

Title Security Agency, LLC
WHEN RECORDED, RETURN TO:

Meritage Homes of Arizona, Inc.
17851 N. 85th Street, Suite 300
Scottsdale, Arizona 85255
Attention: Regional Counsel

5580388-JAS

MEMORANDUM OF PROPERTY OWNERS AGREEMENT AND NOTICE

By this Memorandum of Agreement and Notice (this "Memorandum") entered into as of the 1 day of Sept, 2016, by and between ORO VALLEY LOFTS, LLC, a Washington limited liability company ("Lofts") and MERITAGE HOMES OF ARIZONA, INC., an Arizona corporation ("Meritage"), hereby declare as follows:

RECITALS

- A. Lofts and Meritage are parties to that certain Property Owners Agreement (the "Property Owners Agreement") dated April 29, 2016. Capitalized terms used in this Memorandum, which are not defined in this Memorandum, shall have the meanings ascribed to them in the Property Owners Agreement.
- B. Lofts owns that certain parcel of real property of approximately 10 acres legally described on **Exhibit A** attached hereto ("Lofts Parcel").
- C. Meritage owns that certain parcel of real property of approximately 132.24 acres legally described on **Exhibit B** attached hereto ("Meritage Parcel").
- D. Lofts and Meritage wish to give general notice to all persons dealing with the Lofts Parcel of the existence of certain obligations under the Property Owners Agreement.

MEMORANDUM

1. In order to provide legal and physical access for the Lofts Parcel to First Ave. across the Meritage Parcel, the Parties agree to the following:

- a) Naranja Easement: Subject to the terms of the Property Owners Agreement, Capri shall grant to Lofts a permanent, non-exclusive easement on and over Naranja Drive ("Naranja"), a private roadway, commencing at its intersection with First Ave. then extending easterly over Naranja through its intersection with Village Canyon Ave., and continuing easterly across an unimproved strip of Naranja to its connection with Lofts Parcel (the "Naranja Easement"), as shown on the Final Site Plan. The document that will establish the Naranja Easement includes a termination provision with respect to vehicular access (but not with respect to the right to locate utilities along the Lofts Segment of the Naranja Easement) if Lofts uses the Triangle Easement (as defined in the Property Owners Agreement). The Naranja Easement will be effective upon recording



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No. Pages: 8
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F. ANN RODRIGUEZ, RECORDER
Recorded By: JSH(e-recording)



and is limited to use by residential users of the Lofts Parcel whose residential lot and improvements are developed and constructed according to the following:

- i) The use of each lot in the Lofts Parcel must be for a single family detached home, townhome, or condominium, each with an original purchase price set by Lofts or its successor developer of at least \$300,000 as reflected on a HUD Settlement Statement for each transaction as the selling price of the lot and residence thereon.
- ii) Architectural Design criteria for each lot and residence must comply with the Town of Oro Valley standards, and
- iii) The use of the Lofts Parcel shall be limited to fifty (50) residential units.

2. Lofts shall transfer all of its title and interest in the Naranja Easement to a Home Owners Association (the "Lofts HOA"), which shall be an Arizona corporation formed to own, operate, regulate and maintain the residential common area of the Lofts Parcel, including its interest in the Naranja Easement. Regarding the formation of the Lofts HOA, the Parties further agree to the following:

- a) Creation of CCRS: The Lofts HOA's obligation to pay its allocated share of maintenance costs defined in this Agreement shall be:
 - i) Set forth in Lofts HOA governing documents in the form of Covenants, Conditions and Restrictions recorded against the Lofts Parcel ("Lofts CCRS"), and
 - ii) Set forth in the Lofts CCRS with such obligation to SilverHawke HOA secured by an assessment lien against the Lofts Parcel, if subdivided, all in favor of Lofts HOA and SilverHawke HOA;
- b) Review: Prior to establishing the Lofts CCRS, Lofts will provide to Capri, or its successors and assigns, for its review and comment the sections of the Lofts CCRS that pertain to the Naranja Easement ingress and egress, and the Lofts HOA's maintenance sharing obligations related to the Naranja Easement;
- c) Assessments: Lofts HOA shall collect on a quarterly basis, or on another periodic basis otherwise agreed to by the Parties, the assessment for maintenance of the Naranja Easement directly from owners of the Loft Parcel, as it may be subdivided, and pay its allocated share of maintenance costs directly to SilverHawke HOA. All amounts due under this provision shall bear interest at 18% per annum until paid. Any attorney fees, costs or expenses incurred to collect amounts due for maintenance costs for the Naranja Easement shall be recoverable and awarded to the party entitled thereto. Neither Meritage, Capri, nor the SilverHawke HOA shall have any obligation to perform any maintenance on the Lofts Segment of the Naranja Easement during any period of time in which payments from the Lofts HOA is in arrears.

All of the other terms, conditions and agreement contained within the Property Owners Agreement are fully incorporated herein by reference as if fully set forth herein. This Memorandum is not intended to change any of the terms of the Property Owners Agreement. A copy of the provisions of the Property Owners Agreement can be obtained from Meritage at the address set forth in the upper left-hand corner hereof.

IN WITNESS WHEREOF, the undersigned has executed this Memorandum of Agreement and Notice intending to be legally bound hereby as of the 2nd day of May, 2016.

Meritage Homes of Arizona, Inc.,
an Arizona corporation

By:
Its:

Jeff Grobstein
President

STATE OF Arizona)
) ss.
County of Pima)

Acknowledged before me this 2nd day of May, 2016, by Jeff Grobstein, the President of Meritage Homes of Arizona, Inc., an Arizona corporation, for and on behalf thereof.

My Commission Expires:
09/30/2017

Becky A. Callahan
Notary Public



BECKY A. CALLAHAN
Notary Public - Arizona
Pima County
Expires 09/30/2017

ORO VALLEY LOFTS, LLC, a Washington
limited liability company.

By: _____
Its: _____

STATE OF _____)
) ss.
County of _____)

Acknowledged before me this _____ day of _____, 2016, by _____, the _____ of Oro Valley Lofts, LLC, a Washington limited liability company, for and on behalf thereof.

My Commission Expires: _____

Notary Public

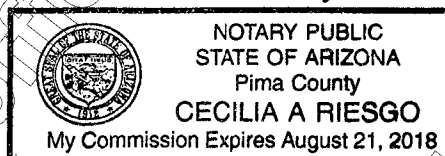


Exhibit A to Memorandum of Property Owners Agreement and Notice

LEGAL DESCRIPTION OF LOFTS PARCEL

**The Southwest quarter of the Southwest quarter of the Southeast quarter of Section 6,
Township 12 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County,
Arizona.**

Exhibit B to Memorandum of Property Owners Agreement and Notice

January 6, 2016

WLB No. 1820523-J002

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**LEGAL DESCRIPTION
SANCTUARY AT SILVERHAWK**

That portion of Section 6, Township 12 South, Range 14 East, Gila and Salt River Meridian, Pima County, Arizona, more particularly described as follows:

COMMENCING at the Southwest corner of said section 6 from which the West quarter corner of said Section 6 bears N 00°08'46" W (basis of bearings), a distance of 2628.74 feet;

THENCE S 89°10'07" E, along the South line of the Southwest quarter of said Section 6; a distance of 75.00 feet to the East right-of-way line of First Avenue and the **POINT OF BEGINNING**;

THENCE continue S 89°10'07" E, continuing along said South line, a distance of 2542.65 feet to the South quarter corner thereof;

THENCE N 00°15'43" W, along the mid-section line, a distance of 659.45 feet to the Southwest corner of the Northwest quarter of the Southwest quarter of the Southeast quarter of said Section 6;

THENCE S 89°35'21" E, along the South line of the Northwest quarter of the Southwest quarter of the Southeast quarter of said Section 6, a distance of 653.42 feet the Southeast corner thereof;

THENCE N 00°11'59" W, along the East line of the Northwest quarter of the Southwest quarter of the Southeast quarter of said Section 6, a distance of 658.57 feet to the Northeast corner thereof;

THENCE N 89°30'47" W, along the North line of the Northwest quarter of the Southwest quarter of the Southeast quarter of said Section 6, a distance of 654.15 feet to the Northwest corner thereof;

THENCE N 00°15'43" W, along the mid-section line of said Section 6, a distance of 1273.88 feet to the South right-of-way line of Palisades Road;

THENCE N 89°21'41" W, along said South line, a distance of 1249.10 feet to the Northeast corner of that parcel as recorded in Docket 10978, Page 3238, Pima County Records;

THENCE S 11°07'00" E, along the Easterly line of said parcel, a distance of 206.74 feet to the Southeast corner thereof;

January 6, 2016

WLB No. 1820523-J002

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THENCE N 89°22'57" W, along the South line of said Parcel, a distance of 70.38 feet to the East line of the Northwest quarter of the Southwest quarter of said Section 6;

THENCE S 00°08'46" W, along said East line, a distance of 1072.56 feet to the Southeast corner of said Northwest quarter of the Southwest quarter of said Section 6;

THENCE N 89°21'41" W, along the South line of Northwest quarter of the Southwest quarter of said Section 6, a distance of 920.00 feet to a point on a line 400.00 feet East of and parallel with the West line of the Southwest quarter of said Section 6;

THENCE N 00°08'46" E, along said parallel line, a distance of 1140.00 feet to the Southeast corner of that certain parcel as recorded in Docket 13941, Page 1641, Pima County Records;

THENCE N 89°21'41" W, along the South line of said parcel, a distance of 325.00 feet to the Southwest corner thereof on the East right-of-way line of First Avenue;

THENCE S 00°08'46" W, along said East right-of-way line, a distance of 2448.99 feet to the POINT OF BEGINNING.

CONTAINING: 5,760,496 square feet or 132.24 acres of land, more or less.

Prepared by:
THE WLB GROUP, INC

Peter D. Cote, RLS 44121



EXPIRES 3-31-2018

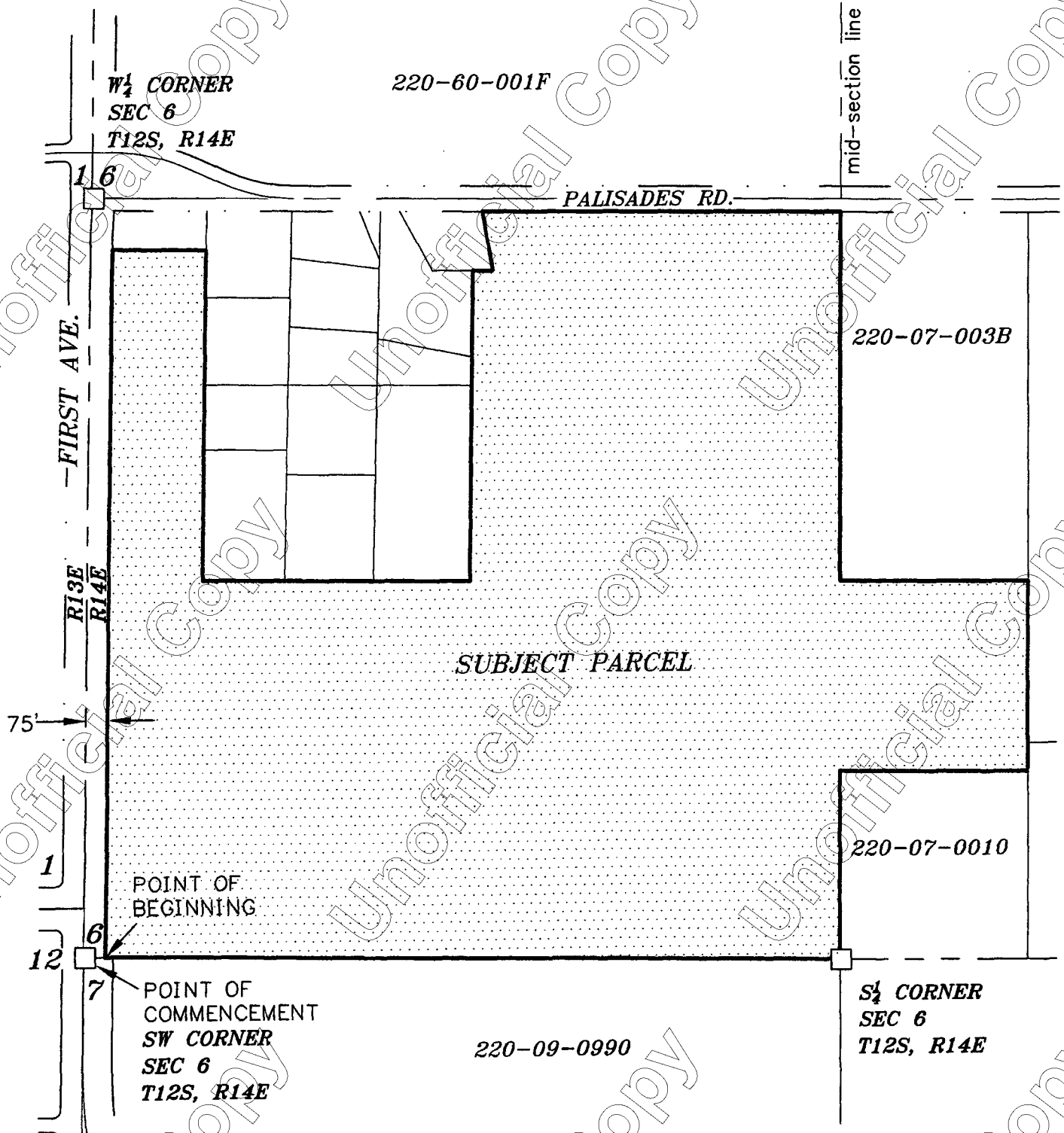


EXHIBIT TO ACCOMPANY DESCRIPTION OF
THE SANCTUARY AT SILVERHAWK
SECTION 6, T-12S, R-14E, G.S.R.M.,
PIMA COUNTY, ARIZONA

