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**NOTICE OF WITHDRAWAL OF PROPERTY FROM CONDOMINIUM AND
FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM AND OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
VERITAS AT McCORMICK RANCH**

THIS NOTICE OF WITHDRAWAL OF PROPERTY FROM CONDOMINIUM AND FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM AND OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR VERITAS AT McCORMICK RANCH (collectively, the "**First Amendment**") is made this 21st day of July, 2011, by **LEXIN VERITAS, LLC**, a Delaware limited liability company (the "**Successor Declarant**" also referred to herein as "**Declarant**").

RECITALS:

(A) On October 24, 2007, ICP D200, LLC, a Delaware limited liability company ("**Original Declarant**") caused a Declaration of Condominium and of Covenants, Conditions and Restrictions to be recorded for Veritas at McCormick Ranch at Instrument No. 2007-1152200 in the Official County Records (the "**Declaration**"). The Declaration subjects certain real property described on the Plat recorded in Book 948 of Maps, page 39, recorded on September 21, 2007, as amended by Affidavit of Correction recorded on November 8, 2007 at Instrument No. 2007-1203364 in the Official County Records, to a Condominium pursuant to the Condominium Act also described on **Exhibit A** attached hereto and incorporated herein by this reference.

(B) Successor Declarant succeeded to all of the Special Declarant Rights and Development Rights of the Original Declarant pursuant to that certain Assignment and Assumption of Declarant Rights recorded on March 30, 2011 at Instrument No. 2011-0269688 in the Official County Records.

(C) Successor Declarant is the sole Owner of all of the Units in the Condominium and desires to amend the Declaration as set forth in this First Amendment to, *inter alia*, withdraw certain real property subject to the Declaration from the Condominium and to create a scheme of development of the Property in legal Phases and to change the Allocated Interests of the Units accordingly. Successor Declarant hereby gives notice of the withdrawal of certain real property from the Condominium as described on **Exhibit B** attached hereto and incorporated herein by

this reference pursuant to Section 15.2 of the Declaration, which shall be referred to hereinafter as the Annexation Land. **Exhibit B** to this First Amendment shall also hereby become new *Exhibit B* to the Declaration (as referred to in new Section 15.3 of the Declaration added below). Declarant expressly reserves the Development Right in its sole and absolute discretion and without any consent of any Mortgagee or Unit Owner being required to add the Annexable Land to the Condominium. The description of the real property submitted to the Condominium after the recording of this First Amendment in the Official County Records is described on **Exhibit A-1** attached hereto and incorporated herein by this reference and replaces original **Exhibit A** in its entirety as the description of the Condominium unless and until Declarant exercises its Development Right to add the Annexation Land to the Condominium in one or more Phases and as otherwise provided in Section 15.3 of this Declaration.

(D) Capitalized terms used in this First Amendment without definition shall have the meanings given to such terms in the Declaration and/or in the Condominium Act.

NOW, THEREFORE, the Successor Declarant hereby declares and amends the Declaration as follows:

1. The reference to "**Association**" in Section 1.7 of the Declaration is hereby amended to refer to any newly formed Association of Unit Owners formed by Successor Declarant as Incorporator on or about or concurrently with the recording of this First Amendment in the Official County Records and not to any such association formed by Original Declarant and administratively dissolved by the Arizona Corporation Commission prior to the date hereof.

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2. The term "**Condominium**" as defined in Section 1.17 of the Declaration shall not mean and refer to the Annexation Land as described on *Exhibit B* unless and until the same is added to the Condominium as provided in new Section 15.3 of the Declaration.

3. The reference to Original Declarant in Section 1.20 of the Declaration as the "**Declarant**" is hereby amended to refer to mean and refer to the Successor Declarant, Lexin Veritas, LLC, a Delaware limited liability company, and its successors and assigns.

4. The reference to the "**Master Declaration**" in Section 1.34 of the Declaration is hereby amended to mean and refer to the Declaration of Covenants, Conditions, Assessments, Charges, Servitudes, Liens, Reservations, and Easements for McCormick Ranch recorded on December 29, 1971 at Docket 9148, pages 706 through 756, in the Official County Records, as thereafter amended from time to time.

5. The term "**Period of Declarant Control**" as defined in Section 1.38 of the Declaration is amended and restated to refer to the time period commencing on the date the Original Declaration has been recorded in the Official County Records, and ending on the earlier of (i) ninety (90) days after the conveyance of seventy-five percent (75%) of the Units in the Condominium (including Units within the Annexation Land described on *Exhibit B*) to Unit Owners other than Successor Declarant; (ii) four (4) years after Successor Declarant has ceased to offer Units for sale in the ordinary course of business; or (iii) June 30, 2016. Solely for purposes of determining when the Period of Declarant Control expires pursuant to said Section

1.38, the Condominium as a whole (including the Annexation Land) shall be deemed to contain thirty six (36) Units.”

6. Section 2.3 of the Declaration is hereby amended to delete the second and third sentences thereof and to add the following sentences to the end of Section 2.3 as follows:

“The legal description of the Condominium is attached to *Exhibit A (Exhibit A-1 of the First Amendment)*. The Identifying Numbers of the Units initially submitted to the Condominium are those Units consecutively numbered 1013 through 1016, inclusive, and 1021 through 1024, inclusive as shown on the Plat.”

7. Section 2.4 of the Declaration is amended to revise the name of the Association to be consistent with Section 1.7 of the Declaration (as amended by this First Amendment).

8. The first sentence of Section 3.2 of the Declaration is hereby amended and restated to read as follows: “The boundaries of each Unit are the interior unfinished surfaces of the exterior perimeter walls, middle of interior Unit dividing walls between adjoining Units, floor, ceilings, doors, and windows of the Unit, all as originally constructed.”

9. Sections 4.1, 4.2 and 4.6 of the Declaration regarding the Allocated Interests of the Units in the Condominium are hereby amended and restated in their entirety as follows:

“4.1 Allocation of Common Element Interest. The undivided interests in the Common Elements of the Association ^{Unofficial Document} shall be allocated equally among the Units in the Condominium from time to time. Accordingly, each Unit’s interest in the Common Elements shall be stated as a fraction or percentage equal to 1/8 or 12.5% unless or until Declarant adds the Annexation Land (or any Phase thereof) described on *Exhibit B* to the Condominium. At any time that any Phase of the Annexation Land is irrevocably added to the Condominium pursuant to Section 15.3 below, the Common Element Interest shall be restated as a fraction where the numerator is one and the denominator is the total number of Units then subject to the Condominium or the equivalent percentage thereof. The percentage of interest of each Unit in the Common Elements shall be an undivided interest and the Common Elements shall be owned by the Unit Owners as tenants in common in accordance with their respective Common Element Interest. The undivided Common Element Interest allocated to any Unit shall always be deemed conveyed or encumbered with any conveyance or encumbrance of that Unit, even though the legal description of the instrument conveying or encumbering the Unit may refer only to the fee title to the Unit. Except as permitted by the Condominium Act, the Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the Unit to which that interest is allocated is void.

4.2 Allocation of Common Expense Liabilities. The undivided interest in the Common Expenses of the Association shall be allocated equally among the Units in the Condominium from time to time. Accordingly, each Unit’s Common Expense Liability shall be stated as a fraction or percentage equal to 1/8 or 12.5% of the total Common

Expenses of the Association each fiscal year of the Association unless or until Declarant adds the Annexation Land (or any Phase thereof) described on *Exhibit B* to the Condominium. At any time that any Phase of the Annexation Land is irrevocably added to the Condominium as provided in Section 15.3 below, the Common Expense Liability obligation of each Unit shall be restated as a fraction where the numerator is one and the denominator is the total number of Units then subject to the Condominium or the equivalent percentage thereof.

4.6 Membership and Voting Rights. The votes in the Association shall be equal to the number of Units in the Condominium from time to time. The votes shall be allocated equally among all the Units with each Unit having one (1) vote and the total number of votes allocated to Units in the Condominium being eight (8) unless and until Declarant adds any Phase of the Annexation Land described on *Exhibit B* to the Condominium at which time one vote shall be allocated to each Unit irrevocably added to the Condominium pursuant to Section 15.3 below. In the event that a Unit is owned of record by more than one person, the vote attributed to that Unit shall be cast as a single vote as the Owners of that Unit shall determine as further provided in the Bylaws of the Association.”

10. New Section 4.3(C) is hereby added to the Declaration to read as follows:

“(C) The two-car garage adjacent to the first floor of a Unit and designated as an L.C.E. of that Unit on the Plat.”

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11. The first sentence of Section 4.4(A) of the Declaration is hereby amended and restated as follows:

“Except for a garage Limited Common Element which shall at all times remain allocated to the Unit to which it is attached and appurtenant, a Limited Common Element may be reallocated by an amendment to this Declaration.”

12. The following sentence is hereby added to the end of Section 4.5 of the Declaration as follows:

“Because the number of available exterior parking spaces outside of the Buildings is limited, the Board shall not exercise its discretion to assign such parking spaces or to allocate the same as Limited Common Elements to particular Units pursuant to this Section 4.5 absent good cause and a determination that sufficient parking spaces remain for general and guest parking.”

13. The following sentence is hereby added to the end of Section 7.10 of the Declaration as follows:

“No motor vehicles or equipment may be washed on site within the Condominium by any Person, and such prohibition against vehicle washing or rinsing shall include any area within garage Limited Common Elements as well as exterior parking spaces.”

14. Section 7.12 of the Declaration is hereby amended and restated in its entirety as follows:

“Other than those signs or flags expressly authorized by Applicable Laws or exempt or limited from regulation by the Association or the Declarant pursuant to Applicable Laws (including, without limitation, §A.R.S. 33-1261), and except for (i) signs used by Declarant to advertise the Units for sale or lease; (ii) signs on the Common Elements as may be placed or approved by Declarant during the Period of Declarant Control or by the Board thereafter; (iii) any signs as may be required by legal proceedings; and (iv) such signs as may be approved by the Board, no emblem, logo, flag, pennant, sign or billboard of any kind, shall be displayed within the Condominium, without the prior written approval of the Board.”

15. The following sentence is hereby added to the end of Section 7.15 of the Declaration as follows:

“Without limiting the foregoing, absent a variance granted by the Board pursuant to Section 7.19 of this Declaration, all window coverings on Unit windows, doors or Limited Common Element garage doors with windows or glass panels, shall be limited to neutral shades of white, cream, tan, light brown or earth tones.”

16. Section 7.20 of the Declaration is hereby amended and restated in its entirety as follows:

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“7.20 Pets.

(A) Except as expressly permitted by this Section 7.20 and further subject to Applicable Laws, no animals, birds, reptiles, fish, fowl, poultry or livestock shall be maintained or kept in any Unit or on any other portion of the Condominium. For purposes of this Section, a "Permitted Pet" shall mean a dog, cat, fish or non-venomous reptile kept completely within an enclosed aquarium, and a caged bird, parrot, or small mammal such a hamster, gerbil and the like of a variety commonly kept as a household pet. Subject to Applicable Laws, ferrets or similar small animals with scent glands may be permitted by the Board on a case by case basis where proof of permanent de-scenting of the animal has been provided. Permitted Pets may be kept in a Unit if they are kept, bred or raised solely as domestic pets and not for commercial purposes. Without limiting the foregoing, in the case of cats and dogs, not more than two dogs or two cats, or a combination thereof, (but not to exceed two (2) total) shall be kept or maintained in a Unit at any one time absent a variance granted by the Board pursuant to Section 7.19 of this Declaration. Among other things, the Board may grant a temporary variance (on such reasonable conditions as the Board may determine) for the pet of a Unit Owner's guest if such pet's temporary occupancy of a Unit would cause the Unit Owner to otherwise be in violation of the restriction on the number of pets in the Unit.”

(B) No Permitted Pet shall be allowed to make an unreasonable amount of noise, cause an odor which is detectable outside the Unit, or be an annoyance to a person

of ordinary sensibilities. No Permitted Pet shall be allowed to run loose on any part of the Common Elements. All dogs shall be kept on a leash when outside a Unit and all dogs shall be directly under the control of the Owner or Occupant or invitee or guest of an Owner or Occupant at all times. Any Person bringing a Permitted Pet onto the Common Elements shall immediately remove any feces deposited on the Common Elements by the Permitted Pet and shall not allow the Permitted Pet to urinate in areas that could be stained or damaged by animal urine. Such Persons shall be liable to the Association for the cost of any cleaning of the Common Elements or the repair of any damage to the Common Elements caused by the Permitted Pet. Any Unit where a Permitted Pet is kept or maintained shall at all times be kept in a neat and clean condition. No structure for the care, housing, confinement, or training of any Permitted Pet shall be maintained on any portion of the Common Elements or in any Unit so as to be visible from the exterior of the Building or any other Unit. Each Owner, Occupant or other Person bringing or keeping a Permitted Pet within the Condominium shall be absolutely liable to other Owners and Occupants and their guests and invitees for any damage to Persons or Property caused by such Permitted Pet. Permitted Pets shall not be permitted to urinate or defecate on any balcony or patio, and no Permitted Pet shall be left unattended on any balcony or patio or regularly housed thereon.

(C) Upon the written request of any Owner, the Board of Directors shall determine whether, for the purposes of this Section 7.20, a Permitted Pet makes an unreasonable amount of noise, causes an odor which is detectable outside the Unit or is an annoyance to a person of ordinary sensibilities. Notwithstanding any other provision of this Section 7.20, no Permitted Pet ^{Unofficial Document} the Board of Directors determines, in its sole and absolute discretion, is of a breed which has a propensity to attack persons or other animals or otherwise constitutes a threat to the safety of persons or other animals shall be kept in a Unit or on any other portion of the Condominium. Any Permitted Pet which has bitten or attacked a person or other animal or any Permitted Pet which the Board of Directors, in its sole discretion, determines has a propensity to attack persons or other animals or otherwise constitutes a threat to the safety of persons or other animals in the Property or which because of excessive barking or other behavior constitutes an unreasonable annoyance or nuisance to Owners or Occupants or their guests shall be removed from the Condominium by the owner of the Permitted Pet within five (5) days after written demand for removal of the Permitted Pet is given to the owner by the Board of Directors. Each Owner and Occupant acknowledges and agrees that the Association must report any instance of a Permitted Pet attacking or biting any person or other animal to the appropriate governmental agencies.”

17. New Sections 7.21, 7.22, 7.23, and 7.24 are hereby added to the Declaration as follows:

“7.21 Temporary Occupancy. No trailer, tent, shack, garage, barn or other structure, and no temporary improvement of any kind shall be used at any time within the Condominium for a residence either temporarily or permanently. Temporary buildings or structures used during the completion of any Improvements and approved by the Board shall be permitted but must be removed promptly upon completion of the construction.

7.22 Mineral Exploration. No portion of the Condominium shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

7.23 Trash and Recycling Containers and Collection. No garbage, trash or recyclable materials shall be placed or kept on the Condominium except in covered containers of a type, size and style which are approved by the Board or as are provided by the City of Scottsdale, Arizona. The Board of Directors shall have the right to subscribe to a private trash service as a Common Expense for the use and benefit of the Association and all Occupants, and to adopt and promulgate Rules regarding garbage, trash, trash containers and collection. The Board shall have the right to require all Unit Owners and/or other Occupants to place trash and recycling containers for collection on such areas of the Common Elements designated by the Board or the City of Scottsdale. Unit Owners and/or other Occupants shall remove all such containers to the garage Limited Common Elements of their respective Units within twelve hours after collection. The Board may impose monetary fines for failure to remove the containers to the garage after collection. No incinerators shall be kept or maintained by a Unit Owner within his Unit or the Limited Common Elements allocated thereto.

7.24 Diseases and Insects. No Unit Owner, Occupant or any other Person shall permit any thing or condition to exist upon the Condominium which could induce, breed or harbor infectious plant or animal diseases or noxious insects. Each Unit Owner and/or Occupant shall be responsible to ^{Unofficial Document} perform or cause to be performed such pest control activities in their Unit as may be necessary to prevent insects, rodents and other pests from infesting the Unit.”

18. The following sentence is hereby added to the end of Section 8.2(B) of the Declaration as follows:

“Garage doors and windows (and including any garage door opener device) shall be maintained and repaired by the Unit Owner, but the Association shall periodically paint and maintain the exterior surface of Garage doors in accordance with its normal maintenance schedule of Building exteriors. If a Garage door becomes damaged for any reason other than through the fault or negligence of the Association, the Unit Owner shall arrange for the Association to paint the Garage door to match exterior paint color schemes at the Unit Owner’s cost and expense.”

19. The words “or the Board of Directors” are hereby added after the word “Declarant” in the second sentence of Section 8.2(C).

20. The following sentences are hereby added to the end of Section 8.2(D) as follows:

“Furniture, furnishings, umbrellas and plants kept and maintained on any Limited Common Element balcony or patio of a Unit shall be of a neutral color harmonious with and not in conflict with the color scheme of the exterior walls of the Unit. No astroturf,

artificial grass covering, carpet or other floor covering shall be installed on any patio or balcony without the prior written approval of the Board of Directors. No patio or balcony shall be used for a storage area for items or materials that are not customarily intended for use on a patio or balcony, such as the use of a patio or balcony to store bicycles or exercise equipment. No linens, blankets, rugs, swimsuits, pots, plants or similar articles may be hung from any patio or balcony railing, fence or wall. Further subject to Applicable Laws, including City of Scottsdale, Arizona code and ordinances, and Rules (such as safety measures) adopted by the Board, the use of charcoal and/or gas barbeque grills, woks and related accessories and equipment are expressly prohibited from use within any Unit or on any Limited Common Element allocated thereto. Unless approved by the Board pursuant to an adopted Rule or in connection with a variance granted pursuant to Section 7.19, no wind chimes or decorative items that make noise or that are exposed to the elements are permitted on any exterior balcony or patio Limited Common Element of a Unit.”

21. The last sentence of Section 10.4(A) of the Declaration is hereby deleted in its entirety and the following sentences are hereby added to the end of said Section 10.4(A) as follows:

“The maximum Common Expense Liability for any Unit for each fiscal year of the Association after the first full or partial fiscal year thereof shall not be greater than an amount equal to one hundred ten percent (110%) of the previous year’s Common Expense Liability against each such Unit. From and after January 1 of the year immediately following the conveyance of the first Unit to a Purchaser, the Common Expense Liability of any Unit for any fiscal year of the Association may be increased by an amount greater than the maximum increase allowed in this Section 10.4(A), only by a vote of Members entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person, by proxy (if permitted by Applicable Laws) or by absentee or written ballot at a meeting duly called for such purpose. An increase in the Common Expense Liability of a Unit for any fiscal year of the Association above the maximum increase otherwise permitted in this Section 10.4(A) may also be approved by written agreement of the Members holding two-thirds (2/3) of the Association votes pursuant to A.R.S. §10-3704. The maximum Common Expense Liability limitations herein contained shall apply only to Common Expenses assessed pursuant to subsection (A) of this section and shall not apply to the amount of Common Expenses assessed pursuant to Section 10.4 (D) or (E) below.”

22. For purposes of Section 10.7 of the Declaration, incomplete Units (i.e. those units that are not “substantially completed”) shall include those which do not have an individual certificate of occupancy (regardless of whether the Building as a whole in which the Unit is located has been issued a certificate of occupancy) and/or which are not ready for occupancy by reason that the Units lack ordinary and customary kitchen or bathroom fixtures or cabinetry and/or flooring.

23. Sections 10.16, 10.17 and 10.18 of the Declaration are hereby amended and restated in their entirety as follows:

“10.16 Reserve Contributions/Reserves.

(A) Except as provided in Section 10.16(B) below, each Purchaser (regardless of whether the seller of the Unit is Declarant or an unrelated third party Unit Owner) shall pay to the Association, immediately upon becoming the Owner of a Unit, a contribution (the “Reserve Contribution”) to the reserves to be established pursuant to Section 10.16(C) below. The amount of the initial Reserve Contribution shall be an amount equal to one-sixth (1/6) of the Common Expense Assessments for the Unit for each such qualifying transfer. Notwithstanding the foregoing, to the extent Declarant has previously paid the Reserve Contribution attributable to a Unit prior to its conveyance to the first Purchaser thereof, Declarant may reimburse itself from closing proceeds for such unsold Unit’s Reserve Contribution so paid in advance by Declarant. The Board of Directors may, from time to time, increase or decrease the amount of the Reserve Contribution, but, during any fiscal year of the Association, the amount of the Reserve Contribution may not be increased by an amount greater than ten percent (10%) in excess of the amount of the Reserve Contribution established during the prior fiscal year without the approval of the Members holding more than fifty percent (50%) of the votes in the Association. Reserve Contributions are non-refundable and shall not be considered as an advance payment of the Common Expense Assessment.

(B) No Reserve Contribution^{Unofficial Document} shall be payable with respect to any transfer of a Unit exempt from the Transfer Fee Pursuant to Section 10.18(B) below.

(C) The Board shall establish reserves for the future periodic maintenance, repair or replacement of the Common Elements, or any other purpose as determined by the Board of Directors. The reserves may be funded from Common Expense Assessments, remaining balances from unused Special Assessments, the Reserve Contributions pursuant to Section 10.16(A) above, and from any other revenues of the Association. All amounts collected as reserves, whether pursuant to this Section 10.16 or otherwise, shall be deposited by the Board of Directors in a separate bank account (the “Reserve Account”) no later than the termination of the Period of Declarant Control. All funds in the Reserve Account shall be held in trust for the purposes for which they are collected and are to be segregated from and not commingled with other Association funds. Such reserves shall be deemed a contribution to the capital account of the Association by the Members. The Board of Directors shall not expend funds from the Reserve Account for any other purpose other than those purposes for which they are collected. Withdrawal of funds from the Reserve Account after the Period of Declarant Control expires or terminates shall require the signatures of two members of the Board of Directors or one member of the Board and an officer of the Association who is not also a Board member. After the termination of the Period of Declarant Control, the Board of Directors shall obtain a reserve study at least once every five (5) years, which study shall at a minimum include: (i) identification of the major components of the Common Elements having a remaining useful life of less than thirty (30) years as of the date of the

study and their estimated probable remaining useful life; (ii) an estimate of the cost of maintenance, repair, replacement, and restoration of such Common Elements during and at the end of their useful life; (iii) an estimate of the annual contribution to the Reserve Account necessary to defray such costs, after subtracting the funds in the Reserve Account as of the date of the study. The Board of Directors shall modify the budget in accordance with the findings of the reserve study.

(D) Unless the Association is exempt from federal or state income taxes, all reserves shall be accounted for as contributions to the capital of the Association and as trust funds segregated from the regular income of the Association or in any other manner authorized by Applicable Laws or regulation of the Internal Revenue Service that will prevent such funds from being taxed as income of the Association.

10.17 Working Capital Fund Contribution. Upon the closing of the sale of each Unit by Declarant, the Purchaser from Declarant shall pay to the Association an amount equal to one-sixth (1/6) of the Common Expense Assessment for the Unit (the "Working Capital Fund Contribution") to establish a Working Capital Fund to meet unforeseen expenditures and to purchase any additional equipment or services by or for the Association. Notwithstanding the foregoing, to the extent Declarant has previously paid the Working Capital Fund Contribution attributable to a Unit prior to its conveyance to a Purchaser, Declarant may reimburse itself from closing proceeds for such unsold Unit's Working Capital Fund Contribution so paid in advance by Declarant. Amounts paid to the Association as part of the Working Capital Fund pursuant to this Section 10.17 shall be nonrefundable and shall not be ^{Unofficial Document} considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration. During the Period of Declarant Control, such Working Capital Fund shall not be used to defray Association expenses, Reserve Contributions, or construction costs or to make up budget deficits. All amounts in the Working Capital Fund shall be transferred to a segregated fund maintained by the Board no later than the expiration or earlier termination of the Period of Declarant Control.

10.18 Transfer Fee.

(A) Except as expressly provided in Section 10.18(B) below, each Purchaser of a Unit shall pay to the Association immediately upon becoming a Unit Owner a transfer fee (the "Transfer Fee") in such amount as is established from time to time by the Board of Directors, as compensation for maintaining the books and records of the Association. Any Transfer Fee established pursuant to this Section 10.18 is in addition to and not part of or in lieu of the fee which the Association is entitled to charge for any certificate or statement provided pursuant to Section 10.13 of this Declaration and/or A.R.S. §§33-1256(I) and 33-1260(A) of the Condominium Act. This Transfer Fee liability of a Unit touches and concerns and runs with the land and may not exceed an amount equivalent to one-twelfth (1/12) of the Common Expense Liability of a Unit, and, in any event may not exceed the amount allowed by Applicable Laws when combined with any fees and charges of the Association in accordance with Section 10.13 of the Declaration or A.R.S. §§33-1256(I) and 33-1260(A). In addition to the foregoing

primary purpose, the Association may apply the Transfer Fee amount to expenses incurred by the Association in compensating any Management Agent (as defined in Section 11.1 of the Declaration) and/or the costs incurred by the Association in maintaining the recreational Common Elements and amenities.

(B) No Transfer Fee shall be payable with respect to: (a) the transfer or conveyance of a Unit by devise or intestate succession; (b) a transfer or conveyance of a Unit to a family trust, family limited partnership or other Person for bona fide estate planning purposes; (c) a transfer or conveyance of a Unit to a corporation, partnership or other entity in which the grantor owns a majority interest; (d) the conveyance of a Unit by a trustee's deed following a trustee's sale under a deed of trust; or (e) a conveyance of a Unit as a result of the foreclosure of a realty mortgage or the forfeiture or foreclosure of a purchaser's interest under a contract recorded in the Official County Records for the conveyance of real property subject to A.R.S. §33-741 et seq.; (f) the conveyance of a Unit to a mortgagee pursuant to a deed in lieu of foreclosure executed by the mortgage Unit Owner; and (g) the conveyance of a Unit to a subsequent Purchaser by a Unit Owner (including, without limitation, by any First Mortgagee providing financing to Declarant who thereafter becomes a Unit Owner) who acquired title by trustee's deed, by sheriff's deed after foreclosure of a realty mortgage, by forfeiture or foreclosure of a contract recorded in the Official County Records pursuant to A.R.S. §33-741 et seq., or by deed in lieu of foreclosure. If the Board determines, in its sole discretion, that a material purpose of a transfer or conveyance was to avoid payment of the Transfer Fee (or any other fee due that would otherwise be due to the Association), the Board may choose to charge such a Transfer Fee as a result. Unofficial Document otherwise apparently exempt transfer or conveyance."

24. Section 11.1(A)(vi) and (vii) are hereby amended and restated in their entirety as follows:

"(vi) Blanket fidelity bond coverage for all officers, directors, trustees and employees of the Association and all other Persons handling or responsible for funds of or administered by the Association including, without limitation, any professional management company or managing agent (the "Management Agent") employed by the Association, whether or not the Management Agent receives compensation for its services. The total amount of the fidelity bonds maintained by the Association shall be based on the best business judgment of the Board, but shall not be less than the estimated funds, including the Reserve Account, in the custody of the Association or Management Agent, as the case may be, at any given time during the term of the bond or the sum equal to three (3) months' aggregate Common Expense Assessments on all Units plus the Reserve Account amount. Fidelity bonds obtained by the Association shall name the Association as an obligee, shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of Persons serving without compensation from the definition of "employees" or similar terms or expressions and shall provide that they may not be cancelled or substantially modified without at least ten (10) days' prior notice to the Association and each First Mortgagee named in the bond. Any contract with the

Management Agent shall require the Management Agent to maintain the fidelity bond required of the Association pursuant to this Section 11.1(A).

(vii) Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association, the Management Agent, the members of the Board of Directors, or the Unit Owners, including, without limitation, umbrella general liability insurance which would provide general liability coverage in excess of the coverage provided by the policy to be obtained pursuant to Section 11.1(A)(iii). The Board of Directors may select deductibles in reasonable amounts applicable to the insurance coverage maintained by the Association pursuant to Section 11.1(A) to reduce the amounts payable for such insurance. The Board shall determine annually whether the amounts and types of insurance the Association has obtained provide adequate coverage in light of increased construction costs, inflation, the custom in the area in which the Condominium is located, or any other factor which leads to a reasonable determination that additional policies or coverage amounts are necessary or desirable to protect the interest of the Unit Owners, First Mortgagees and/or the Association.”

25. Section 13.2(A)(vi) of the Declaration is hereby amended and restated in its entirety as follows:

“expansion or contraction of the Condominium, or the addition of property to Condominium (except the Annexation Land described on *Exhibit B* to this Declaration, which Declarant may add to the Condominium without regard to the consent of any other Person)”

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26. Section 13.2(C) of the Declaration is hereby amended and restated in its entirety as follows:

“(C) Any Eligible Mortgage Holder or other First Mortgagee who receives a written request to approve additions or amendments to any of the Condominium Documents delivered by certified mail, postage prepaid, return receipt requested, who does not deliver or mail to the requesting party a negative response within sixty (60) days, shall be deemed to have approved such request.”

27. Section 13.4 of the Declaration is hereby amended and restated in its entirety as follows:

“13.4 Right of Inspection of Records. Any Unit Owner, any Person designated in writing by the Unit Owner as his designated representative, and any First Mortgagee or Eligible Insurer or Guarantor shall, within ten business days after written request, be entitled to: (i) inspect, during normal business hours, the current copies of the Condominium Documents and the books, records and any financial statements of the Association as have been prepared or are available, including the most recent annual audit, review or compilation of the Association prepared and made available by the Association in accordance with the requirements of A.R.S. §33-1243(J); and (ii) receive written notice of all meetings of the Members of the Association and be permitted to

designate a representative to attend all such meetings. Without limiting the foregoing, within a reasonable time after request (not exceeding one hundred twenty days), all First Mortgagees and Eligible Insurers or Guarantors shall be entitled to receive at the expense of the requesting party, an audited financial statement of the Association for the immediately preceding fiscal year of the Association if an audited financial statement has not been prepared by the Association prior to receiving the request. Notwithstanding any of the foregoing, the Board of Directors may withhold from disclosure such books, records and documents of the Association, or portions thereof, designated under A.R.S. §33-1258 of the Condominium Act. The Association shall have the right to charge for copying expenses in an amount not exceeding the limitations of A.R.S. §33-1258 and the reasonable cost of postage, shipping or transmission of any information requested under this Section 13.4 or Applicable Laws.”

28. The following sentence is hereby added to the end of Section 13.7 of the Declaration as follows:

“As required by the legal requirements of Fannie Mae for Project acceptance, all references to Eligible Mortgage Holder in this Declaration (including Section 13.2) shall be deemed to include all First Mortgagees and all references to an Eligible Insurer or Guarantor shall mean and refer to any Governmental Agency insurer or guarantor of a First Mortgage.”

29. The last sentence of Section 15.1 of the Declaration is hereby deleted in its entirety and the following sentence is added to the ^{Unofficial Document} end of said Section 15.1:

“The manner and mechanism by which Declarant may add the Annexation Land to the Condominium in its sole discretion is set forth in Section 15.3 below.”

30. The following new Section 15.3 is hereby added to the Declaration as follows:

“15.3 Addition of Annexation Land to the Condominium in Phases. Declarant hereby reserves the right to add the Annexation Land described on *Exhibit B* to the Condominium in “Phases” (each comprised of an individual Building consisting of four Units and their respective allocated Limited Common Elements) in the manner provided in §33-1220 of the Condominium Act and as further provided on *Exhibit B*. Any Phase of the Annexation Land will be considered irrevocably added to the Condominium and subject to the terms and provisions of this Declaration when both of the following events have occurred: (i) Declarant records an amendment to the Declaration in the Official County Records adding any portion of the Annexation Land to the Condominium **and** (ii) the first Unit within any such Phase of the Annexation Land is conveyed to a Purchaser. All of the Annexation Land added to the Condominium from time to time, such as, without limitation, the Building exteriors and except for the Units, shall become Common Elements (including those Common Elements designated in this Declaration or Applicable Laws as Limited Common Elements). When any Phase of the Annexation Land is added to the Declaration and becomes subject to the terms of the Declaration, the undivided interest of the Common Elements and in the Common Expenses for the

Association and the votes for the Units in the Condominium as a whole (including the newly added Phase of the Annexation Land) shall be re-allocated using the formulas provided in Section 4.1, Section 4.2 and Section 4.6 of this Declaration. The Annexation Land shall be added to the Condominium and submitted to the Declaration no later than ten (10) years after the recording of the Declaration in the Official County Records. If, on the tenth anniversary of the recording of this Declaration, Declarant has recorded an amendment adding the Annexation Land to the Condominium, but any Phase of the Annexation Land is not irrevocably added to the Condominium and submitted to this Declaration because Declarant has not conveyed a Unit therein to a Purchaser, that portion of the Annexation Land shall automatically be deemed to be irrevocably added to the Condominium and submitted to this Declaration, unless Declarant, immediately prior to the expiration of such tenth anniversary, records a Declaration of Permanent Withdrawal of such Phase of the Annexation Land in the Official County Records. Declarant may not record such a Declaration of Permanent Withdrawal that includes any Phase or Unit within the Annexation Land then subject to a First Mortgage unless such First Mortgagee consents to such recording. Declarant shall have the right, without obligation, to record in the Official County Records from time to time a confirmation of annexation of a Phase as a result of the sale of Unit in that Phase as may be requested by any Governmental Agency without the consent of any other Unit Owner or First Mortgagee or any state or local entity or authority being required. Such confirmation shall not be considered an amendment to the Declaration if a previous amendment conditionally annexing or adding such Phase to the Condominium has been recorded in the Official County Records. No Assessments shall be assessed against any Units in any Phase of the Annexation Land and ^{Unofficial Document} ~~no~~ ^{rights} may be exercised for such Units therein unless and until that Phase is irrevocably added to the Condominium and subjected to this Declaration as provided in this Section 15.3. Unless and until all of the Annexation Land is added or deemed added to the Condominium, in accordance with Section 5.1(B) of this Declaration, Declarant and any First Mortgagee providing financing to Declarant hereby expressly reserve all vehicular and pedestrian access and any other easements over the Common Elements as needed to improve, develop, use and enjoy any unannexed Phase of the Annexation Land as if that portion of the Annexation Land were then irrevocably added to the Condominium.”

31. The following sentence is hereby added to the end of Section 17.1 of the Declaration as follows:

“The Association shall not be obligated to take any enforcement action if the Board of Directors determines, in its sole discretion, that, because of the time and expense of litigation or other enforcement action, the likelihood of a result favorable to the Association, or other facts deemed relevant by the Board of Directors, enforcement action would not be appropriate or in the best interests of the Association.”

32. The following sentence is hereby added to the end of Section 17.4(A) of the Declaration as follows:

“Such amendment pursuant to this Section 17.4(A) may be made at any time and without regard to whether such amendment has uniform application to the Units or the Condominium as a whole; provided, further that any amendment to Article XIV of the Declaration shall require the consent of all of the Unit Owners in the Condominium from time to time.”

33. Section 17.6 of the Declaration is hereby amended and restated in its entirety as follows:

“17.6 Notices. All notices, demands, statements or other communications required to be given or served under this Declaration shall be in writing and shall be deemed to have been duly given and served if delivered personally or sent by United States mail, postage prepaid, return receipt requested, addressed as follows: (i) if to a Unit Owner, at the address which the Unit Owner has designated in writing and filed with the Association or, if no such address is designated, at the address of the Unit of such Unit Owner or (ii) if to the Association or Declarant, to the last known business address of such Person on file with the Arizona Corporation Commission or, in the case of the Association, set forth in a notice recorded in the Official County Records pursuant to A.R.S. §33-1256(J), and also to the address of the statutory agent of each such Person. A Unit Owner may change his address on file with the Association for receipt of notices by delivering a written notice of change of address to the Association pursuant to this section. A notice given by mail, whether regular, certified or registered, shall be deemed to have been received by the Person to whom the notice was addressed as provided above on the earlier of the date the notice is actually received or three days after the notice is mailed. If a Unit is owned by more than one Person, notice to one of the Unit Owners shall constitute notice to all Unit Owners of the same Unit. Each Unit Owner shall file his correct mailing address with the Association, and shall promptly notify the Association in writing of any subsequent change of address.”

34. New Sections 17.18, 17.19, and 17.20 are hereby added to the end of the Declaration as follows:

“17.18 Contract Limitations.

(A) All agreements entered into by or on behalf of the Association with a Management Agent (as defined in Section 11.1(A) above) may not exceed a term of three (3) years and must provide for termination by either party without cause and without payment of a termination fee upon ninety (90) days' or less written notice. Without limiting the foregoing, the Board may not delegate any of the following functions to a Management Agent: (i) adopting the annual budget or any amendment thereto, or assessing any Common Expenses; (ii) adopting, repealing or amending Rules; (iii) borrowing money for the Association; (iv) acquiring and mortgaging Units or other real

property; (v) designating signatories on Association bank accounts; and (vi) allocating Limited Common Elements.

(B) During the Period of Declarant Control, any: (i) employment contract; (ii) lease; and/or (iii) agreement of any nature with Declarant, or any member, agent or representative of Declarant or providing for services of Declarant and/or its affiliates, entered into by or on behalf of the Board or the Members of the Association must also provide for termination of such contract, lease or agreement without penalty by any Board elected by the Unit Owners at any time after the Period of Declarant Control has expired or is terminated, upon not less than thirty days' notice, subject to the further provisions of A.R.S. §33-1245. The foregoing limitations shall not apply to: (i) bulk service provider contracts such as, without limitation, telephone, communications, satellite or cable TV, utility provider and utility monitoring, or other similar service contracts, regardless of whether entered into by Declarant, or by Declarant's predecessors in title, as long as Declarant, and its affiliates, are not the parties directly providing such services or (ii) a lease, which, if cancelled, would result in the termination of the Condominium or the reduction in its size.

12.17 Notice of Violation. The Association shall have the right, but not the obligation, to record a written notice of a violation ("Notice of Violation") by any Unit Owner in the Official County Records of any restriction or provision of the Condominium Documents, subject to the Association's compliance with A.R.S. §33-1242(B), if applicable. The Notice of Violation shall be executed and acknowledged by an officer of the Association, or ^{Unofficial Document} its ~~its~~ Management Agent, if any, and shall contain substantially the following information: (i) the name of the Unit Owner; (ii) the legal description of the Unit against which the notice is being recorded in the Official County Records; (iii) a brief description of the nature of the violation; (iv) a statement that the notice is being recorded in the Official County Records by the Association pursuant to this Declaration; and (v) a statement of the specific steps which must be taken by the Unit Owner to cure the violation. Recordation of a Notice of Violation shall serve as a notice to the Unit Owner and to any subsequent Purchaser of the Unit that there is a violation of the provisions of the Condominium Documents; provided, further, however, that: (i) a Notice of Violation may be given by any manner other than recording permitted by Applicable Laws and (ii) such Notice of Violation shall not serve as final establishment of the amount secured by the Association's Assessment Lien unless otherwise expressly permitted by this Declaration, the Condominium Act or other Applicable Laws. If, after the recordation of such Notice of Violation in the Official County Records, it is determined by the Association that the violation referred to in the Notice has been cured, the Association shall record a notice of compliance (the "Notice of Compliance") in the Official County Records, upon written request of the Unit Owner of the Unit to which the Notice of Violation pertains. The Notice of Compliance shall state the legal description of the Unit against which the Notice of Violation was recorded, the recording data of the Notice of Violation, and shall state that the violation referred to in the Notice of Violation has been cured or is no longer applicable to the Unit. Failure by the Association to record a Notice of Violation in the Official County Records shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular

Unit or constitute a waiver of any right of the Association to enforce the Condominium Documents.

17.20 Declarant's Right to Use Similar Name. The Association hereby irrevocably consents to the use by any other corporation or other entity which may be formed or incorporated by Declarant of an entity name which is the same or deceptively similar to the name of the Association, provided, however, one or more words are added to the name of such other entity to make the name of the Association distinguishable from the name of such other entity. Within five (5) days after being requested to do so by Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission or the Arizona Secretary of State in order for any other corporation or other entity formed or incorporated by Declarant to use a name which is similar to the name of the Association. Nothing shall preclude Declarant from filing a trade name or trademark application with the Arizona Secretary of State or with any federal regulatory agency for the use of a marketing or other name for the Condominium and retaining the rights thereto."

35. Except as amended by this First Amendment, the Declaration shall remain unchanged.

[balance of page intentionally left blank; signatures appear on following pages]

Unofficial Document

IN WITNESS WHEREOF, the Declarant has executed this First Amendment on the day and year first set forth above.

DECLARANT:

LEXIN VERITAS, LLC,
a Delaware limited liability company

By Lexin JCR Residential Ventures I, LLC,
a Delaware limited liability company
Its Sole Member

By Lexin JCR SV Manager LLC,
a Delaware limited liability company,
Its Managing Member

By M. Negrin
Metin Negrin, President

Unofficial Document

STATE OF NEW YORK)
)ss.
COUNTY OF NEW YORK)

On the 21st day of July, 2011, before me, the undersigned notary public in and for said county and state, personally appeared METIN NEGRIN, the President of Lexin JCR SV Manager LLC, a Delaware limited liability company, the Managing Member of Lexin JCR Residential Ventures I, LLC, a Delaware limited liability company, as the Sole Member of LEXIN VERITAS, LLC, a Delaware limited liability company, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and who acknowledged to me, that, being authorized so to do, he executed the foregoing instrument in his capacity as President on behalf of the limited liability company for the purposes therein contained.

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

Marylou Dy
Notary Public

Printed Name: MARYLOU DY

My Commission Expires:

OCTOBER 23, 2014

Unofficial Document

MARYLOU DY
Notary Public, State of New York
No. 01DY6154698
Qualified in Queens County
Certificate Filed in New York County
Commission Expires October 23, 20 14

Exhibit A

Description of Original Condominium (Including Withdrawn Property)

Tract H, PASEO VILLAGE AMENDED, according to Book 154 of Maps, page 13, records of Maricopa County, Arizona;

EXCEPT all groundwaters underlying the surface of said land as reserved in instrument recorded in Docket 12350, page 232, records of Maricopa County, Arizona.

Exhibit A-1**Revised Legal Description of Condominium**

Building 5 (including Units with Identifying Numbers 1017, 1018, 1019, and 1020 and all Limited Common Elements allocated thereto, together with their respective undivided interest in the Common Elements) and Building 6 (including Units with Identifying Numbers 1021, 1022, 1023, and 1024, and all Limited Common Elements allocated thereto, together with their respective undivided interest in the Common Elements), VERITAS AT McCORMICK RANCH, a Condominium, as set forth in Declaration of Condominium recorded in Document No. 2007-1152200, according to Book 948 of Maps, page 39, and Affidavit of Correction recorded in Document No. 2007-1203364, records of Maricopa County, Arizona; and Tract A (Common Elements);

ALSO KNOWN AS a portion of Tract H, PASEO VILLAGE AMENDED, according to Book 154 of Maps, page 13, records of Maricopa County, Arizona;

EXCEPT all groundwaters underlying the surface of said land as reserved in instrument recorded in Docket 12350, page 232, records of Maricopa County, Arizona.

Exhibit B**Legal Description of Annexation Land Pursuant to Section 15.3 of the Declaration****Additional Phases One Through Seven*:**

1. Building 1 as shown on the Plat (containing Units 1001, 1002, 1003, and 1004 and allocated Limited Common Elements)
2. Building 2 as shown on the Plat (containing Units 1005, 1006, 1007, and 1008 and allocated Limited Common Elements)
3. Building 3 as shown on the Plat (containing Units 1009, 1010, 1011, and 1012 and allocated Limited Common Elements)
4. Building 4 as shown on the Plat (containing Units 1013, 1014, 1015, and 1016 and allocated Limited Common Elements)
5. Building 7 as shown on the Plat (containing Units 1025, 1026, 1027, and 1028 and allocated Limited Common Elements)
6. Building 8 as shown on the Plat (containing Units 1029, 1030, 1031, and 1032 and allocated Limited Common Elements)
7. Building 9 as shown on the Plat (containing Units 1033, 1034, 1035, and 1036 and allocated Limited Common Elements)

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*Individual Phases may be added to the Condominium in any order

TOGETHER WITH their respective undivided interest in the Common Elements at the time such Phases are irrevocably added to the Condominium

LENDER CONSENT

STEARNS BANK NATIONAL ASSOCIATION, a national banking association ("Lender") is the beneficiary of a Deed of Trust and Security Agreement and Fixture Financing Statement and Assignment of Rents recorded on June 30, 2011 at Instrument No. 2011-0548374 and other security documents (collectively, the "Loan Documents") concerning certain real property affected by that certain Declaration of Condominium recorded at Instrument No. 2007-1152200 in the Official Records of the Maricopa County, Arizona Recorder. The undersigned hereby consents to the partial withdrawal of Property from the Condominium for purposes of phasing the Project and the recording of the foregoing First Amendment to Declaration of Condominium and of Covenants, Conditions and Restrictions for Veritas at McCormick Ranch Condominium to which this Lender Consent is attached and agrees that the Loan Documents shall be subject and subordinate to the Declaration as so amended and the Plat and shall survive any trustee's sale or other involuntary transfer of the Condominium (or any portion thereof) under the Loan Documents, provided, however, that the Lender's execution of this Lender Consent shall not be deemed a waiver or relinquishment of the Lender's rights and remedies under the Loan Documents or to release any portion of the Property subject to the Loan Documents.

IN WITNESS WHEREOF, the Lender has executed this Lender Consent to be effective as of the date first set forth above.

STEARNS BANK NATIONAL ASSOCIATION,
Unofficial Document national banking association
By John Mistler
Its Regional President

STATE OF ARIZONA)
)ss.
COUNTY OF MARICOPA)

On this 26th day of July, 2011, before me, the undersigned notary public in and for said province, personally appeared JOHN MISTLER, who acknowledged him/her self to be the REGIONAL PRESIDENT of STEARNS BANK NATIONAL ASSOCIATION, a national banking association, and that s/he as such REGIONAL PRESIDENT, being authorized so to do, executed the foregoing instrument on behalf of the national banking association for the purposes therein contained.

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

Laurie Maxson
NOTARY PUBLIC

My commission expires:
JUNE 14, 2013

