

When Recorded Return To:

Snell & Wilmer L.L.P.
1500 Norwest Tower
One South Church Avenue
Tucson, Arizona 85701-1612
Attention: Jill Casson Owen, Esq.

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2003-1422074 10/17/03 15:14
1 OF 3

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For Recorder's Use

**SUPPLEMENTAL DECLARATION OF ANNEXATION
and
TERMINATION OF COVENANT TO SHARE COSTS**

THIS SUPPLEMENTAL DECLARATION OF ANNEXATION AND TERMINATION OF COVENANT TO SHARE COSTS ("Supplemental Declaration") is made this 1st day of October, 2003 by Sun City Condos, Inc., a Colorado corporation, and Sun City Grand Community Association, Inc., an Arizona nonprofit corporation.

RECITALS

A. This Supplemental Declaration relates to the following property:

Phase 1 of The Village at Sun City Grand Condominium (the "Plat"), recorded in Book 635 of Maps and Plats at Page 44 Maricopa County Records (the "Condominium Property").

B. The Condominium Property was originally developed as multi-family residential apartment property. The Condominium Property was converted into a condominium ("the Condominium") pursuant to that certain Declaration of Condominium and of Covenants, Conditions and Restrictions for The Village at Sun City Grand Condominium dated May 14, 2003 and recorded May 15, 2003 in Instrument No. 03-0622004 in the Office of the Maricopa County Recorder (the "Condominium Declaration").

C. Sun City Condos, Inc., a Colorado corporation (SCCI"), is the owner of Phase 1 of the Condominium.

D. Phase 2 of The Village at Sun City Grand Condominium ("Phase 2") has been withdrawn from the Condominium pursuant to that certain Notice of Withdrawal & Amendment to Declaration dated May 14, 2003 and recorded on May 15, 2003 in Instrument No. 03-0622005 in the Office of the Maricopa County Recorder. The Condominium Declaration provides that Phase 2 may be annexed into the Condominium in the future. Until such annexation, Phase 2 remains a multifamily residential apartment parcel.

E. The Condominium Property is located in the vicinity of the master planned community known as Sun City Grand, and may be annexed into Sun City Grand pursuant to Section 9.6 of that certain Declaration of Covenants, Conditions, and Restrictions for Sun City

Grand dated July 11, 1996 and recorded on July 12, 1996 in Instrument No. 96-0491079 in the Office of the Maricopa County Recorder (as amended or modified from time to time, the "Master Declaration").

F. The Condominium Property is subject to that certain Covenant for Assessments and Declaration of Easements dated December 4, 1997 and recorded on December 4, 1997 in Instrument No. 97-0851994 in the Office of the Maricopa County Recorder ("Covenant to Share Costs") by and between Sun City Grand Community Association, Inc., an Arizona nonprofit corporation (the "Master Association"), and Corum VSCG, LLC, a Colorado limited liability company, the Owners' predecessor in interest to the property.

G. The Covenant to Share Costs provides that the Condominium Property may be withdrawn from the Covenant to Share Costs in the event the Condominium Property is converted to a condominium and subjected to the Master Declaration.

H. SCCI desires to simultaneously subject the Condominium Property to the Master Declaration pursuant to Section 9.6 thereof and terminate the Covenant to Share Costs with respect to Condominium Property.

I. The parties hereto desire to enter into an agreement regarding Master Association voting rights and lot owners with respect to the Master Declaration and the Covenant to Share Costs.

NOW THEREFORE, the Owners hereby declare, covenant and agree as follows:

1. The Condominium Property ^{Unofficial Document} by annexed and shall be held, conveyed, encumbered, leased and used subject to the covenants, conditions, restrictions, uses, limitations, obligations, easements, assessments, equitable servitudes, charges and liens set forth in the Master Declaration.

2. Each unit in the Condominium Property shall be deemed a "Lot" as defined in the Master Declaration, and each owner thereof shall be deemed an "Owner" as defined in the Master Declaration.

3. The Condominium Property is hereby deemed a part of the Properties, as defined in the Master Declaration, and, *subject to Section 6 below*, the Owners of Lots in the Condominium Property shall have the same rights, privileges and obligations under the Master Declaration as Owners of Lots within the Properties, including, but not limited to all provisions governing voting rights, membership rights, common area privileges and assessment obligations.

4. The restrictions of the Master Declaration shall run with the Condominium Property, shall be binding upon all persons having or acquiring any interest therein, and shall inure to the benefit of, be binding upon and enforceable by all Owners, the Declarant under the Master Declaration, the Master Association, and their respective successors in interest.

5. Upon recordation of this Supplemental Declaration, the Covenant to Share Costs shall terminate and be of no further force and effect as to the Condominium Property except for liabilities which expressly survive termination. SCCI shall continue to be responsible to satisfy any obligations which accrued prior to the date of termination of the Covenant to Share Costs with respect to the Condominium Property. Specifically, SCCI shall be responsible for all assessments owed by SCCI under the Covenant to Share Costs through the date of recording this

Supplemental Declaration. Furthermore, as the Owner of all of the Lots in the Condominium Property, SCCI shall be responsible for paying all assessments owed to the Master Association pursuant to the Master Declaration for the Condominium Property commencing as of the date that this Supplemental Declaration is recorded.

6. (a) SCCI shall refrain from exercising voting rights in the Master Association to which SCCI is entitled and shall abstain on any matter presented for a vote of the Owners who are members of the Master Association. SCCI further agrees that, upon request from the Master Association, SCCI shall grant to the Master Association for each Lot owned by SCCI a proxy, with power of substitution and revocation, to cast any vote which SCCI is entitled to cast at any meeting of the members of the Master Association. If SCCI transfers any and/or all of the Lots to a subsidiary or related entity, or to another entity that will act as a Declarant under the Condominium Declaration, SCCI shall also transfer this restriction to the subsequent entity, who shall abide by this restriction on voting rights set forth in this provision. If SCCI, or a subsidiary or related entity to SCCI, or a successor to SCCI acting as a Declarant under the Condominium Declaration, attempts to cast votes on behalf of the Lots owned, the Master Association, in reliance upon this provision, may refuse to accept such votes and may discard them as being cast improperly.

(b) At such time as a Lot in the Condominium Property is conveyed to an Owner other than SCCI (unless the Owner is a subsidiary or related entity to SCCI or a Declarant under the Condominium Declaration), any proxy given to the Master Association with respect to such Lot shall terminate, and the Owner of the Lot shall be entitled to exercise any and all voting rights as provided in the Master Declaration.

7. The parties acknowledge and ^{Unofficial Document} agree that Phase 2 is subject to the Covenant to Share Costs as provided therein and shall continue as such until such time, if any, as (i) Phase 2 has been re-annexed into the Condominium, and (ii) the appropriate parties, in writing, subject Phase 2 to the Master Declaration pursuant to Section 9.6 thereof and expressly terminate the Covenant to Share Costs with respect to Phase 2.

8. This instrument shall be effective immediately upon recordation in the Office of the Maricopa County Recorder.

Dated this 1st day of October, 2003.

OWNER OF PHASE 1:

MASTER ASSOCIATION:

SUN CITY CONDOS, INC., a Colorado corporation

SUN CITY GRAND COMMUNITY ASSOCIATION, INC.

By: *Peter A. Wells*
Name: PETER A. WELLS
Title: PRESIDENT

By: *Sheryl Palmer*
Name: Sheryl Palmer
Title: President

In accordance with Section 9.6 of the Master Declaration, the Declarant consents to the foregoing instrument:

DEL WEBB HOME CONSTRUCTION, INC., an Arizona corporation

By: *SC Colgan*
Name: Samuel C. Colgan
Title: Vice President-Land Development

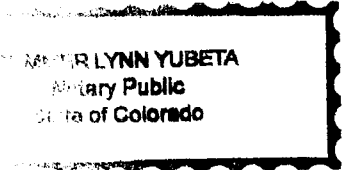
STATE OF COLORADO)
County of Broomfield) ss.

The foregoing instrument was acknowledged before me this 13th day of October, 2003 by Peter A. Wells, the President of Sun City Condos, Inc., a Colorado corporation, on behalf of the corporation.

Lynn Yubeta
Notary Public

My commission expires:
1/4/2006

Unofficial Document

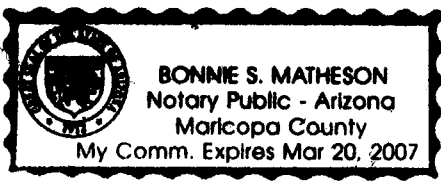


STATE OF ARIZONA)
County of MARICOPA) ss.

The foregoing instrument was acknowledged before me this 15th day of Oct., 2003 by Sheryl Palmer, the President of Sun City Grand Community Association, Inc., an Arizona nonprofit corporation, on behalf of the corporation.

Bonnie Matheson
Notary Public

My commission expires:
March 20, 2007



LENDER CONSENT OF COMMERCIAL FEDERAL BANK

The undersigned lender hereby consents to the foregoing Supplemental Declaration of Annexation and Termination of Covenant to Share Costs and agrees that such Supplemental Declaration shall continue in effect following the foreclosure of its deed of trust or any other acquisition of the Condominium Property or any portion thereof by the undersigned.

DATED: 10-13-03, 2003.

COMMERCIAL FEDERAL SAVINGS BANK,
A FEDERAL SAVINGS BANK

By: Kenneth I Boggs
Name: Kenneth I Boggs
Title: Vice President

Unofficial Document

LENDER CONSENT OF SUPERIOR INVESTMENTS XVII, INC.

The undersigned lender hereby consents to the foregoing Supplemental Declaration of Annexation and Termination of Covenant to Share Costs and agrees that such Supplemental Declaration shall continue in effect following the foreclosure of its deed of trust or any other acquisition of the Condominium Property or any portion thereof by the undersigned.

DATED: 10-13-03, 2003.

SUPERIOR INVESTMENTS XVII, INC., a
Colorado corporation

By: Sharon K Eshima
Name: Sharon K Eshima
Title: VP

Unofficial Document