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**FIRST AMENDMENT**

To

**DECLARATION OF CONDOMINIUM AND FRACTIONAL OWNERSHIP PLAN  
OF**

**THE VILLAS AT SEVEN CANYONS,  
a condominium**

This First Amendment (the "Amendment") is made and entered into as of the 28th day of February, 2005, by Sedona Development Partners, LLC, an Arizona limited liability company ("SDP").

RECITALS

A. SDP caused that certain Declaration of Condominium and Fractional Ownership Plan for The Villas at Seven Canyons to be recorded in the official records of Yavapai County, Arizona, on February 3, 2005, in Book 4230, at Page 584 (the "Original Declaration").

B. The Original Declaration names SDP as the "Developer" and Section 20.2 of the Original Declaration authorizes the Developer to amend the Original Declaration for various purposes without the consent or approval of any other person.

C. SDP, as the Developer, now desires to amend the Original Declaration to reconcile unintended differences with the Articles and Bylaws of the Association and the applicable provisions of Arizona law.

DECLARATIONS

NOW, THEREFORE, SDP exercises the authority reserved to the Developer under Section 20.2 of the Original Declaration and hereby amends the Original Declaration as follows:

1. Section 10.4 of the Declaration shall hereafter provide as follows:

"10.4 Transfer of Control of Association. The Board shall initially consist of the persons appointed by the Developer. At the time of the first annual meeting of the Members, a Board replacing the initial Board shall be selected in accordance with the Bylaws. From and after the first such meeting of the Members of the Association, not less than one of the Directors shall be elected solely by the votes of Members of the Association other than the Developer, pursuant to the special election procedures set forth in the Bylaws of the Association.

