

WHEN RECORDED RETURN TO:)
)
 ROBERTS ROWLEY CHAPMAN, LTD.)
 63 E. Main Street, Suite 501)
 Mesa, Arizona 85201-7423)
 _____)



**DECLARATION ESTABLISHING
 PEGASUS AIRCRAFT STORAGE CONDOMINIUM
 AND DECLARATION OF COVENANTS, CONDITIONS
 AND RESTRICTIONS**

THE DECLARATION, made as of the date hereinafter set forth by Circle G. Pegasus, L.L.C., an Arizona limited liability company, (hereinafter referred to as "Declarant").

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Exhibit A – Legal Description of Parcel

Exhibit B – Undivided Interest in Common Elements
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Exhibit C – Special Use Permit

Exhibit D – Possible Additional Properties

W I T N E S S E T H:

WHEREAS, Declarant is the sole owner of certain real property situated in the Town of Queen Creek, County of Maricopa, State of Arizona, which is more particularly described on Exhibit A attached hereto (herein referred to as the "Parcel");

WHEREAS, Declarant desires to submit and subject the Parcel to a condominium plan of description and ownership pursuant to Title 33, Chapter 9 of the Arizona Revised Statutes;

WHEREAS, Declarant further desires to establish for its own benefit with respect to the Condominium (as hereinafter defined) and in connection with its ownership of adjacent property and for the mutual benefit of all future Owners or Occupants of the Condominium, or any part thereof, certain easements and rights in, over and upon said Condominium and certain mutually beneficial restrictions and obligations with respect to the proper use, conduct and maintenance thereof; and

WHEREAS, Declarant desires and intends that the Unit Owners, Mortgagees, beneficiaries and trustees under trust deeds, Occupants and all other Persons hereafter acquiring any interest in the Condominium shall at all times enjoy the benefits of, and shall hold their interests subject to, the rights, easements, privileges and restrictions hereinafter set forth, all of which shall run with the land and be binding upon the Condominium and all parties having or acquiring any right, title or interest in or to the Condominium, or any part thereof, and shall inure to the benefit of each Owner thereof, and all of which are declared to be in furtherance of a plan to promote and protect the cooperative use, conduct and maintenance of the Condominium and are established for the purpose of enhancing and perfecting the value, desirability and attractiveness thereof.

NOW, THEREFORE, Declarant, for the purposes herein set forth, declares as follows:

1. Definitions. As used herein, unless the context otherwise requires, the following terms shall have the following definitions. Capitalized terms used in any definition herein or in any other paragraph of this Declaration are defined in this Declaration.

1.1 "Act" means Title 33, Chapter 9 of the Arizona Revised Statutes (hereinafter "A.R.S.").

1.2 "Additional Properties" shall mean properties added in accordance with paragraph 42 hereof.

1.3 "Aircraft Storage Space" shall mean a "Unit" located within the Condominium. As used in this Declaration, the term "Unit" and "Aircraft Storage Space" shall be deemed equivalent unless the context specifically requires otherwise.

1.4 "Airpark" shall mean the entire Pegasus Airpark Subdivision which includes the Pegasus Airpark Residential Property, the Pegasus Airpark Flight Association Property and the Condominium, (i.e., the Parcel).

1.5 "Articles" shall mean the Articles of Incorporation of the Association.

Plat shall mean Common Elements.

1.11 "Declarant" means Circle G Pegasus, L.L.C., an Arizona limited liability company, its successor and assigns, or any Person to whom the Declarant's rights hereunder are hereafter assigned by recorded instrument or any Mortgagee of the Declarant which acquires title to or succeeds to the interest of Declarant in any portion of the Parcel by reason of the foreclosure (or conveyance in lieu of foreclosure) or trustee's sale under a Mortgage executed by the Declarant as Mortgagor.

1.12 "Declaration" means this instrument by which the Parcel is submitted to a condominium form of description and ownership, as from time to time amended, and includes the definition of "Declaration" as set forth in A.R.S. § 33-1202(13).

1.13 "Governing Documents" shall mean the Declaration, the Articles, the Bylaws, and the rules and regulations adopted from time to time by the Association, all as may be amended from time to time.

1.14 "Lease" means any agreement for the leasing or rental of a Unit and the interest in the Common Elements appurtenant to such Unit, or any portion thereof.

1.15 "Limited Common Elements" shall mean the portions of the Common Elements allocated for the exclusive use of certain Unit Owners, as more fully set out in paragraph 3.3.

1.16 "Lot" shall mean a Lot within the Pegasus Airpark Residential Property.

1.17 "Majority" or "Majority of Owners" means the Owners of Units to which more than fifty percent (50%) of the undivided ownership of the Common Elements is appurtenant. Any specified fraction or percentage of the Owners means the Owners of Units to which the fraction or percentage of undivided ownership of the Common Elements is appurtenant.

1.18 "Mortgage" means any recorded, filed or otherwise perfected instrument given in good faith and for valuable consideration (which is not a fraudulent conveyance under Arizona law) as security for the performance of an obligation, including without limitation a deed of trust, but does not mean any instrument creating or evidencing solely a security interest under the Uniform Commercial Code. "Mortgagee" means a person secured by a Mortgage, including a trustee and beneficiary under a deed of trust. "Mortgagor" means the party executing a Mortgage including a trustor under a deed of trust. "First Mortgage" means a Mortgage, which is the first and most senior of all Mortgages upon the same property.

1.19 "Occupant" means any Person, other than an Owner, in rightful possession of any portion of a Unit, whether as a guest, tenant or otherwise.

1.20 "Owner" means the record owner, whether one or more Persons, of the fee simple title, whether or not subject to any Mortgage, to any Unit which is part of the Condominium (including any real estate subsequently added to the Condominium pursuant to paragraph 42 hereof), including a purchaser under an agreement for sale within the meaning of A.R.S. § 33-741, but does not mean those having such interest merely as security for the performance of an obligation. In the case of Units the title to which is vested of record in a trustee pursuant to A.R.S. § 33-801 et seq., the trustor shall be deemed to be the Owner thereof.

1.21 "Parcel" means the Parcel of real estate described on Exhibit A attached hereto and which is incorporated herein by this reference, and which is hereby submitted to a condominium form of description and ownership.

1.22 "Pegasus Airpark Flight Association Property" shall mean the real property and improvements which is being developed by the Declarant for use as an airport runway, adjacent taxiways and uses related thereto, as more fully described in that certain *Pegasus Airpark Amended Map of Dedication*, recorded in Book 629, Page 6, official records of Maricopa County Recorder, as the same may be amended from time to time. The Pegasus Airpark Flight Association Property is owned by the Pegasus Airpark Flight Association.

1.23 "Pegasus Airpark Residential Property" shall mean the real property and improvements which is being developed by the Declarant as a residential subdivision which is adjacent to both the Parcel and the Pegasus Airpark Flight Association Property.

1.24 "Person" means an individual, trust, corporation, partnership, limited liability company, or other entity of every kind and nature, including the meaning as set forth in A.R.S. § 33-1202(18), and their respective heirs, personal or other legal representatives, successors and assigns.

1.25 "Plat" means the *Pegasus Aircraft Storage Condominium Plat Phase One*, recorded in Book 611, Page 42, official records of Maricopa County Recorder, as the same may

be amended from time to time, and which is incorporated herein by this reference; and may also mean any additional plats that are recorded for the purpose of submitting or annexing Additional Properties to the Condominium.

1.26 "Record" and "Recording" refers to the record or the act of recording, in the office of the County Recorder of Maricopa County, Arizona.

1.27 "Unit" means each of the separate portions of the Condominium which consist or are planned to consist of a space designed or intended for independent use as an Aircraft Storage Space, as shown on a Plat, and as more fully described in paragraph 3.1 hereof. "Unit" as used herein shall have the same meaning as that defined in A.R.S. § 33-1202(22). There shall be allocated and appurtenant to each Unit an undivided interest in the Common Elements as set forth in paragraph 3.4 hereof.

2. Establishment of the Condominium. Declarant hereby creates and establishes this Condominium pursuant to Title 33, Chapter 9 of the Arizona Revised Statutes, to be hereafter known as the Pegasus Aircraft Storage Condominium and does hereby declare that all of the Units and the Common Elements shall be owned, leased, sold, conveyed and encumbered or otherwise held or disposed of subject to the terms, conditions and other provisions of this Declaration.

3. Description of the Units and the Common Elements. The entire Condominium shall consist of the Units and the Common Elements as defined herein.

3.1 Units. There are or are planned to be a total of ninety-two (92) Units in the Condominium as shall be shown on the Plat (and any additional Plats), which sets forth the description of the vertical and horizontal boundaries of each Unit, its identifying number and its location within the Condominium. Each Unit shall include the space enclosed and bounded by the interior unfinished surfaces of the ceiling, floor, walls, doors, hangar doors, windows or any extensions thereof, together with any plumbing fixtures or lines and electrical or refrigeration equipment or lines which exclusively serve such Unit; provided, however, that no portion of the roof, support columns and footings, bearing walls or other structural components of the building in which each Unit is located and no pipes, wires, conduits, ducts, flues, shafts, or public utility, water or sewer lines situated within such Unit and forming part of any system serving one or more other Units or the Common Elements shall be deemed to be a part of a Unit.

Each of the Units shall consist of:

- (a) Enclosed space. The volume or cubicle of space enclosed by the unfinished inner surfaces of perimeter and interior walls, ceilings and floors thereof, including vents, doors, windows and such other elements that ordinarily are regarded as enclosures of space.
- (b) Interior walls. All interior dividing walls and partitions (including the space occupied by such walls or partitions excepting load bearing interior walls and partitions).

- (c) Fixtures and furnishings. The decorated inner surface of the perimeter and interior walls (including decorated inner surfaces of all interior load bearing walls), floors, and ceilings consisting of wallpaper, paint, plaster, carpeting, tiles, and all other finishing materials affixed or installed as part of the physical structure of the Unit and all immediately visible fixtures, complete heating and air conditioning system (including compressors), if any, mechanical systems and equipment installed and for the sole and exclusive use of the Unit, commencing at the point where the same extends from walls or floors into the interior space from the structural body of the building or from the utility lines, pipes, or systems serving the Unit. No pipes, wires, conduits, or other public utility lines or installations constituting a part of the overall systems designed for the service of any particular Unit or multi-Unit building, nor any of the structural members or portions of any kind, which are not removable without jeopardizing the soundness, safety, or usefulness of the remainder of the building, shall be deemed to be a part of any Unit.

However, no portion of the roof, support columns and footings, bearing walls or other structural components of the building in which each Unit is located and no pipes, wires, conduits, or public utility, water or sewer lines situated within such Unit and forming part of any systems serving one or more other Units or the Common Elements shall be deemed to be a part of a Unit. The Owner of a Unit shall have such an estate therein as may be acquired by grant, by purchase, or by operation of law, including an estate in fee simple, and shall acquire as an appurtenance to each Unit, an undivided interest in the Common Elements of the Condominium and the exclusive use of any Limited Common Elements allocated for the exclusive use of a specific Unit, subject to any amendments as herein provided. The appurtenant undivided interest in the Common Elements and the exclusive use of the Limited Common Elements allocated for the exclusive use of a particular Unit shall not be divisible from the Unit to which it appertains.

3.2 Common Elements. The Common Elements are all of those portions of the Condominium not included within the description of the Units as provided in paragraph 3.1 herein. A further description of the Common Elements is set forth in paragraph 1.10 hereof and as further delineated on the Plat (and sometimes referred to thereon as Common Area). The Common Elements shall also include by way of description, but not by way of limitation, the following:

- (a) Land. All real estate described in Exhibit A whether or not occupied by the buildings containing the Units.
- (b) Improvements. All streets, curbs, sidewalks, and parking spaces, subject to all easements existing from time to time.
- (c) Ornamentals. Lawn areas, shrubbery, conduits, irrigation systems, and waterways, subject to all easements existing from time to time.

- (d) Electric and telephone. The electrical and telephone wiring network throughout the Condominium not owned by the public utilities or other agencies providing such services.
- (e) Utilities. Public connections for gas, electricity, light, telephone and water not owned by the public utility or other agencies providing such service.
- (f) Buildings. The foundations, main walls, roofs, floors and load bearing interior walls and partitions.
- (g) Lighting. Exterior lighting and other facilities necessary to the upkeep and safety of the building and grounds.
- (h) Easements. Any easement or other right hereafter granted for the benefit of the Unit Owner(s) for access to or use of a Unit or other Common Elements not included within the real estate which is part of the Condominium.
- (i) After-constituted improvements. All other structures which may be constructed on the Parcel other than the Unit.
- (j) Other elements. All other elements of the Condominium rationally of common use or necessary to the existence, upkeep, and safety thereof and, in general, all other devices or installations existing for common use.

3.3 Limited Common Elements. The Limited Common Elements are portions of the Common Elements allocated hereby for the exclusive use of certain Unit Owners. The hangar doors, all drive motors, seals, latches, locking devices, and all other equipment related to the hangar doors and all exterior doors and windows or other fixtures designed to serve a single Unit, whether located within or outside of the Unit's boundaries, are Limited Common Elements, and, subject to the rights of the Association set forth in paragraph 13 hereof, are for the exclusive use and benefit of the Unit Owner benefited thereby. Any such Limited Common Element may be reallocated with respect to the Unit benefited by an amendment to this Declaration executed pursuant to paragraph 19 or 25 hereof.

3.4 Interest in the Common Elements. The interest hereby allocated to each Unit in the Condominium, which interest shall constitute an undivided interest in the Common Elements appurtenant to each such Unit, shall be determined by the ratio that the square footage of each Unit (based upon the square footage of the Unit as set forth on the Plat) bears to the total square footage of all Units in the Condominium. The undivided interest in the Common Elements appurtenant to each initial Unit in the Condominium, determined in accordance with the provisions of this paragraph, is set forth in Exhibit B attached hereto and incorporated herein by this reference. The undivided interests shall be recalculated and determined by the Declarant upon the addition of any Additional Properties. Except as may be required by the provisions of paragraph 11.6 hereof, no change in the relative size of the Units occurring as a result of the final construction of the Units alone shall operate to modify and undivided interest of a Unit set

forth herein. The interest allocated to each Unit in the Condominium as calculated by the ratio as set forth in this paragraph 3.4 shall be set forth in a percentage expressed as a three decimal point number in order to avoid an interminable series of digits. The digit has been adjusted by rounding to that value which is most nearly correct. These percentages shall remain fixed after the Declarant has conveyed ownership of all Units in the Condominium to an Owner, except as may be amended as provided in this Declaration or the Act. Voting rights of Unit Owners and their liability for Common Expenses shall be proportional and shall be based upon the percentages set forth in Exhibit B, as may be amended from time to time as provided in this Declaration. The same shall remain unchanged without regard to the purchase price of each Unit.

4. Association. The Association has been, or will be formed, to constitute the "Unit Owners' Association", as that term is defined in A.R.S. § 33-1202(4). The Association shall serve as the governing body for all of the Owners for the protection, improvement, alteration, expansion, augmentation, disposal, divestment, redescription, maintenance, repair, replacement, administration and operation of the Condominium, the assessment of expenses, payment of losses, disposition of hazard insurance proceeds received by the Association, and other matters as provided in this Declaration, in the Articles of Incorporation of the Association (herein referred to as the "Articles"), in the Bylaws of the Association (herein referred to as the "Bylaws"), and the rules and regulations adopted from time to time by the Association (herein referred to as the rules and regulations) (herein the Declaration, the Articles, the Bylaws and the rules and regulations of the Association, all as may be amended from time to time, sometimes collectively referred to herein as the "Governing Documents") or if not provided in the Governing Documents, as provided in the Act. The Association shall not be deemed to be conducting a business of any kind, and all funds received by the Association shall be held and applied by it for the Owners in accordance with the provisions of the Governing Documents or the Act, if applicable. Each Owner shall be a "Member" of the Association as soon and so long as he shall be an Owner. Such membership shall automatically terminate when an Owner ceases for any reason to be an Owner, and the new Owner shall likewise automatically succeed to such membership in the Association. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale of the Unit to which it is appurtenant (and then only to the purchaser involved in such sale) or by intestate succession, testamentary disposition, foreclosure of a Mortgage of record or other legal process transferring fee simple title to such Unit (and then only to the person to whom such fee simple title is transferred). Any attempt to make a prohibited transfer of a membership will be void and will not be recognized by or reflected upon the books and records of the Association. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name upon the sale of such Owner's Unit to the purchaser or other valid transferee of such Owner's Unit, the Association shall have the right to enter a transfer upon the books of the Association and issue a new membership to the purchaser or other valid transferee and thereupon the old membership outstanding in the name of the seller or prior Owner shall be null and void as though the same had been surrendered.

4.1 Classes of Membership; Voting Rights of Classes. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners in Pegasus Aircraft Storage Condominium, with the exception of the Declarant, and shall be entitled to vote for such Unit owned and each Unit Owner's voting right shall be proportional and shall be based upon and shall be the same as the percentage as the undivided interest in the Common Elements appurtenant to each Unit as determined in accordance with the provisions of paragraph 3.4 and as set forth in Exhibit B attached hereto. That is, the voting rights of Unit Owners and their liability for common expenses shall be proportional and shall be based upon and shall be the same as the percentage interest allocated to each Unit in the Common Elements as provided in paragraph 3.4 and as set forth in Exhibit B. When more than one person holds an interest in any Unit, all such persons shall be Members. The voting for such Unit shall be exercised as such persons among themselves determine, or, in the absence of such determination, as determined by the Board, but in no event shall any Class A Unit be entitled to vote more than the total percentage interest in the Common Elements appurtenant to such Unit as determined in accordance with the provisions of paragraph 3.4 and as set forth in Exhibit B, notwithstanding the number of Owners of such Class A Unit. If any Owner or Owners cast a vote representing a certain Unit, it will, in the absence of prompt protest from the other Owners of such Unit during the meeting at which such vote is cast, thereafter be conclusively presumed for all purposes that such Owner or Owners were acting with the authority and consent of all other Owners of the same Unit.

Class B. The Class B Member shall be the Declarant and shall be entitled to three (3) votes for each Unit owned in Pegasus Aircraft Storage Condominium. The total votes which the Declarant shall be entitled to cast may be cast in such proportion on any matter as Declarant may determine. Each Class B membership shall cease and be converted to Class A membership, without further act or deed, upon the happening of any of the following events:

(a) Upon the conveyance by Declarant of any particular Unit to an Owner, other than in connection with an assignment by Declarant of all or substantially all of its rights under this Declaration (including a pledge or assignment by Declarant to any lender as security) with respect to the particular Unit or Units so sold or otherwise disposed of; or

(b) With respect to all remaining Class B memberships, upon the first to occur of the following:

(i) Upon the expiration of ninety (90) days following the conveyance of seventy-five per cent (75%) of the Units to Unit Owners other than to a Declarant (i.e., any assignee or successor to Declarant), or

(ii) Four (4) years after Declarant and all successors to Declarant cease to offer Units for sale in the ordinary course of business.

If any lender to whom Declarant has assigned, or hereafter assigns, as security all or substantially all of its rights under this Declaration succeeds to the interest of Declarant by virtue of said assignment, the Class B memberships shall not be terminated thereby, and, subject to the provisions of A.R.S. § 33-1244(D), such lender shall hold such rights and Class B memberships on the same terms as such were held by Declarant pursuant hereto.

4.2. Qualifications of Directors. Each director shall be an Owner (or if an Owner is a corporation, partnership or trust, a director may be an officer, director, shareholder, owner, partner, trustee, beneficiary or other authorized agent of such Owner). If a director shall cease to meet such qualifications during his term, he will thereupon cease to be a director, and his place on the Board shall be deemed vacant. The requirements of this subparagraph shall not apply to directors elected as a result of any of the votes cast by the Class B Member or the exercise of any Special Declarant Right as set forth in paragraph 19 hereof.

4.3. Board's Determination Binding. Except to the extent that the terms of this paragraph 4.3 may be prohibited by law, in the event of any dispute or disagreement between any Owners relating to the Condominium, or any questions or interpretation or application of the provisions of the Governing Documents, the determination thereof by the Board shall be final and binding on each and all of such Owners.

4.4. Action by Owners. To the extent permitted by the Act, all actions required to be taken by the Owners, acting as a Unit Owners Association for the Condominium, shall be taken by the Association acting as such Unit Owners Association, by and through its directors and officers, such actions to include, without limitation, adoption or ratification of the Bylaws and rules and regulations for the Condominium created hereby.

4.5. Additional Provisions in Articles, Bylaws and Rules and Regulations of the Association. The Articles, Bylaws and rules and regulations of the Association may contain any provision not inconsistent with the Act or other applicable law or with this Declaration.

4.6. Other Voting Provisions. All other provisions not provided for herein regarding the voting of Owners and the meetings of Owners, the quorum necessary to vote at any such meeting, proxies and all other matters not specifically provided for herein shall be as provided in the Bylaws of the Association; provided, however, that no provision in the Bylaws shall be inconsistent with this Declaration, any required provisions of the Act and any other applicable law.

4.7. Transferability of Membership Only With the Consent of the Board and In Conjunction With Transfer of Unit. All memberships shall be transferable only as provided in this Declaration and with written consent of the Board (such consent not to be unreasonably withheld) and in compliance with such regulations as the Board shall adopt from time to time and such membership shall be transferable only in conjunction with the transferor's simultaneous transfer of his or its Unit and Aircraft Storage Space within the Pegasus Aircraft Storage Condominium all subject to such reasonable transfer fees and charges as the Declarant or the Board, as applicable, shall establish. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the sale or other transfer of the Unit to which it is appurtenant (and then only to the purchaser or other transferee involved in such sale

or transfer) or by intestate succession, testamentary disposition, foreclosure of a mortgage of record or other legal process transferring fee simple title to such Unit (and then only to the person to whom such fee simple title is transferred). Any attempt to make a prohibited transfer of a membership will be void and will not be recognized by or reflected upon the books and records of the Association.

4.8. Prohibited Transfer of Membership. Any purported transfer or conveyance of any membership in contravention of the Governing Documents shall be void and of no force and effect. Further, if the Association is required to incur expenses (including but not limited to attorneys' fees) to enforce this restriction, such Owner shall be liable to the Association for all such expenses.

4.9. Suspension and Termination of Membership. The Board (upon the recommendation of the Safety Committee or such other committee which the Board deems appropriate) shall take such disciplinary action and adopt such disciplinary regulations which it deems appropriate including suspension or termination of membership in the Association by any Owner, Occupant or other Person.

5. Additional Associations and Membership Requirements. Every person owning or occupying an Aircraft Storage Space shall be a member of the Flight Association, and shall be subject to all rules, regulations and assessments established or imposed by the Flight Association. Such membership shall be mandatory and shall not depend upon whether or not the Owner or Occupant is an active pilot or aircraft owner. Any Owner's membership in the Flight Association mandated hereby shall be in addition to such Owner's membership in the Association.

6. Use of Common Elements. There shall be appurtenant to each Unit in the Pegasus Aircraft Storage Condominium a non-exclusive and perpetual right and easement to use the Common Elements in common with all other persons entitled to use the Common Elements except as otherwise provided in this Declaration, as may be required for the purposes of access, ingress and egress to and from, and the use, occupancy and enjoyment of the Units and the Common Elements for their intended purposes as provided herein. Such right and easement shall extend to each Owner and Occupant and the agents, servants, employees, family members, invitees and any other authorized Person of the Owner or Occupant of each Unit in the Pegasus Aircraft Storage Condominium. Such right and easement shall be subject to such limitations, restrictions, rules and regulations as may from time to time be promulgated by the Board including, but not limited to, the right of the Board to suspend the right of any Unit Owner to vote pursuant to the provisions of paragraph 4.1 hereof for any period during which the Common Expenses (including any special assessments) attributable to such Owner's Unit as provided in paragraph 8 hereof remain unpaid or for any period during which any violation of the Governing Documents shall continue. The Board shall have authority to sell, transfer, convey, lease, convey easements or grant concessions consistent with the overall character and use of the Condominium with respect to parts of the Common Elements and to change the character, description and use thereof, subject to the provisions of the Act and the Governing Documents. Any funds received by the Association from leases, concessions or other sources shall be held and used for the benefit of the Members of the Association pursuant to the Governing Documents. Notwithstanding anything contained herein to the contrary, Declarant shall be entitled to exclusive access to and occupancy of all or any portion of any Unit until such time as

the construction thereof has been completed and ownership of the particular Unit has been conveyed to an Owner by Declarant, and Declarant shall be entitled to nonexclusive access to and occupancy of all or any portion of the Common Elements until such time as all Units have been conveyed to Owners by Declarant. Notwithstanding anything contained herein to the contrary, there shall be no restriction which substantially interferes with any Owner's right of ingress and egress to or from such Owner's Unit, which right shall be perpetual and appurtenant to the ownership of such Owner's Unit.

7. Parking Space. All Unit Owners shall have the non-exclusive use of the parking spaces within the Condominium. All parking spaces shall be deemed a part of the Common Elements. The Board shall have full authority to establish, maintain, assign and manage the parking spaces for and on behalf of all Owners, and the use thereof shall be subject to such rules and regulations as may be imposed by the Board.

8. Commons Element Maintenance Expenses and Reserve. Pursuant to A.R.S. § 33-1243(C), the Board is hereby expressly authorized to adopt and amend budgets for the administration and operation of the Common Elements without ratification by the Owners, subject to the provisions of this paragraph, and shall, within thirty (30) days after adoption of any proposed budget for the Condominium, provide a summary of the budget to all the Unit Owners. As provided herein, each Owner shall pay his proportionate share of the expenses of the administration and operation of the Common Elements, except certain of the Limited Common Elements as hereinafter provided, and any other expenses incurred in conformance with the Governing Documents including by way of illustration, but not of limitation, premiums for insurance, the cost of maintenance and repair of the Common Elements and any and all replacements and additions thereto, landscape and water costs for the Common Elements, and reasonable reserves for contingencies, replacements or other proper purposes (herein referred to as the "Common Expenses"). The Association shall maintain an adequate reserve for the proper maintenance, repair and replacement of the Common Elements. The proportionate share of such Common Expenses payable by each Owner shall be equal to the percentage of the undivided interest in the Common Elements appurtenant to each Owner's Unit in the Condominium as determined in paragraph 3.4 herein and such other provisions of this Declaration and as set forth in Exhibit B, and in the event of reorganization pursuant to paragraph 11.6 hereof or the annexation of Additional Properties, the proportionate share of such Common Expenses payable by each Owner shall be recalculated in the same manner as provided in paragraph 3.4. herein.

8.1. Payment of Common Expenses. Payment of the Common Expenses for a Unit shall be payable monthly in such amounts and in such manner as may be provided in the Governing Documents and as determined by the Board. Assessments for the Common Expenses shall commence upon the first day immediately following the conveyance of such Unit to an Owner other than Declarant. Payment of each Owner's share of the Common Expenses, together with interest at the rate of twelve percent (12%) per annum from the due date of such payment, costs, reasonable attorneys' fees, and a late charge not exceeding twenty-five percent (25%) of the amount of such payment as determined by the Board (or such lower amount as may be required by law), shall constitute the personal obligation of the person who was the Owner of such Unit at the time such payment became due. The personal obligation for delinquent payments shall survive any voluntary or involuntary transfer of a Unit with respect to the Owner of the Unit at the time such payment became due. In addition, the personal obligation for

delinquent payments shall pass to an Owner's successor in title as his personal obligation and, if not paid at the time of his acquisition of the Unit, shall be deemed to have been assumed by him.

8.2. Lien for Unpaid Common Expenses. If any Owner shall fail or refuse to make any payment for Common Expenses within thirty (30) days of the due date, the amount thereof, together with interest thereon at the rate of twelve percent (12%) per annum from the due date of such payment, a late charge not exceeding twenty-five percent (25%) of the amount of such payment as determined by the Board (or such lower amount as may be required by law), costs and reasonable attorneys' fees, shall (a) constitute the personal obligation of such Owner (or if more than one Owner, the joint and several obligation of all such Owners), and shall (b) constitute a lien on such Owner's Unit and on any rents and proceeds therefrom; provided, however, that such lien shall be subordinate to the lien of a recorded First Mortgage on the applicable Unit, acquired in good faith and for value, except for the amount of the unpaid assessments and other charges which accrue from and after the date on which the First Mortgagee acquires title to or otherwise comes into possession of the applicable Unit, and any lien for unpaid assessments and other charges prior to such date shall upon such date automatically terminate and be extinguished and such first Mortgagee shall not be liable for such unpaid assessments and other charges, provided, however, that the extinguishment of such lien shall not in any way affect the personal obligation of the Owner of the Unit at the time the payment given rise to such lien became due. Any person acquiring an interest in any Unit shall upon giving written notice to the Board be entitled to a statement from the Association within 30 days of such written notice (or such lesser time which may be required by law) setting forth the amount of unpaid assessments and other charges, if any, an such person shall not be liable for, nor shall any lien attach to such Unit in excess of, the amount set forth in such statement, except for assessments and other charges which accrue or become due after the date thereof. The lien provided for in this paragraph may be foreclosed by the Association in any manner provided or permitted for the foreclosure of real property mortgages or deeds of trust or otherwise in the State of Arizona. In addition to the Association's right to foreclose upon an Owner's Unit for the lien provided for in this paragraph, the Association shall be entitled to pursue any other available legal remedy for the collection of any Common Expenses which any Owner has failed or refused to pay within thirty (30) days of the due date of such Common Expenses, including by way of example and not by way of limitation the right to file a lawsuit against the Owner (or if more than one Owner, all of the Owners) for the collection of any unpaid Common Expenses and all such interests, late charges, costs and attorneys' fees associated with any unpaid Common Expenses.

8.3. Special Assessments. In addition to the assessments for Common Expenses as provided in this paragraph 8, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of the Common Elements, including fixtures and personal property related thereto, provided that any such special assessment shall have the assent of sixty seven percent (67%) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for such purpose. Written notice of any meeting called for the purpose of taking any action authorized under this paragraph shall be sent prepaid by mail or hand-delivered to all Members of each class entitled to vote not less than (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) of all the votes of each class of

membership shall constitute a quorum. Accordingly, if the required quorum is present (i.e., at least 60% of all of the votes of each class of membership), then upon the assent of 67% of the votes of each class of Members constituting such quorum, such special assessment shall be approved by the Members of the Association and the proportionate share of such special assessment payable by each Owner shall be equal to the percentage of the undivided interest in the Common Elements appurtenant to each Owner's Unit in the Condominium as determined in paragraph 3.4 herein and as set forth in Exhibit B and such special assessment shall be due and payable as determined by the Board. If the required quorum is not present at such meeting, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be the same (i.e., 60%). Any special assessment which the Association may levy and which is approved by the requisite number of votes as provided herein, shall, for purposes of collection, be deemed a Common Expense and as such shall constitute a lien as provided in paragraph 8.2 herein and may be collected, along with all other charges, as any other Common Expenses provided in paragraph 8.1 herein and as otherwise provided by the Board.

9. Mortgages. Each Owner shall have the right, subject to the provisions hereof, to encumber such Owner's Unit with a Mortgage or other liens except as prohibited herein. No Owner shall have the right or authority to make or create or cause to be made or created any Mortgage, any other lien or security interest of any kind or nature, which encumbers or purports to encumber any portion of the Condominium other than such Owner's Unit, and the interest in the Common Elements appurtenant to such Unit.

10. Insurance Requirements Generally. Prior to the first conveyance of a Unit to an Owner other than Declarant, and at all times thereafter, the Association shall obtain and maintain in full force and effect certain casualty, liability and other insurance as hereinafter provided. All such insurance shall be obtained from responsible companies duly authorized to transact insurance business in the State of Arizona with no less than a Class A financial category rating in Best's Key Rating Guide (or any comparable rating in any comparable insurance rating publication). All such insurance shall name the Association or its authorized representative or trustee as the insured, in its individual capacity for the benefit of the Owners and also either as attorney-in-fact, agent or trustee for all Owners. The Board shall review all such insurance at least annually and shall adjust the amounts thereof as it deems necessary or appropriate. All such insurance shall:

(1) Contain a special condominium endorsement providing for a waiver of subrogation, if obtainable, by the insurer as to claims against the Association, its directors, officers, employees and agents and against each Owner and each Owner's employees, agents and invitees, and against each Mortgagee of all or any part of the Condominium or of any Unit, and any other person for whom the Association, any Owner or Mortgagee may be responsible and shall provide for recognition of any authorized representative or trustee of the Association, if applicable;

(2) Provide that any "no other insurance" clause in the insurance policy shall exclude any policies of insurance maintained by any Owner or Mortgagee of all or any part of the Condominium or any Unit

and that the insurance policy shall not be brought into contribution with insurance maintained by the Owner or Mortgagee of all or any part of the Condominium or any Unit;

(3) Contain a standard without contribution mortgage clause endorsement in favor of the Mortgagee, its successors and assigns, of any Unit or all or any part of the Condominium;

(4) Contain an "agreed amount" and "inflation guard" endorsement, if available;

(5) Provide that the policy of insurance shall not be terminated, cancelled or reduced in coverage without at least thirty (30) days prior written notice to the Association and to each Owner and to each Mortgagee covered by any standard mortgage clause endorsement;

(6) Provide that the insurer shall not have the option to restore the premises if condominium ownership of the Units and Common Elements is to be terminated or the Units and Common Elements are to be sold as an entirety in accordance with paragraph 11 of this Declaration if such coverage is obtainable; and

(7) Contain a "severability of interest endorsement" which shall preclude the insurer from denying the claim of any Unit Owner or the Association due to the unintentional acts of the Association or any Owner(s).

Under no circumstances shall any policies of insurance be obtained where (i) under the terms of the insurance carrier's charter, bylaws or policy, contributions or assessments may be made against the Association, any Unit Owner or any Mortgagee; or (ii) under the terms of the insurance carrier's charter, bylaws or policy, loss payments are contingent upon action by the insurance carrier's board of directors, policy holders or Members; or (iii) the policy includes any special limiting clauses (other than insurance conditions, limitations and exclusions) which could prevent any Unit Owner or any Mortgagee from collecting insurance proceeds.

Such public liability and property damage insurance may provide for coverage of any cross liability claims of Owners against the Association or other Owners and of the Association against Owners without right of subrogation. Any insurance policy may contain such deductible provisions as the Association deems consistent with good business practice.

Certificates of insurance coverage or copies of insurance policies shall be issued to and at the expense of each Owner and each Mortgagee who makes or on whose behalf written request is made to the Association for any such certificate or copy.

The cost and expense of all insurance obtained by the Association, except insurance covering additions, alterations or improvements made to a Unit by an Owner or other insurance obtained at the request of and specifically benefiting any particular Owner, shall be a Common Expense.

10.1. Casualty Insurance. The Association shall obtain and maintain a master policy or policies of casualty insurance covering the Common Elements of each Unit (exclusive of the personal property, and improvements contained within separate Units) and all fixtures and building service equipment to the extent such is a part of the Common Elements, insuring against loss or damage by fire and such other hazards as are covered under standard extended coverage policies, for not less than one hundred percent (100%) of the replacement cost of the Common Elements and each Unit (exclusive of the land, foundations, excavations and other items normally excluded from coverage), as determined on an annual basis by the Board of the Association or by an appraisal made in accordance with the rules and regulations of the Board of Underwriters or like board or body recognized and accepted by the insurance company or companies issuing insurance and a National Flood Insurance Association Standard Flood Insurance Policy, unless such insurance is not available or the Association determines that the Condominium is not located within a flood hazard area. Such master policy or policies of casualty insurance shall, to the extent available, contain a standard all risk endorsement and shall insure against all other perils which are customarily covered with respect to condominium projects which are similar in construction, location and use.

10.2. Public Liability and Property Damage Insurance. The Association shall obtain and maintain comprehensive public liability and property damage insurance covering liability for bodily injury, including death, and liability for property damage occurring in, upon or about the Common Elements. Each Owner and the Association shall be insured with respect to such liability arising out of the ownership, maintenance, repair or operation of the Units and the Common Elements. The limits of liability for such coverage shall not be less than \$1,000,000.00 for each occurrence with respect to bodily injury, death or property damage.

10.3. Workmen's Compensation and Employer's Liability Insurance. The Association shall obtain and maintain workmen's compensation and employer's liability insurance as may be necessary to comply with applicable law.

10.4. Fidelity Bonds. The Association may obtain and maintain bonds covering all persons or entities which handle funds of the Association, including without limitation any professional manager employed by the Association and any of such professional manager's employees, in amounts not less than the maximum funds that will at any time be in the possession of the Association or any professional manager's employees, in amounts not less than the maximum funds that will at any time be in the possession of the Association or any professional manager employed by the Association but, in no event less than the total of (i) assessments for a three (3) month period with respect to all Units and (ii) all reserve funds maintained by the Association. With the exception of a fidelity bond obtained by a professional manager covering such professional manager's employees, all fidelity bonds shall name the Association as an obligee. In addition, all such bonds shall provide that the same shall not be terminated, cancelled or substantially modified without at least thirty (30) days prior written notice to the Association and all First Mortgagees.

10.5. Insurance by Owners. Each Owner shall obtain such additional or other insurance as shall be reasonably necessary, including insurance covering his personal property, including by way of illustration, but not of limitation, his fixtures, inventory, equipment, furniture and related accessories, any additions, alterations and improvements he may have made

to his Unit, and covering personal liability of himself and his employees, agents and invitees and any other Persons for whom such Owner may be responsible. Any insurance policy obtained by an Owner must not diminish or adversely affect or invalidate any insurance or insurance recovery under policies carried by the Association and must, to the extent possible, contain a waiver of the rights of subrogation by the insurer as to any claim against the Association, its officers, directors, committee members, agents and employees and against other Owners and their employees, agents and invitees and against any Mortgagee of all or any part of the Condominium or any Unit or other person for which the Association or any such Owner or Mortgagee may be responsible.

10.6. Receipt and Application of Insurance Proceeds. Except in a case where a Mortgagee or any other person shall have the legal right to receive insurance proceeds directly, all insurance proceeds and recoveries under policies maintained by the Association shall be paid to and received by and independent financial institution or title company selected by the Association authorized to act as escrow agent for the benefit of the Association, the Declarant, all Owners and all Mortgagees of any Unit or all or any part of the Condominium as their respective interests may appear. Subject to the rights of any Mortgagee, the Association shall have the right, acting alone, to adjust or settle any claim by it under any insurance maintained by it. Such funds shall be disbursed by said escrow agent in accordance with the following priorities, subject to such evidence of application as such escrow agent shall require, and shall be applied by the Association as follows: first, as expressly provided in paragraph 12 hereof; second, to the Owners or persons whom the Association determines are legally or equitably entitled thereto; and third, the balance, if any, to the Owners in proportion to their respective interest in the Common Elements. Notwithstanding any provision contained herein to the contrary, the rights of and lien priority of any First Mortgagee shall not be affected by any loss, damage or destruction and shall continue in any insurance proceeds payable with respect to the Unit subject to such Mortgage in accordance with the provisions of such Mortgage.

10.7. Other Insurance by the Association. The Association shall also have the power and authority to obtain and maintain other and additional insurance coverage, including but not limited to casualty insurance covering personal property of the Association, fidelity bonds or insurance covering employees and agents of the Association and insurance indemnifying officers, directors, employees and agents of the Association.

11. Destruction, Condemnation, Obsolescence, and Restoration or Sale of Condominium.

11.1. Definition. As used herein, the following terms shall have the following definitions:

(1) "Substantial Destruction" shall exist whenever the Board determines that, as a result of any casualty, damage to or destruction of the Condominium or any part thereof, the excess of estimated costs or Restoration (as herein defined) over Available Funds (as herein defined) is fifty percent (50%) or more of the estimated Restored Value of the Condominium (as herein defined). "Partial Destruction" shall mean any

other casualty, damage to or destruction of the Condominium or any part thereof.

(2) "Substantial Condemnation" shall exist whenever the Board determines that a complete taking of the Condominium has occurred or that a taking of part of the Condominium by condemnation or eminent domain or by grant or conveyance in lieu of condemnation or eminent domain has occurred, and that the excess of the estimated costs of Restoration over Available Funds is fifty percent (50%) or more of the estimated Restored Value of the Condominium. "Partial Condemnation" shall mean any other such taking by condemnation, eminent domain or by grant or conveyance in lieu of condemnation or eminent domain.

(3) "Substantial Obsolescence" shall exist whenever the Owners of Units to which at least eighty percent (80%) of the undivided interest in the Common Elements is appurtenant determine by vote that the Condominium or any part thereof has reached an undesirable state of obsolescence or disrepair. "Partial Obsolescence" shall mean any state of obsolescence or disrepair which does not constitute Substantial Obsolescence.

(4) "Restoration", in the case of any casualty, damage or destruction, shall mean restoration of the Condominium to a condition the same or substantially the same as the condition in which the Condominium existed prior to the casualty, damage or destruction; in the case of the condemnation, shall mean restoration of the remaining portion of the Condominium to an attractive, sound and desirable condition; and, in the case of obsolescence, shall mean restoration of the Condominium to an attractive, sound and desirable condition.

(5) "Restored Value of the Condominium" shall mean the value of the Condominium after restoration as determined by the Board.

(6) "Available Funds" shall mean any proceeds of insurance or condemnation awards or payments in lieu of condemnation received by the Association and any uncommitted reserves of the Association other than amounts derived through assessments or special assessments. Available Funds shall not include that portion of insurance proceeds or condemnation awards or payments in lieu of condemnation legally required to be paid to any party other than the Association, including a Mortgagee of all or any part of the Condominium or of any Unit, or that portion of any condemnation award or payment in lieu of condemnation paid to the Owner of the Unit for the condemnation or taking of that Owner's individual air space.

11.2. Restoration of the Condominium. Restoration of the Condominium shall be undertaken by the Association without a vote of the Owners in the event of Partial

Destruction, Partial Condemnation or Partial Obsolescence and shall be undertaken in the event of Substantial Destruction, Substantial Condemnation or Substantial Obsolescence unless the Owners of Units to which at least eighty percent (80%) of the undivided interest in the Common Elements is appurtenant consent to terminate the Condominium established pursuant to this Declaration. Such restoration shall be performed substantially in accordance with this Declaration and the plans and specifications for the buildings, the Common Elements and the Units.

11.3. Sale of the Condominium. In the event of Substantial Destruction, Substantial Condemnation or Substantial Obsolescence and the Owners of Units to which at least eighty percent (80%) of the undivided interest in the Common Elements is appurtenant consent to terminate the Condominium created pursuant to this Declaration, the Association shall cause a termination agreement and notice of intent to sell the Condominium to be prepared and recorded and the real estate shall be sold. Such termination agreement shall contain the ratification of the Owners to which at least eighty (80%) of the undivided interest in the Common Elements is appurtenant and the ratification of any applicable Mortgagee, shall specify a date after which the agreement will be void unless it is recorded before that date, a statement that the real estate shall be sold and the minimum terms of the sale. In the event of such sale, Condominium ownership under this Declaration shall terminate and the proceeds of sale and any insurance proceeds, condemnation awards or payments in lieu of condemnation shall be distributed by the Association pro rata to each Owner according to the undivided interest in the Common Elements appurtenant to such Owner's Unit. Such payment shall be made to Owners or, as to Units which are subject to a Mortgage of record at the time of such payment jointly to such Owner and such Mortgagee as their interests may appear.

11.4. Special Assessments for Restoration. Whenever Restoration is to be undertaken, the Association may levy and collect assessments from each Owner in proportion to such Owner's undivided interest in the Common Elements, payable over such period as the Association may determine, to cover the costs and expenses of Restoration to the extent not covered by the Available Funds. Such special assessments together with interest at the rate of twelve percent (12%) per annum from the date such special assessment became due, costs and reasonable attorneys' fees and a reasonable late charge not to exceed twenty-five percent (25%) of the amount of such assessment as determined by the Board (or such lower amount as may be required by law), shall be secured by a lien on the Unit of each such Owner in the same manner as the lien provided for in paragraph 8 hereof. Any special assessments which the Association may levy and which are approved by the requisite number of votes shall then be deemed a Common Expense and as such shall constitute a lien as provided in paragraph 8.2 herein, and must be paid and may be collected, along with all other charges, as any other Common Expenses provided in paragraph 8.1 herein.

11.5. Receipt and Application of Condominium Funds. Except in a case where a Mortgagee or any other person shall have the legal right to receive condemnation awards or payments in lieu of condemnation or eminent domain directly, all compensation, damages or other proceeds constituting awards for condemnation or eminent domain or payments in lieu of condemnation or eminent domain shall be paid, or if received by the Association shall be turned over promptly in the identical form received without commingling with any asset or property of the Association, to an independent financial institution or title company selected by the

Association authorized to act as an escrow agent for the benefit of the Association, the Declarant, all Owners and all Mortgagees of any Unit or all or any part of the Condominium as their respective interests may appear. The Association shall have the right, acting alone, to adjust or settle any condemnation award or payment in lieu of condemnation or eminent domain payable to it. Such funds shall be disbursed by said escrow agent in accordance with the following priorities, subject to such evidence of application as such escrow agent shall require. The amount thereof equitably allocable as compensation for the taking of or injury to the individual air space of a particular Unit or to improvements of an Owner therein shall be apportioned and paid to the Owner of such Unit or, as to the Units which are subject to a Mortgage of record at the time of such payment, jointly to such Owner and such Mortgagee as their interests may appear. The balance of such funds shall be applied to costs and expenses of Restoration, if undertaken and, to the extent not so applied, shall be allocated as follows: first, any portion of such funds allocable to the taking of or injury to the Common Elements shall be apportioned among all Owners of the Common Elements according to their respective undivided interest in the Common Elements; secondly, any portion of such funds received or awarded for severance damages shall be apportioned among Owners of Units whose individual air space was not taken or injured according to the foregoing apportionment; thirdly, any portion of such funds received or awarded for consequential damages or for other purposes shall be apportioned as the Association determines to be equitable under the circumstances. The lien property of any First Mortgagee shall not be disturbed by any condemnation proceeding and shall continue in the proceeds of any condemnation award attributable to the mortgaged Unit in accordance with the provisions of this paragraph.

11.6. Reorganization in the Event of Condemnation. Subject to the provisions of A.R.S. § 33-1206, in the event all or substantially all of the individual air space within a Unit is taken by condemnation or eminent domain, or by grant or conveyance in lieu of condemnation or eminent domain, such Unit shall, upon payment of compensation as hereinabove provided, cease to be a part of the Condominium, the Owner thereof shall cease to be a Member of the Association, and the undivided interest in Common Elements appurtenant to that Unit shall become reallocated to each remaining Unit which undivided interest in and to the Common Elements shall be allocated in the manner set forth in paragraph 3.4 hereof. In the event the remaining portion of a Unit after condemnation or eminent domain is practically and lawfully occupiable by its Owner and continued use is permitted by this Declaration, the Unit, as altered by such taking, shall remain a part of the Condominium, its Owner shall remain a Member of the Association, and the undivided interest in and to the Common Elements appurtenant to such Unit and all other Units in the Condominium shall be reallocated in the manner set forth in paragraph 3.4 hereof. In either such event, the Association shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations. Any remnant of a Unit rendered practically or legally unoccupiable after part of a Unit is taken by condemnation or eminent domain shall become a Common Element.

12. Rights of Owners in any Distributions. In the event that any Owner or Mortgagee is entitled to receive any distribution of money, property or other things from the Association from any reason, including without limitation the sale or other disposition of all or any part of the Common Elements or the cessation or termination for any reason of the Condominium created hereby, such distribution shall be according to the undivided interest in the Common Elements of

such Owner's or Mortgagee's Unit, except as specifically provided to the contrary in paragraphs 10 and 11 hereof.

13. Maintenance, Repairs and Replacements; Right of Access. Each Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs and replacements within his own Unit, any Limited Common Element allocated to his Unit including, without limitation, the hangar door and all drive motors, seals, latches, locking devices and all other equipment related to the hangar doors, and any portion of any air conditioning, electrical, plumbing and heating systems and lines which exclusively serve his Unit; and each Owner shall keep his Unit in a neat, clean and attractive condition. If, due to the willful or negligent act of an Owner or a member of his family or guest, Occupant or visitor of such Owner, or other Person for whom such Owner may be responsible, damage shall be caused to the Common Elements or to a Unit or Units owned by others or maintenance, repairs or replacements shall be required which would otherwise be a Common Expense, then such Owner upon receipt of a statement from the Board shall pay for such damage and for such maintenance, repairs or replacements as may be determined by the Board. The amount payable for such maintenance, repairs or replacements, together with interest at the rate of twelve percent (12%) per annum from the date such amount is due, costs and attorneys' fees, shall be secured by a lien against the Unit of such Owner and may be collected as a Common Expense as provided in paragraph 8 hereof. An authorized representative of the Board, or of the manager or managing agent of the Condominium, and all contractors and repairmen employed or engaged by the Board or such manager or managing agent, shall be entitled to access at any time to each of the Units as may be required in connection with maintenance, repairs or replacements of or to the Common Elements or any equipment, facilities or fixtures affecting or serving other Units or the Common Elements.

The Association shall maintain, repair and replace all of the Common Elements and, at its option, portions of the Limited Common Elements. The expense of maintenance, repair and replacement of such Limited Common Elements may, at the discretion of the Board, be separately assessed against the Units to which such Limited Elements are allocated.

14. Alterations, Additions or Improvements. No alterations of any Common Elements or any additions or improvements thereto or any alterations, additions or improvements to the Limited Common Elements associated with any Unit shall be made by any Owner, except Declarant, without the prior written approval of the Board. Any Owner may make non-structural alterations, additions or improvements within the interior of his Unit as permitted by law without the prior written approval of the Board, but such Owner shall be responsible for any damage to any other Units or the Common Elements which may result from such alteration, addition or improvement. In addition to the required approval of the Board, there shall be no structural alterations or additions to any building or Unit without the prior approval of a majority of the Owners given at a regular or special meeting of the Members of the Association. Unless otherwise determined at any such meeting, the cost of such alterations or additions shall be paid by means of a special assessment levied and collected from each Owner in proportion to such Owner's undivided interest in the Common Elements. Such special assessment together with interest at the rate of twelve percent (12%) per annum from the date such special assessment became due, costs, reasonable attorneys' fees and a reasonable late charge not to exceed twenty-five percent (25%) of the amount of such assessment as determined by the Board (or such lower

amount as may be required by law), shall be secured by a lien against each Unit as provided in paragraph 8 hereof. Any special assessments which the Association may levy and which are approved by the requisite number of votes shall then be deemed a Common Expense and as such shall constitute a lien as provided in paragraph 8.2 herein, and must be paid and may be collected, along with all other charges, as any other Common Expenses provided in paragraph 8.1 herein.

15. Encroachments. If any portion of the Common Elements shall actually encroach upon any Unit, or if any Unit shall actually encroach upon any portion of the Common Elements, or if any Unit or doorway providing ingress or egress thereto or therefrom shall actually encroach upon another Unit or doorway, as the Common Elements and the Units are shown on the Plat, whether such encroachment results from the initial construction or from subsequent repair, reconstruction, settlement or shifting, there shall be deemed to be mutual easements in favor of the Owners of the Common Elements and the respective Unit Owners involved to the extent of such encroachment so long as the same shall exist provided, however, that no such easement shall result from any alteration, addition or improvement made by an Owner, except Declarant, without the prior written approval of the Board. The Association shall at all times have the right to maintain any Common Elements now existing or hereafter constructed, regardless of any encroachment now or hereafter existing or any such Common Elements upon the Unit.

16. Purchase of Unit by Association. Upon the consent or approval of a majority of Owners present and voting at a general or special meeting of the Members of the Association or in such other manner as may be deemed by the Board to be necessary or expedient, the Board shall have the power and authority to bid for and purchase any Unit as a sale pursuant to a mortgage foreclosure, trustee's sale under a trust deed, or a foreclosure of any lien for assessments or other charges provided for in this Declaration, or at a sale pursuant to an order or direction of a court, or other involuntary sale, and the Board shall have the power and authority to finance such purchase of a Unit by Mortgage, special assessment or any other financing arrangement that the Board may deem necessary or expedient.

17. Use and Occupancy Restrictions. No part of the Condominium shall be used for other than aircraft storage and repair purposes and the related common purposes for which the Condominium was designed, without the written consent of the Board, except that (i) the storage and repair of recreational vehicles, boats, motorized vehicles, motor homes, etc. shall be allowed, if such storage and repair complies with all rules or regulations adopted by the Board, and (ii) Declarant shall have the right to maintain sales and any other offices and signs on the Condominium, together with rights of ingress and egress therefrom, and to do such other acts and maintain such other facilities as are incidental to the development and sale of the Units now or hereafter existing in the Condominium created hereby. Any lease for any Unit shall be in writing, shall in all respects be subject to any compliance with the provisions of the Governing Documents and shall expressly provide that a violation of any such provisions shall be a default under such lease. Each Unit shall be used as an Aircraft Storage Space and repairs related to an Owner's aircraft or for such other purposes as are permitted by this Declaration and for no other purpose, without the written consent of the Board.

No spotlights, flood lights or other lighting of any kind shall be placed or utilized on the Common Elements, on the ground or upon any building or structure which in any manner will allow light to be directed or reflected on the Common Elements, the runway, any other Unit, any Lot within the Pegasus Airpark Residential Property or otherwise, except (i) as initially installed by Declarant, or (ii) as has been specifically reviewed and approved in writing by the Board. Notwithstanding anything herein to the contrary, any lighting of any kind within the Condominium shall at all times be in compliance with the Special Use Permit issued by the Town of Queen Creek.

The Common Elements shall be used only for access, ingress and egress to and from the respective Units by the Owners thereof, their employees, agents, servants, tenants, family members, licensees and invitees and for such other purposes as are incidental to the permitted use of the Units. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or interfered with by any Owner.

No Owner shall keep or maintain any thing or shall suffer any condition to exist in his Unit or cause any other condition on the Common Elements which impairs any easement or right of any other Owner or otherwise impairs or interferes with the use and enjoyment by other Owners of their Units and the Common Elements.

If the Board determines that the parking, storage, or repair of any vehicle, trailer or other property on the Condominium is unsightly or detracts from the overall character of the Condominium, such determination shall be conclusive and final that the parking, storage or repair of such vehicle, trailer or other property is a nuisance, and said parking, storage or repair, upon notice by the Board to the Owner or operator thereof, shall be prohibited within the Condominium.

No structure of a temporary character shall be permitted on the Condominium, and no tent, shack, barn or trailer shall be permitted on the Condominium either temporarily or permanently, unless it is located thereon by or with the prior written consent of the Board, which consent shall not be unreasonably withheld.

Unless and only to the extent otherwise dictated by law, no radio, television or other antennas of any kind or nature shall be placed or maintained upon the Unit or any other portion of the Condominium without the prior written approval of the Board.

Any and all fuel storage, sale or distribution within the Condominium shall be made in strict compliance with the provisions of the Special Use Permit, as more fully described in paragraph 43, and shall be made under the direction and in compliance with all applicable rules and requirements of the Pegasus Airpark Flight Association.

Without limiting the foregoing, each Owner shall maintain and keep his Unit at all times in a safe, sound and sanitary condition free of noxious odors and unsafe conditions and shall repair and correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective Units or of the Common Elements.

Notwithstanding anything in this Declaration to the contrary, no Owner shall take any action which would violate the Special Use Permit approved by the Town of Queen Creek for the

use of the Parcel, the Pegasus Airpark Residential Property and the Pegasus Airpark Flight Association Property for use as an airport. Any action by any Owner or any Owner's family, guests, or other Person for whom such Owner may be responsible, which is in violation of the Special Use Permit or which may be in violation of the Special Use Permit shall be subject to having such membership terminated in the Association and the Declarant or the Association may take any other actions deemed appropriate in order to prevent any such violations of the Special Use Permit including but not limited to the suspension of such Owner's right to use such he Common Elements and to otherwise be a Member of the Association.

Each Owner shall comply with all of the Governing Documents including but not limited to the Pegasus Airpark Operation and Safety Regulations adopted by the Association, the Special Use Permit, the Act, any applicable laws including all applicable Federal Aviation Administration rules and regulations. Failure to comply with the Governing Documents including but not limited to the Pegasus Airpark Operation and Safety Regulations, the Special Use Permit, the Act, any applicable laws including all applicable Federal Aviation Administration rules and regulations shall entitle the Declarant or the Association to suspend the Owner's right to use the Common Elements and to terminate the Owner's membership in the Association as well as any other remedies available as provided herein or by law.

The Association may modify the foregoing restrictions or otherwise restrict and regulate the use and occupancy of the Condominium by reasonable rules and regulations of general application adopted by the Board from time to time.

18. Architectural Control. No building, fence, wall, awning, sign or other structure of any kind or character shall be constructed, erected, placed or maintained within the Condominium, nor shall any exterior addition, change or alteration be made thereto or therein, including without limitation to any building exterior or parking area, whether or not part of any Unit, which is visible from any part of the Condominium, and no additions to, changes in, or alterations of landscaping, grade or drainage shall be made, until plans and specifications showing the nature, kind, color, shape, height, materials, location and other physical attributes of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board or by an architectural committee appointed by the Board. All such plans and specifications, and such applicable fees as determined by the Board to defer the costs of review and approval, shall be delivered for submittal to the Board or the committee at the Association's principal place of business. In the event that a written request for such approval (which shall include delivery of all plans and fees) is not acted upon by the Board or committee within sixty (60) days after the receipt of said request, then such approval will not be required; provided, however, that no structure may be constructed pursuant to this paragraph which conflicts with any specifically delineated restriction contained within this Declaration or with any applicable zoning or use law. The restrictions contained in this paragraph shall not apply to the Declarant in any way.

19. Exemption of Declarant from Restrictions and Reservation of Special Declarant Rights. Notwithstanding anything contained in this Declaration to the contrary, none of the restrictions contained in this Declaration shall be construed or deemed to limit or prohibit any act of Declarant, its employees, agents, and subcontractors, or parties designated by it in connection with any construction, completion, sale or leasing of any portion of the Condominium. In

addition to the foregoing, Declarant expressly reserves the following Special Declarant Rights, as defined in A.R.S. § 33-1202 (21) and the right to transfer such rights as provided in A.R.S. § 33-1244;

1. The right to construct any improvements as provided herein;
2. The right to exercise any Development Right as more fully set forth in paragraph 33 hereof;
3. The right to maintain sales offices, management offices, signs advertising the Condominium and model Units within the Condominium until the last Unit in the Condominium is sold to an Owner other than Declarant;
4. The right to use any easements through the Common Elements for the purpose of making improvements within the Condominium or within any other portion of the Parcel;
5. The right to appoint or remove any officer of the Association or any Board member during any period of Declarant control as provided in paragraph 4 hereof;
6. The Declarant hereby reserves the specific right for itself to divide each Unit which it has not conveyed to an Owner into two or more Units and may transfer, sell or assign any such new Units without the consent or approval of all other Unit Owners or the Association, provided that such new Units are fully described and delineated in an amendment, duly filed, to this Declaration, which said amendment shall specify the division of any such Unit and shall contain any other requirements of the Act and shall be executed by the Declarant and upon recordation of such amendment, it shall become part of this Declaration. The new Units shall expressly be subject to all terms and conditions of this Declaration as any other Unit. The right to further subdivide any Unit shall remain with the Declarant and shall be extinguished upon the conveyance by the Declarant of any Unit to an Owner.

20. Entry by Board or its Agents. The Board or its authorized agents may enter any Unit as may be allowed herein, by law or in the event of an emergency. If it becomes necessary to break into a Unit because no key or means of access was provided by the Occupant or Owner, the Association, its directors, officers and agents shall not be liable for any damage done to the Unit as a result of the exercise of this right of entry. The party exercising this right of entry shall see that reasonable measures are taken to secure the Unit until either the Occupant or Owner shall be notified that the Unit has been entered.

21. Roof Leaks and Repairs. The Association shall repair promptly all leaks or other damage to the roofs of any of the buildings of which the Association has notice in writing, provided, however, that the cost of repairing leaks or damage due to the willful or negligent act of an Owner, the Owner's employees, agents, servants, licensees, tenants, invitees, or a member of his family or guest or other occupant or visitor of such Owner or other Person for whom such Owner may be responsible shall be the obligation of such Owner as provided in paragraph 13 hereof.

22. Public Dedication. Nothing contained in this Declaration shall be deemed to constitute a dedication for public use or to create any rights in the general public. Nothing contained in this Declaration shall be construed as creating an obligation on the part of the Town of Queen Creek or any other governmental authority having jurisdiction over the Condominium to maintain, repair or replace any portion of the Condominium or the appurtenances thereto.

23. Copy of Declaration to New Owners. The Board shall provide a purchaser of a Unit a copy of this Declaration and any and all amendments hereto, as well as such other information as required by A.R.S. §33-1260, all in accordance with the requirements of such statute. However, the failure of the Board to provide such documents shall not relieve the new Owner from complying with this Declaration nor waive any of the rights, conditions or restrictions stated herein, except as specifically approved by the Board in an effort to mitigate any unfair or excessively burdensome consequences arising therefrom. The Board shall have the right to charge a “transfer”, “disclosure”, or “document” fee to any new purchaser in such amount as shall be necessary in the sole and exclusive opinion of the Board to defer all costs of compliance with A.R.S. §33-1260 and such fee or fees shall be treated the same as any other assessment or charge to an Owner hereunder.

24. Remedies. In the event that any Owner shall fail to comply with the provisions of the Governing Documents or the Act, if applicable, the Association shall have each and all of the rights and remedies provided for in the Governing Documents, or the Act, if applicable, or which may otherwise be available at law or in equity and may prosecute any action or other proceedings against such Owner for enforcement of such provisions or foreclosure of its lien and the appointment of a receiver for the Unit, or damages, or injunctive relief, or specific performance, or judgment for payment of money and collection thereof, or to sell the same as hereinafter provided, or any combination of such remedies or any other and further relief which may be available at law or in equity, all without notice and without regard to the value or such Unit or the solvency of such Owner. The proceeds of any rental or sale shall first be applied to discharge court costs, other litigation costs, including without limitation reasonable attorneys' fees, and all other expenses of the proceeding and sale. The remainder of such proceeds shall be applied first to the payment of any unpaid assessments or other charges and the satisfaction or any other damages, and any balance shall be held by the Association for the payment of any future assessments or other charges. The purchaser at any such sale shall take the Unit sold subject to all of the covenants, conditions and restrictions contained in this Declaration. All expenses of the Association in connection with any such action or proceeding, including court costs and reasonable attorneys' fees and other fees and expenses and all damages, liquidated or otherwise, shall be secured by a lien upon the Unit or such defaulting Owner in the same manner as provided in paragraph 8 hereof and shall bear interest at the rate of twelve percent (12%) per annum from the date such were incurred.

In addition to the remedies granted to the Association pursuant to this paragraph 24, in the event that any Owner of the Association shall fail to comply with the provisions of the Governing Documents or the Act, if applicable, any Owner shall have each and all of the rights and remedies provided for in the Governing Documents, or the Act, if applicable, or which may be available at law or in equity and may prosecute any action or other proceeding against such Owner or the Association for the enforcement of such provisions, injunctive relief and/or specific performance.

Notwithstanding any provisions of this Declaration to the contrary, any breach of any of the covenants, conditions, restrictions, reservations and servitudes provided for in this Declaration, or any right of reentry by reason thereof, shall not defeat or adversely affect the lien and/or rights of any Mortgagee except as herein expressly provided, each and all of such covenants, conditions, restrictions, reservations and servitudes shall be binding upon and effective against any lessee under any Lease or against any Owner of any Unit whose title thereto is acquired by foreclosure, trustee's sale, deed in lieu of foreclosure or otherwise.

25. Amendment. Except as otherwise provided in this Declaration, the provisions of this Declaration may be changed, modified or amended by an instrument in writing setting for the such change, modification or amendment, signed by Owners of Units to which not less than eighty percent (80%) of the undivided ownership of the Common Elements is appurtenant and acknowledged during the first twenty (20) years from the date of recordation of this Declaration and thereafter signed by Owners of Units to which not less than seventy-five percent (75%) of the undivided ownership of the Common Elements is appurtenant and acknowledged, provided however, that so long as Declarant holds any interest in the Condominium created hereby, Declarant shall have approved of any such change, modification or amendment. Any such change, modification or amendment accomplished under any of the provisions of this paragraph 25 shall be effective upon recording of the instrument providing therefor signed and acknowledged as provided herein.

Notwithstanding anything contained herein to the contrary, if the Act or the Governing Documents require the consent or agreement of the Owners of Units to which a specified percentage of the undivided interest in the Common Elements is appurtenant and/or any other persons having any interest in the Condominium, including without limitation, the Association, for any such amendment or for any action specified in the Act or the Governing Documents then any instrument so amending this Declaration or any provision hereof or providing for such action shall be signed by the Association.

The Declarant hereby reserves for itself, its successors and assigns, until such time as the Declarant has conveyed all of the Units to Owners, the right to execute on behalf of all contract purchasers, Unit Owners, Mortgagees, beneficiaries, other lien holders or parties claiming a legal or equitable interest in the Condominium, any such agreements, documents, amendments, or supplements which may be so required and permitted by the Declarant as provided herein.

26. Notices. Notices provided for in the Act or the Governing Documents shall be in writing and shall be mailed postage prepaid if to the Association or the Board addressed to the address to which payments of assessments are then sent and if to an Owner addressed to the address of which Owner last notified the Board, or absent such notice, to the address showing on such Owner's recorded deed. The Association or the Board may designate a different address or addresses to which notices shall be sent from time to time by giving written notice of such change of address to all Owners. Any Owner may also designate a different address or addresses to which notices shall be sent by giving written notice of his change of address to the Association. Notices shall be deemed delivered five (5) days after being deposited properly addressed in the United States mail, postage prepaid, or immediately upon delivery in person.

Upon written request to the Board, which written request specifies an address to which notices may be sent, any Mortgagee shall be given a copy of all notices permitted or required by this Declaration to be given to the Owner or Owners of the Unit subject to the Mortgage held by such Mortgagee.

27. Severability. If any provision of the Governing Documents, or any paragraph, clause, sentence, phrase or word, or the application thereof in any circumstance, is held invalid by a Court of competent jurisdiction, the validity of the remainder of all other provisions in the Governing Documents and the application of any such provision, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby, and the remainder of the Governing Documents shall remain in full force and effect as if such invalid part were never included therein, and such invalid part shall be promptly amended as herein provided or reformed by such Court so as to implement the intent thereof to the maximum extent permitted by law. In the event that any provision, condition, covenant, or restriction herein are, at the time of recording this Declaration, void, voidable, or unenforceable as being contrary to any applicable federal, state or local law, the Declarant, its successors and assigns and all persons claiming by, through or under the same, covenant and agree that any future amendments or supplements to said laws having the effect of removing said invalidity, voidability or unenforceability shall be deemed to apply retrospectively to this instrument, thereby operating to validate the provisions of this instrument which otherwise might be invalid, and it is covenanted and agreed that any such amendments and supplements to the said laws shall have the same effect herein declared as fully as if they had been in effect at the time of the execution of this instrument

28. Perpetuities and Restraints on Alienation. If any of the easements, privileges, covenants, conditions, restrictions, interests or rights created by this Declaration would otherwise be unlawful and void or voidable for violation of the rule against perpetuities, then such shall continue in existence until required by law to terminate.

29. Rights and Obligations. Each grantee of Declarant or subsequent Owner, by the acceptance of a deed of conveyance, each purchaser under any agreement of sale within the meaning of A.R.S. § 33-741, by execution of such agreement for sale and each Mortgagee and Beneficiary by the acceptance of any instrument conveying any interest in the Condominium as security for the performance of an obligation, accepts the same subject to all restrictions, conditions, covenants, reservations, liens and charges, and the jurisdiction, rights and powers created or reserved by this Declaration. All rights, benefits and privileges of every character hereby granted, created, reserved or declared, and all impositions and obligations hereby imposed, shall be deemed and taken to be covenants running with the land and equitable servitudes and shall be binding upon and shall inure to the benefit of any grantee, purchaser or any person having at any time any interest or estate in the Condominium in like manner as though the provisions of this Declaration were recited and stipulated at length in each and every deed of conveyance, purchase contract or other instrument of transfer.

30. Waiver. Any right or remedy provided for in this Declaration shall not be deemed to have been waived by any act or omission, including without limitation any acceptance of payment or partial performance or any forbearance, except by an instrument in writing

specifying such right or remedy and executed by the person against whom enforcement of such waiver is sought.

31. Utility Easement. Notwithstanding any other provisions hereof, there is hereby created a blanket non-exclusive easement upon, across, over and under the Condominium (other than the interior of the Units) and the Common Elements for ingress, egress, installation, replacement, repair and maintenance of all utility and service lines and systems, including by way of illustration, but not of limitation, water, sewer, gas, telephone, electricity, television cable and communication lines and systems. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on the Common Elements and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of the buildings; provided, that no such utility and service line or system may be installed or relocated on the Common Elements except as initially planned and approved by Declarant or as thereafter approved by the Board. This easement shall in no way affect any other previously recorded easements which affect the Condominium.

32. Professional Management Agreement. Any agreement for professional management of the Condominium or any contract providing for services to be performed by the Declarant for the Association shall provide for termination by the Association with or without cause and without payment of a termination fee or penalty on thirty (30) days written notice, and no such contract or agreement shall be of a duration in excess of one (1) year.

33. Reservation of Development Rights and Plan of Development. Declarant hereby expressly reserves the following Development Rights, as provided in A.R.S. § 33-1202 (14) and the right to exercise such Rights without the consent of any Mortgagee or any Owner:

1. To add real estate to the Condominium created hereby, as more fully set out in paragraph 42;

2. To create easements, Units, Common Elements or Limited Common Elements within any portion of the Condominium created hereby;

3. To subdivide Units, convert Units into Common Elements or convert Common Elements into Units;

4. Subject to the provisions of A.R.S. § 33-1220 (D) (2), to withdraw real estate from the Condominium created hereby;

5. To make, by merger agreement or other instrument, this Condominium a part of a larger condominium;

6. To amend this Declaration to comply with applicable law or to correct any error or inconsistency in this Declaration provided that such amendment does not adversely affect the rights of any Unit Owner, which amendment rights as set forth in this subparagraph 6 shall be exercised, if at all, prior to the expiration of the maximum period of Declarant control as provided in A.R.S. § 33-1243 (D).

7. To amend this Declaration to comply with the rules or guidelines, in effect from time to time of any governmental or quasi governmental entity or federal corporation guarantying or insuring mortgage loans or governing transactions involving mortgage instruments, which amendment rights as set forth in this subparagraph 7 shall be exercised, if at all, prior to the expiration of the maximum period of Declarant control as provided in A.R.S. § 33-1243 (D).

In the event the Condominium created hereby is expanded to include a greater number of Units, each Owner of such additional Units shall become a Member of the Association and shall be entitled to exercise the same voting rights as Owners in the Condominium created hereby and as provided in paragraph 4.1 hereof. Upon the creation of such additional Units within the Condominium created hereby, the respective interest in and to the Common Elements appurtenant to each Unit in the existing Condominium shall be reduced in proportion to the number of Units added to the Condominium. Subsequent to the addition of any new Units, the interest in and to the Common Elements appurtenant to each Unit in the Condominium shall be determined in the same manner as set forth in paragraph 3.4 hereof.

34. No Partition. Subject to the provisions of this Declaration and the Act, the Common Elements shall remain undivided and no Unit Owner(s) shall bring any action of partition or division thereof. In addition, the undivided percentage interest in the Common Elements shall not be separated from the Unit to which it appertains and shall be deemed conveyed or encumber with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument.

35. Leases. The Unit Owners shall have the absolute right to lease a Unit provided that said lease is made subject to the Governing Documents and the Owner shall be jointly and severally responsible for any violation by the Occupant thereof. Any lease for any Unit shall be in writing, shall in all respects be subject to and in compliance with the provisions of the Governing Documents and shall expressly provide that a violation of any such provisions shall be a default under such lease.

36. Conflicts. Any conflict between the provisions of this Declaration, the Articles, the Bylaws, the rules and regulations or the Act shall be resolved in favor of this Declaration which shall control any such conflict unless the Act specifically requires otherwise.

37. Applicable Law. The construction and interpretation of this Declaration shall be governed by the laws and judicial decisions of the State of Arizona. Reference to any Arizona Revised Statutes or any other law herein shall be deemed to include and refer to any such succeeding Arizona Revised Statute or such succeeding applicable law.

38. Captions. The captions of the paragraphs in this Declaration are for convenience of reference only and shall not affect the construction or interpretation of any term or provision.

39. Exhibits. All exhibits attached hereto shall constitute and be deemed a part of this Declaration and are fully incorporated herein.

40. Construction of Declaration. This Declaration shall be construed in a fair and impartial manner without regard to such factors as the party who prepared (or caused the preparation of) this Declaration.

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

42. Subjecting Additional Lands to the Declaration in Accordance with General Plan of Development. The Declarant or the Developer, their heirs and assigns, shall have the right to bring within the scheme of this Declaration all or any part of that certain real property legally described on the attached Exhibit D as Additional Properties in future stages of the development without the consent of the Owners within twenty (20) years of the date of this Declaration. This provision is intended to be permissive in nature and any such planned development shall not bind the Declarant or Developer, their heirs and assigns, to make the proposed additions in any subsequent development.

The additions authorized under this paragraph 42 shall be made by recording a Supplementary Declaration of Covenants, Conditions and Restrictions with respect to the Additional Property which shall extend the scheme of covenants and restrictions of this Declaration to such property.

Such Supplementary Declaration may contain such complimentary additions and modifications to the covenants and restrictions contained in this Declaration as may be necessary to reflect the different character, if any, of the added properties and as are not inconsistent with scheme of the master plan. In no event, however, shall such Supplementary Declaration revoke, modify or add to the covenants established by this Declaration within the existing Parcel

43. Special Use Permit. The Town of Queen Creek has issued a Special Use Permit SU 01-97 (which amended previously approved Special Use Permit SU 07-94) in connection with the Airpark (herein the "Special Use Permit"). This Declaration shall incorporate all of the terms of the Special Use Permit and all requirements set forth in the Special Use Permit shall apply to the Subdivision and the Owners, the occupants and any other persons to whom this Declaration is applicable, just as any other requirement and provision of this Declaration. In addition, the Declarant, the Association or other entity or group may from time to time seek and obtain expansion of the Special Use Permit or one or more modifications thereof, all as permitted by applicable law, and each Owner, occupant or other person to whom this Declaration is applicable shall remain subject to the Special Use Permit as so expanded, modified, or amended without any prior notification or approval thereof being required.

44. Owner's Right of Enjoyment. Every Owner and Occupant shall have a non-exclusive easement for use and enjoyment in and to the Common Elements, subject to all of the easements, covenants and conditions, restrictions and other provisions contained in this Declaration, including, without limitation, the following provisions:

(a) The right of the Association to establish reasonable rules and regulations pertaining to or restricting the use of the Common Elements by Owners, Occupants or other Persons.

(b) The right of the Association to borrow money for the purpose of improving, replacing, restoring or expanding the Common Elements or adding new Common Elements, and, in aid thereof, to mortgage said property, provided that the rights of the lender thereunder shall be subordinated to the rights of the Owners.

(c) The right of the Association to suspend the right of an Owner, Occupant or any Person to use the Common Elements or any designated portion thereof (and voting rights) during any time in which any assessment (common or special) respecting such Owner's Unit remains unpaid and delinquent, or for any violation of any of the Governing Documents.

(d) The right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association.

(e) The right of the Association to change the size, shape or location of the Common Elements, to exchange Common Elements for other lands or interests therein which become Common Elements and to abandon or otherwise transfer Common Elements.

(f) The right of the Declarant to take any actions permitted in this Declaration or the Act.

45. Violation of Law or Insurance. No Owner or Occupant shall permit anything to be done or kept in or upon his Unit or upon any of the Common Elements which would result in the cancellation, or increase in premium, or reduction in coverage of insurance maintained by the Association or the Owner or Occupant of any other Unit or which would be in violation of any applicable laws.

46. Signs. No sign of any kind shall be displayed to the public view or from any Unit or the Common Elements without the approval of the Declarant or the Association, as may be applicable, except:

(a) Such signs as may be used by the Declarant in connection with the development and sale or leasing of Units;

(b) Such signs as may be required by legal proceedings, or the prohibition of which is precluded by law;

(c) Such signs as may be required for traffic control and regulation of the Common Elements; and

(d) As may be approved by the Declarant or the Association. No "for sale" or "for rent" sign may be posted on any Unit or the Common Elements without the approval of the Declarant or the Association, as applicable; provided, however, an Owner may, in accordance with applicable provisions of the Association's rules and regulation, be

permitted to post one "for sale" or "for rent" notice in a form approved by such rules and regulations in a location specified for that purpose by the Declarant or the Association, as applicable.

47. Nuisances; Construction Activities. No Owner or Occupant shall permit or suffer anything to be done or kept about or within his Unit or the Common Elements, which will obstruct or interfere with the rights of the other Owners, Occupants or Persons authorized to the use and enjoyment of the Common Elements, or annoy them by unreasonable noises or otherwise, nor shall an Owner or Occupant commit or permit any nuisance or commit or suffer any illegal act to be committed therein or thereabout. Each Owner and Occupant shall comply with the Association's rules and the requirements of all health authorities and other governmental authorities having jurisdiction over the Units and the Parcel. Normal construction activities and parking in connection with the building of improvements on a Unit or the Parcel shall not be considered a nuisance or otherwise prohibited by this Declaration, but Units and the Parcel shall be kept in a neat and tidy condition during construction period. Trash and debris shall not be permitted to accumulate and supplies of brick, block, lumber and any other building materials will be placed only in such areas as may be approved by the Association. In addition, any construction equipment and building materials stored or kept on any Unit or the Parcel during construction of improvements may be kept in areas approved by the Association, which also may require screening of the storage areas. The Association, in its sole discretion, shall have the right to determine the existence of any unreasonable annoyance or nuisance under the Declaration. Notwithstanding anything herein to the contrary, none of the foregoing restrictions shall apply to the Declarant so long as the Declarant is the Owner of any Units.

48. Boats and Motor Vehicles. Except as specifically permitted by the Association rules,

(a) No boats, trailers, buses, motor homes, campers or other vehicles shall be parked or stored in or upon the Common Elements, except on a temporary basis in parking areas designated for such temporary use; and

(b) Nor shall any of the foregoing be parked on the private streets adjacent to the Parcel except as may be designated and approved by the Association. The Association may remove, or cause to be removed, any unauthorized vehicle or other such property at the expense of the Owner thereof in any manner consistent with law.

49. Declarant's Voting Rights and Assignment Thereof. Notwithstanding anything to the contrary herein, Declarant shall be entitled to the memberships and to vote the memberships vote for each Unit owned by the Declarant as provided in paragraph 4. If any lender to whom the Declarant has assigned, or hereafter assigns, all or substantially all of its rights under this Declaration as security succeeds to the interest of the Declarant by virtue of said assignment, the absolute voting rights of the Declarant as provided in paragraph 4 shall not be terminated thereby and such lender shall hold Declarant's memberships and voting rights on the same terms as they were held by Declarant pursuant hereto.

50. No Offsets. All assessments (both common and special) shall be payable in the amount specified in the assessment or notice of assessment and no offsets against such amount

shall be permitted for any reason, including, without limitation, a claim that (a) the Association, the Board, or the Declarant is not properly exercising its duties and powers as provided in any of the Governing Documents; (b) assessments for any period exceed Common Expenses; or (c) an Owner or Occupant has made, or elects to make, no use of the Common Elements.

51. Exemption of Unsold Units. Notwithstanding anything in this Declaration to the contrary, Declarant shall have the option (but not the obligation) to direct that no assessments in excess of twenty-five percent (25%) of the Common Expense assessment for Units which have been substantially completed shall be levied upon, or payable with respect to, any Unit on which construction has not been substantially completed and which is owned by or leased to the Declarant, or any affiliate of Declarant or the successors and assigns of the Declarant, until such Unit has been substantially completed. However, this reduced Common Expense assessment shall not be permitted unless the Declarant assumes the obligation to pay to the Association any deficiency in monies due to the Declarant having paid a reduced Common Expense assessment and necessary for the Association to be able to timely pay all Common Expenses.

52. Exemption of Declarant from Restrictions. Notwithstanding anything to the contrary in this Declaration, the Articles, the Bylaws, the Association's rules or regulations or otherwise, none of the covenants, conditions, restrictions, easements or other provisions in this Declaration, the Articles, the Bylaws, the Association's rules and regulations or otherwise shall be construed or deemed to limit or prohibit any act of Declarant, their employees, agents and contractors, or parties designated by them in connection with the construction, completion sale or leasing of the Units and the Parcel.

53. Limitation on Declarant's Liability. Notwithstanding anything to the contrary in any of the Governing Documents or otherwise, each Owner, by accepting title to a Unit or otherwise any portion of the Parcel and becoming an Owner, acknowledges and agrees that neither the Declarant nor any officer, director, member, partner or shareholder of Declarant or the Declarant's successors or assignees (or any officer, director, member, committee member, partner or shareholder in any such successor or assignee) shall have any personal liability to the Association, to any Owner, Occupant or any other Person arising under, in connection with or resulting from (including without limitation resulting from action or failure to act with respect to) this Declaration or any of the Governing Documents or by the Act or otherwise, except to the extent of the Declarant (or its successors or assignees) interest in the Parcel; and, in the event of a judgment no execution or other action shall be sought or brought thereon against any other assets, nor be a lien upon such other assets, of the Declarant nor any officer, director, member, partner or shareholder of the Declarant or the Declarant's successors or assigns (or any officer, director, member, committee member, partner or shareholder in any such successor or assignee).

IN WITNESS WHEREOF, Circle G Pegasus, L.L.C., an Arizona limited liability company, has executed this Declaration as of this 8th day of April, 2003.

DECLARANT:

Circle G Pegasus, L.L.C., an
Arizona limited liability company

By *Ronald G. Lawrence*
Its: Member

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 11 day of April, 2003,
by *Ronald G. Lawrence*, as Member of CIRCLE G PEGASUS, L.L.C. an Arizona limited
liability company, as Declarant herein.

[Signature]
Notary Public

My Commission Expires:
10-16-04

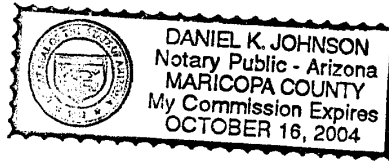
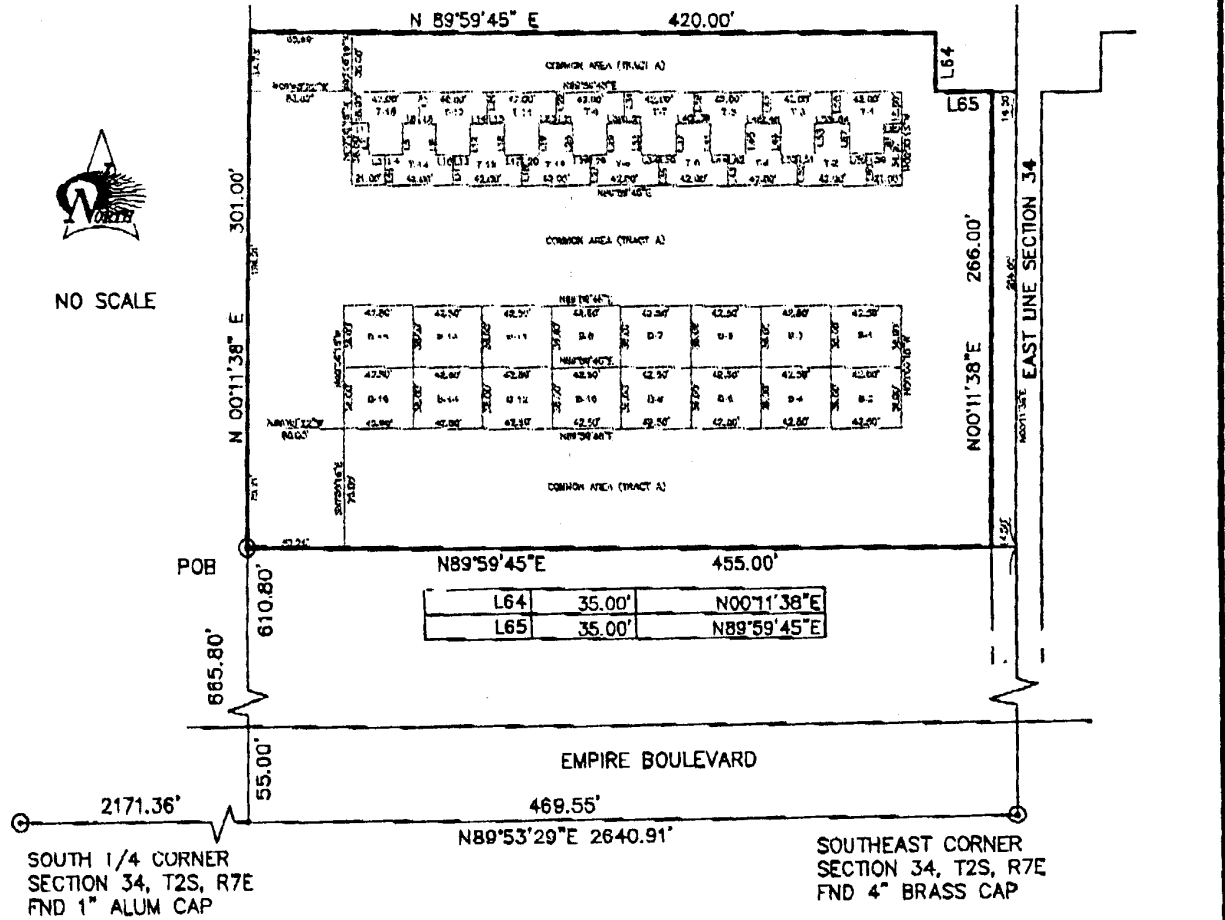


EXHIBIT A



PHASE ONE HANGAR

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 34, WHICH IS A BRASS SURVEY MONUMENT IN A HANDHOLE AT THE INTERSECTION OF SAN TAN ROAD AND ELLSWORTH ROAD; THENCE, SOUTH 00°12'03" WEST ALONG THE WEST SECTION LINE OF SAID SECTION 34 A DISTANCE OF 2645.00 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 34, WHICH IS A BRASS CAP IN A HANDHOLE AT THE INTERSECTION OF EMPIRE BOULEVARD AND ELLSWORTH ROAD; THENCE, NORTH 89°53'37" EAST ALONG THE SOUTH SECTION LINE OF SAID SECTION 34 A DISTANCE OF 2640.97 FEET TO THE SOUTH QUARTER CORNER OF SAID SECTION 34 WHICH IS AN ALUM. CAP.; THENCE CONTINUING ALONG THE SOUTH SECTION LINE, NORTH 89°53'29" EAST A DISTANCE 2171.36 FEET; THENCE NORTH 00°11'38" EAST A DISTANCE OF 665.80 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 00°11'38" EAST A DISTANCE OF 301.00 FEET; THENCE NORTH 89°59'45" EAST A DISTANCE OF 420.00 FEET; THENCE SOUTH 00°11'38" WEST A DISTANCE OF 35.00 FEET; THENCE NORTH 89°59'45" EAST A DISTANCE OF 35.00 FEET; THENCE SOUTH 00°11'38" WEST A DISTANCE OF 266.00 FEET; THENCE SOUTH 89°59'45" WEST A DISTANCE OF 455.00 FEET TO THE TRUE POINT OF BEGINNING.

SAID PARCEL CONTAINS 135,731 SF OR 3.12 ACRES MORE OR LESS.

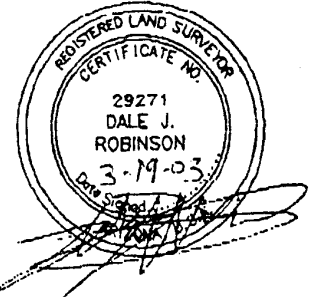


EXHIBIT B

UNDIVIDED INTEREST IN COMMON ELEMENTS APPURTENANT TO EACH UNIT
(and voting percentage appurtenant to each Unit)

<u>Unit Number</u>	<u>Undivided Interest</u> <u>Per Unit</u>
T-1	2.733%
T-2	2.733%
T-3	2.733%
T-4	2.733%
T-5	2.733%
T-6	2.733%
T-7	2.733%
T-8	2.733%
T-9	2.733%
T-10	2.733%
T-11	2.733%
T-12	2.733%
T-13	2.733%
T-14	2.733%
T-15	2.733%
B-1	3.688%
B-2	3.688%
B-3	3.688%
B-4	3.688%
B-5	3.688%
B-6	3.688%
B-7	3.688%
B-8	3.688%
B-9	3.688%
B-10	3.688%
B-11	3.688%
B-12	3.688%
B-13	3.688%
B-14	3.688%
B-15	3.688%
B-16	3.688%
Total:	1.00000

EXHIBIT C



**TOWN OF
QUEEN CREEK**

August 8, 2000

Mr. Richard Roberts
Roberts and Rowly, Ltd.
63 E. Main, Ste. 501
Mesa, AZ 85201

RE: SPECIAL USE PERMIT FOR PEGASUS AIRPARK, QUEEN CREEK, AZ (SU01-97)

Dear Mr. Roberts:

This letter serves as the official "Special Use Permit" for the Pegasus Airpark in Queen Creek, Arizona (SU01-97). On March 18, 1998, the Queen Creek Town Council approved SU01-97 subject to eighteen (18) stipulations, which are attached to this letter. Prior to issuance of any building permits for the airpark or as otherwise allowed by ordinance, all stipulations shall be satisfied accordingly.

Should there be any questions, please feel free to contact me at (480) 987-9887.

Sincerely,

John Kross, AICP
Community Development Director

Enclosure

EXHIBIT C – CONTINUED

**TOWN OF QUEEN CREEK
STIPULATIONS TO WHICH
SPECIAL USE PERMIT SU 01-97
IS SUBJECT**

1. The total quantity of planes allowed on the entire Pegasus Airpark Development shall not exceed 225; this shall include both the residential area and the FBO. The maximum quantity of planes allowed on the FBO shall not exceed 92 planes. This provision allows for there to be a lesser quantity of planes than 92 at the FBO, with a greater quantity of planes allowed in the residential area, provided that the total quantity of planes does not exceed 225 for the entire Pegasus Airpark development.

2. Prior to seeking plat approval or any pre-development site activity, any required State and Federal Aviation Administration authorization of the aviation use must be obtained; and, further, there shall be no runway or other aviation lighting other than the minimum required for fixed wing or helicopter day or night operation. Aviation lighting shall only consist of pilot-controlled or activated lighting. No continuous lighting shall occur except for pilot-activated beacon lighting. However, this shall not prohibit the standard FAA approved light, illuminating a windsock for wind speed direction.

3. Residential lots shall be not less than one acre in area, exclusive of rights-of-way and taxiway easements; with overall density not exceeding .75 dwelling units per gross acre.

4. This special use approval specifically does not constitute plat or plan of development approval (noting, in particular, access problems on the schematic plan) and it is noted that separate, direct vehicular access to the fixed base operations, runway and other aviation-related common facilities is required. Prior to any building permits or zoning clearances being issued for the FBO, developer shall receive site plan (plan of development) approval from the Town Council.

5. The following commercial uses are prohibited: Charter, courier, commercial flight schools, scheduled air service and crop dusting.

6. The development shall adopt, and shall enforce by means of effective sanctions, rules prohibiting (except where violations are necessary for safety reasons) “touch and goes”. Developer shall establish normal and recommended procedures for general aviation including approach and departure patterns that attempt to minimize noise over residential areas.

7. All aviation-related buildings (including, but not limited to, hangers and service buildings) are required to be screened from perimeter street view by an approved landscape plan and installation.

EXHIBIT C – CONTINUED

8. Required street, drainage and other dedications shall be completed prior to seeking plan of development approval.

9. Aircraft noise shall not exceed a level of 65 DNL at any boundary of the site. Pegasus Airpark shall be required to submit annual noise reports to the Town. Violation of this noise level will result in the town issuing a warning to the Airpark. If the airpark fails to take action against the violator(s) or the noise level is continued to be violated within the next 12 months by any airpark user then within three (3) months after the warning is received then this may be cause for the Town Council to conduct a Public Hearing(s) and consider revoking the Special Use Permit for the Airpark. In any event the Special Use Permit shall not be revoked for violation of 65 DNL standard if the Airpark is exercising due diligence in bringing legal action in a court of competent jurisdiction to enjoin the violation.

10. The Town shall have the right to review Airpark operation performance to ensure compliance with the special use permit. Review of air park performance shall include, but not be limited to, review of all FBO and flight association operations, such as investigation of books, accounts, reports, correspondence and audits.

11. Hangar and tie-down construction at the FBO site maybe allowed prior to residential house construction in accordance with the following: up to 50% of the total planes allowed on the FBO (46 planes of the 92 allowed). Once hangar or tie-down construction is completed to allow 46 planes, then one additional hangar may be allowed for every house constructed and a certificate of occupancy (C of O) issued by the town for the house. In general FBO development should be phased to coincide with residential occupancy in the subdivision.

12. Pegasus Airport shall be designed in conformance with FAA design criteria for a B-II Airport Reference Code. The airport runway strength shall be designed to accommodate only those permitted aircraft that are propeller-driven, fixed- wing aircraft with a maximum take-off weight of 12,500 pounds or less and approach speed of less than 121 knots and wingspan of less than 79 feet; types of aircraft specifically prohibited are jets of any kind, ultra-lights, turbo-jets and helicopters. The specifications for this airpark shall be published and maintained in the C, C, and R's to the property, the flight association and the FAA Airport Facilities Directory.

13. That the airpark shall be operated solely as a private airpark for use by residents of the Pegasus Airpark Development and members of the Flight Association. Guests may be allowed of either residents of the Airpark Development or Flight Association members provided that guests have express prior permission from the Airpark Development or Flight Association members. Guests will not be allowed by those persons who own or lease hangars or own or lease tie-downs and do not reside on permanent basis at Pegasus Airpark. The exception to this requirement shall be for emergency landings. Such prior permission shall be granted only to persons having a bona fide reason for landing at the Airpark, such as persons staying overnight or longer with Pegasus Airpark residents or Flight Association members who also reside at Pegasus Airpark. No person other than those defined herein shall be permitted to use the airpark, including by way of example and not limitation, those persons visiting for the sole

EXHIBIT C - CONTINUED

purpose of refueling. This requirement shall be so stated in the appropriate C, C, and R's and the Federal Aviation Administration's Airport Facilities Directory. This in no way shall prohibit bona fide potential buyers to land at the airpark, nor prohibit special lot sales promotions during the initial phases of development of the Airpark.

14. The FBO shall not advertise the commercial services offered by the facility. No jet fuel shall be sold anywhere within Pegasus Airpark.

15. Developer shall be required to meet all applicable Federal Aviation Administration fuel storage requirements and report to the Town that applicable fuel storage facilities are in compliance. Reporting mechanism to the Town shall, at a minimum, is via a copy of the notice of approval by the appropriate regulatory agency.

16. Any fuel system allowed on the property shall be designed as a private card-lock system for members of the Home or Flight Association only.

17. The developer shall submit a new "Notice of Proposed Landing Area" to the FAA for airspace approval. Documentation of this approval shall be submitted to the town prior to issuance of any building permits.

18. Within 30-days of the date of council's decision on this special use permit, the applicant/developer shall pay to the Town of Queen Creek for all airport consulting costs up to \$1,500.

EXHIBIT D
POSSIBLE ADDITIONAL
PROPERTIES



EXHIBIT D

SUNRISE ENGINEERING, INC.

12227 SOUTH BUSINESS PARK DRIVE, SUITE 220 • DRAPER, UTAH 84020
TEL 801.523.0100 • FAX 801.523.0990

OFFICES IN
UTAH
IDAHO
ARIZONA
WYOMING

Tract 'A'

That portion of Section 35, Township 2 South, Range 7 East, Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

Beginning at a point on the North line of Empire Boulevard being North 89°54'27" East 15.76 feet along section line and North 00°05'33" West 55.00 feet from the Southwest corner of said Section 35; being a 4" brass cap; and running thence North 00°11'38" East 875.96 feet; thence North 89°59'45" East 35.00 feet; thence North 00°11'38" East 35.00 feet; thence North 89°59'45" East 420.00 feet; thence South 00°11'38" West 910.22 feet to the North line of Empire Boulevard; thence South 89°54'27" West 455.01 feet to the point of beginning.

Contains 413093 Square Feet or 9.483 Acres, more or less.

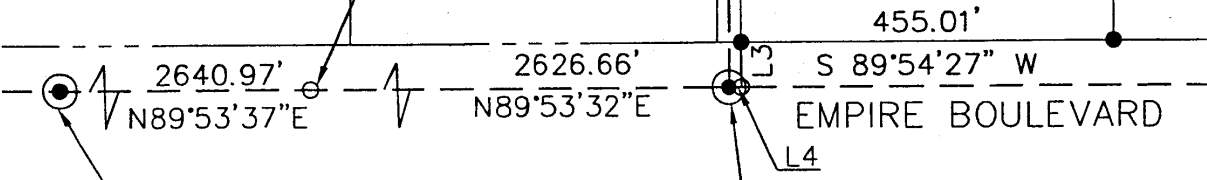


1978 • 25th Anniversary • 2003

EXHIBIT D - CONTINUED

LINE TABLE		
LINE	LENGTH	BEARING
L1	35.00'	N00°11'38"E
L2	35.00'	N89°59'45"E
L3	55.00'	N00°05'33"W
L4	15.76'	N89°54'27"E

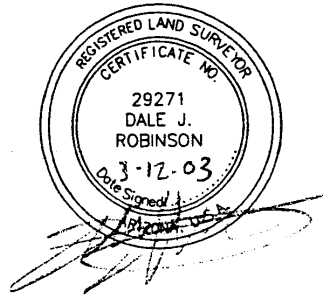
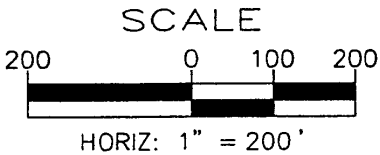
S 1/4 CORNER
SECTION 34, T2S, R7E
FOUND 1" ALUMINUM CAP



TRACT 'A'
9.483 Acres

SOUTHWEST CORNER
SECTION 34, T2S, R7E
FOUND BRASS CAP IN HH

SOUTHWEST CORNER
SECTION 35, T2S, R7E
FOUND 4" BRASS CAP



1930 S. ALMA SCHOOL ROAD SUITE A-114 MESA, ARIZONA 85210



EXHIBIT D - CONTINUED



SUNRISE ENGINEERING, INC.

12227 SOUTH BUSINESS PARK DRIVE, SUITE 220 • DRAPER, UTAH 84020
TEL 801.523.0100 • FAX 801.523.0990

OFFICES IN
UTAH
IDAHO
ARIZONA
WYOMING

Tract 'C'

That portion of Section 34, Township 2 South, Range 7 East, Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

Beginning at a point on the North line of Empire Boulevard being North 89°53'32" East along section line and North 00°06'28" West 55.00 feet from the South quarter corner of said Section 34; being a 1" aluminum cap; and running thence North 00°11'38" East 610.83 feet; thence North 89°59'45" East 455.00 feet; thence South 00°11'38" West 610.01 feet to a point on the North line of Empire Boulevard; thence South 89°53'32" West 455.01 feet to the point of beginning

Contains 277740 Square Feet or 6.376 Acres, more or less.

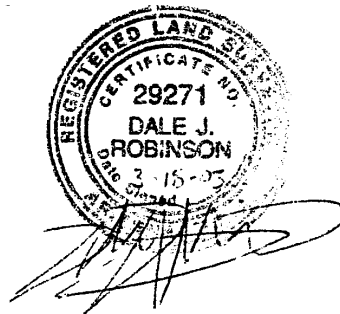


EXHIBIT D - CONTINUED

LINE TABLE		
LINE	LENGTH	BEARING
L1	55.00'	N00°06'28"W

