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February 19, 2008

Mr. Ronald P. Serafinowicz
Circle G Pegasus, L.L.C.
2152 South Vineyard, Suite 105
Mesa, Arizona 85210

Re: Amendment of Declaration in Regard to Two Story Residences.

Dear Ron:

This letter is in response to a recent inquiry from Dave Hatch regarding the process required to amend the Declaration in order to allow two story dwellings within all of Circle G Pegasus.

As you are aware, presently the Declaration contemplates different restrictions on the various Phases in regard to two story homes. The applicable restrictions are as follows:

Phase One: Any home may be two story, provided that (i) the home otherwise meets the square footage requirements, and (ii) no more than 40% of the total square footage is contained in the second story.

Phase Two: Only those lots identified as 50 through 62, inclusive, and lot 104 may be two story; they must also (i) meet the square footage requirements (which are different in Phase Two than those given for Phase One), and (ii) be designed so that no more than 40% of the total square footage is contained in the second story.

Phases Three and Four: No residence can exceed one story in height. Allowance is made for homes with steep pitched roofs to have dormers and gables.

In order to change any of these restrictions for the various Phases the Declaration must be amended. And, in answer to the specific question asked, that amendment would require the approval of the owners owning not less than seventy-five percent of the lots within all four Phases. Once a property has been annexed it becomes a part of the overall master planned development and subject to Section 12.6 of the "master" Declaration. There are no separate provisions in the Supplementary Declarations for their independent amendments.

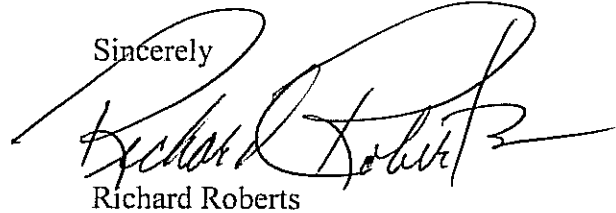
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I recognize that this opinion runs contrary to the fact that the Supplementary Declaration was amended twice. However, those amendments were both recorded shortly after the Supplementary Declaration and resulted from the Declarant attempting to correct and "fine tune" a document recorded by the Declarant fully in accordance with its annexing powers. Such seems to be a considerably different situation than seeking to change permitted construction years after the restrictions were adopted and applied to numerous homeowners.

Hopefully, this fully answers your questions. Please call if we need to discuss it further.

Sincerely

A handwritten signature in black ink, appearing to read "Richard Roberts", with a large, stylized flourish extending from the end of the signature.

Richard Roberts