

When recorded, mail to:

Donald E. Dyekman, Esq.
Mariscal, Weeks, McIntyre & Friedlander, P.A.
2901 North Central Avenue, Suite 200
Phoenix, Arizona 85012

**FIRST AMENDMENT TO AMENDED AND RESTATED DECLARATION
OF CONDOMINIUM FOR THE VILLAS AT RED MOUNTAIN,
A CONDOMINIUM DEVELOPMENT**

This First Amendment to Amended and Restated Declaration of Condominium for The Villas at Red Mountain, a Condominium Development (this "First Amendment") is made as of this 4th day of March, 2003 by Pivotal Mark II, L.L.C., an Arizona limited liability company (the "Declarant") and by The Villas at Red Mountain Owner Association, Inc., a Utah nonprofit corporation (the "Condominium Association").

RECITALS

A. An Amended and Restated Declaration of Condominium for The Villas at Red Mountain, a Condominium Development, was recorded on February 11, 2003, in Book 1521, Pages 2439 through 2517, in the official records of Washington County, Utah (the "Declaration") amending and restating in its entirety the Declaration of Condominium for The Villas at Red Mountain, a Condominium Development, recorded on January 2, 2003 in Book 1512, pages 1911 through 1956, in the official records of Washington County, Utah, which had submitted the real property described on Exhibit A attached to the Declaration to a condominium pursuant to the Utah Condominium Ownership Act.

B. Each capitalized term used in this First Amendment shall the meaning given to such term in the Declaration.

C. Article 21 of the Declaration provides that the Declaration may be amended only by the affirmative vote or written consent of at least a bare majority of the Total Votes of the Condominium Association. The Declarant owns all of the Units, and therefore, holds all the Total Votes of the Condominium Association. Article 21 further provides that any amendment to the Declaration shall be evidenced by an instrument containing a certification from an officer of the Condominium Association designated for that purpose, or in their absence such an agent, by the President of the Condominium Association that the appropriate consent has been obtained.

D. Section 8.1 of the Declaration reserved to the Declarant the option to expand the Project by annexing and adding the Additional Land without the prior consent of the Owners or the Condominium Association. Under Section 8.1, the exercise by the Declarant of the Option to Expand must be accomplished by the recording of survey map under Subsection 57-8-13(2) of the Act together with an amendment to the Declaration containing the legal description of the

land added to the Project and such other provisions as are required by Section 57-8-13.6 of the Act.

E. The Declarant desires to exercise its Option to Expand by annexing and adding the Additional Land. In addition, the Declarant desires to make certain other amendments to the Declaration.

AMENDMENT

NOW THEREFORE, the Declaration is amended as follows:

1. Pursuant to the Option to Expand reserved by the Declarant in Section 8.1 of the Declaration, the Declarant hereby annexes and adds to the Project the Additional Land which is legally described on Exhibit A attached hereto. A reduced copy of the survey map of the Additional Land which has been or will be subdivided as The Villas at Red Mountain, Phase II is attached hereto as Exhibit B. The Declarant is the owner of fee title to the Additional Land.

2. Section 8.1.5 of the Declaration provides that the undivided interest in the Common Areas and Facilities for all Units shall be reallocated at the time the Declarant exercises its Option to Expand so that each Unit has an equal undivided interest. Accordingly, upon the recording of this First Amendment with the County Recorder of Washington County, Utah, the undivided interest in the Common Areas and Facilities of each Unit shall be 1/52nd.

3. The voting rights of each Owner of a Unit in the Additional Land shall vest upon the recording of this First Amendment in the official records of Washington County, Utah.

4. The definition of "Map" in Section 2.22 of the Declaration is amended to include a reference to the survey map of The Villas Red Mountain Phase II, a reduced copy of which is attached to this First Amendment as Exhibit B.

5. The following Section 12.5 is added to the Declaration:

12.5 Option to Contract The Declarant expressly reserves an option to contract (the "Option to Contract") the Project by withdrawing from the Project all or any part of that portion of the Additional Land which is legally described by metes and bounds on Exhibit C attached to this Declaration ("the Withdrawable Land"). The Option to Contract shall expire seven (7) years from the date of the recording of this Declaration. The Declarant is not obligated to exercise its Option to Contract with respect to any portion of the Additional Land. The Declarant may exercise its Option to Contract without the prior consent of the Owners or the Condominium Association. Portions of the Withdrawable Land may be withdrawn from the Project at different times. The Declarant's Option to Contract does not extend to the real property described on Exhibits A and E attached to this Declaration. Any exercise by the Declarant of the Option to

Contract shall occur at the time of the recording of an Amendment to the Declaration, executed by the Declarant, containing a legal description by metes and bounds of the land withdrawn from the Project. Any portion of the Withdrawable Land which is withdrawn by the Declarant may be annexed and added to the Project thereafter in accordance with Section 8.1.

6. Exhibit E attached hereto is hereby added as Exhibit E to the Declaration.

7. The Declarant shall not be obligated to construct all of the Buildings and Common Areas and Facilities shown on the survey map of The Villas at Red Mountain, Phase H. The Declarant makes no representation or warranty with respect to whether all of the Buildings within the Additional Land will be constructed. The Buildings on the Additional Land may be constructed in any order.

8. Except as expressly amended by this First Amendment, the Declaration shall remain unchanged and in full force and effect. In the event of any conflict or inconsistency between provisions of this First Amendment and the Declaration, this First Amendment shall control.

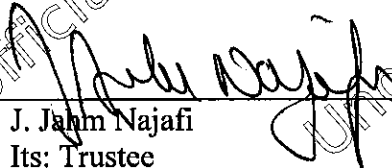
9. The President of the Condominium Association, by executing this First Amendment, certifies that the appropriate consent to this First Amendment has been obtained.

PIVOTAL MARK II, L.L.C., an Arizona limited liability company

By: Pivotal Spa 1, L.L.C., an Arizona limited liability company
Its: Manager

By: Pivotal Group X, L.L.C., an Arizona limited liability company
Its: Managing Member

By: J. Jahm Najafi, Trustee of the Najafi Trust dated July 30, 1996
Its: Administrative member

By: 

J. Jahm Najafi
Its: Trustee

THE VILLAS AT RED MOUNTAIN OWNERS ASSOCIATION, INC., a Utah non-profit corporation

By: [Signature]
Its: President

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this 4th day of March, 2003, by J. Jahm Najafi, Trustee of the Najafi Trust dated July 30, 1996, the Administrative Member of Pivotal Group X, L.L.C., an Arizona limited liability company, the Managing Member of Pivotal Spa I, L.L.C., an Arizona limited liability company, the Manager of Pivotal Mark II, L.L.C., an Arizona limited liability company.



[Signature]
Notary Public
Residing at: Scottsdale, Az

My Commission Expires:
1-20-04

STATE OF _____)
) ss.
COUNTY OF _____)

The foregoing instrument was acknowledged before me this 4th day of March, 2003, by J. Jahm Najafi, President of The Villas at Red Mountain Owners Association, Inc., a Utah non-profit corporation.



[Signature]
Notary Public
Residing at: Scottsdale, Az

My Commission Expires:
1-20-04

EXHIBIT A**DESCRIPTION OF ADDITIONAL LAND**

Beginning at an angle point in the boundary of The Villas at Red Mountain, Phase 1, said point lies South $88^{\circ}43'01''$ East 677.77 feet along the section line and North $00^{\circ}00'00''$ East 151.85 feet from the north quarter corner of Section 4, Township 42 South, Range 16 West of the Salt Lake Base and Meridian and running thence coincident with said boundary in the following four (4) courses: North $01^{\circ}09'20''$ West 136.34 feet; thence North $14^{\circ}23'16''$ West 97.83 feet; thence South $75^{\circ}36'44''$ West 106.14 feet; thence South $71^{\circ}17'25''$ West 30.00 feet to the northwest corner of said Phase 1; thence leaving said Phase 1 North $18^{\circ}42'35''$ West 4.34 feet to the point of curvature of a 1,414.00 foot radius curve concave westerly; thence northerly 67.24 feet along the arc of said curve through a central angle of $02^{\circ}43'28''$ to the point of reverse curvature of a 402.24 foot radius curve concave easterly; thence northerly 195.86 feet along the arc of said curve through a central angle of $27^{\circ}53'53''$ to a point on a radial line; thence along said radial line South $83^{\circ}32'09''$ East 135.73 feet; thence North $77^{\circ}28'56''$ East 141.13 feet; thence North $43^{\circ}53'57''$ East 134.43 feet; thence South $88^{\circ}47'01''$ East 294.62 feet; thence South $40^{\circ}00'00''$ East 499.17 feet; thence South $01^{\circ}13'26''$ West 194.51 feet; thence North $88^{\circ}47'01''$ West 769.28 feet to said angle point and the point of beginning. Contains 9.546 acres.

EXHIBIT B

**REDUCED COPY OF MAP FOR
THE VILLAS AT RED MOUNTAIN, PHASE II**

EXHIBIT C
LEGAL DESCRIPTION OF WITHDRAWABLE LAND

Beginning at an angle point in the boundary of The Villas at Red Mountain, Phase I, said point lies South 88°43'01" East 677.77 feet along the section line and North 00°00'00" East 151.85 feet from the north quarter corner of Section 4, Township 42 South, Range 16 West of the Salt Lake Base and Meridian and running thence coincident with said boundary in the following two (2) courses: North 01°09'20" West 136.34 feet; thence North 14°23'16" West 97.83 feet; thence leaving said boundary North 79°38'00" East 130.00 feet; thence North 10°22'00" East 130.00 feet; thence South 79°38'00" West 110.00 feet; thence South 29°07'09" West 29.78 feet; thence North 83°32'09" West 130.00 feet; thence North 06°27'51" East 99.00 feet; thence South 83°32'09" East 90.73 feet; thence North 77°28'56" East 141.13 feet; thence North 43°53'57" East 134.43 feet; thence South 88°47'01" East 294.62 feet; thence South 40°00'00" East 499.17 feet; thence South 01°13'26" West 194.51 feet; thence North 88°47'01" West 769.28 feet to said angle point and the point of beginning. Contains 8.611 acres.

EXHIBIT E**LEGAL DESCRIPTION OF PORTION OF ADDITIONAL LAND
NOT SUBJECT TO OPTION TO CONTRACT**

Beginning at the northeast corner of The Villas at Red Mountain, Phase I, according to the official plat thereof, said point lies South $88^{\circ}43'01''$ East 650.71 feet along the section line and North $00^{\circ}00'00''$ East 382.32 feet from the north quarter corner of Section 4, Township 42 South, Range 16 West of the Salt Lake Base and Meridian and running thence coincident with the boundary of said Phase I in the following two (2) courses: South $75^{\circ}36'44''$ West 106.14 feet; thence South $71^{\circ}17'25''$ West 30.00 feet; thence leaving said boundary North $18^{\circ}42'35''$ West 4.34 feet to the point of curvature of a 1,414.00 foot radius curve concave westerly; thence northerly 67.24 feet along the arc of said curve through a central angle of $02^{\circ}43'28''$ to the point of reverse curvature of a 402.24 foot radius curve concave easterly; thence northerly 195.86 feet along the arc of said curve through a central angle of $27^{\circ}53'53''$ to a point on a radial line; thence along said radial line South $83^{\circ}32'09''$ East 45.00 feet; thence South $06^{\circ}27'51''$ West 99.00 feet; thence South $83^{\circ}32'09''$ East 130.00 feet; thence North $29^{\circ}07'09''$ East 29.78 feet; thence North $79^{\circ}38'00''$ East 110.00 feet; thence South $10^{\circ}22'00''$ East 130.00 feet; thence South $79^{\circ}38'00''$ West 130.00 feet to said northeast corner and the point of beginning. Contains 0.935 acres.