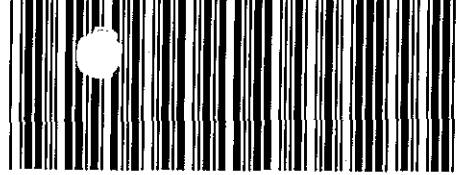


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1 OF 2

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**SECOND SUPPLEMENTARY DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR PEGASUS AIRPARK (RESIDENTIAL PROPERTY)
(UNIT THREE - LOTS 105-142)**

THIS SECOND SUPPLEMENTARY DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR PEGASUS AIRPARK (RESIDENTIAL PROPERTY) (UNIT THREE - LOTS 105-142) (this "Second Supplementary Declaration") is made by CIRCLE G PEGASUS, L.L.C., an Arizona limited liability company, herein referred to as "Declarant".

RECITALS

A. Declarant is the "Declarant" under that certain *Declaration of Covenants, Conditions and Restrictions For Pegasus Airpark (Residential Property)* recorded March 8, 2001, as Document No. 2001-0183803, in the Official Records of Maricopa County, Arizona, (the "Declaration").

B. Article 10 of the Declaration provides that the Declarant shall have the right to bring within the scheme of the Declaration "Additional Properties" by recording a Supplementary Declaration of Covenants, Conditions and Restrictions extending the terms of the Declaration to such Additional Properties.

C. The Declarant executed that certain *Supplementary Declaration of Covenants, Conditions and Restrictions for Pegasus Airpark (Residential Property)*

(Unit Two – Lots 50-104) on July 15, 2003, and recorded such instrument in the Official Records of Maricopa County, Arizona, on July 16, 2003, as Document No. 2003-0931227 (the “Supplementary Declaration”), to subject Unit Two – Lots 50-104 (described as “Additional Property” therein) to the scheme of covenants, conditions, and restrictions of the Declaration.

D. The Supplementary Declaration was amended by that certain *Amendment to the Supplementary Declaration of Covenants, Conditions and Restrictions for Pegasus Airpark (Residential Property) (Unit Two – Lots 50-104)*, recorded August 15, 2003, as Document No. 2003-1120609, and by that certain *Second Amendment to the Supplementary Declaration of Covenants, Conditions and Restrictions for Pegasus Airpark (Residential Property) (Unit Two – Lots 50-104)* recorded October 22, 2003, as Document No. 2003-1467072, both in the Official Records of Maricopa County, Arizona.

E. Declarant desires to record this Second Supplementary Declaration for the purpose of subjecting the Additional Properties (described below) to the scheme of easements, restrictions, covenants and conditions of the Declaration.

DECLARATION

NOW, THEREFORE, Declarant hereby declares, covenants and agrees as follows:

1. Additional Properties. The following described real property is hereby designated as “Additional Properties” under the Declaration, and all the easements, restrictions, covenants and conditions set forth in the Declaration (except as specifically modified herein), are hereby extended to such Additional Properties, and all of such Additional Properties are hereby subjected to and shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions of the Declaration (except as specifically modified herein), which shall run with the Additional Properties and be binding on all parties having any right, title or interest in the Additional Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof:

Lots 105 through 142, inclusive, and Tract A located within Unit Three of the Pegasus Airpark, according to A FINAL PLAT OF PEGASUS AIRPARK UNITS THREE & FOUR, LOTS 105-142 & LOTS 143-180 RESPECTIVELY, recorded in the office of the County Recorder of Maricopa County, Arizona, in Book 769 of Maps, Page 5 thereof.

2. Definitions. All capitalized terms used in this Second Supplementary Declaration shall have the meanings assigned to those terms in the Declaration, unless otherwise defined herein.

3. Modified Definition. For the purposes of this Second Supplementary Declaration, the term "Plat" shall mean *A Final Plat of Pegasus Airpark Units Three & Four Lots 105-142 & Lots 143-180 Respectively*, prepared by Sunrise Engineering, Inc., and recorded in the office of the County Recorder of Maricopa County, Arizona, as the same may be amended or modified from time to time.

4. Incorporation. All references to "Pegasus Airpark", to the "Subdivision", or to the "Property" in the Declaration shall be deemed to include the Additional Properties, except to the extent necessary to avoid conflicts with the terms of this Second Supplementary Declaration.

5. Residential Use. Section 3.1 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, to read as follows:

Lots 105 through 142, inclusive, of Pegasus Airpark shall be single-family residential Lots, and there may be erected on any one (1) Lot not more than one (1) single-family residence plus such accessory and auxiliary guest house (not be used for rental or separate family), hangar (on Lots 105 through 116, inclusive, and Lots 129 and 142), garages, barns and tack rooms (on Lots 117 through 128, inclusive, and Lots 130 through 141, inclusive) as are incidental to single-family residential use. No other buildings shall be erected on any of said Lots, nor shall any of said Lots or any part thereof be used for any business purposes whatsoever, except as allowed in Section 3.23 of the Declaration.

6. Horse Privileges and Animal Provisions. Lots 117 through 128, inclusive, and Lots 130 through 141, inclusive, of the Additional Properties shall have the same horse privileges as Lots 1 through 13, inclusive, as more fully set out in Section 3.8 of the Declaration.

7. Construction Permitted. Section 3.9 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, to read as follows:

3.9 Construction Permitted. All structures erected within Pegasus Airpark, Unit Three, must be of new construction, and no buildings or structures may be moved from any other location, other than a point of distribution or manufacture, onto any of said Lots or tracts. Any garage, hangar, barn, stable or similar structure erected on any Lot shall be of the same design and constructed of the same exterior materials and color as the permanent residence on said Lot. All roofs, including without limitation, the roofs of horse stalls, barns, and accessory buildings (except hangers) shall have a Dutch gable, gable or hip with nothing less than a 5/12 pitched roof (unless approved by the Committee) and must be of either tile (clay or concrete) or shake (wood or concrete) construction and no roofs of asphalt shingle construction will be permitted; provided, however, that flat roofs and metal roofs of such construction as are approved by the Architectural Control Committee, shall be permitted if the roof is concealed from view by a parapet. Construction within easements, except by public agencies and utility companies, shall be limited to utilities and either wood, wire or removable-section-type fencing, unless approved otherwise by the Town of Queen Creek.

8. Driveways. No front driveways shall be constructed of ABC, gravel, granite or asphalt within Unit Three.

9. Landscaping. In addition to the requirements of Section 3.10 of the Declaration, as modified by Section 8 above and as applicable to the Additional Properties, the Owners of Lots numbered 105, 117, 125, 126, 130, 138 and 139 shall be responsible for all costs for the installation and maintenance of the landscaping, (i) in the area located between their respective street wall and the ribbon curb on that street (the "Side Landscaping") and which extends to the back property lines of such Lots, and (ii) in the area extending from the Return Walls (as defined below) to the curbs of the streets fronting these Lots, respectively. For purposes hereof, this landscaping must be consistent and compatible with front yard landscaping as detailed by such Owners' approved landscape plan.

10. Minimum Livable Area. Section 3.13 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, to read as follows:

3.13 Minimum Livable Area. All single family residences constructed within Unit Three shall have a width of at least seventy (70) feet and shall contain a minimum livable area of 2,500 square feet on grade level. All single family residences shall be one (1) story in height; provided, however, that if the residence has a roof with enough pitch to accommodate space with dormers and gables within the confines of the one story limitations, then such residence may be so constructed with the prior approval of the Architectural Control Committee. All square footage requirements shall be exclusive of open porches, hangars, or attached garages.

11. Fenced Areas. Section 3.18 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, to read as follows:

~~3.18 Fenced Areas. A fence designed or used for the containment of horses permitted on Lots 117 through 128, inclusive, and Lots 130 through 141, inclusive, may be built and maintained up to and conterminous with the back wall of a residential dwelling, provided that the location, design and type of~~

materials for such fence have been approved by the Architectural Control Committee as provided herein. When an Owner has one or more Lots to be used for grazing, then said fence shall be extended to within twelve (12) feet of the front Lot line of said grazing Lot(s), or to within such other distance of the front Lot line of said grazing Lot(s), as may be approved in advance by the Committee, and shall enclose the grazing area. Further, the Owner of any such Lot used for grazing shall install and maintain landscaping approved by the Committee on the property lying between the fence and street curb. No fences shall be constructed within equestrian easements.

12. Fence Material and Shared Costs. Section 3.19 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, to read as follows:

3.19 Fence Material and Shared Costs. All Owners shall construct and maintain six (6) foot high block walls (the "Return Walls") which extend between the residence constructed on the Lot and the front most portion of the Side Wall (as defined herein), and if applicable, the front-most portion of the Lot's Street Wall (as defined herein) as viewed from the street in front of the home, and which shall be of the same color and finish (for example, stucco) as the residence constructed upon the Lot. The Owners of Lots 117 through 128, inclusive, and Lots 130 through 141, inclusive, shall install the Lots' back fencing as designed by pd/SAUREY, Associates and approved by the Town of Queen Creek. The Owners of Lots 105 through 116, inclusive, and Lots 129 and 142 shall construct and maintain solid six (6) foot high walls on a Lot's sides (the "Side Walls") and rear (the "Rear Walls") common property lines. Notwithstanding the foregoing, (i) if approved by the Architectural Control Committee and (ii) after the completion of the development of the adjoining Pegasus Aircraft Storage

Condominium, each Owner of Lots 129 and 142 may install a gate in the east Side Wall of his Lot so as to provide access from the Lot to the Condominium property. The Owners sharing common Lot boundaries shall each share equally the construction and maintenance costs of the Side Walls and the Rear Walls. Either party advancing funds for the construction and/or maintenance of the Side Walls and/or Rear Walls shall be reimbursed by the other party within thirty (30) days of demand thereof when there is a delivery of a copy of the receipt to the other party showing such expenditures. If any Owner refuses or fails to pay his one-half (1/2) share of the required costs of construction and/or maintenance after final inspection, then such obligation shall be deemed to create a lien on his Lot for the amount owed and shall be enforced by the Association or other Owners in a similar manner to any other lien created and governed by Article 9 of the Declaration. Amounts owed will accrue interest at the current JP Morgan Chase (or its successor) prime lending rate until the obligated Owner pays the obligation in full. Additionally, on the Street Sides of Lots 105, 117, 125, 126, 130, 138 and 139 (the "Corner Lots"), the Owners shall install six (6) foot high secondary block walls. Such walls (including the pillars thereof) shall be constructed in accordance with and pursuant to the design prepared therefor by pd/SAUREY Associates and approved by the Town of Queen Creek. Such walls shall be built on the side property lines which are adjacent to the Owner's respective street. The Street Walls shall extend from the real property line of the Corner Lots to a point that is forty (40) feet from the street fronting such Corner Lots.

13. Soil Conditions. Every Owner acknowledges that each Lot is subject to compressible soil conditions. Specialized treatment of existing soils within foundation areas and over excavation and recompaction of foundation soils will be required.

Grading and compaction operations must be performed as specified by the Owner's engineer and no major changes in moisture content of foundation bearing soils shall be permitted - so as to assure that positive drainage away from structures is maintained. During and after construction of any building, structural foundation or floor slab, the bearing soils should not be exposed to moisture infiltration or moisture content fluctuations. Drainage of property surface water and roof runoff water away from the structures must be provided during construction as well as throughout their life. In no case should long term ponding be allowed near structures. Proper design and placement of yard vegetation and irrigation systems should be maintained so that structural foundation and floor slab bearing soils are not exposed to moisture infiltration or moisture content fluctuations.

Each Owner acknowledges that his Lot is considered suitable for a single-family home imposing relatively light foundation loads only if (i) foundations bear on controlled compacted fill and (ii) foundation bearing soils are not exposed to moisture infiltration or moisture content fluctuation.

14. Upkeep Assessment. Section 3.25 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, to read as follows:

3.25 Upkeep Assessment: The Association shall retain a contractor to perform the cleaning (including, but not limited to the removal of weeds, trash and debris) of all vacant Lots on a quarterly basis. The Owner of each Lot shall pay, in advance, the greater of (i) the fee charged by such contractor for his cleaning services in regard to such Lot, or (ii) \$175.00 per calendar quarter. Each Owner shall prepay the first such fee at the time of the closing for his Lot. Thereafter, when each quarterly cleaning is done, each Owner of a vacant Lot shall again prepay such fee (for the next quarter's cleaning operation) to the Association. At such time as an Owner completes the installation of landscaping on his Lot so as to assure that ongoing weed, trash and debris control is no longer required for his Lot, the Association shall refund the

amount prepaid by the Owner for the next cleaning cycle. If the Owner fails to pay any obligation arising hereunder, such unpaid amounts shall be a lien against such Lot and treated in the same manner as all other liens created or governed by Article 9 hereof. Notwithstanding the foregoing, if for any reason the Association ceases to contract for or otherwise provide Lot cleaning to or for the benefit of the Owners, the Owners of all vacant Lots shall none-the-less keep their respective Lot or Lots reasonably clean and clear of weeds, trash, and debris so as not to cause an unsightly or dangerous condition. If such Owner should fail for a period of ten (10) days after receipt of written notice from the Association (or the Association's management organization) to clean his Lot, the Association, or its designee, shall have the right to enter upon such Lot and may cause the Lot to be cleaned as necessary (in the sole discretion of the Association), and charge the actual cost thereof to the Owner of such Lot, and said charges shall be a lien against such Lot.

15. Irrigated Lots. Lots 117 through 128, inclusive, and Lots 130 through 141, inclusive, are "irrigated Lots" and shall be subject to the requirement set forth in Section 3.26 of the Declaration; each Owner of an irrigated Lot shall "laser" or otherwise properly level and grade his Lot so as to provide for proper irrigation and so as to assure that all irrigation water will be retained on the Lot after the construction of the primary residence and any accessory structures and buildings.

Further, Section 3.26 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, by adding the following language to the end thereof:

All Lots are required to be designed so as to retain a minimum of 12,000 cubic feet of storm water. All retention basins (dry wells, or other improvements intended to satisfy this requirement) must be maintained so as to drain within thirty-six (36) hours after a

storm. The Owner of any Lot failing to meet this minimum requirement shall promptly take any corrective action necessary to bring the Lot into compliance; if the Owner fails to promptly take such corrective action, then it shall be the responsibility of the Association to take such corrective action (and the Association is hereby empowered to go upon any Lot and take such action). The Association shall be entitled to collect reimbursement from the Owner for any costs incurred in regard to the corrective action taken, and shall have the same remedies in regard thereto as are provided under Section 9.8 of this Declaration for other amounts owed to the Association.

16. Natural Gas. Section 3.35 of the Declaration is hereby modified, in regard to its application to the Additional Properties only, to read in its entirety as follows:

The Subdivision is intended to have natural gas availability and the supplier (Southwest Gas) has agreed to provide access to such service at no cost provided that the Owners of Lots install and use gas appliances in the residences within the Subdivision. Each Owner therefore acknowledges and agrees that he has received a discount in the purchase price paid for his Lot in consideration of Owner's agreement to, and Owner does hereby agree to, install within the residence to be constructed on the Lot at least one gas water heater and one gas space heater. If, for whatever reason, a residence is constructed on the Property that does not utilize at least one gas water heater and at least one gas space heater, the Association shall assess such Owner the sum of \$1,000.00 as a "non-gas appliance fee".

17. Application and Approval. Section 4.6 the Declaration, entitled Application and Approval, is hereby modified, in regard to its application to the Additional Properties only, by adding the following paragraph to the end thereof:

Any amendment, correction, or supplement to a written request for approval of any plans or specifications, or any re-submittal of a written request for approval of any plans or specifications, shall be deemed to be a first time submittal for purposes of determining the time period during which the Architectural Control Committee can review and act upon such request (i.e., the Architectural Control Committee shall have sixty [60] days after the receipt of any such amendment, correction, supplement or re-submittal of a written request for approval to act on such request).

18. Membership Class for Supplementary Additional Property Owners. The Owners of Lots 105 through 142, inclusive, which are added to the Pegasus Airpark subdivision by this Second Supplementary Declaration, are hereby designated as Class A Members in accordance with Section 6.2 of the Declaration; provided however, that this designation shall not apply to the Declarant, which shall retain its Class C Membership in regard to all Lots owned by Declarant.

19. Effective Date. This Second Supplementary Declaration shall be effective upon the date of recordation hereof and shall continue in full force and effect during the term of the Declaration and any extension thereof.

20. Full Force and Effect. Except as set forth in this Second Supplementary Declaration and applicable to Unit Three, all other provisions of the Declaration shall remain unchanged and in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned CIRCLE G PEGASUS, L.L.C., an Arizona limited liability company, has caused its corporate name to be signed by the signature of a duly authorized officer on this 26th day of August, 2005.

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

By: Vern Wilson

Its: Member

STATE OF ARIZONA)
)ss:
County of Maricopa)

This instrument was acknowledged before me this 10 day of August, 2005, by Vern Wilson, as Member of Circle G Pegasus, L.L.C., an Arizona limited liability company.

My Commission Expires:
10-16-08

[Signature]
Notary Public

