVAL TO PROCEED SHALL BE REQUIRED IN WRITING FROM THE COMMITTEE. FOLLOWING THESE RULES DOES NOT ELIMINATE THE NEED FOR SUBMISSION OF PLANS (UNLESS SPECIFICALLY NOTED). IF APPROVAL IS REQUIRED FROM A GOVERNMENTAL AGENCY (I.E., CITY, COUNTY, STATE). IT IS UP TO THE OWNER TO INSURE THAT THE GOVERNMENTAL PERMITS/APPROVALS ARE RECEIVED PRIOR TO THE START OF CONSTRUCTION.

APPLICATION PROCEDURE

SUBMITTAL

Application and plans (which will be kept on file with the Association) should be mailed to:

**Sierra Montana Homeowners Association
c/o Rossmar & Graham
15396 N. 83rd Avenue, Bldg. B Ste. 101
Peoria, AZ 85381**

The following information should be included with the submittal:

1. Architectural Committee Submittal Form: A completed application form (copies may be obtained from the management office).
2. Plot Plan: A site plan showing dimensions, relation to existing dwelling and property lines (setbacks). Measurements must be written on the plans. Plot plans are available at the sales office or from the builder.
3. Elevation Plans: Plans showing finished appearance of improvements in relation to existing dwelling.
4. Specifications: Detailed description of materials to be used, color samples, and dimensions must be submitted.
5. Photograph: If submittal is for an existing structure or improvement, a photograph of the structure or improvement must accompany the submittal application.

All buildings, structures and other improvements erected within Sierra Montana Homeowners Association, and the use and appearance of all land within Sierra Montana Homeowners Association, shall comply with all applicable City/County/State zoning and code requirements, as well as the Declaration and these Rules.

REVIEW-APPROVAL AND/OR DISAPPROVAL

The Committee shall have sixty (60) days after submittal of plans to approve or disapprove plans. No verbal approvals/disapprovals will be given by the management company. All decisions will be mailed via US Mail.

Review will include, but is not limited to, consideration of material, quality of workmanship, colors, and consistency with the external design and color of existing structures on the lot and impact on neighboring lots. The location of the improvement with respect to topography and finished grade elevation is also considered.

Neither the Committee, nor the Board of Directors, nor the Declarant shall have any liability in connection with or related to approved plans, specifications, or improvements. The approval of the plans does not mean that judgment is passed on the structure soundness of the improvement nor its effect upon existing or future drainage. The review of the plans is for aesthetic purposes only.

APPROVAL EXPIRATION

Construction must be started within ninety (90) days of the date of the Committee's approval of the application, or the Committee's approval shall be deemed withdrawn and plans must be resubmitted in accordance with these rules.

CONSTRUCTION PERIOD

Once started, construction shall be pursued diligently in order to assure prompt completion thereof. Absent a different deadline for completion of construction (which may be shorter or longer, at the Committee's discretion), such construction shall be completed within six (6) months of the date of the Committee's approval of the application.

APPEAL

Any appeal of the Committee's decision must be in writing, within thirty (30) days of the mailing date of the Committee decision to: Sierra Montana Homeowners Association, c/o of Rossmar & Graham, 15396 N. 83rd Avenue, Building B, Suite 101, Peoria, AZ 85381.

ACCESSORY STRUCTURES

Accessory structures shall include any structures not specifically called out in the Design Guidelines or the C C & R's. This shall include casitas, garages, carports, or any other separate structure that is not attached to the house and was not constructed by the builder as part of the initial home construction. All buildings under this category require approval of the Committee prior to the start of construction.

It is intended that any accessory structure(s) will look like it/they were built at the same time as the house was constructed, and was part of the original construction.

The following requirements apply to all structures under this category:

- One (1) accessory, structure per lot shall be allowed.
- This accessory structure cannot exceed 1,000 square feet under roof.
- This accessory structure must not exceed one story in height (with 10; plates maximum).
- All exterior materials must match the home, including style, color, texture, and roofing material (i.e., if the house has pop-outs, the structure must also have pop-outs, ECT.)
- Accessory structures must be maintained in like-new condition at all times.
- When the house is painted, the accessory structure must be painted at the same time, with the same color of paint as is used on the house.
- Unless specifically stated herein or in the Design Guidelines or the C C & R's, these structures must be set back at least ten feet (10') from all surrounding property lines, unless the building envelope contains a larger setback. In this case, the structure must be within the building envelope area as shown on the plot plan and available from the City.

During the entire construction process, the owner of the lot is responsible for the neat storage of building materials on the lot where the materials will not be visible to neighbors.

Owner is also responsible for the actions of his/her contractor(s) and shall direct contractors to behave in a manner that is relative to performing work in a community with residents, as opposed to a construction job site. This shall include: 1) insuring that trash is placed in dumpsters (not strewn around the property); 2) keeping unnecessary noise to a minimum (construction noise only, no loud radios are allowed to play); 3) parking of personal vehicles on the street but making sure vehicles will not interfere with neighbors (i.e., don't park in front of driveways, mailboxes, ect.); 4) contractors shall not trespass onto neighboring lots; 5) contractors shall not clean equipment or dump anything on any property within Sierra Montana, ect. Construction can occur from sunrise to sunset; no late night construction is allowed.

DRAINAGE

Providing for proper drainage on your lot is extremely important. When any changes are made to the lot, drainage should be considered and not changed unless absolutely necessary. Drainage water may not be directed toward the building foundation or toward any neighboring property. Drainage may not be altered to create any condition that could lead to off-site soil erosion in open spaces.

**SIERRA MONTANA
HOMEOWNERS
ASSOCIATION**

**Supplemental
Association Rules
&
Design Guidelines
For
THE MISSIONS**

September 1, 2009

SIERRA MONTANA
THE MISSIONS
HOMEOWNERS ASSOCIATION
SUPPLEMENTAL ASSOCIATION RULES & DESIGN GUIDELINES
FOR THE MISSIONS

TABLE OF CONTENTS

INTRODUCTION.....	1
OVERVIEW OF GUIDELINES.....	1
DEFINITIONS.....	2
Common Area.....	2
MODIFICATIONS.....	2
RULES.....	2
Animal.....	2
Fluids From Vehicles.....	2
Items In The Common Areas.....	3
Trash In Common Areas	
Parking Rules.....	3
No Parking in Fire Lanes.....	3
Authorized parking areas.....	3
Prohibited vehicles.....	3
Temporary parking for commercial vehicles.....	4
Temporary construction trailers and facilities.....	4
Commercial vehicles authorized parking location.....	4
Current registration required.....	4
Vehicles must be free from leaking fluids.....	4
Three (3) day max. permitted in one parking space.....	4
No repairing or rebuilding vehicles in open parking spaces.....	4
DESIGN GUIDELINES.....	5
Clothes Drying.....	5
Items Stored On A Patio.....	5

INTRODUCTION

OVERVIEW OF GUIDELINES

Due to the nature of the community documents, it is important to converge all of the pertinent information regarding architectural submittals into one document: Association Rules and Design Guidelines ("Rules"). These Rules for Sierra Montana Homeowners Associations, as allowed in the Declaration of Covenants, Conditions and Restrictions (CC&R's) for Sierra Montana Homeowners Association and all resolutions to date, will provide you with all the latest information relevant to improvements which will require approval from the Architectural Committee, per Article V, Section .22 of the CC&R's.

The Rules, as set forth in this document, shall interpret and implement procedure for the Architectural Committee's review and standards, including, but not limited to, architectural design, placement of buildings, landscaping, color schemes, intended to enhance property values and high standards, including, but not limited to, architectural design, placement of buildings, landscaping, color schemes, exterior finish and material, signage, and wall design. These documents are intended to enhance property values and high standards of development that exist within Sierra Montana Homeowners Association. Unless specifically identified as not requiring submittal for approval within this document, prior approval from the Architectural Committee is required. The Rules are established to assist residents in conforming to the standards established, and amended from time to time, by the Board of Directors. **FOLLOWING THESE RULES DOES NOT ELIMINATE THE NEED FOR SUBMISSION OF PLANS FOR APPROVAL BY THE ARCHITECTURAL COMMITTEE SHOULD THE ARCHITECTURAL COMMITTEE REQUIRE SUBMISSION FOR APPROVAL.** Each application will be reviewed on a case-by case basis.

PRIOR TO THE COMMENCEMENT OF CONSTRUCTION OR INSTALLATION, ALL PLANS MUST BE SUBMITTED, IF REQUIRED, TO THE ARCHITECTURAL COMMITTEE. APPROVAL TO PROCEED SHALL BE REQUIRED IN WRITING FROM THE ARCHITECTURAL COMMITTEE. FOLLOWING THESE GUIDELINES DOES NOT ELIMINATE THE NEED FOR SUBMISSION OF PLANS (UNLESS SPECIFICALLY NOTED).

In the event of conflict between these Design Guidelines, the Declaration, any other Declaration of Covenants or Restrictions, and any governmental ordinance, building code or regulation, the more restrictive standard shall prevail.

THESE SUPPLEMENTAL RULES AND DESIGN REVIEW GUIDELINES ARE EXCLUSIVE TO THE MISSIONS / PARCEL 7 OF SIERRA MONTANA. THIS PARCEL IS ALSO SUBJECT TO SIERRA MONTANA'S RULES AND DESIGN REVIEW GUIDELINES. DUE TO THE NATURE OF THIS PARCEL THESE SUPPLEMENTED DOCUMENT WERE CREATED.

THESE RULES MAY BE AMENDED FROM TIME TO TIME BY A MAJORITY VOTE OF THE BOARD OF DIRECTORS.

DEFINITIONS

COMMON AREAS

“Common Area(s)” include any section/tract of land owned by the Association. This includes, but is not limited to, the Parcel Parks, grass areas, retention areas, drainage areas and paths. The Missions / Parcel 7 “Common Area(s)” include all property beyond the footprint of the individual house.

MODIFICATIONS

No exterior construction, alteration, addition, or renovation to any structure or improvements on a Lot; no modifications to patios, and no landscaping, hardscape, walls or fences will be allowed on any Lot, without application to, and written approval by, the Reviewer. Each Owner is responsible for removing or otherwise correcting, at their expense, non-complying and/or unapproved improvements.

RULES

ANIMALS

The Association will defer violation of this nature to the City of Surprise and Maricopa County whom are better equipped and trained to resolve normal animal issues.

Please review the ANIMAL section of the Sierra Montana Rules and Design Review Guidelines for details.

Please be considerate and follow the ANIMAL rules, City Codes and Maricopa County Ordinances that require pet owners to keep their pet on a leash when outside, pet owners are to pick up and properly dispose of pet’s waste and nuisance barking / noise. The homes in The Missions are very close to each other. If you can/should here your dog barking, others can also.

FLUIDS FROM VEHICLES

No vehicles shall be parked in open spaces that leak any oil or fluids. All fluids that leak from a vehicle, excluding water, are extremely damaging to the asphalt parking areas and street. This damage greatly shortens the life of the asphalt and requires repairs sooner that anticipated in your Reserve Study.

These premature non budgeted repairs could cause financial hardship to the Members of The Missions / Parcel 7.

ITEMS IN THE COMMON AREAS

Homeowners are reminded that bicycles, toy, play equipment, household items, furniture are not permitted to be left unattended in the Common Areas. Items left on a sidewalk or roadway pose a danger to many. Any item left unattended in the Common Area is considered to be abandoned and may be discarded as necessary in addition to placing the owner in a non-compliance status.

TRASH IN COMMON AREAS

Homeowners are prohibited from placing trash or debris in the Common Area. Please place your trash in your trash container, which is to be removed promptly after the City has emptied it and kept stored out of public sight. Further details regarding this Rule may be found in your CC&R's and governing documents.

PARKING RULES

The streets in The Missions are private and owned by the Association. The Association has adopted the following Parking Rules:

1. No Parking in Fire Lanes. In addition to violating this Community rule a violator would be subject to Arizona Law and City Code. Arizona Law and the City of Surprise have laws and ordinances that prohibit the stopping, standing or parking of any vehicle in a fire lane. Due to the make up of the Missions / Parcel 7, the fire lanes are very important for fire equipment to access a home/structure and rendering emergency services.
2. Vehicles are permitted to park in garages and marked spaces only. Any and all vehicles not prohibited in the following is permitted to be parked in marked parking spaces and within the enclosed residential dwelling garage providing there are no violations with the remaining PARKING RULES.
3. No Parking of Boats, Trailers, RV's, Motor Homes or Commercial vehicles in open spaces. No truck (other than a family vehicle), mobile home or motor home, boat, jet ski, wave runner, recreational vehicle, all-terrain vehicle, off-road vehicle, trailer, camper, camper shell, tent trailer, snowmobile, bus, or any other vehicle classed by manufacture rating as exceeding one

- (1) ton or any vehicle designed for commercial purpose or other similar equipment or vehicle (hereinafter "Commercial Vehicles") may be parked, maintained, constructed, reconstructed or repaired on or in any portion of the Common Area, lots, streets or parking spaces, except for :
- a. The temporary parking of any commercial vehicle in a marked parking space for loading and unloading of any period of not more than eight (8) hours and between the hours of 8:00 AM to 6:00 PM.;
 - b. Temporary construction trailers or facilities maintained during, and used exclusively in connection with, the construction of any improvement approved by the Architectural Review Committee of Board of Directors and
 - c. Commercial vehicles parked completely within enclosed residential dwelling garages.
4. Vehicles parked in open spaces must have current registration and be operational. Any vehicle parked outside of the enclosed residential garage shall have current vehicle registration. Vehicles that do not display current registration or vehicles appearing inoperable will be considered abandoned and towed without warning and at the owner' expense.
 5. Vehicles parked in open spaces must not leak any oil or fluids. All fluids that leak from a vehicle, excluding water, are extremely damaging to the asphalt parking areas and street. This damage greatly shortens the life of the asphalt and requires repairs sooner than anticipated in your Reserve Study. These premature non budgeted repairs could cause financial hardship to the Members of The Missions / Parcel 7.
 6. No vehicle shall remain in the same open marked parking space for more than three (3) consecutive days. The open marked parking spaces are intended to be used for overflow and guest parking. These spaces are not intended for the storage of a vehicle.
 7. No vehicle shall be repaired or rebuilt in open spaces. Except for emergency repairs of any vehicle, no vehicle shall be repaired, constructed, reconstructed or repaired in any portion of The Missions / Parcel 7 except within the enclosed garage of a residential garage.

VIOLATORS MAY BE TOWED WITHOUT NOTIFICATION OR WARNING AT THE OWNER'S EXPENSE. The Board of Directors shall have the right to have any vehicle or other item of equipment parked, maintained, kept, reconstructed, repaired or leaking any fluid in violation of this section towed away or immobilized at the sole expense of the owner of the vehicle or equipment. Any expense incurred by the Association, including , without limitation, attorneys' and court fees and costs, in connection with the towing or immobilization of any vehicle or equipment shall be paid to the Association upon demand by the owner of the vehicle or equipment. Each Homeowner shall indemnify, defend and hold the Association harmless from any claim and expense by or from any resident, lessee, guest or invitee of his/her home relating to the immobilization or towing of any vehicle parked in violation of this section.

DESIGN GUIDELINES

Due to the nature of this Parcel, many decorative items that are permitted in the other sections of the Community are not permitted in The Missions. These are named in this document in either the RULES or DESIGN GUIDELINE sections. There are several modifications that a Homeowner may complete to his/her home that are not specifically mentioned in this document, but are listed in the Sierra Montana Homeowners Association Rules & Design Guidelines.

Items that are permitted, as well as any modification to the exterior of the home from the builder's plan and construction, require Architectural Review Committee approval. This complete submittal procedure is outlined in the Sierra Montana Community Rules and Design Review Guidelines as well as details for the Appeal Procedures and related information.

The following items are specific to the make up of The Missions:

CLOTHES DRYING

Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or utilized on the patio or in the Common Area. Clothing articles are also prohibited from being draped across fencing, gates or patio furniture.

ITEMS STORED ON A PATIO

Nothing may be kept on any patio, except for outdoor furniture, designed and intended by the manufacture for the use of; all such furniture and plants placed or maintained on any porch, balcony, or patio must at all times be in good condition and repair and kept in an orderly and uncluttered fashion. Barbeques are not considered patio furniture and may be allowed on a patio providing a City Ordinance does not exist prohibiting its placement and use. If permitted by City Code, the Association recommends moving any outdoor cooking device at least ten (10) feet away from any structure before operating. Also be aware that using a grill under a covered patio is extremely dangerous and may cause damage to your home and others. It may also void your Homeowners insurance in the event of a fire caused by its use.

No outdoor fire pits, fire bowls or open flame device of any kind shall be placed or operated or stored on a patio. Wind chimes are prohibited.



Answers to your Community's Needs

Raise Your Standard Of Living

At Rossmar & Graham, our business is built on making your life better. This means eliminating the stress of managing your community. Keeping your community beautiful. Reliably meeting all our obligations. And maintaining and enhancing your property's value over time.

With over 30 years experience, we know how to fulfill all aspects of residential property management, from financial and compliance support to community services and physical maintenance. We're committed to caring for your community, freeing you to get on with the good life.

Overview

An important aspect of any community association management company is the quality of the people behind it. At Rossmar & Graham, we have built a strong team of professionals you can depend on. Through the personal service of your association manager, you will have access to expertise not found in most other management companies. However straightforward or complex your association needs may be, we set our service standards high.

You can rely on your association manager to be your advocate and ally, and to productively manage the affairs of your association. We will provide objective and knowledgeable opinions on all association-related matters. We will get answers to your questions and will promptly address any issues that arise in your community. You can count on Rossmar & Graham to provide unbiased advice, uncompromising quality and unparalleled service.

The Rossmar & Graham Team

A Community of Excellence

Rossmar & Graham is committed to providing unmatched community management. To achieve this, we have assembled a team of outstanding professionals. These individuals are experts in everything from accounting to electrical repair. Collectively, we are proud to serve nearly 200,000 Arizona residents. It is our mission to positively impact every association and homeowner we work for. The Rossmar & Graham team is committed to creating communities of excellence.

Conscientious Community Administration

From insurance and risk management to systematic record keeping and resale certification, Rossmar & Graham understands the demands of successful administration. We coordinate communication throughout your community to ensure association members are informed on all relevant issues. We even facilitate complimentary websites and newsletters to help build a sense of belonging. With our sensitive handling of delicate and often difficult day-to-day matters, we make it easy to come home to a true feeling of community.

Caring for Communities

Rossmar & Graham is Arizona's leading community association management company. We manage and supervise the needs of almost 270 community associations, comprising 75,000 residential units throughout the Valley. Our company's successful history began in 1968 and we welcome the opportunity to serve you in the years to come.



Community Association Management
www.rossmar-mgt.com

Scottsdale Headquarters
9362 E. Raintree Drive
Scottsdale, Arizona 85260
Main Phone (480) 551-4300
Main Fax (480) 551-6000

Mesa Office
1801 S. Extension, Ste. 124
Mesa, AZ 85210
Main Phone (480) 551-4300
Main Fax (480) 551-6000

Peoria Office
15396 N. 83rd Ave.
Bldg. B, Ste. 101
Peoria, AZ 85382
Main Phone (480) 551-4300
Main Fax (480) 551-6000

**ROSSMAR & GRAHAM
COMMUNITY ASSOCIATION MANAGEMENT**

**OUR
MISSION STATEMENT**

To positively impact the Associations we manage.

To create a sense of community and well being for the homeowners we serve.

To provide exceptional service value which results in enriched lifestyles for our homeowners.

Caring for Communities is our top priority!

As the Management Company for your association, we have compiled this information to help you better understand living in a homeowner's association and the roles of the Board of Directors and the Management Company.

A NEW LIFESTYLE

Since purchasing your residence you have become a member of the association in which you live. As a member, you are required to pay a maintenance fee to the association and abide by the rules as described in the Declaration of Covenants, Conditions and Restrictions (CC&R's). Included in this package is a copy of your community CC&R's. Please make sure you take some time to familiarize yourself with them.

The Board of Directors

The Board of Directors of your association is elected by the members of the community at the annual meeting. Your Board Members are volunteers who dedicate themselves to see that your association is run smoothly and maintains its value. The following is a list of some of the responsibilities of the Board of Directors:

- Preparation of the annual budget for the association
- Establishment of required assessments

- Collection of all assessments
- Maintaining common areas of the association
- Amending community rules & regulations as necessary
- Enforcement of all governing documents
- Obtaining proper insurance coverage for the association

ASSESSMENTS

Assessments are necessary in order to maintain the common areas of your community, pay administration costs and to fund reserves for major repairs and future capital expenditures. The amount of assessments paid by members is established by the Board of Directors. Over time it may be necessary for your Board to raise assessments to cover increases in the cost of living and the cost of essential services.

DEED RESTRICTIONS AND ARCHITECTURAL CONTROL

In order to maintain the integrity of your community and the value of your home, Architectural standards have been outlined in your CC&R's and/or Rules & Regulations. Please review these carefully, as you may be required to submit a request for approval for exterior modifications to your residence.

MANAGING YOUR ASSOCIATION

Rossmar & Graham represents your Board of Directors and provides day-to-day management of your association. The following is a partial list of services provided by Rossmar & Graham:

- Maintain financial records
- Bill and post assessment payments
- Prepare financial statements
- Assist in the preparation of the association's annual budget
- Supervise common area repairs
- Supervise and maintain common areas
- Supervise compliance with CC&R's and Rules & Regulations
- Administration of insurance policies
- Handle administrative and homeowner inquiries
- Process Architectural requests to the Architectural committee and/or Board Member(s)
- Any service that is required by your Board of Directors in order to effectively maintain the common area of your association

YOUR COMMUNITY IS FOR YOU TO ENJOY....

FOLLOWING ARE THINGS YOU SHOULD KNOW:

Community association living has been designed to be a “carefree style of living” and we want this to be an enjoyable experience for you. To help us provide you with quality management services, we ask your cooperation in the following areas:

Community Appearance: This is your personal residence and these are your grounds and amenities. Please show pride in ownership by keeping your area looking its finest. We are proud of your community and you should be too.

Disturbances: You and your guests are welcome to enjoy social gatherings, but please use good taste and try to always be a good neighbor. Please help out by not disturbing others in your neighborhood. If absolutely necessary contact the local police about any disturbances. After-hours emergency personnel of Rossmar & Graham cannot assist you with disturbances.

Refuse Collection: If your community has common area trash receptacles, please make sure your refuse is placed inside the container – not on top or beside it. Trash placed outside the container causes litter and debris to be strewn about the community and encourages unwanted pests.

If your community has door-to-door curbside pick up, please do not place trash out before the scheduled route time. This leads to an unsightly appearance and contributes to litter around the property. Always use heavy bags that are adequate for refuse disposal.

Disposal of items such as appliances, furniture, medical disposables and environmentally unsafe products are the responsibility of each individual resident – not the association or the management company.

Parking: For maximum safety, and to minimize inconvenience to your neighbors, please park in the parking areas designated for your home. Guests should use designated visitor parking areas and not your neighbor’s parking area or driveway. Never park in a fire lane or park in such a way that will prevent access to any areas.

Certain recreational and over-sized vehicles and boats may not be parked or stored in your community or at your private residence. Please refer to your documents for specific guidelines about such vehicles. Inoperable vehicles may not be parked or stored within your community. For the safety of all residents, please abide by all posted speed limits and traffic signs within the community.

Pets: Your association may have rules and limitations regarding the size, number and type of pets you may have. If you have any questions regarding pets, please review the association’s rules. If you have pets, please be considerate and always keep your pets attended on a leash and clean up after them.

City ordinances require that your pets be licensed and vaccinated. Other animal restrictions (breeding, types of animals allowed, etc.) are outlined in your association’s documents as well as in City pet ordinances.

Pools: Community pools are for your recreation and enjoyment. To make sure that all owners are able to enjoy this amenity, we ask that you observe the following policies. (Please refer to your community Rules & Regulations for specific use policies.)

- Please limit the number of guests you invite to the community pool and be considerate of others.
- Glass containers and glass objects are a safety hazard and should be kept out of the pool area.
- Dispose of all trash in the containers provided. We want all areas to look their best.

- Pets of any kind are not allowed within the pool areas. This is a Health Department requirement.

Other Amenities: Your community association may have other amenities for your enjoyment, such as a clubhouse, spa or tennis courts. Please check with Rossmar & Graham for the applicable Rules & Regulations regarding these facilities. Your cooperation is requested to insure community amenities are kept in good order for all owners to use.

Owners Insurance: Your association only insures the common areas of the community. Depending upon the type of community association in which you live, this coverage varies greatly. It is important that you contact an insurance provider to insure your personal property, contents and any improvements to your lot. Neither the association nor Rossmar & Graham is responsible for maintaining your personal insurance.

Security: While the protection of you and your property is of concern, your association or Rossmar & Graham cannot provide security to you and/or your property. You are responsible for maintaining your property and your own security. Please report any suspicious persons or activity to your local police department first, then notify your Rossmar & Graham manager.

How You Can Help Your Association: Do not give instructions to association employees or contractors. Rossmar & Graham is responsible for the supervision of these personnel. If you see something which concerns you, please contact Rossmar & Graham. Do not pay association personnel to perform services in your home or unit. This encourages employees to neglect their regular duties and prevents the association from receiving the services for which it has paid.

We strongly encourage you not to withhold assessment payments if for some reason you become dissatisfied with certain aspects of the community. The value of the community will be adversely affected if assessment payments are withheld. There are other alternatives available to you for the resolution of issues and concerns you may have. If you have a concern, please contact your Rossmar & Graham manager who will present the matter to the Board of Directors for consideration.

We'd love to hear from you! If you need to reach us for any reason, please call us at either office. You'll always find someone courteous and friendly to assist you.

SCOTTSDALE OFFICE:

9362 E. Raintree Dr.
Scottsdale, AZ 85260
480-551-4300 – Phone
480-551-6000 – Fax

MESA OFFICE:

1801 S. Extension Rd.
Suite 124
Mesa, AZ 85210
480-551-4300 – Phone
480-551-6000 – Fax

PEORIA OFFICE:

15396 N. 83rd Ave.
Bldg. B, Suite 101
Peoria, AZ 85382
480-551-4300 - Phone
480-551-6000 - Fax

Website: www.rossmar-mgt.com

