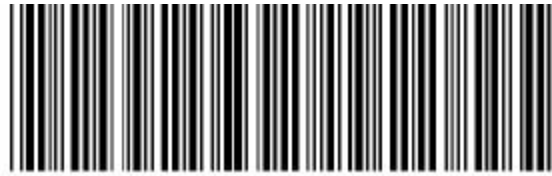


When Recorded Return To:

ROBERTS & ROWLEY, LTD.
63 East Main Street
Suite 501
Mesa, Arizona 85201



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

2001-0183805 03/08/2001 04:29

MESA 1 3 OF 3

**DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR
PEGASUS AIRPARK FLIGHT ASSOCIATION**

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

TABLE OF CONTENTS

<u>Paragraph</u>		<u>Page</u>
1	Definitions	4
2	Permitted Uses and Restrictions	8
3	Description of the Common Elements	8
4	Association	9
5	Use of Common Elements	14
6	Common Element Maintenance Expenses and Reserve	15
7	Liens and Mortgages	18
8	Insurance	18
9	Maintenance, Repairs and Replacements; Right of Access	19
10	Alterations, Additions or Improvements	20
11	Purchase of Membership by Association	20
12	Use Restrictions	20
13	Exemption of Declarant from Restrictions and Reservations of Special Declarant Rights	21
14	Public Dedication	22
15	Copy of Declaration to New Owners	22
16	Remedies	23
17	Amendment	23
18	Notices	24
19	Severability	24
20	Perpetuities and Restraints on Alienation	25
21	Rights and Obligations	25
22	Waiver	25
23	Utility Easement	26
24	Reservation of Development Rights and Plan of Development	26

25	No Partition	27
26	Conflicts	27
27	Applicable Law	27
28	Captions	27
29	Exhibits	27
30	Construction of Declaration	27
31	Gender	27
32	Subjecting Additional Lands to the Declaration in Accordance with General Plan of Development	27
33	Special Use Permit	28
34	Member's Right of Enjoyment	28
35	Violation of Law or Insurance	29
36	Nuisances; Construction Activities	29
37	Declarant's Voting Rights and Assignment Thereof	30
38	No Offsets	30
39	Exemption of Unsold Memberships	30
40	Exemption of Declarant from Restrictions	30
41	Limitation on Declarant's Liability	31
	<u>Exhibit A</u> - Legal Description of Parcel	
	<u>Exhibit B</u> - Legal Description of Pegasus Airpark Residential Property	
	<u>Exhibit C</u> - Legal Description of Pegasus Aircraft Storage Condominium	
	<u>Exhibit D</u> - Special Use Permit	

WITNESSETH:

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, the Declarant is also the owner of certain real property which is adjacent to the Parcel, and such property is being developed as a uniquely planned residential subdivision for pilots, aviation enthusiasts and others, and such property is more particularly described on Exhibit B attached hereto (herein referred to as the "Pegasus Airpark Residential Property");

WHEREAS, the Declarant is also the owner of certain real property which is adjacent to the Parcel and such property is being developed for use as aircraft storage spaces (hangars, shade spaces and tie down spaces), the fixed based operations of the Pegasus Airpark and various other uses related thereto, and such property is more particularly described in Exhibit C attached hereto (herein referred to as the "Pegasus Aircraft Storage Condominium");

WHEREAS, the Parcel will be developed as an airport runway and taxiway for the use and benefit of the members of the Pegasus Airpark Flight Association (as herein defined) which will include certain owners of the Pegasus Residential Property, the owners of the Pegasus Aircraft Storage Condominium and certain other person as set forth in this Declaration;

WHEREAS, Declarant desires to establish for its own benefit and in connection with its ownership of the adjacent property described on Exhibit B and Exhibit C and for the mutual benefit of all future Members of the Pegasus Airpark Flight Association, and others, certain easements and rights in, over and upon said Parcel 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 Pegasus Airpark Flight Association (and its Members), mortgagees, beneficiaries and trustees under trust deeds,

occupants and all other persons hereafter acquiring any interest in the Pegasus Airpark Flight Association 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 Parcel and all parties having or acquiring any right, title or interest in or to the Parcel, 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 Parcel 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 "Additional Properties" shall mean properties added in accordance with Section 32 hereof.

1.2 "Aircraft Storage Space" shall mean a "Unit" (as more specifically defined in the *Declaration Establishing Pegasus Aircraft Storage Condominium and Declaration of Covenants, Conditions and Restrictions*), located within the Pegasus Aircraft Storage Condominium which is more fully described and identified on Exhibit C attached hereto and which is incorporated herein by this reference.

1.3 "Airpark" shall mean the Pegasus Airpark subdivision which includes the Pegasus Airpark Residential Property, the Pegasus Airpark Flight Association property (i.e., the Parcel) and the Pegasus Aircraft Storage Condominium Property.

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

1.5 "Association" means the Pegasus Airpark Flight Association, an Arizona nonprofit corporation, its successors and assigns, formed or to be formed by the Declarant, and unless otherwise provided, shall mean and include its board of directors, officers and other authorized agents, or such other owners' association organized by the Declarant for the purpose of owning the Parcel and Managing its use and maintenance.

1.6 "Board" shall mean the board of directors of the Association.

1.7 "Bylaws" shall mean the Bylaws of the Association.

1.8 "Common Elements" means the elements and facilities owned by the Association for the common use and enjoyment of the Members, including without limitation the land on which the airport runway and taxiways are constructed, and all other portions of the Parcel.

1.9 "Common Expenses" shall mean the expenses for the operation, maintenance, repair and restoration of the Common Elements, including, but not limited to, salaries, wages, payroll taxes, attorneys' and accountants' fees, supplies, materials, parts, services, maintenance, repairs and replacements, landscaping, insurance, power and adequate reserves for the restoration and replacement of the Common Elements and appurtenances thereto.

1.10 "Declarant" means Circle G Pegasus, L.L.C., an Arizona limited liability company, its successors 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.

1.11 "Declaration" means this instrument by which the Parcel is submitted to certain covenants, conditions and restrictions, as from time to time amended.

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

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

1.14 "Member" shall mean collectively, any Member of the Association (in good standing and not under suspension) and his or her spouse. If a Member is a corporation, trust, limited liability company, partnership, or other entity, the Member shall be represented by a single individual which is an authorized representative of the Member such as an officer, partner, owner, agent, trustee, employee or other authorized agent of such Member. "Member" shall include the following membership:

- (a) Pegasus Residential Property Membership. "Pegasus Residential Property Membership" shall mean a membership reserved for owners of a Lot (other than Lot 1 through 13 inclusive) within the Pegasus Airpark Residential Property.
- (b) Pegasus Aircraft Storage Space Membership. "Pegasus Aircraft Storage Space Membership" shall mean a membership reserved for an owner of a "Unit" (as more specifically defined in the *Declaration Establishing Pegasus Aircraft Storage Condominium and Declaration of Covenants, Conditions and Restrictions*) located within the Pegasus Aircraft Storage Condominium.
- (c) Pegasus Airpark Non-Residential Membership. "Pegasus Airpark Non-Residential Membership" shall mean all memberships in the Pegasus Airpark Flight Association other than (i) Pegasus Airpark Residential Property Memberships, and (ii) Pegasus Aircraft Storage Space Memberships.

1.15 "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.

1.16 "Parcel" means the Parcel of real estate described on Exhibit A attached hereto and which is incorporated herein by this reference, including any property which may be added to the Parcel and including all buildings, improvements of any kind situated on the Parcel and all rights, privileges and appurtenances thereto and any other rights and privileges appurtenant to the Parcel, all of which is intended for the mutual use, benefit and enjoyment of the Members. A depiction of the Parcel entitled *Drawing of Pegasus Airpark Flight Association Parcel* has been recorded in the office of the County Recorder of Maricopa County, Arizona, as Instrument No. 2001-0183804 BK 556 Pg 27

1.17 "Pegasus Aircraft Storage Condominium" shall mean the property being developed for use as aircraft storage spaces (hangars, shade spaces and tie down spaces), the fixed based operations of the Pegasus Airpark and various other uses related thereto, and such property is more particularly described in Exhibit C attached hereto.

1.18 "Pegasus Airpark Residential Property" shall mean the property which is being developed by the Declarant for a residential subdivision and which is more particularly described on Exhibit B attached hereto and which is incorporated herein by this reference.

1.19 "Person" means an individual, trust, corporation, partnership, limited liability company, or other entity of every kind and nature, and their respective heirs, personal or other legal representatives, successors and assigns.

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

1.21 "Special Use Permit" shall mean that certain Special Use Permit SU 01-97 (which amended previously approved Special Use Permit SU 07-94) issued by the Town of Queen Creek in connection with the Airpark, a copy of which is attached hereto as Exhibit D.

1.22 "Tie Down Space" shall mean a designated "shade space" or "parking space" where aircraft may be parked or secured on either a temporary or

permanent basis within the Parcel. The location of one or more Tie Down Spaces may be designated either on a recorded plat or in the rules or regulations adopted from time to time by the Board.

2. Permitted Uses and Restrictions. The Parcel shall be developed as an airport runway and adjacent taxiways and uses related thereto and such property shall only be utilized for such purposes by Members or others as permitted herein and such property shall be used for no other purposes except as expressly provided herein.

3. Description of the Common Elements. The Common Elements shall constitute the entire Parcel as described on Exhibit A. The Common Elements shall include by way of description, but not by way of limitation, the following:

- (a) Land. All real estate described in Exhibit A (i.e., the Parcel).
- (b) Improvements. All runways, taxiways and other improvements on the Parcel.
- (c) Ornamentals. Lawn areas, shrubbery, conduits, irrigation systems, and waterways, subject to all easements existing from time to time.
- (d) Utilities. Public connections for gas, electricity, light, telephone and water not owned by the public utility or other agencies providing such service.
- (e) Lighting. All lights and other facilities necessary to the upkeep and safety of the runway, taxiways, grounds and any other improvements thereon.
- (f) Easements. Any easement or other right hereafter granted for the benefit of the Association for access to or use of the Common Elements or any property which is not included within the real estate which is part of the Parcel.
- (g) After-constituted improvements. All other structures or improvements which may be constructed on the Parcel.

- (h) Other elements. All other elements of the runway and taxiways 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.

The Parcel and all of the Common Elements shall be owned by the Association. No Member in the Association shall have any interest in the property owned by the Association other than such rights attached to a Member's membership as provided herein.

4. Association. The Association has been, or will be formed, and the Association shall serve as the governing body for all of the Members for the protection, improvement, alteration, expansion, augmentation, disposal, divestment, redescription, maintenance, repair, replacement, administration and operation of the Parcel and the Common Elements, 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 of the Association. (The Declaration, the Articles, the Bylaws and the rules and regulations of the Association, all as may be amended from time to time, are sometimes collectively referred to herein as the "Governing Documents"). 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 Members in accordance with the provisions of the Governing Documents. Each Member shall be a member of the Association as soon and so long as he shall acquire a membership in the Association as provided herein. Such membership shall automatically terminate when a Member ceases for any reason to be a Member of the Association, and the new Member 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 as follows:

- (a) Pegasus Airpark Residential Property Membership. No transfer of any Pegasus Airpark Residential Property Membership may be effectuated (and the

Board shall not approve any such transfer) whether by conveyance or by operation of law, unless the transferor Member transfers his or its Lot within the Pegasus Airpark Residential Property to the same transferee.

(b) Pegasus Aircraft Storage Space Membership. No transfer of any Pegasus Aircraft Storage Space Membership may be effectuated (and the Board shall not approve any such transfer), whether by conveyance or by operation of law, unless the transferor Member transfers his or its Aircraft Storage Space to the same transferee.

(c) Pegasus Airpark Non-Residential Membership. A transfer of a Pegasus Airpark Non-Residential Membership shall be effectuated only as provided in the Bylaws of the Association.

Any of the foregoing Memberships may also be transferred by intestate succession, testamentary disposition, foreclosure of a Mortgage of record or other legal process transferring fee simple title to a Lot within the Pegasus Airpark Residential subdivision or an Aircraft Storage Space located within the Pegasus Aircraft Storage Condominium (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 a Member who is the owner of a Lot within the Pegasus Airpark Residential Property or the owner of an Aircraft Storage Space within the Pegasus Aircraft Storage Condominium should fail or refuse to transfer the membership registered in his name upon the sale of such Lot or Aircraft Storage Space to the purchaser or other valid transferee of such Lot or Aircraft Storage Space, 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 selling Member or such other prior Member 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:

(a) Class A. Class A members shall be all Members, with the exception of the Declarant (which shall be a Class B Member) and, except

as hereinafter provided in the case of election of Directors, shall be entitled to one vote for each Membership (i.e., Lot or Unit) owned. When more than one person holds an interest in any Membership, the voting of such Membership shall be exercised as such persons among themselves determine. In no event shall more than one vote or any fractional votes which totals one vote be cast with respect to any Class A Member. If any Member or Members cast a vote, it will thereafter be conclusively presumed for all purposes that such Member or Members were acting with the authority and consent of all persons holding an interest in any such Membership.

(b) Class B. The Class B member shall be only the Declarant and shall be entitled to three (3) votes for each Membership (i.e., Lot or Unit) owned on any applicable issue. The Class B Memberships shall cease and be converted to Class A Memberships, without further act or deed, on the happening of any of the following events, whichever first occurs; (i) when all Lots within the Pegasus Airpark Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium have been conveyed to Owners by Declarant, (ii) when the Declarant notifies the Association in writing that it relinquishes its Class B Memberships, or (iii) on April 1, 2020.

4.2 Qualifications of Directors. Each director shall be a Member or the spouse of a Member (or if a Member is a corporation, limited liability company, partnership, trust or other entity, a director may be an officer, director, shareholder, owner, partner, trustee, beneficiary, employee or other authorized agent of such Member). 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.

4.3 Board's Determination Binding. Subject to the right of any Member to institute an action at law or in equity, in the event of any dispute or

disagreement between any Members, or any questions of 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 Members.

4.4 Action by Members. All actions required to be taken by the Members, acting as an Association, shall be taken by the 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 Association 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 applicable law or with this Declaration.

4.6 Other Voting Provisions. All other provisions regarding the voting of Members such as the meetings, the quorum necessary to vote any such meeting, proxies and all other matters shall be as provided in the Bylaws of the Association.

4.7 Acquisition of a Membership. A Membership shall be legally effective and a Membership certificate shall be issued upon the following:

(a) The applicant has paid the Membership fee in such amount and upon such terms as is prescribed by the Declarant until such time as all Lots within the Pegasus Airpark Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium have been conveyed to Owners by Declarant; and

(b) The applicant has purchased and paid for a Lot (other than Lot 1 through 13 inclusive) within the Pegasus Airpark Residential Property or an Aircraft Storage Space located within the Pegasus Aircraft Storage Condominium or agrees in writing to purchase such a Lot or an Aircraft Storage Space in form and content acceptable to counsel for the Declarant or after all Lots within the Pegasus Airpark Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage

Condominium have been conveyed to Owners by Declarant then in such form and content as acceptable to counsel for the Association; and

(c) The applicant has fulfilled such other requirements as the Declarant (or after all Lots within the Pegasus Airpark Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium have been conveyed to Owners by Declarant, then such other requirements as the Board) may impose from time to time; and

(d) Notwithstanding the foregoing, paragraph (b) shall not apply to Pegasus Airpark Non-Residential Memberships.

4.8 Transferability of Memberships Only With the Consent of the Board. All Memberships shall be transferable only 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 with respect to a Pegasus Airpark Residential Property Membership or a Pegasus Aircraft Storage Space Condominium Membership, such Memberships shall be transferable only in conjunction with the transferor's simultaneous transfer of his or its Lot within the Pegasus Airpark Residential Property or his or its Aircraft Storage Space located 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.

4.9 Prohibited Transfer of Membership. Any purported transfer or conveyance of any Membership in contravention of this Declaration, the Bylaws or the rules and regulations of the Association 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 Member shall be liable to the Association for such expenses.

4.10 Membership Certificates. The Association shall adopt Membership certificates in such form as the Board may deem appropriate.

4.11 Membership Fees. The Declarant shall charge a Membership fee in such amount as the Declarant shall determine appropriate. Until the sale of all Lots

and Units, the Declarant shall determine the amount of the Membership fee and shall be entitled to the proceeds of all such Membership fees and the Association shall not have any right or claim to any such fees or Memberships. After the Declarant has sold all Lots and Units, all Membership fees received thereafter shall be paid to the Association and the Board shall charge a Membership fee in such amount as the Board shall determine. The Membership fee to be charged by the Declarant shall be in such amount as the Declarant determines in its sole discretion to be necessary to defray the expenses and operating costs associated with the Parcel and the Association. The Declarant may increase or decrease the Membership fees from time to time and no other Member or the Association shall have any claim or right as a result of any such increase or decrease in the Membership fee.

4.12 Suspension and Termination of Members. 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.

5. Use of Common Elements. There shall be appurtenant to each Membership in the Association a non-exclusive right and easement to use the Common Elements in common with all other Members and 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 Parcel and the Common Elements for their intended purposes as provided herein. 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 Member 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 Member's Membership as provided in paragraph 6 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 Parcel with respect to parts of the

Common Elements and to change the character, description and use thereof, subject to the provisions of 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 the Parcel until such time as the construction thereof has been completed and Declarant shall be entitled to nonexclusive access to and occupancy of all or any portion of the Parcel and the payment of all membership fees and any funds received by the Association from leases, concessions or other sources until such time as all Lots within the Pegasus Airpark Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium have been conveyed to Owners by Declarant.

6. Common Element Maintenance Expenses and Reserve. The Board shall cause an estimated budget of the Common Expenses to be prepared for each year (calendar or fiscal) of the Association. Such estimated annual budget shall take into account the expenses and cash requirements that will be required for the operation, maintenance, repair and restoration of the Common Elements for the year, including but not limited to, salaries, wages, payroll taxes, attorneys' and accountants' fees, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, fuel, power and adequate reserves for the restoration and replacement of the Common Elements and the appurtenances thereto. To the extent that assessments for Common Expenses received from members during the immediately preceding year shall be more or less than the Common Expenses incurred by the Association for the preceding year, the surplus or deficiency, as the case may be, shall also be taken into account. The annual budget shall also provide for a reserve for contingencies for the year and a reserve for restoration and replacements, in adequate amounts as determined by the Board.

The Board is hereby expressly authorized to adopt and amend budgets for the administration and operation of the Common Elements without ratification by the Members, subject to the provisions of this paragraph, and shall, within thirty (30) days after adoption of any proposed budget for the Association, provide a summary of the budget to all of the Members. As provided herein, each Member shall pay his

proportionate share of the Common Expenses for the administration and operation of the Common Elements 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 Member shall be equal to the ratio that the Member's membership interest bears to the total number of memberships owned by Members. Notwithstanding anything contained in this Declaration to the contrary, the Declarant shall not be assessed or otherwise liable for any regular assessments, special assessments, supplemental assessments or expenses, or any other expenses or contributions to reserves of the Association, of any kind or nature, based upon or in connection with any unsold memberships. Common expenses and other expenses shall be payable in connection with a membership only at such time as a membership is conveyed by the Declarant to a Member.

6.1 Payment of Common Expenses. Payment of the Common Expenses 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 a Membership to a Member other than Declarant. Payment of each Member'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 Member at the time such payment became due.

6.2 Lien for Unpaid Common Expenses. If any Member 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 Member (or if more than one Member, the joint and several obligation of all such Members) and shall (b) constitute a lien on such Member's Lot within the Pegasus Airpark Residential Property, if such Member owns such a Lot, and shall (c) constitute a lien on such Member's Aircraft Storage Space within the Pegasus Aircraft Storage Condominium, if such Member owns such an Aircraft Storage Space, and on any rents and proceeds therefrom, and shall (d) constitute a lien on such Member's membership interest in the Association; provided, however, that such lien shall be subordinate to the lien of a recorded First Mortgage on any Member's Lot or Aircraft Storage Space, 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 such Lot or Aircraft Storage Space, and such First Mortgagee shall not be liable for such unpaid assessments and other charges, provided, however, that the subordination of such lien shall not in any way affect the personal obligation of the Member. The lien provided for in this paragraph may be foreclosed by the Association in any manner provided or permitted for the foreclosure of real or personal property, mortgages or deeds of trust or otherwise in the State of Arizona. In addition to the Association's right to foreclose, the Association shall be entitled to pursue any other available legal remedy for the collection of any Common Expenses which any Member 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 Member (or if more than one Member, all of the Members) for the collection of any unpaid Common Expenses and all such interests, late charges, costs and attorneys' fees associated with any unpaid Common Expenses.

6.3 Special Assessments. In addition to the assessments for Common Expenses as provided in this paragraph 6, 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 ten (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 percent (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 sixty percent (60%) of all of the votes of each class of membership), then upon the assent of sixty-seven percent (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 Member shall be equal to. 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., sixty percent [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 6.2 herein and may be collected, along with all other charges, as any other Common Expenses provided in paragraph 6.1 herein and as otherwise provided by the Board.

7. Liens and Mortgages. No Member shall have the right to encumber such Member's membership interest in the Association with a Mortgage or any other liens. No Member 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 Parcel, the Association and the Common Elements.

8. Insurance. The Association shall obtain and maintain in full force and effect certain casualty, liability and other insurance as the Board deems reasonable and necessary from time to time. The Association shall have the power and authority to

obtain and maintain any and all insurance coverages, including but not limited to 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, and 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.

8.1 Insurance by Members. Each Member shall be free to obtain such additional or other insurance as he deems desirable. Any insurance policy obtained by a Member shall not diminish or adversely affect or invalidate any insurance or insurance recovery under policies carried by the Association.

8.2 Receipt and Application of Insurance Proceeds. Except in a case where 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 the Association.

9. Maintenance, Repairs and Replacements; Right of Access. If, due to the willful, unintentional, accidental or negligent act of a Member or such Member's family, guest, or other Person for whom such Member may be responsible, damage shall be caused to the Common Elements or repairs or replacements shall be required which would otherwise be a Common Expense, then such Member 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 Membership of such Member (and such Member's Lot or Aircraft Storage Space, if owned by such Member) and may be collected as a Common Expense as provided in paragraph 6 hereof. An authorized representative of the Board, and all contractors and repairmen employed or engaged by the Board shall be entitled to access at any time to the Parcel as may be required in connection with maintenance, repairs or replacements of or to the Common Elements.

10. Alterations, Additions or Improvements. Any alterations of any Common Elements or any additions or improvements thereto shall only be made by the Association, except for such alteration, additions and improvements to be made by the Declarant, as provided herein.

11. Purchase of Membership Association. Upon the consent or approval of a majority of Members 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 membership at 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 membership, Lot or Aircraft Storage Space by Mortgage, special assessment or any other financing arrangement that the Board may deem necessary or expedient.

12. Use Restrictions.

The Common Elements shall be used only for such purposes as are permitted in this Declaration by the Members, their employees, agents, servants, tenants, family members, licensees and invitees and for such other purposes as are incidental to the permitted use of the Parcel. The use, maintenance and operation of the Common Elements shall not be obstructed, damaged or interfered with by any Member.

No Member shall keep or maintain any thing or shall suffer any condition to exist or cause any other condition on the Common Elements which impairs any easement or right of any other Member or otherwise unreasonably impairs or interferes with the use and enjoyment by other Members of the Common Elements.

No spotlights, flood lights or other lighting of any kind shall be placed or utilized on the Common Elements, except (i) as initially installed by Declarant, or (ii) as has been specifically reviewed and approved in writing by the Board.

Without limiting the foregoing, each Member shall use the Parcel at all times in a safe manner and shall refrain from any activity which might interfere with the reasonable enjoyment by other Members.

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

Notwithstanding anything in this Declaration to the contrary, no Member 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 Aircraft Storage Condominium Property for use as an airport. Any action by any Member or any Member's family, guests, or other Person for whom such Member 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 Member's right to use the Common Elements and to otherwise be a Member of the Association.

Each Member shall comply with all of the Governing Documents including, but not limited to the Pegasus Airpark Operation and Safety Regulations adopted by the Association. Failure to comply with the Governing Documents including, but not limited to the Pegasus Airpark Operation and Safety Regulations shall entitle the Declarant or the Association to suspend the Member's right to use the Common Elements and to terminate the Member's membership in the Association, as well as any other remedies available as provided herein or by law.

13. 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 Pegasus Airpark Development included

but not limited to any Lot within the Pegasus Airpark Residential Property, any Aircraft Storage Space within the Pegasus Aircraft Storage Condominium and any membership interest in the Pegasus Airpark Flight Association. In addition to the foregoing, Declarant expressly reserves the following Special Declarant Rights, and the right to transfer such rights:

1. The right to construct any improvements as provided herein;
2. The right to exercise any Development Right set forth herein;
3. The right to maintain sales offices, management offices, signs advertising the Pegasus Airpark Development until the last Lot in the Pegasus Airpark Residential Property and the last Aircraft Storage Space in the Pegasus Aircraft Storage 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 Airpark 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 herein;
6. The specific right for itself to add any property to the Parcel and the Common Elements.
7. The right to seek and obtain an amendment to or modification of the Special Use Permit.

14. 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 Parcel to maintain, repair or replace any portion of the Parcel, any improvements thereon or the appurtenances thereto.

15. Copy of Declaration to New Owners. The Board shall give each new Member a copy of this Declaration and any and all amendments hereto within sixty (60) days after written notice of the conveyance of a Membership to such new Member (or

such other period as may be required by law). However, the failure of the Board to provide such documents shall not relieve the new Member from complying with this Declaration nor waive any of the rights, conditions or restrictions stated herein or create any liability on the part of the Declarant, the Association, the Board or their agents.

16. Remedies. In the event that any Member shall fail to comply with the provisions of the Governing Documents, the Declarant or the Association shall have each and all of the rights and remedies provided for in the Governing Documents or which may otherwise be available at law or in equity and may prosecute any action or other proceedings against such Member for enforcement of such provisions or foreclosure of its lien and the appointment of a receiver, 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. The proceeds of any sale shall first be applied to discharge court costs, other litigation costs, reasonable attorney's 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 of 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 Membership 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 Member in the same manner as provided in paragraph 6 hereof.

17. 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 forth such change, modification or amendment, signed solely by the Declarant; provided, however, after the Declarant has sold all Lots with the Pegasus Airpark Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium then such change, modification or amendment shall be signed and acknowledged by not less than eighty percent (80%) of the Members during the first twenty (20) years from the date of recordation of this Declaration, and thereafter signed

and acknowledged by not less than seventy-five percent (75%) of the Members, provided however, that so long as Declarant owns any Lot within the Pegasus Airpark Residential Property or any Aircraft Storage Space within the Pegasus Aircraft Storage Condominium, 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 17 shall be effective upon recording of the instrument providing therefor, signed and acknowledged as provided herein.

The Declarant hereby reserves for itself, its successors and assigns, until such time as the Declarant has conveyed all Lots within the Pegasus Aircraft Residential Property and all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium the right to execute on behalf of all Members, the Association, or parties claiming a legal or equitable interest in the Association, any such agreements, documents, amendments, or supplements which may be so required and permitted by the Declarant as provided herein.

18. Notices. Notices provided for in 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 a Member addressed to the address of which Member last notified the Board, or absent such notice, to the address showing on the Association's books and records. 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 Members. Any Member 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.

19. 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.

20. 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.

21. Rights and Obligations. Each Member by the acceptance of a Membership 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 and all provisions set forth in the Governing Documents. 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 the Declarant and the Association and its Members.

22. 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.

23. Utility Easement. Notwithstanding any other provisions hereof, there is hereby created a blanket non-exclusive easement upon, across, over and under 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 any improvements on the Common Elements; 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 Parcel.

24. Reservation of Development Rights and Plan of Development. Declarant hereby expressly reserves the following Development Rights, and the right to exercise such Rights without the consent of any Mortgagee or any Member:

1. To add real estate to the Parcel;
2. To create easements or Common Elements within any portion of the Parcel;
3. To withdraw real estate from the Parcel;
4. To make, by merger agreement or other instrument, this Parcel part of a larger parcel;
5. To amend this Declaration to comply with applicable law or to correct any error or inconsistency in this Declaration provided that such amendment is made prior to the Declarant conveying all Lots in the Pegasus Airpark Residential Property to Owners other than the Declarant and the conveyance of all Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium to Owners other than the Declarant.

6. To amend this Declaration to comply with the rules or guidelines in effect from time to time of any governmental or quasi governmental entity.

25. No Partition. Subject to the provisions of this Declaration, the Common Elements shall remain undivided and no Member(s) shall bring any action of partition or division thereof.

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

27. 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.

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

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

30. 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.

31. 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.

32. 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 Additional Properties in future stages of the development without the consent of the members 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 Section 32 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.

33. 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”), a copy of which is attached hereto as Exhibit D. 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.

34. Member's Right of Enjoyment. Every Member shall have a non-exclusive right to the 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 Members 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.

(c) The right of the Association to suspend the right of a Member or any other 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 Member's 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.

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

36. Nuisances; Construction Activities. No Member shall permit or suffer anything to be done or kept about or within the Common Elements, which will obstruct or interfere with the rights of the other Members use and enjoyment of the Common Elements, or annoy them by unreasonable noises or otherwise, nor shall a Member commit or permit any nuisance or commit or suffer any illegal act to be committed

therein or thereabout. Each Member shall comply with the Association's rules and the requirements of all other governmental authorities having jurisdiction over the Parcel. 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 Lots within the Pegasus Airpark Residential Property or any Aircraft Storage Spaces within the Pegasus Aircraft Storage Condominium.

37. 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 as provided in paragraph 4.1(b). 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 the Declarant pursuant hereto.

38. 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) a Member has made, or elects to make, no use of the Common Elements.

39. Exemption of Unsold Land (Memberships). Notwithstanding anything in this Declaration to the contrary, no assessments shall be levied upon, or be payable with respect to, any Memberships associated or attached to any land owned by the Declarant or any affiliate of Declarant or the successors and assigns of the Declarant, until and unless (i) such land has been subdivided by the recordation of a plat, and (ii) such land has been annexed into or otherwise constitutes a part of the Airpark.

40. Exemption of Declarant from Restrictions. Notwithstanding anything to the contrary in this Declaration, the Articles, the Bylaws, the Association's rules and 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, its employees, agents and contractors, or parties designated by it in connection with the construction, completion, sale or leasing of the Parcel and the Airpark.

41. Limitation on Declarant's Liability. Notwithstanding anything to the contrary in any of the Governing Documents or otherwise, each Member, by accepting title to a Membership, 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, partner or shareholder in any such successor or assignee) shall have any personal liability to the Association, to any Member 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 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, 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 8 day March, 2001.

DECLARANT:

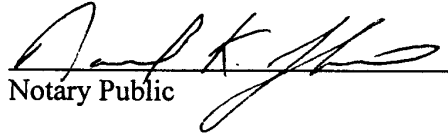
CIRCLE G PEGASUS, L.L.C.,
an Arizona limited liability company

By: 

Its: Member

STATE OF ARIZONA)
) ss.
County of Maricopa)

The foregoing instrument was acknowledged before me this 8th day of March, 2001, by Ronald Serafinewicz, as Member of CIRCLE G PEGASUS, L.L.C., an Arizona limited liability company, Declarant herein.


Notary Public

My Commission Expires:

10-16-04

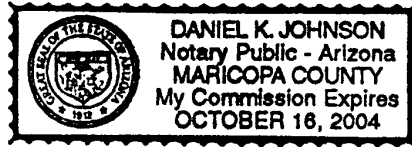




EXHIBIT A

HOLGATE
CONSULTING
ENGINEERS, INC.

365 FOOTHILLS DRIVE
SEDONA, AZ. 86336-5027
Tel/Fax (520) 282-4664
Cell Phone (520) 300-0430

LEGAL DESCRIPTION

PEGASUS AIRPARK FLIGHT ASSOCIATION PARCEL

That certain property located in Sections 34 and 35, Township 2 South, Range 7 East of the Gila & Salt River Base and Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing for a tie at the Southwest Corner of said Section 34, said corner being a Maricopa County Highway Department Brass cap in a handhole at the intersection of Ellsworth Road and Empire Blvd; thence N 89°53'37" E 2694.97 feet along the South line of said Section 34, said point being 54.00 feet East of the South quarter corner of Section 34; thence N 00°15'28" E 1085.67 feet to the TRUE POINT OF BEGINNING, WHICH IS THE Southwest corner of the following described parcel:

Thence continuing N 00°15'28" E 400.00 feet: thence N 89°59'45" E 5173.96 feet; thence S 00°12'30" W 400.00 feet; thence S 89°59'45" W 2172.51 feet; thence S00°00'15" E 115.00 feet; thence S 89°59'45" W 420.00 feet; thence S 00°00'15" E 35.00 feet thence S 89°59'45" W 35.00 feet; thence S 00°00'15" E 877.00 feet more or less to the North line of a 55.00 foot roadway easement; thence S 89°59'45" W 30.00 feet; thence N 00°00'15" W 877.00 feet; thence S89°59'45" W 35.00 feet; thence N 00°00'15" W 35.00 feet; thence S 89°59'45" W 420.00 feet; thence N00°00'15" W 115.00 feet; thence S 89° 59'45" W 2061.80 feet to the TRUE POINT OF BEGINNING.

CONTAINING THEREIN 50.68 ACRES MORE OR LESS

EXHIBIT B

Legal Description of Pegasus Airpark Residential Property

Lots 1 through 49, inclusive, and Tract B, Pegasus Airpark – Unit One, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, in Book 556 of Maps, Page 03 thereof.



EXHIBIT C

HOLGATE
CONSULTING
ENGINEERS, INC.

365 FOOTHILLS DRIVE
SEDONA, AZ. 86336-5027
Tel/Fax (520) 282-4664
Cell Phone (520) 300-0430

LEGAL DESCRIPTION

PEGASUS AIRCRAFT STORAGE CONDOMINIUM ASSOCIATION PARCEL

That certain property located in Sections 34 and 35, Township 2 South, Range 7 East of the Gila & Salt River Base & Meridian, Maricopa County, Arizona, more particularly described as follows:

Commencing for a tie at the Southwest Corner of said Section, said corner being a Maricopa County Highway Department brass cap in a handhole at the intersection of Ellsworth Road and Empire Blvd.; thence N89°53'37" E 2694.97 feet along the South line of said Section 34, said point being 54.00 feet East of the South quarter corner of Section 34; thence N 00°15'28" E 1085.67 feet; thence N 89°59'45" E 2061.80 feet; thence S 00°00'15" E 115.00 feet to the TRUE POINT OF BEGINNING:

Thence N 89°59'45" E 420.00 feet; thence S 00°00'15" E 35.00 feet; thence N 89°59'45" E 100.00 feet; thence N 00°00'15" W 35.00 feet; thence N 89°59'45" E 420.00 feet; thence S 00°00'15"E 912.00 feet more or less to the North line of a 55.00 foot roadway easement; thence S 89°59'45" W 940.00 feet along said North line of the 55.00 foot roadway easement; thence N 00°00'15" WEST 912.00 feet to the TRUE POINT OF BEGINNING.

Excepting therefrom a 30.00 foot wide by 877.00 long roadway access strip described in the LEGAL DESCRIPTION for the PEGASUS AIRPARK FLIGHT ASSOCIATION PARCEL.

CONTAINING THEREIN 19.00 ACRES
MORE OR LESS

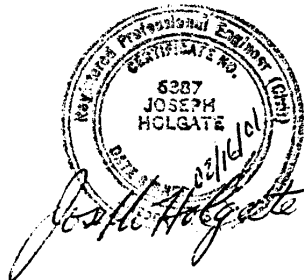


EXHIBIT D



**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,

A handwritten signature in black ink, appearing to read "John Kross".

John Kross, AICP
Community Development Director

Enclosure

EXHIBIT D

**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.

EXHIBIT D

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.

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

EXHIBIT D

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

EXHIBIT D

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 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.



OFFICIAL RECORDS OF
MARICOPA COUNTY RECORDER
HELEN PURCELL

The foregoing instrument is
a full, true and correct
copy of the original record
in this office.

Attest: 03/08/2001

By *Ree A. Wake* Deputy