

AZ. CORP. COMMISSION  
FILED

OCT 23 2003

APPR. *M. Aurean*  
TERM \_\_\_\_\_  
DATE 10-23-03  
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AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
THE VILLAGE AT SUN CITY GRAND  
CONDOMINIUM ASSOCIATION

ARTICLE I  
NAME AND PERPETUAL DURATION

The name of the corporation is La Solana Condominium Association (hereafter called the "Corporation"). The Corporation is a non-profit corporation under Arizona law, A.R.S. §10-3101, et seq. and A.R.S. §33-1241. The period of duration shall be perpetual.

ARTICLE II  
STATUTORY AGENT

CT Corporation, whose address is 3225 N. Central Avenue, Phoenix, Arizona 85012, is the statutory agent of this Corporation.

ARTICLE III  
ADDRESS OF THE CORPORATION

The address of the known place of business of the Corporation is 14950 W. Mountain View Blvd., Surprise, Arizona 85374.

ARTICLE IV  
PURPOSE AND POWERS OF THE CORPORATION

This Corporation does not contemplate pecuniary gain or profit to the Members thereof, and the specific purposes for which it is formed are to promote the health, safety and welfare of its Members and to provide for architectural control of the condominium in Maricopa County, City of Surprise, Arizona known and marketed as La Solana Condominium at Sun City Grand (legally recorded as The Village at Sun City Grand) (the "Property") and maintenance and preservation of certain Common Elements and other areas of responsibility of the Corporation. The subdivision is governed by the Amended and Restated Declaration of Condominium and Declaration of Covenants, Conditions and Restrictions for The Village at Sun City Grand Condominium, known and marketed as La Solana Condominium at Sun City Grand (the "Declaration") recorded in the office of the Maricopa County Recorder, and any capitalized terms not otherwise defined herein shall have the meanings assigned to them by the Declaration.

The Corporation shall have the power to participate in mergers and consolidations with other corporations organized for the same purposes or annex additional residential property, streets, roadways or alleys in accordance with A.R.S. § 33-1201 et seq. (the "Arizona Condominium Act"). Consolidation or annexation, except as otherwise provided in the Declaration, shall have the assent of at least sixty-seven percent (67%) of the votes of Members at a quorum of Members voting in person or by proxy.

PAID (27)  
\$ 60.00 (37)  
ck # 5093

The Corporation shall not carry on any activities not permitted to be carried on by a homeowners association exempt from Federal Income Tax under Section 528 of the Internal Revenue Code of 1986 or the corresponding provisions of any future United States Revenue Law.

#### ARTICLE V MEMBERSHIP

Membership shall be determined as provided in the Declaration. Each Owner of a Unit within the Property shall be entitled to membership, and membership shall be appurtenant to such ownership.

#### ARTICLE VI VOTING RIGHTS

The Members' voting rights shall be determined as provided in the Declaration. Members shall have one (1) vote for each Unit owned.

#### ARTICLE VII INITIAL BUSINESS

The character of business that the Corporation initially intends actually to conduct in this state is the operation of a condominium homeowners association and the maintenance of such Common Elements and other properties as may be described in the Declaration as areas of responsibility of the Corporation.

#### ARTICLE VIII BOARD OF DIRECTORS

The affairs of this Corporation shall be managed by a Board of Directors of not less than three (3) persons who shall be elected as provided in the Bylaws. The number and term of Board members shall be provided in the Bylaws of the Corporation.

#### ARTICLE IX DISSOLUTION

The Corporation may be dissolved only in accordance with the provisions of the Declaration and in accordance with the Arizona law.

#### ARTICLE X LIMITATION OF DIRECTORS' LIABILITY

The personal liability of the directors to the Corporation for monetary damage for any action taken or any failure to take any action as a director is eliminated to the fullest extent permitted by A.R.S. § 10-3202(B)(1), as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

## ARTICLE XI INDEMNIFICATION

The Corporation may indemnify any person against liability and expenses, including without limitation, attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably suffered or incurred by reason of the fact that he/she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other entity, in all circumstances in which, and to the extent that, such indemnification is permitted by A.R.S. §§ 10-3851 and 10-3856, as such provisions may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code. Any indemnification hereunder shall be made by the Corporation only as authorized by the Board of Directors pursuant to A.R.S. § 10-3855, as it may hereafter be amended or renumbered, or the analogous provision of any future Arizona nonprofit corporation code.

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or was serving at the request of the Corporation as a director or officer, against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such whether or not the Corporation would have had the power to indemnify him against such liability under this Article.

The indemnification herein above permitted shall not be exclusive of any rights to which any director or officer of the Corporation may otherwise be entitled by law, including mandatory indemnification under A.R.S. § 10-3852.

## ARTICLE XII MANDATORY PROCEDURES

As more specifically set forth in the Mandatory Procedures section of the Declaration, the Corporation is limited in the manner in which it may bring civil actions. The Mandatory Procedures described in the Declaration are in addition to and shall not be construed to conflict with any requirements under the laws of the State of Arizona.

## ARTICLE XIII AMENDMENT

These Articles may be amended by the vote of Unit Owners owning at least two-thirds (2/3) of the Units within the Property, but no amendment may conflict with the Declaration or affect any reserved rights or privileges or exemptions of the Declarant, and amendments shall first be proposed by the Board of Directors to the extent required by law. During the Period of Declarant Control, however, the following actions will require the prior approval of the Federal Housing Administration ("FHA") or the Veterans Administration ("VA"), as applicable, if such agencies have previously approved of these Article of Incorporation upon application by Declarant: annexation of additional property (unless already provided for in the Declaration or in a phasing plan approved by FHA or VA, in which case Declarant may accomplish such Annexation without further consent), mergers and consolidations, mortgaging of Common

Elements, dedication of Common Elements, dissolution and amendment of these Articles. Amendment of the Corporation Bylaws may be made by the Board of Directors of the Corporation, subject to amendment or repeal by the vote of not less than two-thirds (2/3) of each Class of Members voting at a meeting at which a quorum of members is present. Declarant reserves the absolute right of its own volition, and without any other consent, to amend these Articles should such amendment be required in order to achieve compliance with the regulations of FHA, VA or the Federal National Mortgage Association.

ARTICLE XIV  
CONFLICTS

In the case of any conflict between the terms hereof and the Declaration, the Declaration shall always control, and in the case of a conflict with the Bylaws, these Articles of Incorporation shall control.

DATED: 10-10-2003

THE VILLAGE AT SUN CITY GRAND  
CONDOMINIUM ASSOCIATION

Peter A. Wells  
Peter A. Wells, President

CT CORPORATION

## La Solana Condominium Association

CT CORPORATION SYSTEM, having been designated to act as statutory agent of the above corporation, hereby consents to act in that capacity until it is removed, or submits its resignation, in accordance with the Arizona Revised Statutes.

Dated: October 14, 2003

CT Corporation System

By:

  
Candice L. Mallernee, Assistant Secretary

3225 North Central Avenue, Suite 1601  
Phoenix, AZ 85012  
Tel. 602 277 4792  
Fax 602 266 9604

EXPEDITED  
AZ CORP COMMISSION  
FILED

ARTICLES OF INCORPORATION

OF

SUN CITY GRAND COMMUNITY ASSOCIATION, INC.  
(An Arizona Nonprofit Corporation)

JUL 15 9 18 AM '96

APPR *Nice Stamp*  
DATE APR *7/15/96*  
TERM \_\_\_\_\_  
DATE \_\_\_\_\_

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Article 1. Name. The name of the corporation is Sun City Grand Community Association, Inc. ("Association").

Article 2. Nonprofit Corporation. The Association is formed as a nonstock, nonprofit corporation under the laws of the State of Arizona, Title 10, Chapter 22, Article 2, Arizona Revised Statutes.

Article 3. Principal Office. The mailing address of the initial principal office of the Association is 6001 North 24th Street, Phoenix, Arizona 85016.

Article 4. Definitions. All capitalized terms used herein which are not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions, and Restrictions for Sun City Grand, recorded or to be recorded in the Office of the County Recorder of Maricopa County, Arizona ("Declaration").

Article 5. Purposes. The purposes for which the Association is organized, and the character of affairs which the Association initially intends to actually conduct in Arizona, are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as specified therein, in the By-Laws of Sun City Grand Community Association, Inc. ("By-Laws"), and as provided by law; and

(vi) to borrow money for any purpose, subject to such limitations as may be contained in the Declaration or By-Laws;

(vii) to enter into, make, perform, or enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other association, corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals;

(ix) to adopt, alter, and amend or repeal such By-Laws as may be necessary or desirable for the proper management of the affairs of the Association; provided, however, such By-Laws may not be inconsistent with or contrary to any provisions of the Declaration; and

(x) to provide for any and all supplemental municipal services to the real property subject to the Declaration as may be necessary or proper.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other rights and powers which may now or hereafter be permitted by law; the powers specified in each of the paragraphs of this Article are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph of this Article.

(b) The Association shall make no distributions of income to its Members, directors, or officers.

#### Article 7. Members.

(a) The Owner of each Lot shall be a Member of the Association and shall be

office until their successors are elected and qualified, or until removed, are as follows:

Kimball Bannister III  
13950 Meeker Boulevard  
Sun City West, Arizona 85375

Thomas A. Kirk  
13950 Meeker Boulevard  
Sun City West, Arizona 85375

Robert C. Venberg  
6001 N. 24th Street  
Phoenix, Arizona 85016

Each of the foregoing persons has consented to be a director.

(c) The method of election, removal, and filling of vacancies on the Board of Directors and the term of office of directors shall be as set forth in the By-Laws.

(d) The Board may delegate its operating authority to such corporations, individuals, and committees as it, in its discretion, may determine.


Article 10. By-Laws. The By-Laws of the Association shall be adopted by the Board of Directors and may be altered, amended, or rescinded by the Class "B" Member or the Class "A" Members in the manner provided in the By-Laws.

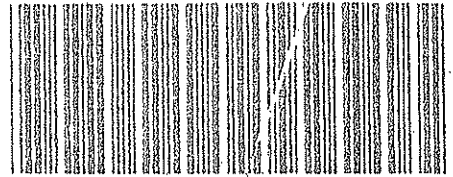
Article 11. Liability of Directors, Officers and Committee Members. To the fullest extent that Arizona law, as it exists on the date hereof or as it may hereafter be amended, permits the limitation or elimination of the liability of directors, officers and committee members, no director, officer or committee member of the Association shall be personally liable to the Association or its Members for monetary damages for breach of duty of care or other duty as a director, officer or committee member. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director, officer or committee member of the Association for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.



ACCEPTANCE OF STATUTORY AGENT

By execution below, Robert C. Venberg agrees to serve as statutory agent for this corporation, until such time as written notice of resignation or appointment of another agent is given.

  
\_\_\_\_\_  
Robert C. Venberg  
Date: 7/12/96



OFFICIAL RECORDS OF  
 MARICOPA COUNTY RECORDER  
 HELEN PURCELL  
 2003-0622006 05/15/03 14:31  
 8 OF 17

PLUM30A

When Recorded Return To:

Rudiger H. Fettig, Esq.  
 Colorado & Santa Fe Land Company  
 2400 Industrial Lane, Unit 1520  
 Broomfield, Colorado 80020

For Recorder's Use

15970

7/16

RECIPROCAL EASEMENT AND USE AGREEMENT

THIS RECIPROCAL EASEMENT AND USE AGREEMENT (the "Agreement") is made and entered into as of this 14 day of May, 2003, by and among THE VILLAGE AT SUN CITY GRAND CONDOMINIUM ASSOCIATION, an Arizona nonprofit corporation ("Association"), SUN CITY CONDOS, INC., a Colorado corporation ("SCCI"), and CANYON VIEW APARTMENTS, LLC, a Colorado limited liability company ("Canyon View").

RECITALS

A. Pursuant to that certain Declaration of Condominium and of Covenants, Conditions and Restrictions for The Village at Sun City Grand Condominium, recorded in Instrument No. 03-0622004, Maricopa County Records (the "Declaration"), Units 1-252 and Common Elements as shown on the plat for The Village at Sun City Grand Condominium, recorded in Book 635 of Maps and Plats at Page 24, Maricopa County Records (the "Plat"), were converted into a condominium ("Condominium").

B. Sun City Condos, Inc., a Colorado corporation ("Declarant") is the Declarant under the Declaration.

C. The Plat reflects two separate parcels, Phase I and Phase II. SCCI and Canyon View are the owners of Phase II. SCCI and Canyon View are collectively referred to herein as "Apartment Owner."

D. Apartment Owner intends to continue to use Phase II for rental apartments.

E. Declarant and Apartment Owner withdrew Phase II from the Condominium pursuant to that certain Notice of Withdrawal, recorded in Instrument No. 03-0622005, Maricopa County Records.

F. The parties hereto wish to grant, for the benefit of the Condominium and Apartment Owner, and their respective owners, members, residents, tenants, invitees, licensees, employees, agents, successors and assigns, certain reciprocal easements over the following property:

(i) All of the Common Elements as shown on the Plat, excluding, however, any Limited Common Elements except as otherwise expressly provided in Section 1.2 with respect to carports; and

(ii) Phase II of the Plat, but excluding under any permanent building structure constructed thereon and the real property below such permanent building structures (collectively, the "Easement Property").

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Grant of Easements.

1.1 Ingress-Egress Easement. Association hereby grants and conveys to Apartment Owner, and Apartment Owner hereby grants and conveys to the Association, for the benefit of the Condominium and Apartment Owner and their respective owners, members, residents, tenants, invitees, licensees, employees, agents, successors and assigns, non-exclusive reciprocal easements for ingress and egress for pedestrian traffic over, through and across sidewalks, paths, walks and lanes that from time to time may exist upon the Easement Property. Association further grants and conveys to Apartment Owner, and Apartment Owner further grants and conveys to the Association, for the benefit of the Condominium and Apartment Owner and their respective owners, members, residents, tenants, invitees, licensees, employees, agents, successors and assigns, non-exclusive reciprocal easements for ingress and egress for pedestrian and vehicular traffic, over, through and across such driveways and uncovered parking areas located within the Easement Property as from time to time may be paved and intended for such purposes, except that such easement shall not extend to any assigned parking spaces of "Unit Owners" as defined in the Declaration.

1.2 Parking Easement. Association hereby grants and conveys to Apartment Owner, for the benefit of Apartment Owner and its respective tenants, invitees, licensees, employees, agents, successors and assigns, an exclusive easement for parking of vehicles within the carports located on the Easement Property which carports are identified on Exhibit A attached hereto.

1.3 Utility Easement. Association hereby grants and conveys to Apartment Owner, and Apartment Owner hereby grants and conveys to the Association, for the benefit of the Condominium and Apartment Owner and their respective owners, members, residents, tenants, invitees, licensees, employees, agents, successors and assigns, non-exclusive reciprocal easements upon, across, over and under the Easement Property for reasonable ingress, egress, installation, replacing, repairing or maintaining all utilities, including, but not limited to, gas,

water, sewer, telephone, cable television and electricity, which service the improvements within the Condominium and Phase II.

1.4 Use and Enjoyment. Association hereby grants and conveys to Apartment Owner, and Apartment Owner hereby grants and conveys to the Association, for the benefit of the Condominium and Apartment Owner and their respective owners, members, residents, tenants, invitees, licensees, employees, agents, successors and assigns, non-exclusive reciprocal easement for use and enjoyment in and to the Easement Property and any improvements thereon, including without limitation, recreational and fitness facilities.

2. Use of Easements: No Public Dedication. The easements hereby created may be used and enjoyed by the Association and Apartment Owner and their respective owners, members, residents, tenants, invitees, licensees, employees, agents, successors and assigns in accordance with the terms set forth herein. Notwithstanding the foregoing, the provisions of this Agreement are not intended to and do not constitute a dedication for public use of the Easement Property.

3. Term of Easement. The easements set forth in this Agreement shall continue in effect until such time as Phase II is annexed into the Condominium. Upon the termination of the easements, each party shall upon the request of the other party, execute a document in recordable form evidencing the termination of this Agreement.

4. Signage. The parties may install entrance identification monument signs within the Easement Property, provided that such signs comply with any applicable statutes and ordinances. All signs and the location of such signs are subject to the reasonable approval of the other party.

5. Limitation of Easements. Each party has the right to locate or relocate vehicular parking areas, sidewalks, paths, walks, lanes, roadways, water mains, sanitary sewers, storm sewers, gas mains, telephone cables, television cables, power lines and any other utilities, located upon, over, or under portion of the Easement Property owned by such party in its sole and absolute discretion, without cost, liability or obligation to the other.

6. Maintenance and Repair of the Easement Property.

6.1 Ratable and Proportionate Shares. Association shall maintain, repair, replace, repave, resurface or operate private streets or private roadways or any open space, recreational or other common facilities located upon the Easement Property. Apartment Owner shall pay its proportionate share of the cost of maintenance, repair, and necessary improvements of the Easement Property, based upon a ratio, the numerator of which is the combined square footage of all of the Apartments ("Apartments Square Footage") and the denominator is the sum of the square footage of all Units within the condominium and the Apartments Square Footage.

6.2 Obligation to Pay Ratable and Proportionate Shares. Prior to December 31 of each year this Agreement is in effect, Association shall send to Apartment Owner an invoice evidencing Apartment Owner's proportionate share of the cost of maintenance, repair and necessary improvements of the Easement Property. Apartment Owner's proportionate share shall be due upon receipt of such invoice and shall accrue interest at eighteen percent (18%) per annum if not paid within thirty days of receipt. Apartment Owner's obligation pay its

proportionate share shall run with the land and shall be an obligation binding upon Apartment Owner and its successors and assigns.

6.3 Liens and Fines. To secure Apartment Owner's payment obligations hereunder, Apartment Owner consents and agrees that a lien shall exist upon Phase II to secure such payment. Upon the failure of Apartment Owner or its successors and assigns to pay timely Apartment Owner's payment obligations hereunder, such payment obligations shall constitute a lien upon Phase II, which lien shall accrue interest at the rate of eighteen percent (18%) per annum from the date due, and which lien may be foreclosed in the manner of a realty mortgage pursuant to Arizona law. In addition, should such payment obligations remain delinquent for thirty days or more following written notice of default, then a fine in an amount equal to ten percent (10%) of the delinquent amount shall be assessed, and such fine shall become a part of the payment obligations due and shall similarly be secured by the lien herein granted. Association or its successors may, but shall not be required to, record a Notice of Default which shall give record notice of the default by Apartment Owner in the payment of its payment obligations herein and of the accumulation of the interest and fines. The lien established and created hereby shall be junior and subordinate to the lien of any first mortgage or first position deed of trust, and upon foreclosure of any such mortgage or deed of trust, or upon the acceptance of a deed in lieu thereof, the purchaser, grantee, beneficiary or first mortgagee shall take title free of any lien accruing or owing for periods of time prior to such time and shall have no liability therefore. No such foreclosure or other proceeding in lieu thereof shall in any way release Apartment Owner from the liability incurred prior to such foreclosure or other proceeding.

6.4 Damage or Destruction. Notwithstanding the above, except for ordinary wear and tear, it shall be the responsibility of the Association or Apartment Owner, as applicable, to repair any damage caused by such party's respective owners, members, residents, respective tenants, invitees, licensees, employees and agents, to the Easement Property.

7. Insurance. Each party shall carry general comprehensive liability insurance for the Easement Property in an amount not less than \$1,000,000.00 for any single occurrence and \$2,000,000.00 general aggregate, naming the other party as an additional insured. In addition Association shall carry property insurance for the Easement Property and any improvements thereon in an amount not less than one hundred percent (100%) of the current replacement cost of the Easement Property and any improvements thereon, exclusive of land, excavations, foundations and other items normally excluded from a master or blanket hazard and multi-peril property insurance policy.

8. Easements Run With Land. The easements granted herein upon the Easement Property shall be deemed both benefits and burdens appurtenant to and running with and burdening the real estate included in the Condominium and Phase II, and may be used and enjoyed by the Association and Apartment Owner and their respective owners, members, residents, tenants, invitees, licensees, employees, agents, successors and assigns.

9. Rules and Regulations; Declaration. Association reserves the right to establish from time to time reasonable and non-discriminatory rules and regulations to governing use of the Easement Property. In addition, Apartment Owner and its respective tenants, invitees, licensees,

employees, agents, successors and assigns, agree to comply with any and all terms, provisions, conditions, covenants, and agreements contained in the Declaration relating to use of the Easement Property, including, but not limited to, Sections 4.5, 6.2, 6.3, 7.8, 7.9, 7.10, 7.12, and 7.13, and any Rules adopted in accordance with the Declaration.

10. Default/Remedies. If either party to this Agreement breaches any of the duties or obligations imposed upon such party under the terms, provisions, conditions, covenants or agreements contained herein and such default continues for thirty (30) days after notice from the non-defaulting party (the "Non-Defaulting Party") to the defaulting party (the "Defaulting Party"), then the Non-Defaulting Party shall have the right to: (1) seek injunctive relief to require the Defaulting Party to pay or perform such duties or obligations or to cease and desist such abuse or misuse; (2) seek compensation or damages arising or resulting from the failure of the Defaulting Party to pay or perform such duties or obligations or to cease and desist from such abuse or misuse; (3) cause such duties or obligations to be paid or performed, in which event all sums expended by the Non-Defaulting Party in causing the duties or obligations of the Defaulting Party to be paid or performed shall become a personal demand obligation owed by the Defaulting Party to the Non-Defaulting Party from the date such sums as expended by the Non-Defaulting Party, which sums shall bear interest at the rate of eighteen percent (18%) per annum or the highest rate permitted by applicable law, whichever is lower, from the date expended by the Non-Defaulting Party until repaid by the Defaulting Party and shall be subject to collection by suit in any court of competent jurisdiction; (4) exercise any remedy specifically provided for elsewhere in this Agreement; or (5) exercise all rights or remedies otherwise available at law, in equity or by statute. All rights and remedies shall be cumulative and not exclusive. It is expressly agreed that time is of the essence in the performance of all terms, provisions, conditions, covenants or agreements contained herein.

11. Miscellaneous Terms and Conditions.

11.1 Power to Execute this Agreement. Both parties warrant and represent to the other that each has the power and authority to enter into this Agreement, and that there are no other agreements to which either is a party that would threaten or impair the ability to comply with the terms and conditions set forth herein.

11.2 Attorneys' Fees, Jurisdiction and Venue. The prevailing party in any lawsuit, appeal or other proceeding brought to enforce or to otherwise implement the terms and conditions of this Agreement shall be entitled to an award of attorneys' fees and costs.

11.3 Construction. This Agreement shall be construed in accordance with the laws of the State of Arizona. This Agreement is intended to represent the mutual agreement of the parties hereto and shall not be strictly construed against either party. This instrument shall be given a reasonable construction so that the intentions of the parties hereto are implemented.

11.4 Arbitration. In the event of any dispute arising between the parties hereunder, the matter shall be arbitrated in accordance with the rules of commercial arbitration then-obtaining with the American Arbitration Association ("AAA"), Phoenix, Arizona. A single arbitrator experienced in arbitrating real property matters such as those provided for in this Agreement

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shall preside, and if the parties cannot agree upon an arbitrator, the AAA shall appoint one. The arbitrator's costs and fees shall be divided equally between the parties, unless the arbitrator awards otherwise. The arbitrator's decision shall be final subject to the exceptions outlined in the Federal Arbitration Act, 9 U.S.C. § 1, et seq., and judgment may be entered upon same. The arbitrator shall control discovery in the proceedings and shall award the prevailing party its reasonable attorneys' fees and costs.

11.5 No Agency Relationship. Nothing set forth herein shall imply any agency or partnership between the parties hereto.

11.6 Amendments. No oral modification or amendment of this Agreement shall be effective unless the modification or amendment is reduced to writing, signed and notarized by each of the parties hereto.

11.7 Notice. Any notice given pursuant to this Agreement shall be in writing, and shall be personally delivered or deposited in the United States mail, postage prepaid, certified and return receipt requested, to the parties as follows:

If to Association: 14950 W. Mountain View Blvd.  
Surprise, Arizona 85374

If to Apartment Owner: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notices shall be deemed given when personally delivered, or five business (5) days after deposit in the United States mail as provided above. Any party hereto may give written notice of a change of address to the other party as provided above.

11.8 Counterparts. The parties hereto agree that this Agreement may be executed in one or more counterparts, all of which shall be taken together to constitute one and the same instrument. Any such executed Agreement shall be binding upon each party who may sign a counterpart of this Agreement.

11.9 Waiver. No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. Except as expressly provided in this Agreement, no waiver shall be binding unless executed in writing by the party making the waiver. Either party may waive any provision of this Agreement intended for its benefit; provided, however, that such waiver shall in no way excuse the other party from the performance of any of its other obligations under this Agreement.


11.10 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such a manner so as to be valid under applicable law, but if any provision of this Agreement shall be invalidated or prohibited, then such provision shall be ineffective to the extent of such prohibition or invalidation, but shall not invalidate the remainder of such provision or the remaining provisions of this Agreement.

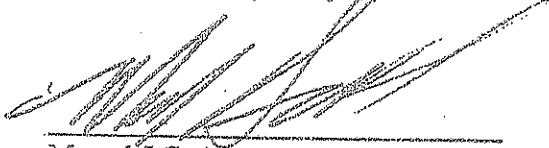
11.11 Merger. All prior written or oral covenants, agreements, representations and warranties between the parties hereto shall be deemed to have been merged into this Agreement. This Agreement constitutes the complete, exclusive and final expression of the parties' intent and, as such, supersedes all prior arrangements, understandings and representations made by either party to the other prior to the execution of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

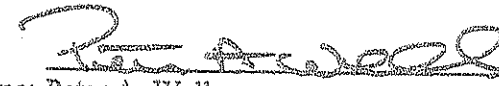
THE VILLAGE AT SUN CITY GRAND  
CONDOMINIUM ASSOCIATION, an  
Arizona nonprofit corporation

CANYON VIEW APARTMENTS, LLC, a  
Colorado limited liability company

By:   
Name: Peter A. Wells  
Title: President

By:   
Name: Marcel J.C. Arsenault  
Title: Manager

SUN CITY CONDOS, INC., a Colorado  
corporation

By:   
Name: Peter A. Wells  
Title: President

(Signatures notarized on the next page)

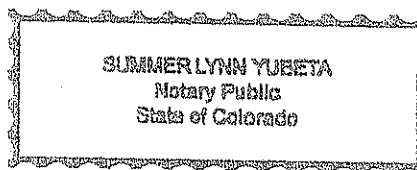


STATE OF COLORADO )  
 ) ss.  
County of Broomfield )

The foregoing instrument was acknowledged before me this 14 day of May, 2003 by Peter A. Wells, the President of The Village of Sun City Grand Condominium Association, an Arizona nonprofit corporation, on behalf of the limited liability company.

*Summer Lynn Yubeta*  
Notary Public

My Commission Expires: 1-4-06

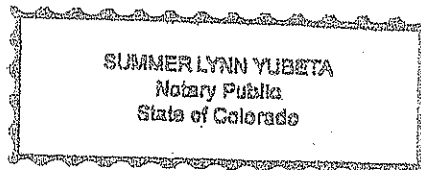


STATE OF COLORADO )  
 ) ss.  
County of Broomfield )

The foregoing instrument was acknowledged before me this 14 day of May, 2003 by Marcel J.C. Arsenault, the Manager of Canyon View Apartments, LLC, a Colorado limited liability company, on behalf of the limited liability company.

*Summer Lynn Yubeta*  
Notary Public

My Commission Expires: 1-4-06

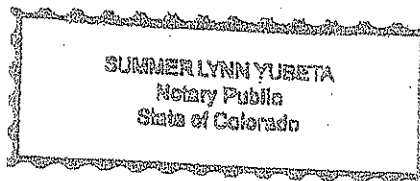


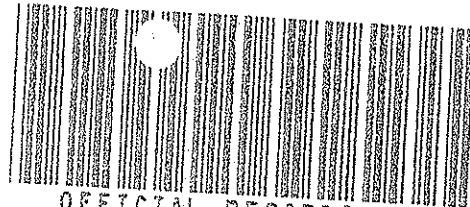
STATE OF COLORADO )  
 ) ss.  
County of Broomfield )

The foregoing instrument was acknowledged before me this 14 day of May, 2003 by Peter A. Wells, the President of Sun City Condos, Inc., a Colorado corporation, on behalf of the corporation.

*Summer Lynn Yubeta*  
Notary Public

My commission expires: 1-4-06





OFFICIAL RECORDS OF  
 MARICOPA COUNTY RECORDER  
 HELEN PURCELL  
 2003-1467001 10/22/03 08:41  
 4 OF 4

3070R

*When Recorded Return To:*

Rudiger H. Fettig, Esq.  
 Colorado & Santa Fe Land Company  
 2400 Industrial Lane, Unit 1520  
 Broomfield, Colorado 80020

*For Recorder's Use*

AMENDMENT TO RECIPROCAL EASEMENT AND USE AGREEMENT

THIS AMENDMENT TO RECIPROCAL EASEMENT AND USE AGREEMENT (this "Amendment") is made and entered into as of this 13<sup>th</sup> day of October, 2003, by and among THE VILLAGE AT SUN CITY GRAND CONDOMINIUM ASSOCIATION, an Arizona nonprofit corporation ("Association"), SUN CITY CONDOS, INC., a Colorado corporation ("SCCI"), and CANYON VIEW APARTMENTS, LLC, a Colorado limited liability company ("Canyon View").

RECITALS

- A. SC CI, Canyon View and the Association are parties to that certain Reciprocal Easement and Use Agreement recorded in Instrument No. 03-0622006, Maricopa County Records.
- B. SC CI is the ("Declarant") is the Declarant under the Declaration and is now the sole owner of Phase 1. Canyon View is now the sole owner of Phase 2, and is the "Apartment Owner" referenced in the Reciprocal Easement and Use Agreement.
- C. Because of changed circumstances, the parties wish to amend the Reciprocal Easement and Use Agreement to reflect changes in the carports allocated to Canyon View.

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

- 1. Exhibit A to the Reciprocal Easement and Use Agreement is hereby replaced with the attached Exhibit A.
- 2. All other terms and provisions of the Reciprocal Easement and Use Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

THE VILLAGE AT SUN CITY GRAND  
CONDOMINIUM ASSOCIATION, an  
Arizona nonprofit corporation

CANYON VIEW APARTMENTS, LLC, a  
Colorado limited liability company

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

By: Sharon K. Eshima  
Name: Sharon K. Eshima  
Title: Manager

SUN CITY CONDOS, INC., a Colorado  
corporation

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

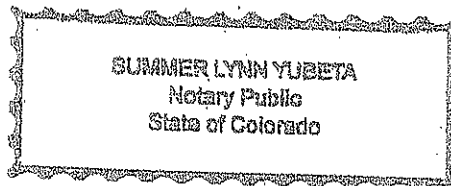
STATE OF COLORADO )  
County of BROOMFIELD ) ss.

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of October, 2003 by Peter A. Wells, the President of The Village of Sun City Grand Condominium Association, an Arizona nonprofit corporation, on behalf of the limited liability company.

Summer Lynn Yubeta  
Notary Public

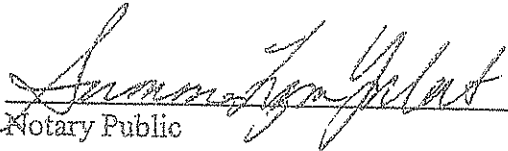
My Commission Expires:

11/4/2006



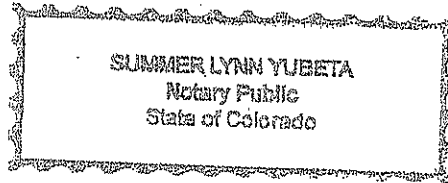
STATE OF Colorado )  
County of Broomfield ) ss.

The foregoing instrument was acknowledged before me this 13<sup>th</sup> day of October, 2003 by Sharon K. Eshima, the Manager of Canyon View Apartments, LLC, a Colorado limited liability company, on behalf of the limited liability company.

  
Notary Public

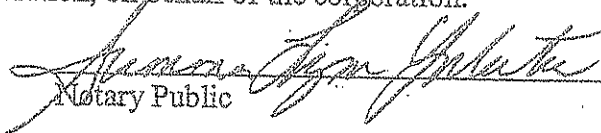
My Commission Expires:

11/4/2006



STATE OF Colorado )  
County of Broomfield ) ss.

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

  
Notary Public

My commission expires:

11/4/2006

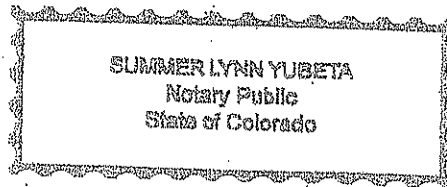


Exhibit A

Carports for use by Apartment Owner

Unit	Carport	Unit	Carport
9	247	34	244
10	242	35	19
11	21	36	24
12	22	189	135
21	246	191	138
22	243	201	136
23	20	203	139
24	23	213	137
33	245	215	140

LENDER CONSENT OF COMMERCIAL FEDERAL BANK,  
A FEDERAL SAVINGS BANK

The undersigned lender hereby consents to the foregoing Amendment and agrees that such Amendment shall continue in effect following the foreclosure of its deed of trust or any other acquisition of the Easement Property by the undersigned.

DATED: October 10, 2003.

COMMERCIAL FEDERAL BANK,  
A FEDERAL SAVINGS BANK

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

SUN CITY GRAND COMMUNITY ASSOCIATION, INC.  
 CALENDAR YEAR 2004 BUDGET  
 JANUARY 1 THROUGH DECEMBER 31, 2004

The Sun City Grand Community Association Board of Directors passed this Calendar Year January 01-December 31, 2004 Budget on November 18, 2003. A detailed version of the budget is available for review at the Membership Desk in the Sonoran Plaza.

TOTAL OPERATIONS BUDGET	
Recreation Center	\$ 7,351,903
Golf Operations	6,256,243
<b>TOTAL REVENUE</b>	<b>13,608,146</b>
Cost of Sales	442,649
<b>GROSS PROFIT</b>	<b>13,165,497</b>
Payroll	5,976,694
Utilities	1,454,496
Operating Expenses	5,324,091
Repairs and Maintenance	504,145
<b>TOTAL EXPENSES</b>	<b>13,259,426</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ (93,929)</b>
<b>DEVELOPER SUBSIDY</b>	<b>70,032</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$ (23,897)</b>

The Total Operations Budget is the summation of the Recreation Center and Golf Operations. The Developer Subsidy budgeted for the calendar year period is figured as the Total Deficit plus capital assets purchases less depreciation expense (See the subsidy calculation below).

Developer Subsidy Calculation	
Total Deficit	\$ 93,929
Add: Capital Assets	93,936
Less: Depreciation	(117,833)
<b>Developer Subsidy</b>	<b>\$ 70,032</b>

RECREATION CENTER BUDGET	
Annual Assessments	\$ 6,055,380
Other Revenue	1,296,523
<b>TOTAL REVENUE</b>	<b>7,351,903</b>
Cost of Sales	238,649
<b>GROSS PROFIT</b>	<b>7,113,254</b>
Payroll	2,537,710
Utilities	917,996
Operating Expenses	3,315,247
Repairs and Maintenance	220,055
<b>TOTAL EXPENSES</b>	<b>6,991,008</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 122,246</b>

The Recreation Center Budget is comprised of the following departments:  
 Administration - Executive Director, Accounting, Membership and Compliance.  
 Fitness - management and operation of Adobe Spa and Fitness Center and Cimarron.  
 Activities - Special Events, Newsletter, Room Rental and Scheduling, Chartered Club Administration, Channel 22 and Del Webb Live.  
 Facilities Maintenance - maintenance and housekeeping for all buildings and amenities.  
 Common Area Landscaping - maintenance and groundskeeping for all common areas.

GOLF OPERATIONS BUDGET	
Golf Fees	\$ 5,612,363
Other Revenue	643,880
<b>TOTAL REVENUE</b>	<b>6,256,243</b>
Cost of Sales	204,000
<b>GROSS PROFIT</b>	<b>6,052,243</b>
Payroll	3,438,985
Utilities	536,500
Operating Expenses	2,008,843
Repairs and Maintenance	284,090
<b>TOTAL EXPENSES</b>	<b>6,268,418</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ (216,175)</b>

The Golf Operations Budget is comprised of the Pro Shops and Maintenance Departments of Desert Springs, Granite Falls (North and South courses) and Cimarron.

SUN CITY GRAND COMMUNITY ASSOCIATION, INC.

TOTAL OPERATIONS

OPERATING RESULTS AT 11-30-03

	Nov-03		Nov-03		YTD		YTD		I/A		Budget		Variance	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	CY03	CY03	CY03	CY03	Fav/(Unfav)	Fav/(Unfav)
<b>TOTAL OPERATIONS</b>														
Recreation Center	\$ 544,678	\$ 504,254	\$ 40,424		\$ 5,144,322	\$ 5,144,345	\$ 269,977		\$ 5,923,852	\$ 5,653,870	\$ 269,982		\$ 269,982	
Golf Operations	547,572	618,683	(71,111)		4,925,112	5,443,305	(518,193)		5,482,865	6,023,747	(540,882)		(540,882)	
<b>TOTAL REVENUE</b>	<b>1,092,250</b>	<b>1,122,937</b>	<b>(30,687)</b>		<b>10,339,434</b>	<b>10,587,650</b>	<b>(248,216)</b>		<b>11,406,717</b>	<b>11,677,617</b>	<b>(270,900)</b>		<b>(270,900)</b>	
Cost of Sales	43,993	46,819	2,826		403,268	483,669	80,401		447,141	535,487	88,346		88,346	
<b>GROSS PROFIT</b>	<b>1,048,257</b>	<b>1,076,118</b>	<b>(27,861)</b>		<b>9,936,167</b>	<b>10,103,981</b>	<b>(167,814)</b>		<b>10,959,577</b>	<b>11,142,130</b>	<b>(182,553)</b>		<b>(182,553)</b>	
Payroll	452,917	521,910	68,993		5,214,359	5,632,399	418,040		5,709,429	6,155,091	445,662		445,662	
Utilities	114,970	111,420	(3,550)		1,243,056	1,284,570	41,514		1,360,226	1,401,740	41,514		41,514	
Operating Expenses	427,534	386,419	(41,115)		4,351,618	4,646,134	294,516		4,720,219	5,032,434	312,215		312,215	
Repair and Maintenance	50,166	38,125	(12,041)		477,635	475,075	(2,560)		515,885	513,450	(2,435)		(2,435)	
<b>TOTAL EXPENSES</b>	<b>1,045,587</b>	<b>1,057,874</b>	<b>12,287</b>		<b>11,286,667</b>	<b>12,038,178</b>	<b>751,511</b>		<b>12,305,758</b>	<b>13,102,715</b>	<b>796,957</b>		<b>796,957</b>	
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ 2,670</b>	<b>\$ 18,244</b>	<b>\$ (15,574)</b>		<b>\$ (1,350,507)</b>	<b>\$ (1,934,197)</b>	<b>\$ 583,696</b>		<b>\$ (1,346,182)</b>	<b>\$ (1,960,585)</b>	<b>\$ 614,403</b>		<b>\$ 614,403</b>	
Depreciation & Amortization	9,791	9,606	(185)		106,835	111,089	4,254		116,355	120,602	4,247		4,247	
Capital Assets Purchased	-	-	-		72,030	59,000	13,030		62,651	59,000	3,651		3,651	
<b>DEL WEBB SUBSIDY</b>	<b>(12,460)</b>	<b>(27,850)</b>	<b>15,390</b>		<b>1,315,696</b>	<b>1,882,108</b>	<b>(566,412)</b>		<b>1,292,478</b>	<b>1,898,983</b>	<b>(606,505)</b>		<b>(606,505)</b>	
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>\$ (9,791)</b>	<b>\$ (9,606)</b>	<b>\$ (185)</b>		<b>\$ (34,805)</b>	<b>\$ (52,089)</b>	<b>\$ 17,284</b>		<b>\$ (53,703)</b>	<b>\$ (61,602)</b>	<b>\$ 7,899</b>		<b>\$ 7,899</b>	

	Nov-03		Nov-03		YTD		YTD		I/A		Budget		Variance	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	CY03	CY03	CY03	CY03	Fav/(Unfav)	Fav/(Unfav)
<b>Operating Surplus/(Deficit)</b>														
Recreation Center	(31,795)	(82,789)	50,994		(571,604)	(1,332,682)	761,078		(623,066)	(1,409,696)	786,630		786,630	
Golf Operations	34,465	101,033	(59,637)		(778,896)	(601,515)	(177,381)		(723,115)	(550,869)	(172,226)		(172,226)	
<b>Total Operating Surplus/(Deficit)</b>	<b>2,670</b>	<b>18,244</b>	<b>(8,643)</b>		<b>(1,350,501)</b>	<b>(1,934,197)</b>	<b>\$ 583,696</b>		<b>\$ (1,346,182)</b>	<b>(1,960,585)</b>	<b>\$ 614,403</b>		<b>\$ 614,403</b>	



SUN CITY GRASS-COMMUNITY ASSOCIATION, INC.  
 TOTAL OPERATIONS  
 OPERATING RESULTS AT 11-30-03

	Nov-03		Nov-03		Variance Fav/(Unfav)	YTD Actual	YTD Budget	Variance Fav/(Unfav)	I/A CY03	Budget CY03	Variance Fav/(Unfav)
	Actual	Budget	Budget	Actual							
Costs and Expenses											
COS - Recreation Center	23,873	18,884	18,884	(4,989)	223,911	217,174	(6,737)	242,255	235,518	(6,737)	
COS - Golf Operations	20,119	27,935	27,935	7,816	179,356	266,495	87,139	204,885	299,969	95,084	
<b>Total COS</b>	<b>43,993</b>	<b>46,819</b>	<b>46,819</b>	<b>2,826</b>	<b>403,268</b>	<b>483,669</b>	<b>80,401</b>	<b>447,141</b>	<b>535,487</b>	<b>88,346</b>	
Payroll - Recreation Center	194,765	234,213	234,213	39,448	2,203,854	2,538,896	335,042	2,426,050	2,773,125	347,075	
Payroll - Golf Operations	258,152	287,697	287,697	29,545	3,010,504	3,093,503	82,999	3,283,378	3,381,966	98,588	
<b>Total Payroll</b>	<b>452,917</b>	<b>521,910</b>	<b>521,910</b>	<b>68,993</b>	<b>5,214,359</b>	<b>5,632,399</b>	<b>418,040</b>	<b>5,709,429</b>	<b>6,155,091</b>	<b>445,662</b>	
Utilities - Recreation Center	80,604	75,650	75,650	(4,954)	773,885	762,100	(11,785)	854,785	843,000	(11,785)	
Utilities - Golf Operations	34,367	35,770	35,770	1,403	469,171	522,470	53,299	505,441	558,740	53,299	
<b>Total Utilities</b>	<b>114,970</b>	<b>111,420</b>	<b>111,420</b>	<b>(3,550)</b>	<b>1,243,056</b>	<b>1,284,570</b>	<b>41,514</b>	<b>1,360,226</b>	<b>1,401,740</b>	<b>41,514</b>	
Operating Expenses - Recreation Center	255,575	244,261	244,261	(11,314)	2,628,932	2,807,147	178,215	2,854,449	3,046,178	191,729	
Operating Expenses - Golf Operations	171,959	142,158	142,158	(29,801)	1,722,686	1,838,987	116,301	1,865,770	1,986,256	120,486	
<b>Total Operating Expenses</b>	<b>427,534</b>	<b>386,419</b>	<b>386,419</b>	<b>(41,115)</b>	<b>4,351,618</b>	<b>4,646,134</b>	<b>294,516</b>	<b>4,720,219</b>	<b>5,032,434</b>	<b>312,215</b>	
Repair and Maintenance - Recreation Center	21,656	14,035	14,035	(7,621)	155,345	151,710	(3,635)	169,380	165,745	(3,635)	
Repair and Maintenance - Golf Operations	28,510	24,090	24,090	(4,420)	322,290	323,365	1,075	346,505	347,705	1,200	
<b>Total Repairs and Maintenance</b>	<b>50,166</b>	<b>38,125</b>	<b>38,125</b>	<b>(12,041)</b>	<b>477,635</b>	<b>475,075</b>	<b>(2,560)</b>	<b>515,885</b>	<b>513,450</b>	<b>(2,435)</b>	
Total Expenses - Recreation Center	552,600	568,159	568,159	15,559	5,762,015	6,259,853	497,838	6,304,663	6,828,048	523,385	
Total Expenses - Golf Operations	492,988	489,715	489,715	(3,273)	5,524,652	5,778,325	253,673	6,001,095	6,274,667	273,572	
<b>Total Expenses</b>	<b>1,045,587</b>	<b>1,057,874</b>	<b>1,057,874</b>	<b>12,287</b>	<b>11,286,667</b>	<b>12,038,178</b>	<b>751,511</b>	<b>12,305,758</b>	<b>13,102,715</b>	<b>796,957</b>	

	Nov-03		Nov-03		Variance Fav/(Unfav)	YTD Actual	YTD Budget	Variance Fav/(Unfav)	I/A CY03	Budget CY03	Variance Fav/(Unfav)
	Actual	Budget	Budget	Actual							
Def Webb Subsidy											
Subsidy - Recreation Center	25,974	77,224	77,224	(51,250)	514,774	1,267,726	(752,952)	560,671	1,339,176	(778,505)	
Subsidy - Golf Operations	(38,435)	(105,074)	(105,074)	66,639	800,922	614,382	186,540	731,807	559,807	172,000	
<b>Total Subsidy</b>	<b>(12,460)</b>	<b>(27,850)</b>	<b>(27,850)</b>	<b>15,390</b>	<b>1,315,696</b>	<b>1,882,108</b>	<b>(566,412)</b>	<b>1,292,478</b>	<b>1,898,983</b>	<b>(606,505)</b>	

RECREATION CENTER  
INCOME STATEMENT  
FOR THE MONTH AND CALENDAR YEAR TO DATE PERIOD THROUGH OCTOBER 31, 2003

	MONTH			YEAR TO DATE		
	Actual	Budget	Variance Fav/(Unfav)	Actual	Budget	Variance Fav/(Unfav)
HOA Assessments	\$ 424,047	\$ 407,413	\$ 16,634	\$ 3,767,131	\$ 3,765,968	\$ 1,163
Special Events	28,566	8,260	20,306	114,147	83,100	31,047
Newsletter	15,734	15,200	534	156,508	152,000	4,508
Room Rental	31,947	22,145	9,802	198,334	170,150	28,184
Other Revenue	63,004	49,937	13,067	633,524	468,873	164,651
<b>TOTAL REVENUE</b>	<b>563,298</b>	<b>502,955</b>	<b>60,343</b>	<b>4,869,644</b>	<b>4,640,091</b>	<b>229,553</b>
Cost of Sales	30,641	19,784	(10,857)	200,038	198,290	(1,748)
<b>GROSS PROFIT</b>	<b>532,658</b>	<b>483,171</b>	<b>49,487</b>	<b>4,669,606</b>	<b>4,441,801</b>	<b>227,805</b>
Payroll	196,102	233,245	37,143	2,009,089	2,304,683	295,594
Utilities	86,981	70,700	(16,281)	693,281	686,450	(6,831)
Operating Expenses	234,309	274,586	40,277	2,373,357	2,562,886	189,529
Repair and Maintenance	10,085	14,035	3,950	133,688	137,675	3,987
<b>TOTAL EXPENSES</b>	<b>527,476</b>	<b>592,566</b>	<b>65,090</b>	<b>5,209,416</b>	<b>5,691,694</b>	<b>482,278</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 5,182</b>	<b>\$ (109,395)</b>	<b>\$ 114,577</b>	<b>\$ (539,809)</b>	<b>\$ (1,249,893)</b>	<b>\$ 710,084</b>

GOLF AND PRO SHOP OPERATIONS  
INCOME STATEMENT  
FOR THE MONTH AND CALENDAR YEAR TO DATE PERIOD THROUGH OCTOBER 31, 2003

	MONTH			YEAR TO DATE		
	Actual	Budget	Variance Fav/(Unfav)	Actual	Budget	Variance Fav/(Unfav)
Annual Golf Pass	\$ 143,922	\$ 137,026	\$ 6,896	\$ 1,339,632	\$ 1,309,640	\$ 29,992
Flex Pass	2,582	6,237	(3,655)	208,349	212,521	(4,172)
Resident Golf Fees	84,564	60,275	24,289	1,244,252	1,265,615	(21,363)
Resident Guest Fees	20,953	11,013	9,940	533,855	490,983	42,872
Non-Resident Golf Fees	26,035	15,959	10,076	583,505	880,263	(296,758)
Pro Shop Merchandise	21,788	16,200	5,588	226,363	234,200	(7,837)
Snack Shop	-	8,400	(8,400)	28,466	212,100	(183,634)
Other Revenue	19,578	19,670	(92)	213,117	219,300	(6,183)
<b>TOTAL REVENUE</b>	<b>319,421</b>	<b>274,780</b>	<b>44,641</b>	<b>4,377,540</b>	<b>4,824,622</b>	<b>(447,082)</b>
Cost of Sales	15,344	14,650	(694)	159,237	238,560	(79,323)
<b>GROSS PROFIT</b>	<b>304,077</b>	<b>260,130</b>	<b>43,947</b>	<b>4,218,303</b>	<b>4,586,062</b>	<b>(367,759)</b>
Payroll	284,640	286,248	1,608	2,752,352	2,805,806	53,454
Utilities	44,536	47,720	3,184	434,805	486,700	51,895
Operating Expenses	160,994	175,733	14,739	1,550,727	1,696,829	146,102
Repair and Maintenance	43,264	32,790	(10,474)	293,780	299,275	5,495
<b>TOTAL EXPENSES</b>	<b>533,434</b>	<b>542,491</b>	<b>9,057</b>	<b>5,031,664</b>	<b>5,288,610</b>	<b>256,946</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ (229,357)</b>	<b>\$ (282,361)</b>	<b>\$ 53,004</b>	<b>\$ (813,361)</b>	<b>\$ (702,548)</b>	<b>\$ (110,813)</b>

TOTAL OPERATIONS  
INCOME STATEMENT  
FOR THE MONTH AND CALENDAR YEAR TO DATE PERIOD THROUGH OCTOBER 31, 2003

	MONTH			YEAR TO DATE		
	Actual	Budget	Variance Fav/(Unfav)	Actual	Budget	Variance Fav/(Unfav)
Recreation Center	\$ 563,298	\$ 502,955	\$ 60,343	\$ 4,869,644	\$ 4,640,091	\$ 229,553
Golf Operations	319,421	274,780	44,641	4,377,540	4,824,622	(447,082)
<b>TOTAL REVENUE</b>	<b>882,720</b>	<b>777,735</b>	<b>104,985</b>	<b>9,247,185</b>	<b>9,464,713</b>	<b>(217,528)</b>
Cost of Sales	45,985	34,434	(11,551)	359,275	436,850	77,575
<b>GROSS PROFIT</b>	<b>836,735</b>	<b>743,301</b>	<b>93,434</b>	<b>8,887,910</b>	<b>9,027,863</b>	<b>(139,953)</b>
Payroll	480,742	519,493	38,751	4,761,442	5,110,489	349,047
Utilities	131,517	118,420	(13,097)	1,128,086	1,173,150	45,064
Operating Expenses	395,303	450,319	55,016	3,924,083	4,259,715	335,632
Repair and Maintenance	53,348	46,825	(6,523)	427,469	436,950	9,481
<b>TOTAL EXPENSES</b>	<b>1,060,910</b>	<b>1,135,057</b>	<b>74,147</b>	<b>10,241,080</b>	<b>10,980,304</b>	<b>739,224</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ (224,175)</b>	<b>\$ (391,756)</b>	<b>\$ 167,581</b>	<b>\$ (1,353,171)</b>	<b>\$ (1,952,441)</b>	<b>\$ 599,270</b>
DEL WEBB SUBSIDY	214,360	382,125	(167,765)	1,328,156	1,909,958	(581,802)
<b>NET SURPLUS/(DEFICIT)</b>	<b>\$ (9,815)</b>	<b>\$ (9,631)</b>	<b>(184)</b>	<b>\$ (25,014)</b>	<b>\$ (42,483)</b>	<b>\$ 17,469</b>

**RESERVE FUND  
OCTOBER 2003**

	NEIGHBORHOODS	REC CENTER	GOLF COURSE	TOTAL
Beginning Balance	\$ 98,709	\$ 1,475,758	\$ 1,107,473	\$ 2,681,940
Additions	955	53,939	32,324	87,218
Expenditures	-	(4,189)	(35,977)	(40,166)
Ending Balance	\$ 99,664	\$ 1,525,508	\$ 1,103,820	\$ 2,728,993

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
2004													
<b>EXPENDITURES:</b>													
Pool Service Contract	475	475	475	475	475	475	475	475	475	475	475	475	5700
Pool Chemicals	100	100	100	200	300	300	300	400	400	300	200	100	2950
Pool Repairs	100	100	100	100	100	100	100	100	100	100	100	100	1200
Total Pool Expense	675	675	675	775	875	875	875	875	875	875	775	675	9850
Water	4100	4100	4100	4100	4100	4100	4100	4100	4100	4100	4100	4100	49200
Electricity	620	620	620	620	620	620	620	620	620	620	620	620	7440
Gas	2800	2800	2800	2200	1500	1000	500	500	500	1000	1500	2500	18800
Telephones (Elevators)	328	328	328	328	328	328	328	328	328	328	328	328	328
Total Utilities	7948	7920	7520	6920	6220	4820	3220	5220	5220	5720	6220	7220	75440
Elevator Service Contract	2259	2259	2259	2259	2259	2259	2259	2259	2259	2259	2259	2259	27108
Laportier Service Contract	450	450	450	450	450	450	450	450	450	450	450	450	5400
Cleaning Contract Window	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	16800
Street Sweeping	152	152	152	152	152	152	152	152	152	152	152	152	1824
Total Contracts	4261	4261	4261	4261	4261	4261	4261	4261	4261	4261	4261	4261	39932
Trees Maintenance							2600		800				3400
Trees / Repair							100						200
Trees / Water													0
Trees/Electricity													0
Total Tree Maint.							2600		800				3600
General Reserve	900	900	900	900	900	900	900	900	900	900	900	900	10800
Reserve Contrib. from WC	1750	1750	1750	1750	1750	1750	1750	1750	1750	1750	1750	1750	21120
Taxes	2650	2650	2650	2650	2650	2650	2650	2650	2650	2650	2650	2650	31920
Total Reserve Exp	4650	4650	4650	4650	4650	4650	4650	4650	4650	4650	4650	4650	53950
<b>TOTAL EXPENDITURES:</b>													
END OF MO. CASH BAL. (Cont)	984	3204	2084	1525	2827	2551	508	3155	2594	-1758	2575	1489	
CUMULATIVE RESERVE	2560	5320	7980	10840	13300	15650	18520	21290	23940	26500	29280	31920	31920

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
2004													
<b>EXPENDITURES:</b>													
Pool Service Contract	475	475	475	475	475	475	475	475	475	475	475	475	5700 Routine
Pool Chemicals	100	100	100	100	100	100	100	100	100	100	100	100	2860 Al chem
Pool Repairs	100	100	100	100	100	100	100	100	100	100	100	100	1200 Pool rep
Total Pool Expense	675	675	675	675	675	675	675	675	675	675	675	675	9860
Water	4100	4100	4100	4100	4100	4100	4100	4100	4100	4100	4100	4100	49200 Infrason
Electricity	620	620	620	620	620	620	620	620	620	620	620	620	7440 Parking li
Gas	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	2800	18800 Clubhouse
Telephones (Elevators)	328	328	328	328	328	328	328	328	328	328	328	328	328 0 lines
Total Utilities	7848	7848	7848	7848	7848	7848	7848	7848	7848	7848	7848	7848	75440
Elevator Service Contract	2259	2259	2259	2259	2259	2259	2259	2259	2259	2259	2259	2259	27108 Routine
Janitorial Service Contract	450	450	450	450	450	450	450	450	450	450	450	450	5400 Cleaning
Clearing Contract Window	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	1400	5600 Window
Street Sweeping	152	152	152	152	152	152	152	152	152	152	152	152	1824 Parking li
Total Contracts	4261	4261	4261	4261	4261	4261	4261	4261	4261	4261	4261	4261	39932 Excludes
Trees Maintenance													3400
Trees / Repair													200
Trees / Water													0
Trees / Electricity													0
Total Tree Maint.	0	0	0	0	0	0	0	0	0	0	0	0	3600
General Reserve	900	900	900	900	900	900	900	900	900	900	900	900	10800 Estimate
Reserve Contrib. from WC	1760	1760	1760	1760	1760	1760	1760	1760	1760	1760	1760	1760	21120 working
Taxes	2060	2060	2060	2060	2060	2060	2060	2060	2060	2060	2060	2060	0
Total Reserve Exp	48160	48160	48160	48160	48160	48160	48160	48160	48160	48160	48160	48160	539600
TOTAL EXPENDITURES:	904	2204	2061	1625	2627	2581	505	3165	2594	-1758	2576	1489	
END OF MO. CASH BAL. (Cem)	2690	5320	7980	10240	13300	15860	18620	21280	23940	26600	28260	31920	
CUMULATIVE RESERVE													



