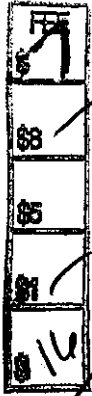


Ana Wayman-Trujillo, Recorder
OFFICIAL RECORDS OF YAVAPAI COUNTY
LAURIE BULLOCK CORR

B-4632 P-654
11/13/2008 12:41P
16.00 4275543



B-4632 P-654
Page: 1 of 7
CORR 4275543



WHEN RECORDED MAIL TO:

GREY FOX RIDGE
1380 BATES RD,
COTTONWOOD, AZ 86326

RERECORDING TO CORRECT THE
CASE NUMBER.

Ana Wayman-Trujillo, Recorder
OFFICIAL RECORDS OF YAVAPAI COUNTY
LAURIE BULLOCK
MISC

B-4624 P-497
09/30/2008 10:30A
15.00 4266647

When recorded, return to:

GREY FOX RIDGE
1380 BATES RD



B-4624 P-497
Page: 1 of 6
MISC 4266647

FEE
\$10
\$8
\$5
\$1
\$

COTTONWOOD, AZ 86326



B-4632 P-654
Page: 2 of 7
CORR 4275543

DECLARATION
OF
NON-DISTURBANCE EASEMENT
AND
PROTECTIVE COVENANTS

This Declaration of Non-Disturbance Easement and Protective Covenants (this "Declaration") is made to be effective as of SEPT 30, 2008 (the "Effective Date"), by _____, an Arizona limited liability company ("Declarant").

RECITALS:

A. Declarant is the owner of certain real property located in Yavapai County, Arizona, which is more particularly described in Exhibit A attached hereto and by reference incorporated herein (the "Property").

~~#0618~~ **#0802** B. Declarant has entered into an agreement in connection with Arizona Repatriation Case ~~#0618~~ (the "Burial Agreement") under which certain human remains and associated funerary objects governed by A.R.S. Section 41-865 (collectively, the "Remains") have been or will be reburied on the Property.

C. Pursuant to the Burial Agreement, Declarant is executing and recording this Declaration to give notice of the presence of the Remains on the Property and to provide that, among other things, the Remains shall not be disturbed or removed, as more particularly set forth below.

THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, Declarant hereby declares that the Property is and shall be owned (legally and beneficially), leased, transferred, occupied and used subject to the following provisions:

AGREEMENTS:

1. Recitals; Definitions. The Recitals above are incorporated herein and are true statements of fact binding on Declarant and all future owners of all or any portion of the Property.

2. Non-Disturbance Easement and Protective Covenants. Declarant hereby grants, conveys and declares that the Property is and shall be subject to the following covenants, requirements and restrictions, which shall constitute a perpetual appurtenant non-disturbance easement (the "Non-Disturbance Easement") and perpetual protective covenants and restrictions (the "Protective Covenants"):

RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION

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MISC 4266647

2.1 The Property shall be and remain natural open space for the reburial and preservation of the Remains;

2.2 The exact location of the reburied Remains shall not be physically identified, except by a survey marker to be set by a registered surveyor;

2.3 Except to the extent required for the reburial of the Remains, the Property shall not be disturbed by any ground-modifying activity and shall not be developed for any purpose; and

2.4 The Remains shall not be disturbed or removed from the Property without the prior written consent of the director of the Arizona state museum (the "Director").

3. Burial Agreement. Legitimately interested parties may obtain further information about the Burial Agreement from the Director.

4. Enforcement.

4.1 Remedies. Any party to the Burial Agreement (each a "Benefited Party") may enforce this Declaration and may exercise all remedies available at law or in equity. Declarant and each subsequent owner of the Property shall only be liable for its own intentional violations of this Declaration and shall have no liability for any other violations of this Declaration; however, any Benefited Party shall be entitled to obtain a restraining order to prevent or halt any violation of this Declaration by any person or entity.

4.2 Attorney's Fees. If there is any litigation to enforce or interpret any provisions hereof or rights arising under this Declaration, the losing party in such litigation, as determined by the court, shall pay to the prevailing party, as determined by the court, all costs and expenses, including, without limitation, reasonable attorneys' fees incurred by the prevailing party, such fees to be determined by the court sitting without a jury.

5. Covenants Running with Land: Successors. The Non-Disturbance Easement, the Protective Covenants and all other provisions of this Declaration shall: (a) run with the land; (b) constitute negative covenants and equitable servitudes appurtenant to the Property; and (c) shall be binding on Declarant and all subsequent owners of the Property and inure to the benefit of the Benefited Parties.

6. Amendment. This Declaration may only be amended or terminated with the written permission of the Director.

7. No Public Rights. This Declaration does not grant and shall not be deemed to grant any rights to the general public.

8. Miscellaneous. This Declaration shall be governed and construed in accordance with the substantive laws of the State of Arizona (without reference to choice of law principles). The headings in this Declaration are for reference only and shall not limit or define the meaning of any provision of this Declaration.



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CORR 4276543



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MISC 4266647

Declarant has executed this Declaration of Non-Disturbance Easement and Protective Covenants to be effective as of the Effective Date.

DECLARANT:

an Arizona limited liability company

By: GREY FOX RIDGE, LLC.
an Arizona limited liability company, Manager

By: *William B. Bullock*

STATE OF ARIZONA)
County of YAVAPAI) ss.

The foregoing instrument was acknowledged before me this 30th day of September, 2008 by William B. Bullock, Manager of Grey Fox Ridge, LLC, an Arizona Limited Liability Company

Sherry D. Loudon
Notary Public

My Commission Expires:



SHERRY D. LOUDEN
Notary Public - Arizona
Yavapai County
Expires 09/16/09

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QUESTIONABLE FOR GOOD REPRODUCTION



HERITAGE

Land Survey & Mapping Inc.



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CORR 4275543

EXHIBIT "A"

A parcel of land solely for the purpose of a NON-DISTURBANCE EASEMENT, being located within the southeast quarter of Section 28, Township 16 North, Range 3 East, Gila and Salt River Base and Meridian, Yavapai County, Arizona, being a portion of Grey Fox Ridge Subdivision as recorded in Book 60, Pages 71-79, of maps and plats [Record Source #1 (R1)] records of the Yavapai County Recorder, and is more particularly described as follows.

Beginning for reference at the center quarter corner of said Section 28, being marked with a $\frac{3}{4}$ " smooth bar set in concrete found within hand hole; From which the north quarter corner of said Section 28, being a found GLO brass cap on a 1" iron pipe stamped " $\frac{1}{4}$ S21/S28 1940" lies North $00^{\circ}14'15''$ East, at a distance of 2,732.76 feet (R1); Also, from which the south quarter corner of said Section 28, being a found $\frac{1}{2}$ " rebar with brass tag stamped "FOUND MON. PLS 32224", lies South $00^{\circ}02'27''$ West, at a distance of 2,684.95 feet (R1) [BASIS OF BEARINGS]; Thence South $89^{\circ}59'36''$ East, a distance of 110.65 feet (R1), to the most northwesterly corner of said subdivision, being a plastic cap atop a $\frac{1}{2}$ " rebar stamped "L.S. 26925; Thence South $89^{\circ}51'20''$ East, a distance of 414.17 feet (R1), along the northerly line of said subdivision, to a plastic cap atop a $\frac{1}{2}$ " rebar stamped "L.S. 31017; Thence South $89^{\circ}53'39''$ East, a distance of 272.80 feet (R1), along the northerly line of said subdivision, to a $\frac{1}{2}$ " rebar with an obliterated plastic cap; Thence South $89^{\circ}55'20''$ East, a distance of 511.14 feet (R1), along the northerly line of said subdivision to the most northeasterly corner of said subdivision, being a $\frac{1}{2}$ " rebar with an obliterated plastic cap; Thence South $74^{\circ}40'07''$ West, a distance of 62.93 feet, to a plastic cap atop a $\frac{1}{2}$ " rebar stamped "RLS 26925", marking the northeast corner of said non-disturbance easement and the TRUE POINT OF BEGINNING;

Thence South $03^{\circ}14'08''$ West, a distance of 32.53 feet, to a plastic cap atop a $\frac{1}{2}$ " rebar stamped "RLS 26925", marking the southeast corner of said non-disturbance easement;

Thence South $82^{\circ}04'55''$ West, a distance of 36.80 feet, to a plastic cap atop a $\frac{1}{2}$ " rebar stamped "RLS 26925", marking the southwest corner of said non-disturbance easement;

Thence North $11^{\circ}10'09''$ East, a distance of 31.74 feet, to a plastic cap atop a $\frac{1}{2}$ " rebar stamped "RLS 26925", marking the northwest corner of said non-disturbance easement;

Page 1 of 3

Dugan L. McDonald R.L.S. P. O. Box 3270 • Camp Verde, Arizona 86322
Office (928) 567-9170 738 S. Parks Drive Fax (928) 567-6351



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CORR 4275543



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MISC 4266647

Thence North 78°43'08" East, a distance of 32.77 feet, to a plastic cap atop a 1/2" rebar stamped "RLS 26925", marking the northwest corner of said non-disturbance easement and the POINT OF BEGINNING;

Subject parcel of land contains 0.02 acres, more or less as shown on the exhibit drawing attached hereto and made a portion hereof by this reference.



EXHIBIT DRAWING

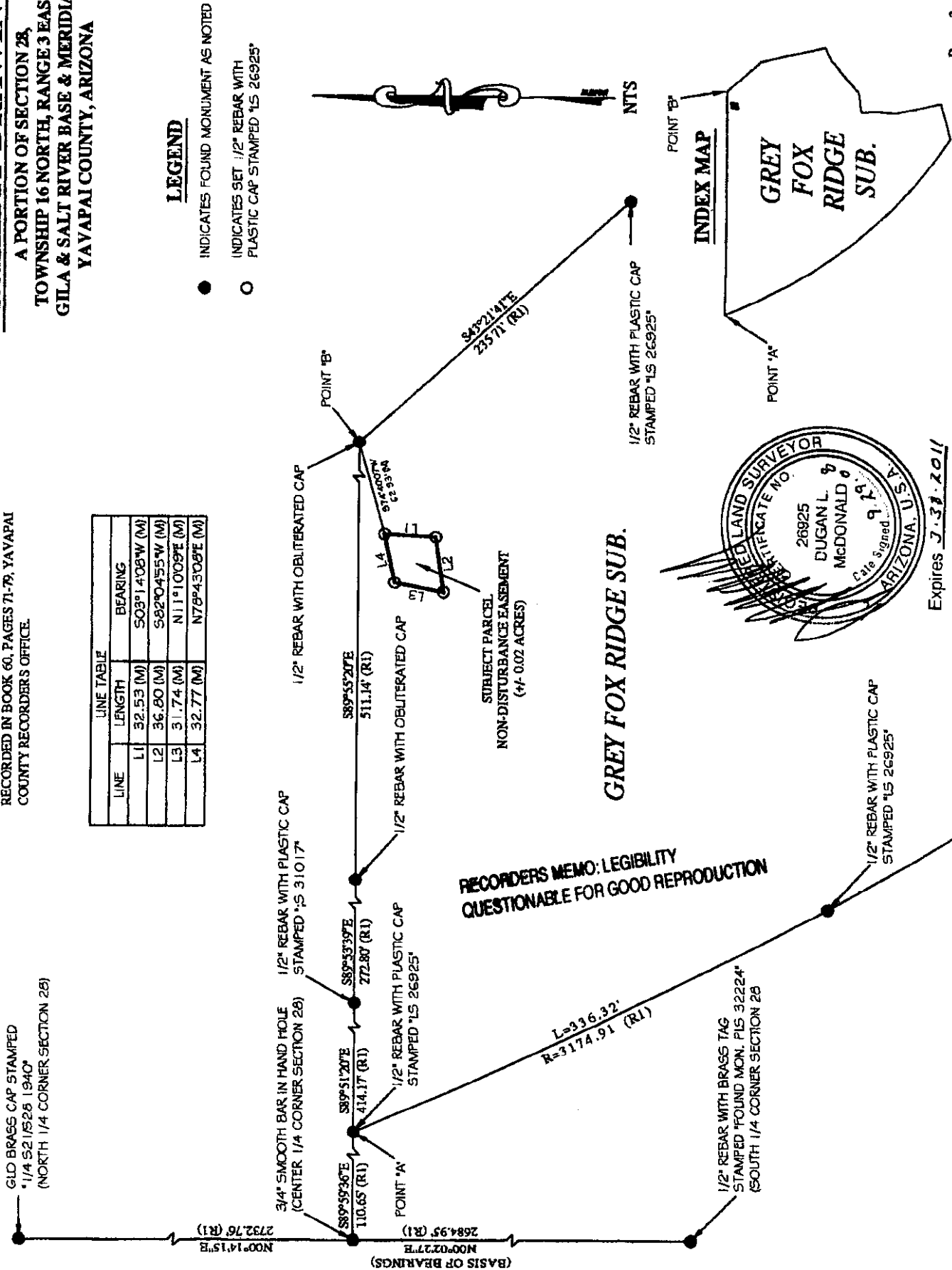
A PORTION OF SECTION 28,
TOWNSHIP 16 NORTH, RANGE 3 EAST,
GILA & SALT RIVER BASE & MERIDIAN,
YAVAPAI COUNTY, ARIZONA

(R1) = RECORDED FINAL PLAT OF GREY FOX RIDGE AS
RECORDED IN BOOK 60, PAGES 71-79, YAVAPAI
COUNTY RECORDER'S OFFICE.

LINE	LENGTH	BEARING
L1	32.53 (M)	S03°14'08"W (M)
L2	36.80 (M)	S82°04'55"W (M)
L3	31.74 (M)	N11°10'09"E (M)
L4	32.77 (M)	N78°43'08"E (M)

LEGEND

- INDICATES FOUND MONUMENT AS NOTED
- INDICATES SET 1/2" REBAR WITH PLASTIC CAP STAMPED "LS 26925"



RECORDERS MEMO: LEGIBILITY
QUESTIONABLE FOR GOOD REPRODUCTION

GREY FOX RIDGE SUB.

Ana Wayman-Trujillo, Recorder
OFFICIAL RECORDS OF YAVAPAI COUNTY
LAURIE BULLOCK ARES

B-4633 P-156
11/14/2008 03:22P
14.00 4276074



Grey Fox Ridge

1380 Bates Road
Cottonwood, Arizona 86326
928-634-8453
928-634-8130 fax
Bill & Laurie Bullock



B-4633 P-156
Page: 1 of 2
ARES 4276074

Amendment to CC & R's Grey Fox Ridge November 11, 2008

FEE
\$0
\$8
\$5
\$1
14
08

The following verbiage is to replace and supersede the verbiage currently contained in Sections 6.4 and 6.8 respectively of the Grey Fox Ridge subdivisions Covenants, Conditions and Restrictions currently recorded on Book 4520, Page 220 on the Official Records of Yavapai County, Arizona.

Section 6.4 Antennae

Except as approved in writing by the Architectural Committee or by the provisions below, no antenna or other devices for the transmission or reception of television or radio signals or other form of electromagnetic radiation shall be erected, used or maintained outdoors on any property, whether attached to a building or structure or otherwise erected. Exceptions shall be:

- a. A small satellite dish of three feet or less for the reception of satellite television or radio programming is permitted and must be installed in a neat and professional manner.
- b. An unobtrusive antenna is permitted for temporary use in communications for disaster preparedness, national security, or similar emergency services. This temporary antenna shall only be installed if the owner/operator has an FCC approved license for such purposes. This temporary antenna will be of minimum size necessary to accomplish its purpose and in no case will extend in height more than ten feet above the highest point of the roof of the dwelling. Such an antenna will not be left up more than seven days after its purpose has been served unless special permission is granted by the Architectural Committee.

Section 6.8 Trailers and Motor Vehicles

Except with the prior written approval of the Architectural Committee, no mobile home, motor home, trailer, camper, truck with camper shell, boat or



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ARES 4276074

permanent tent or similar structure shall be kept, placed, maintained, constructed, re-constructed or repaired upon any property or street unless screened behind a six foot high fence and gate however that any such vehicle may be kept on a lot if it is parked in a garage or any area within the project designated by the Board as an area available for the parking of recreational vehicles and provided further that the provision of this section shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with the construction of any improvement approved by the Architectural Committee.

William B. Bullock
Member

Laurie Bullock
Member

Ana Wayman-Trujillo, Recorder
OFFICIAL RECORDS OF YAVAPAI COUNTY
CITY OF COTTONWOOD RES

B-4520 P-220
07/02/2007 03:35P
10.50 4152221

WHEN RECORDED MAIL TO:

Grey Fox Ridge LLC
877 S 7th St
COTTONWOOD, AZ 86326



B-4520 P-220
Page: 1 of 20
RES 4152221

**DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
GREY FOX RIDGE**

FEE
\$0
\$8
\$0
\$1
\$0.50

THIS DECLARATION of Covenants, Conditions, and Restrictions for GREY FOX RIDGE (The "Declaration,") is made on the 28th day of JUNE, 2007, by GREY FOX RIDGE LLC, (the "Declarant").

Declarant is the record owner of the real property situated in Yavapai County, Arizona, described on Exhibit "A" attached hereto and by reference made a part hereof (herein called the "Plat").

ARTICLE 1

DEFINITIONS

Section 1.1 "ARCHITECTURAL COMMITTEE" shall mean the committee established by the BOARD pursuant to Section 2.5 of this DECLARATION.

Section 1.2 "ARCHITECTURAL COMMITTEE RULES" shall mean the rules adopted by the ARCHITECTURAL COMMITTEE, as said rules may be amended from time to time.

Section 1.3 "ARTICLES" shall mean GREY FOX RIDGE P.O.A., INC, an Arizona non-profit corporation, its successors and assigns.

Section 1.5 "ASSOCIATION RULES" shall mean the rules and regulations adopted by the ASSOCIATION, as the same may be amended from time to time.

Section 1.6 "BOARD" shall mean the Board of Directors of the ASSOCIATION.

Section 1.7 "BYLAWS" shall mean the bylaws of the ASSOCIATION, as such bylaws may be amended from time to time.

Section 1.8 "COMMON AREA" shall mean all real property, and all IMPROVEMENTS located thereon, owned by the ASSOCIATION for the common use and enjoyment of the OWNERS. The COMMON AREA to be owned



by the ASSOCIATION is described as follows:

Tracts B & C on Plat

Section 1.9 "DECLARANT" shall mean GREY FOX RIDGE LLC, its successors and assignees.

Section 1.10 "DECLARATION" shall mean the covenants, conditions and restrictions herein set forth in this entire document, as same may from time to time be amended.

Section 1.11 "FIRST MORTGAGE" shall mean and refer to any mortgage or deed of trust with first priority over any other mortgage or deed of trust.

Section 1.12 "IMPROVEMENT" shall mean the buildings, roads, drive-ways, parking areas, fences, walls, rocks, gabion baskets, hedges, plantings, planted trees and shrubs, and/or sewer system which may exist upon the COMMON AREA, and all other structures or landscaping improvements of every type and kind.

Section 1.13 "LOT" shall mean any parcel of real property designated as a LOT on any recorded subdivision map of the property.

Section 1.14 "MEMBER" shall mean any person, corporation, partnership, joint venture or other legal entity who is a member of the ASSOCIATION.

Section 1.15 "OWNER" shall mean the record owner, whether one or more persons or entities, of legal title to the fee simple interest in a LOT. OWNER shall not include the purchaser of a LOT under a recorded agreement for sale, installment land sale contract or other recorded executory contract for sale of real property. OWNER shall not include persons or entities having an interest in a LOT merely as a security for the performance of an obligation. OWNER shall not include a lessee or tenant of a LOT. In the case of LOTS, the fee simple title to which is vested in a trustee pursuant to a deed of trust, the trustor under the deed of trust shall be deemed to be the OWNER. In the case of LOTS, the fee simple title to which is vested in a trustee under a subdivision trust agreement or similar agreement, the beneficiary of the trust shall be deemed the OWNER.

Section 1.16 "PLAT" shall mean the plat of survey of the real property, which plat has been recorded with the County Recorder of Yavapai County, Arizona, in Book 62 of Maps, Page 71, and all amendments thereto.

Section 1.17 "PROJECT DOCUMENTS" shall mean this DECLARATION and the ARTICLES, BYLAWS, ASSOCIATION RULES, and ARCHITECTURAL COMMITTEE RULES.

Section 1.18 "PROPERTY" or "PROJECT" shall mean the real property described on the PLAT together with all buildings and other IMPROVEMENTS located thereon, and all easements, rights and appurtenances belonging thereto.

Section 1.19 "PURCHASER" shall mean any person other than the DECLARANT who by means of a voluntary transfer acquires a legal or equitable interest in a LOT other than (a) a leasehold interest (including renewable options) of less than five years or (b) as security for an obligation.

Section 1.20 "SINGLE FAMILY" shall mean a group of one or more persons each related to the other by blood, marriage, or legal adoption, or a group of not more than three persons not all so related, together with their domestic servants, who maintain a common household in a dwelling.

Section 1.21 "SINGLE FAMILY RESIDENTIAL USE" shall mean the occupation or use of a SINGLE FAMILY RESIDENCE in conformity with this DECLARATION and the requirements imposed by applicable zoning laws or other state, county or municipal rules and regulations.

Section 1.22 "VISIBLE FROM NEIGHBORING PROPERTY" shall mean, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.



Section 1.23 "YARD" shall mean open and unoccupied space on a lot or parcel.

"SETBACK, FRONT" shall mean a yard, the depth of which is the minimum required horizontal distance between the front line and a line parallel thereto on the lot as shown on the plat of record, which yard extends across the full width of the lot. Setback shall be 20 feet from the property line to the front of the garage, and 15' to the front porch or living area.

"SETBACK, SIDE" shall mean a yard, the width of which is the minimum required horizontal distance between the side lot line and a line parallel thereto on the lot, not including any portion of required front yard or required rear yard. Setback shall be a minimum of 3 feet but not less than 8 feet to any adjacent home.

"SETBACK, REAR" shall mean a yard, the depth of which is the minimum required horizontal distance between the rear line and a line parallel thereto on the lot as shown on the plat of record, which yard extends across the full width of the lot. Setback shall be a minimum of 20 feet to the living area, and a minimum of 15' to a covered porch.

"SETBACK, CORNER" shall mean a yard with frontage on two streets. Side setback shall be a minimum of 10' from the property line to the building and /or side fence. This will insure good visibility for traffic.

ARTICLE II

THE ASSOCIATION

Section 2.1 RIGHTS, POWERS AND DUTIES

The ASSOCIATION is a non-profit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the ARTICLES, BYLAWS, and this DECLARATION together with such rights, powers and duties as may be reasonable necessary to effectuate the objectives and purposes of the ASSOCIATION as set forth in this DECLARATION.

Section 2.2 BOARD OF DIRECTORS AND OFFICERS

The affairs of the ASSOCIATION SHALL BE CONDUCTED BY A BOARD OF DIRECTORS AND SUCH OFFICERS AND COMMITTEES AS THE BOARD MAY ELECT OR APPOINT, IN ACCORDANCE WITH THE ARTICLES AND THE BYLAWS, as same may be amended from time to time.

Section 2.3 ASSOCIATION RULES

By a majority vote of the BOARD, the ASSOCIATION may, from time to time and subject to the provisions of this DECLARATION, adopt, amend and repeal rules and regulations. The ASSOCIATION RULES may restrict and govern the use of any area by any OWNER, by the family of such OWNER, or by any invitee, licensee or lessee of such OWNER's provided, however, that the ASSOCIATION RULES may not discriminate among OWNERS and shall not be inconsistent with this DECLARATION, the ARTICLES or BYLAWS. A copy of the ASSOCIATION RULES as they may from time to time be adopted, amended or repealed, shall be available for inspection by the MEMBERS at reasonable times. Upon adoption and recordation with the County Recorder of Yavapai County, Arizona, the ASSOCIATION RULES shall have the same force and effect as if they were set forth in and were a part of this DECLARATION.

Section 2.4 PERSONAL LIABILITY

No member of the BOARD or any committee of the ASSOCIATION, or any officer, agent or employee of the ASSOCIATION shall be personally liable to any OWNER, or any other party, including the ASSOCIATION, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the ASSOCIATION, the BOARD or any representative or employee of the ASSOCIATION, or the ARCHITECTURAL COMMITTEE, or any other committee, or any office of the ASSOCIATION, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without willful or intentional



misconduct.

Section 2.5 ARCHITECTURAL COMMITTEE

The BOARD shall establish an ARCHITECTURAL COMMITTEE consisting of not less than three (3) members appointed by the BOARD to regulate the external design, appearance and use of the property and to perform such other functions and duties as may be imposed upon it by this DECLARATION, the BYLAWS or the BOARD. The initial ARCHITECTURAL COMMITTEE shall consist solely of the DECLARANT herein until such time as the Class B membership in the ASSOCIATION ceases to exist and is converted to Class A membership.

ARTICLE III

MEMBERSHIP

Section 3.1 IDENTITY OF MEMBERS

Membership in the ASSOCIATION shall be limited to OWNERS of LOTS. An OWNER of a LOT shall automatically, upon becoming the OWNER thereof, be a member of the ASSOCIATION and shall remain a member of the ASSOCIATION until such time as his ownership ceases for any reason, at which time his membership in the ASSOCIATION shall automatically cease.

Section 3.2 TRANSFER OF MEMBERSHIP

Membership in the ASSOCIATION shall be appurtenant to each LOT and a membership in the ASSOCIATION shall not be transferred, pledged or alienated in any way, except upon the sale of a LOT and then only to such PURCHASER, or by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process. Any attempt to make a prohibited transfer shall be void and shall not be reflected upon the books and records of the ASSOCIATION.

ARTICLE IV

VOTING RIGHTS

Section 4.1 CLASSES OF MEMBERS

The ASSOCIATION shall have two classes of voting membership:

CLASS A. Class A members shall be all OWNERS, with the exception of the DECLARANT, of LOTS. Each Class A member shall be entitled to one (1) vote for each LOT owned.

CLASS B. The Class B member shall be the DECLARANT. The Class B member shall be entitled to three (3) votes for each LOT owned. The Class B membership shall cease and be converted to Class A membership, as the case may be, on the happening of either of the following events, whichever occurs earlier:

- (a) when seventy-five percent (75%) of the LOTS have been conveyed to PURCHASERS; or
- (b) seven years after the conveyance of the first LOT to a PURCHASER; or
- (c) when the DECLARANT notifies the ASSOCIATION in writing that it relinquishes its Class B membership.

Section 4.2 JOINT OWNERSHIP

Where more than one person is the OWNER of any LOT, all such persons shall be MEMBERS. The vote for such LOT shall be exercised as they among themselves determine, but in no event shall more than one ballot be cast with respect to any LOT. The vote or votes for each such LOT must be cast as a unit, and fractional votes shall not be allowed. In the event that JOINT OWNERS are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any OWNER casts a



ballot representing a certain LOT, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other OWNERS OF THE SAME LOT. In the event more than one ballot is cast for a particular LOT, none of said votes shall be counted and said votes shall be deemed void.

Section 4.3 CORPORATE OWNERSHIP

In the event any LOT is owned by a corporation, partnership or association, the corporation, partnership or association shall be a MEMBER and shall designate in writing at the time of acquisition of the LOT an individual who shall have power to vote the membership, and if there is no chief executive officer, then the board of directors or general partner of such corporation, partnership or association shall designate who shall have the power to vote the membership.

Section 4.4 SUSPENSION OF VOTING RIGHTS

In the event any OWNER is in arrears in the payment of any assessments or other amounts due under any of the provisions of the PROJECT DOCUMENTS for a period of fifteen (15) days, said OWNER's right to vote as a MEMBER of the ASSOCIATION shall be suspended until all payments, including accrued interest and attorneys' fees, are brought current, and for a period not to exceed sixty (60) days for any infractions of the PROJECT DOCUMENTS.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 5.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS

The DECLARANT, for each LOT owned by it, hereby covenants, subject to the provisions of Section 5.9 hereof, and each OWNER of any LOT, by acceptance of a deed therefor, whether or not it shall be expressed in such deed, is deemed to covenant and agree to pay to the ASSOCIATION: (1) ANNUAL ASSESSMENT, (2) SUPPLEMENTAL ASSESSMENTS, and (3) SPECIAL ASSESSMENTS for capital improvements. The ANNUAL, SUPPLEMENTAL and SPECIAL ASSESSMENTS, together with interest, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the LOT against which each such assessment is made. Each such assessment, together with interest at three (3) points above the highest Wells Fargo of Arizona Prime Lending Rate occurring during the term of the delinquent assessment together with costs and reasonable attorneys' fees, shall also be a personal obligation for delinquent assessments shall not pass to the OWNER's successors in title unless expressly assumed by them.

Section 5.2 PURPOSE OF THE ASSESSMENTS

The assessments levied by the ASSOCIATION shall be used exclusively for the upkeep, maintenance and improvement of the COMMON AREA and such portions of the LOTS, and such improvements located thereon as the ASSOCIATION is obligated to maintain under the provisions of the PROJECT DOCUMENTS and for promoting the recreation, health, safety and welfare of the OWNERS and residents of LOTS within the property.

Section 5.3 MAXIMUM ANNUAL ASSESSMENT

- (a) Until January 1 of the first year immediately following the conveyance of the first LOT to a PURCHASER, the MAXIMUM ANNUAL ASSESSMENT for each LOT shall be Twelve Hundred Dollars (\$1,200.00) for each LOT.
- (b) From and after January 1 of the year immediately following the conveyance of the first LOT to a PURCHASER, the BOARD may, without a vote of the membership, increase the MAXIMUM ANNUAL ASSESSMENT during each fiscal year of the ASSOCIATION by an amount proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers (all items), U.S. City average, published by the United States Department of Labor, Bureau of Labor Statistics (1967-100), or in the event said index ceases to be published, by any successor index recommended as a substitute therefor by the United States government.
- (c) From and after January 1 of the year immediately following the conveyance of the first LOT to a PURCHASER, the MAXIMUM ANNUAL ASSESSMENT may be increased by an amount greater than



the maximum increase allowed pursuant to (a) above, only by a vote of MEMBERS entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by MEMBERS who are voting in person or by proxy at a meeting duly called for such purpose.

- (d) The BOARD may fix the annual assessment in any amount not in excess of the MAXIMUM ANNUAL ASSESSMENT.

Section 5.4 SUPPLEMENTAL ASSESSMENTS

In the event the BOARD shall determine that its funds budgeted available in any fiscal year are, or will become, inadequate to meet all expenses of the ASSOCIATION, for any reason, including, without limitation, non-payment of assessments by the MEMBERS, it shall immediately determine the approximate amount of such inadequacies for such fiscal year and levy a SUPPLEMENTAL ASSESSMENT against each LOT in such amount as the BOARD deems necessary in order to obtain the amount of such inadequacies. Notice of any such SUPPLEMENTAL ASSESSMENT shall be paid on such dates and in such installments as may be determined by the BOARD. No SUPPLEMENTAL ASSESSMENT shall be levied by the BOARD until such assessment has been approved by MEMBERS entitled to cast at least two-thirds (2/3) of the votes entitled to be cast by MEMBERS who are voting in person or by proxy at a meeting duly called for such purpose.

Section 5.5 SPECIAL ASSESSMENTS

In addition to the ANNUAL ASSESSMENTS authorized above, the ASSOCIATION may levy, in any assessment year, a SPECIAL ASSESSMENT applicable to that fiscal year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the COMMON AREA, including fixtures and personal property related thereto, or for any other lawful ASSOCIATION purpose. The SPECIAL ASSESSMENT may be levied provided that any such assessment shall have the assent of MEMBERS having at least two-thirds (2/3) of the votes entitled to be cast by MEMBERS who are voting in person or by proxy at a meeting duly called for such purpose.

Section 5.6 NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 5.3, 5.4, and 5.5

Written notice of any meeting called for the purpose of taking any action authorized under Section 5.3, 5.4, or 5.5 shall be sent to all MEMBERS not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of MEMBERS or of proxies entitled to cast sixty percent (60%) of all the votes of each class of MEMBERS shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 5.7 UNIFORM RATE OF ASSESSMENT

ANNUAL, SUPPLEMENTAL, and SPECIAL ASSESSMENTS must be fixed at a uniform rate for all.

Section 5.8 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS, DUE DATES

The ANNUAL ASSESSMENTS provided for herein shall commence as to each LOT on the first day of the month following the conveyance of the first LOT to a PURCHASER. The first ANNUAL ASSESSMENT shall be adjusted according to the number of months remaining in the fiscal year of the ASSOCIATION. The BOARD shall fix the amount of the ANNUAL ASSESSMENT against each LOT at least thirty (30) days in advance of each ANNUAL ASSESSMENT period. Written notice of the ANNUAL ASSESSMENT shall be sent to every OWNER subject thereto. The BOARD may require that the ANNUAL ASSESSMENT be paid in installments and in such event the BOARD shall establish the due dates for each installment. The ASSOCIATION shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the ASSOCIATION setting forth whether the assessments on a specified LOT have been paid.

Section 5.9 REDUCED ASSESSMENT FOR DECLARANT

Notwithstanding the provisions of Section 5.9 of the DECLARATION the ANNUAL, SPECIAL and SUPPLEMENTAL ASSESSMENTS for LOTS owned by the DECLARANT shall be a sum equal to twenty-five percent(25%)of the ANNUAL, SPECIAL and SUPPLEMENTAL ASSESSMENTS established by the BOARD pursuant to this ARTICLE. LOTS owned by this DECLARANT shall be entitled to the reduced assessment provided for in this Section until the earlier of (a) the date on which the LOT is conveyed to a PURCHASER or (b)



the date on which any residential structure constructed on such LOT is first occupied. Once a LOT ceases to qualify for the reduced assessment in accordance with this Section, the assessment for such LOT shall automatically increase to the assessment fixed by the BOARD pursuant to this ARTICLE for all LOTS not owned by the DECLARANT.

Section 5.10 EFFECTS OF NON-PAYMENT OF ASSESSMENTS, REMEDIES OF THE ASSOCIATION

Any assessment, or any installment of an assessment, not paid within thirty (30) days after the assessment, or the installment of the assessment, first became due shall bear interest from the due date at the rate of twelve percent (12%) per annum of the three (3) points above the Wells Fargo of Arizona Prime Lending Rate at its highest level occurring from date of assessment until paid-in-full. Each OWNER shall also pay a late charge of ten percent (10%) of each assessment or installment of an assessment. Any assessment or any installment which is delinquent shall become a continuing lien on the LOT against which such assessment was made. The lien shall be perfected by the recordation of a "Notice of Claim of Lien" which shall set forth (1) the name of the delinquent OWNER as shown on the records of the ASSOCIATION, (2) the legal description, street address and number of the LOT against which the claim of lien is made, (3) the amount claimed as of the date of the recording of the notice including interest, collection costs, late charges, lien recording fees and reasonable attorneys' fees, (4) the name and address of the ASSOCIATION, (5) the Claim of Lien may further state that "this lien is a continuing lien for all assessments of the ASSOCIATION which become due after the recording of this Claim of Lien". The ASSOCIATION'S lien shall have priority over all liens or claims created subsequent to the recordation of the Notice of Claim of Lien except for tax liens for real property taxes on the LOT, assessments on any LOT in favor of any municipal or other governmental body and the liens which are specifically described in Section 5.11 of this DECLARATION.

Before recording a lien against any LOT the ASSOCIATION shall make a written demand to the defaulting OWNER for payment of the delinquent assessments together with interest, late charges and reasonable attorneys' fees, if any. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or Claim of Lien, but any number of defaults may be included within a single demand or Claim of Lien. If such delinquency is not paid within ten(10) days after delivery of such demand, the ASSOCIATION may proceed with recording a Notice of Claim of Lien against the LOT of the defaulting OWNER. The ASSOCIATION shall not be obligated to release any lien recorded pursuant to this Section until delinquent assessments, interest, lien fees, late charges and reasonable attorneys' fees have been paid in full whether or not such amounts are set forth in the Notice of Claim of Lien.

The ASSOCIATION shall have the right, at its option, to enforce collection of any delinquent assessments together with interest, lien fees, late charges, reasonable attorneys' fees and any other sums due to the ASSOCIATION in any manner allowed by law including, but not limited to, (a) bringing an action at law against the OWNER personally obligated to pay the delinquent assessments and such action may be brought without waiving any lien securing any such delinquent assessments or (b) bringing an action to foreclose its lien against the LOT in the manner provided by law for the foreclosure of a realty mortgage. The ASSOCIATION shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all LOTS purchased at such sale.

Section 5.11 SUBORDINATION OF THE LIEN TO MORTGAGES

The lien of the assessments provided for in this DECLARATION shall be subordinate to the lien of any FIRST MORTGAGE. Sale or transfer of any LOT shall not affect the assessment lien. However, the sale or transfer of any LOT pursuant to judicial or non-judicial foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such LOT from liability for any assessments thereafter becoming due or from the lien thereof.

Section 5.12 EXEMPTION OF OWNER

No OWNER of a LOT may exempt himself from liability for ANNUAL, SUPPLEMENTAL and SPECIAL ASSESSMENT levied against his LOT or for other amounts which he may owe to the ASSOCIATION under the PROJECT DOCUMENTS by waiver and nonuse of any of the COMMON AREA and facilities or by the abandonment of his LOT.

**Section 5.13 MAINTENANCE OF RESERVE FUND**

Out of the ANNUAL ASSESSMENTS, the ASSOCIATION shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the COMMON AREA and such improvements on the LOTS as the ASSOCIATION is obligated to maintain under provisions of the PROJECT DOCUMENTS.

ARTICLE VI**PERMITTED USES AND RESTRICTIONS****Section 6.1 SCOPE**

Except as otherwise specified, the provisions of this ARTICLE shall apply to all of the property.

Section 6.2 RESIDENTIAL USE

All LOTS shall be used, improved and devoted exclusively to SINGLE FAMILY RESIDENTIAL USE. No gainful occupation, profession, trade or other nonresidential use shall be conducted on any LOT. Clean, home businesses, will be allowed as long as the business doesn't adversely affect the neighbors. The ASSOCIATION reserves the right to revoke the privilege of a home business which becomes a nuisance to the neighborhood. Nothing herein shall be deemed to prevent the leasing of a LOT to a SINGLE FAMILY from time to time by the OWNER thereof, subject to all of the provisions of the PROJECT DOCUMENTS. Any OWNER who leases his LOT shall promptly notify the ASSOCIATION and shall advise the ASSOCIATION of the term of the lease and the name of each lessee. No buildings or structures shall be moved from other locations onto the PROPERTY.

Section 6.3 ANIMALS

No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any property and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No animal shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall be maintained so as to be VISIBLE FROM NEIGHBORING PROPERTY. Upon the written request of any OWNER, the BOARD shall determine whether, for the purpose of this Section, a particular animal is a generally recognized house or yard pet, or a nuisance, or whether the number of animals on such PROPERTY is reasonable. Any decision rendered by the BOARD shall be enforceable, as other restrictions contained in this DECLARATION.

Section 6.4 ANTENNAE

No antenna or other device for the transmission or reception of television or radio signals or other form of electromagnetic radiation shall be erected, used or maintained outdoors on any property, whether attached to a building or structure or otherwise, unless approved by the ARCHITECTURAL COMMITTEE.

Section 6.5 UTILITY SERVICE

Except as approved in writing by the ARCHITECTURAL COMMITTEE, no lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television and radio signals, shall be erected, placed or maintained anywhere in or upon any property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the ARCHITECTURAL COMMITTEE. No provisions hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the ARCHITECTURAL COMMITTEE.

Section 6.6 IMPROVEMENTS AND ALTERATIONS

No improvements, alterations, repairs, excavations, landscaping (except for such planting and landscaping as is installed in accordance with the initial construction of buildings on a LOT or such planting or landscaping as is enclosed by a fence or wall or in an area not maintained by the ASSOCIATION) or other work which in any way alters the exterior appearance of any PROPERTY or the IMPROVEMENTS located thereon from its natural or improved state existing on the date such property was first conveyed in fee by DECLARANT to a PURCHASER,



whichever is the later, shall be made or done without the prior written approval of the ARCHITECTURAL COMMITTEE, except as otherwise expressly provided in this DECLARATION. No building, fence, wall, landscaping, residence or other structure shall be commenced, erected, maintained, improved, altered, made or done with the additions to or changes or alterations in any landscaping, building, fence, wall or other structure, including exterior color scheme, shall be subject to the prior approval of the ARCHITECTURAL COMMITTEE. All decisions of the ARCHITECTURAL COMMITTEE SHALL BE FINAL AND NO OWNER or other parties shall have recourse against the ARCHITECTURAL COMMITTEE for its refusal to approve any such plans and specifications or plot plan, including lawn area and landscaping.

Section 6.7 TEMPORARY OCCUPANCY

No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind shall be used at any time on any portion of the PROPERTY for a residence, either temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such PROPERTY shall be removed immediately after the completion of construction.

Section 6.8 TRAILERS AND MOTOR VEHICLES

Except with the prior written approval of the ARCHITECTURAL COMMITTEE, no mobile home, motor home, trailer, or truck of any kind, camper, truck with a camper shell, boat or permanent tent or similar structure shall be kept, placed, maintained, constructed, reconstructed or repaired, upon any PROPERTY or street (public or private) in such a manner as will be VISIBLE FROM NEIGHBORING PROPERTY, provided, however, that a truck with a camper shell may be kept, ON a LOT if it is parked in a garage or in any area within the PROJECT designated by the BOARD as an area available for the parking of recreational vehicles, and provided, further that the provisions of this Section shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any IMPROVEMENT approved by the ARCHITECTURAL COMMITTEE.

Section 6.9 NUISANCES

No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any PROPERTY and no odors shall be permitted to arise there from, so as to render any such PROPERTY or portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. No nuisance shall be permitted to exist or operate upon any such PROPERTY so as to be offensive to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes, shall be located, used or placed on any such PROPERTY. The BOARD in its sole discretion shall have the right to determine the existence of any such nuisance.

Section 6.10 TRASH CONTAINERS AND COLLECTION

No garbage or trash shall be placed or kept on any property except in covered containers of a type, size and style which are approved by the ARCHITECTURAL COMMITTEE. In no event shall such containers be maintained so as to be VISIBLE FROM NEIGHBORING PROPERTY except to make the same available for collection and then, only the shortest time reasonably necessary to effect such collection. The BOARD shall have the right, in its sole discretion, to require all OWNERS to place their garbage or trash containers in a specific location for collection or to require all OWNERS to subscribe to a trash collection service. All rubbish, trash and garbage shall be removed from the LOTS and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any LOT. No garbage or trash containers shall be kept or placed on any grass or other landscaped area.

Section 6.11 CLOTHES DRYING FACILITIES

Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any PROPERTY so as to be VISIBLE FROM NEIGHBORING PROPERTY and all clotheslines shall be confined to fenced yard areas.

Section 6.12 ENCROACHMENTS

No tree, shrub, or planting of any kind on any PROPERTY shall be allowed to overhand or otherwise to encroach



upon any sidewalk, street, pedestrian way or other area from ground level to a height of twelve (12) feet, without the prior approval of the ARCHITECTURAL COMMITTEE.

Section 6.13 MACHINERY AND EQUIPMENT

No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any property except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a residence, appurtenant structure or other improvements, and except that which DECLARANT or the ASSOCIATION may require for the operation and maintenance of the PROPERTY.

Section 6.14 RESTRICTION ON FURTHER SUBDIVISION AND TIME SHARES

No LOT shall be further subdivide or separated into smaller lots or parcels by any OWNER, and no portion less than all of any such LOT shall be conveyed or transferred by any OWNER without the prior written approval of the BOARD. Neither the ownership nor occupancy of any LOT shall be in time shares. No OWNER shall transfer, sell, assign or convey any time share in his LOT and any such transaction shall be void. "Time share" as used in this Section shall mean the right to occupy a LOT or any one of several LOTS during five (5) or more separated time periods of less than thirty (30) days per period over a period of at least five (5) years, including renewable options, whether or not coupled with an estate or interest in a LOT or a specified portion of a LOT.

Section 6.15 SIGNS

No signs whatsoever (including, but not limited to, commercial, advertising, political and similar signs) shall be erected or maintained anywhere on the PROPERTY including but not limited to, the inside or outside of windows in any building located on the PROPERTY, except:

- (a) such signs as may be required by legal proceedings;
- (b) not more than one (1) residential identification sign with a combined total face area of thirty-six (36) square inches or less for each LOT; and,
- (c) one (1) "for rent" or "for sale" sign not larger than five (5) square feet for each LOT.

Section 6.16 DECLARANT'S EXEMPTION

Notwithstanding any other provisions of the PROJECT DOCUMENTS, it shall be expressly permissible for the DECLARANT or its duly authorized agents, employees and representatives to maintain during the period of construction and sale of LOTS such facilities, structures and signs as are necessary or convenient, in the sole opinion of the DECLARANT, to the sale of the LOTS, including, but without limitation, a business office, storage area, construction yards, model units or homes and sales offices, provided, however, that such use of the COMMON AREA by the DECLARANT must be reasonable and must not interfere with any OWNER's use and enjoyment of the COMMON AREA.

Section 6.17 PLANTING AND LANDSCAPING

Except for such planting and landscaping as is enclosed by a fence or wall, or in an area not maintained by the ASSOCIATION, no planting or landscaping shall be done and no fences, hedges or walls shall be erected or maintained on any LOT without the prior written approval of the ARCHITECTURAL COMMITTEE.

Section 6.18 DISEASES AND INSECTS

No OWNER shall permit any thing or condition to exist upon any property which shall induce, breed or harbor infectious plant diseases or noxious insects.

Section 6.19 Fence Walls & Retaining Walls

No Fence Walls shall extend into the front yard (as described in Sec 1.23).

Fence Walls constructed on corner lots on the "Side Yard" (as described in Sec 1.23) shall be required a 10' setback.

Retaining Walls will be constructed as needed.



ARTICLE VII

EASEMENTS

Section 7.1 UTILITY EASEMENTS

There is hereby created a blanket easement upon, across, over and under the COMMON AREA for ingress, egress, installation, replacing, repairing and maintaining all utilities, including, but not limited to, water, sewers, gas, telephones, electricity and a cable television system. By virtue of the easement, it shall be expressly permissible for the providing utility to erect and maintain the necessary poles and other necessary facilities and equipment on the COMMON AREA. This easement shall in no way affect any other recorded easements on the COMMON AREA.

Section 7.2 EASEMENT FOR ENCROACHMENTS

Each LOT and the COMMON AREA shall be subject to an easement for encroachments created by the construction, settling and overhangs as designed or constructed by DECLARANT. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event a building is partially or totally destroyed, and then rebuilt, the OWNERS agree that minor encroachments of parts of the adjacent LOT due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist. Notwithstanding any provision in this Section to the contrary, any encroachment permitted by this Section shall not exceed five (5) feet.

Section 7.3 EASEMENTS FOR INGRESS AND EGRESS

Easements for ingress and egress are hereby reserved to the DECLARANT, the OWNERS, and their family, guests, tenants and invitees for pedestrian traffic over, through, and across sidewalks, paths, walks and lanes as the same from time to time any exist upon the COMMON AREA, and for vehicular traffic over, through and across such portions of the COMMON AREA as from time to time may be paved and intended for such purposes, and for such other purposes reasonably necessary to the use and enjoyment of a LOT or the COMMON AREA.

Section 7.4 ASSOCIATION'S RIGHT OF ENTRY

During reasonable hours, the ASSOCIATION, any member of the ARCHITECTURAL COMMITTEE, any member of the BOARD or any authorized representative of them, shall have the right to enter upon and inspect any LOT, excluding the interior of any residence located thereon, for the purpose of making inspections to determine whether the provisions of this DECLARATION, the ASSOCIATION RULES and the ARCHITECTURAL COMMITTEE RULES are being complied with by the OWNER of said LOT.

Section 7.5 ASSOCIATION'S EASEMENT FOR PERFORMING MAINTENANCE RESPONSIBILITIES

The ASSOCIATION shall have an easement above, across, over and under the COMMON AREA and the LOTS for the purpose of repairing, maintaining and replacing the COMMON AREA and those portions of the LOTS which the ASSOCIATION is obligated to maintain under ARTICLE IX of this DECLARATION.

Section 7.6 EASEMENT FOR USE AND BENEFIT

Each LOT may be entitled to a USE AND BENEFIT EASEMENT which is granted to an adjacent lot for ingress and egress for the purpose of repair, maintenance, drainage and improvement of any of the abutting LOT OWNER'S PROPERTY which is contiguous to the easement area. No structure and/or other permanent improvement of any nature shall be placed, maintained or permitted to remain on or within the easement area.

ARTICLE VIII



PROPERTY RIGHTS

Section 8.1 OWNER'S EASEMENT OF ENJOYMENT

Every Owner shall have a right and easement of enjoyment in and to the COMMON AREA. Said easement shall be appurtenant to and shall pass with the title to every LOT subject to the following provisions:

- (a) the right of the ASSOCIATION to adopt reasonable rules and regulations governing the use of the COMMON AREA and all facilities located thereon;
- (b) the right of the ASSOCIATION to charge reasonable admission and other fees for the use of any clubhouse or recreational facility situated upon the COMMON AREA;
- (c) the right of the ASSOCIATION to suspend the voting rights and the rights to the use of the recreational facilities of an OWNER for any period which an assessment against his LOT remains unpaid and for a period not to exceed sixty (60) days for any infraction of the PROJECT DOCUMENTS;
- (d) the right of the ASSOCIATION to dedicate or transfer all or any part of the COMMON AREA to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the MEMBERS, provided, however, that no such dedication or transfer shall be effective unless evidenced by an instrument signed by at least two-thirds (2/3) of each class of MEMBERS;
- (e) the right of the DECLARANT and its agents and representatives, in addition to the rights set forth elsewhere in this DECLARATION, to the non-exclusive use, without charge, of the COMMON AREA for maintenance of sales facilities, and display and exhibit purposes.

Section 8.2 DELEGATION OF USE

Any OWNER may delegate, subject to this DECLARATION and the ASSOCIATION RULES, his right of enjoyment to the COMMON AREA and facilities to the members of his family, his tenants, his guests or invitees, provided such delegation is for a reasonable number of persons and at reasonable times.

Section 8.3 LIMITATIONS

An OWNER's right and easement of enjoyment in and to the COMMON AREA shall not be conveyed, transferred, alienated or encumbered separate and apart from an OWNER's LOT. Such right and easement of enjoyment in and to the COMMON AREA shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any OWNER's LOT notwithstanding that the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to the COMMON AREA.

ARTICLE IX

MAINTENANCE

Section 9.1 MAINTENANCE OF COMMON AREA BY THE ASSOCIATION

The ASSOCIATION shall be responsible for the maintenance, repair and replacement of the COMMON AREA and may, without any approval of the OWNERS being required, do any of the following:

- (a) reconstruct, repair, replace or refinish any IMPROVEMENT or portion thereof upon any such area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area);
- (b) construct, reconstruct, repair, replace or refinish any portion of the COMMON AREA used as a road, street, walk, drainage channel, driveway and parking area;
- (c) place and maintain upon any such area such signs as the BOARD deems necessary for the



conservation of water and soil and for aesthetic purposes;

- (d) place and maintain upon any such area such signs as the BOARD may deem appropriate for the proper identification, use and regulation thereof;
- (e) do all such other and further acts which the BOARD deems necessary to preserve and protect the COMMON AREA and the beauty thereof, in accordance with the general purpose specified in this DECLARATION.

Section 9.2 EXTERIOR MAINTENANCE OF LOTS BY THE ASSOCIATION

In addition to the maintenance, repair and replacement of the COMMON AREA, and All Yards located thereon, the ASSOCIATION shall maintain, repair and replace the landscaping on the LOTS except for such landscaping as is located within individual patio areas or enclosed by a fence or wall. In the event the need for maintenance, repair or replacement of any portion of the LOTS which are to be maintained by the ASSOCIATION pursuant to this Section is caused by the willful or negligent act of an OWNER, his family, guests, invitees or animals for whom he is legally responsible under Arizona law, the ASSOCIATION shall cause the maintenance or repair to be performed, and the cost of such maintenance or repair shall be paid by said OWNER and the ASSOCIATION may enforce collection of such amounts in the same manner and to the same extent as provided else-where in this DECLARATION for the collection and enforcement of assessment.

Section 9.3 MAINTENANCE OF LOTS BY OWNERS

Each OWNER of a LOT shall be solely responsible for the maintenance, repair and replacement of the structure on his LOT and any landscaping that is not maintained by the ASSOCIATION as provided elsewhere in this DECLARATION.

- (a) No OWNER shall construct any buildings on a LOT without the written consent and approval of the ARCHITECTURAL COMMITTEE;
- (b) no OWNER shall perform any maintenance or repair work on the exterior of his LOT which would alter the exterior appearance of the LOT without the prior written approval of the BOARD;
- (c) no OWNER shall do any work which will impair the structural integrity of the LOT, or will adversely affect any other LOT or the COMMON AREA.

Section 9.4 NONPERFORMANCE BY OWNERS

If any OWNER fails to maintain any portion of his LOT, and the IMPROVEMENTS located thereon, which he is obligated to maintain under the provisions of the PROJECT DOCUMENTS, the ASSOCIATION shall have the right but not the obligation, to enter upon such OWNER's LOT to perform the maintenance and repairs not performed by the OWNER, and the cost of any such work performed by or at the request of the ASSOCIATION shall be paid for by the OWNER of the LOT, upon demand from the ASSOCIATION, and such amounts shall be a lien upon the OWNER's LOT and the ASSOCIATION may enforce collection of such amounts in the same manner and to the same extent as provided elsewhere in this DECLARATION for the collection and enforcement of assessments.

ARTICLE X

PARTY WALLS

Section 10.1 RIGHTS AND DUTIES OF ADJOINING OWNERS

The rights and duties of OWNERS of any LOTS with respect to the party walls shall be governed by the following provisions:

- (a) each wall which is placed on the dividing line between separate LOTS shall constitute a party wall. With respect to any such wall, each of the adjoining OWNERS shall assume the burden and be entitled to the



benefit of the restrictive covenants contained in this DECLARATION, and to the extent not inconsistent with this DECLARATION, the general rules of law regarding party walls shall be applied;

- (b) the cost of reasonable repair and maintenance of a party wall shall be shared by the adjoining OWNERS of such wall in proportion to the use thereof, without prejudice, however, to the right of any OWNER to call for a larger contribution from the adjoining OWNER under any rule of law regarding liability for negligent or willful acts or omissions;
- (c) in the event such party wall is damaged or destroyed by some cause other than the act of one of the adjoining OWNERS, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time) then, in such event, both such adjoining OWNERS shall proceed forthwith to rebuild or repair the same to as good condition as formerly at their joint and equal expense;
- (d) notwithstanding any other provision of this ARTICLE an OWNER who, by his negligent or willful act, causes any party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements;
- (e) the right of any OWNER to contribution from any other OWNER under this ARTICLE shall be appurtenant to the land and shall pass to such OWNERS and their successors in title;
- (f) in addition to meeting the other requirements of this DECLARATION and of any other building code or similar regulations or ordinances, any OWNER proposing to modify, make additions or to rebuild his home in any manner which requires the extension or other alteration of a party wall, shall first obtain the written consent of the adjoining OWNER;
- (g) in the event of a dispute between OWNERS with respect to the repair or the rebuilding of a party wall or with respect to sharing of the cost thereof, then, upon written request of one of such OWNERS addressed to the ASSOCIATION, the matter shall be submitted to arbitration under such rules as may from time to time be adopted by the ASSOCIATION. If no such rules have been adopted, then the matter shall be submitted to three (3) arbitrators, one chosen by each of the OWNERS, and the third by the two so chosen, or if the arbitrators do not agree as to the selection of the third arbitrator within five (5) days then by a Judge of the Superior Court of Yavapai County, Arizona. A determination of the matter signed by any two of the arbitrators shall be binding upon the OWNERS who shall share the cost of the arbitration equally. In the event one party fails to choose an arbitrator within ten (10) days after personal receipt or request in writing for arbitration from the other party, then said other party shall have the right and power to choose both arbitrators;
- (h) the provisions of this ARTICLE shall be binding upon the heirs and assigns of any OWNERS, but no person shall be liable for any act or omission respecting the party wall except such as took place while he was an OWNER.

ARTICLE XI

INSURANCE

Section 11.1 SCOPE OF COVERAGE

Commencing not later than the time of the first conveyance of a LOT to a person other than the DECLARANT, the ASSOCIATION shall maintain, to the extent reasonable, the following insurance coverage:

- (a) property insurance on the COMMON AREA insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the COMMON AREA, as determined by the BOARD, provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy;



- (b) comprehensive general liability insurance, including medical payments insurance, in an amount determined by the BOARD, but not less than \$1,000,000.00. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the COMMON AREA and all other portions of the PROPERTY which the ASSOCIATION is obligated to maintain under this DECLARATION, and shall also include hired automobile and non-owned automobile coverage with cost liability endorsements to cover liabilities of the OWNERS as a group to an OWNER;
- (c) workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;
- (d) such other insurance as the ASSOCIATION shall determine from time to time to be appropriate to protect the ASSOCIATION or the OWNERS;
- (e) the insurance policies purchased by the ASSOCIATION shall, to the extent reasonably available, contain the following provisions:
 - (1) that there shall be no subrogation with respect to the ASSOCIATION, its agent, servants, and employees, with respect to OWNERS and members of their household;
 - (2) no act or omission by any OWNER, unless acting within the scope of his authority on behalf of the ASSOCIATION, will void the policy or be a condition to recovery on the policy;
 - (3) that the coverage afforded by such policy shall not be brought into contribution or pro ration with any insurance which may be purchased by OWNERS or their mortgages or beneficiaries under deeds of trust;
 - (4) a severability of interest endorsement which shall preclude the insurer from denying the claim of an OWNER because of the negligent acts of the ASSOCIATION or other OWNERS;
 - (5) statement of the name of the insured as GREY FOX RIDGE HOMEOWNERS ASSOCIATION;
 - (6) for policies of hazard insurance, a standard mortgage clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy;
 - (7) if the PROPERTY is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a policy of flood insurance on the COMMON AREA must be maintained in the lesser of one hundred percent (100%) of the current replacement cost of the maximum limit of coverage available under the National Insurance Act of 1968, as amended;
 - (8) "Agreed Amount" and "Inflation Guard" endorsements.

Section 11.2 CERTIFICATES OF INSURANCE

An Insurer that has issued an insurance policy under this ARTICLE shall issue certificates or a memorandum of insurance to the ASSOCIATION and upon request, to any OWNER, mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this ARTICLE may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the ASSOCIATION, each OWNER, and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

Section 11.3 FIDELITY BONDS

The ASSOCIATION shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the ASSOCIATION and all other persons handling or responsible for funds of or administered by the ASSOCIATION, including without limitation any management agent to whom the ASSOCIATION has delegated some or all of the responsibility for the handling of such funds. The total amount of fidelity bond coverage shall



be based upon the best business judgment of the BOARD, and shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the ASSOCIATION or the management agent, as the case may be, at any given time during the term of each bond. In no event shall the aggregate amount of such fidelity bonds be less than a sum equal to three (3) months assessments on all LOTS plus adequate reserve funds. Fidelity bonds obtained by the ASSOCIATION must also meet the following requirements:

- (a) the fidelity bonds shall name the ASSOCIATION as an obligee;
- (b) the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions;
- (c) the bonds shall provide that they may not be cancelled or substantially modified (including cancellation from non-payment of premium) without at least ten (10) days prior written notice to the ASSOCIATION and each FIRST MORTGAGEE.

Section 11.4 PAYMENT OF PREMIUMS

The premiums for any insurance obtained by the ASSOCIATION pursuant to Section 11.1 and 11.3 of this ARTICLE shall be included in the budget of the ASSOCIATION and shall be paid by the ASSOCIATION.

Section 11.5 INSURANCE OBTAINED BY OWNERS

Each OWNER shall be responsible for obtaining insurance for his own benefit and at his own expense, covering his LOT and all IMPROVEMENTS located thereon, and his personal property and personal liability coverage to the extent such insurance is not obtained by the ASSOCIATION.

Section 11.6 PAYMENT OF INSURANCE PROCEEDS

With respect to any loss to the COMMON AREA covered by property insurance obtained by the ASSOCIATION in accordance with this ARTICLE the loss shall be adjusted with the ASSOCIATION and the insurance proceeds shall be payable to the ASSOCIATION and not to any mortgagee or beneficiary under a deed of trust. Subject to the provision of Section 11.7 of this ARTICLE, the proceeds shall be disbursed for the repair or restoration of the damage to COMMON AREA. With respect to any loss to any LOT or the IMPROVEMENTS located thereon, which is covered by property insurance obtained by the ASSOCIATION, the loss shall be adjusted with the OWNER of said LOT and the proceeds shall be payable to said OWNER and any holder of liens on said LOT as their interest may appear.

ARTICLE XII

GENERAL PROVISIONS

Section 12.1 ENFORCEMENT

The ASSOCIATION of any OWNER shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this DECLARATION. Failure by the ASSOCIATION or by any OWNER to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 12.2 SEVERABILITY

Invalidation of any one of those covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 12.3 AMENDMENT

The covenants and restrictions of this DECLARATION shall run with and bind the PROPERTY for a term of twenty (20) years from the date this DECLARATION is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This DECLARATION may be amended at any time by an



instrument signed by the OWNERS of more than seventy-five percent (75%) of the LOTS.

Section 12.4 VIOLATIONS AND NUISANCE

Every act or omission whereby any provision of this DECLARATION is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by DECLARANT, the ASSOCIATION or any OWNER.

Section 12.5 VIOLATION OF LAW

Any violation of any State, Municipal, or Local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property within the PROPERTY is hereby declared to be a violation of this DECLARATION and subject to any of all of the enforcement procedures set forth herein.

Section 12.6 REMEDIES CUMULATIVE

Each remedy provided herein is cumulative and not exclusive.

Section 12.7 DELIVERY OF NOTICES AND DOCUMENTS

Any written notice or other documents relating to or required by this DECLARATION may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage pre-paid, addressed as follows: If to the ASSOCIATION, at P.O Box _____ Cottonwood, AZ 86326; if to the ARCHITECTURAL COMMITTEE, at P.O Box _____ Cottonwood, AZ 86326 ; if to an OWNER, to the address of his LOT or to any other address last furnished by the OWNER to the ASSOCIATION; and if to DECLARANT, at 877 S 7th St Cottonwood, AZ 86326; provided, however, that any such address may be changed at any time by the party concerned by recording a written notice of change of address and delivering a copy thereof to the ASSOCIATION.

Each OWNER of a LOT shall file the correct mailing address of such OWNER with the ASSOCIATION and shall promptly notify the ASSOCIATION in writing of any subsequent change of address.

Section 12.8 BINDING EFFECT

By acceptance of a deed or by acquiring any ownership interest in any of the property subject to this DECLARATION, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees, and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this DECLARATION and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this DECLARATION sets forth a general scheme for the improvement and development of the PROPERTY and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this DECLARATION shall run with the land and be binding on all subsequent and future OWNERS, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this DECLARATION shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future OWNERS, DECLARATION, its successors, assigns and grantees, covenants and agrees that the LOTS and the membership in the ASSOCIATION and the other rights created by this DECLARATION shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective LOT even though the description in the instrument of conveyance may refer only to the LOT.

Section 12.9 MANAGEMENT AGREEMENTS

Any agreement for the professional management of the ASSOCIATION must by its terms be terminable by the ASSOCIATION with or without cause upon sixty (60) days written notice thereof, and the terms of any such management agreement may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

Section 12.10 GENDER

The singular, wherever used in this DECLARATION, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions of this DECLARATION apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

**Section 12.11 TOPIC HEADINGS**

The marginal or topical headings of the Sections contained in this DECLARATION are for convenience only and do not define, limit or construe the contents of the Sections or this DECLARATION.

Section 12.12 SURVIVAL OF LIABILITY

The termination of membership in the ASSOCIATION shall not relieve or release any such former MEMBER from any liability or obligation incurred under or in any way connected with the ASSOCIATION during the period of such membership, or impair any rights or remedies which the ASSOCIATION may have against such former MEMBER arising out of, or in any way connected with such membership and the covenants and obligations incident thereto.

Section 12.13 CONSTRUCTION

In the event of any discrepancies, inconsistencies or conflicts between the provisions of this DECLARATION and the ARTICLES, BYLAWS, ASSOCIATION RULES or ARCHITECTURAL COMMITTEE RULES, the provisions of this DECLARATION shall prevail.

Section 12.14 JOINT AND SEVERAL LIABILITY

In the case of JOINT OWNERSHIP of a LOT, the liabilities and obligations of each of the JOINT OWNERS set forth in or imposed by this DECLARATION, shall be joint and several.

Section 12.15 ATTORNEY'S FEES

In the event the ASSOCIATION employs an attorney to enforce any lien granted to it under the terms of this DECLARATION or to collect any assessments or other amounts due from an OWNER or to enforce compliance with or recover damages for any violation of non-compliance with the PROJECT DOCUMENTS, the prevailing party in any such situation shall be entitled to recover from the other party its reasonable attorneys' fees incurred in any such action.

Section 12.16 DECLARANT'S RIGHT TO USE SIMILAR NAME

The ASSOCIATION hereby irrevocable consents to the use by any other non-profit corporation which may be formed or incorporated by DECLARANT of a corporate name which is the same or deceptively similar to the name of the ASSOCIATION provided one or more words are added to the name of such other corporation to make the name of the ASSOCIATION distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by the DECLARANT, the ASSOCIATION shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other corporation formed or incorporated by the DECLARANT to use a corporate name which is the same or deceptively similar to the name of the ASSOCIATION.



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IN WITNESS WHEREOF, the undersigned, being the DECLARANT herein, has hereunto set its hand and seal
this 26th day of JUNE, 2007

GREY FOX RIDGE LLC (DECLARANT)

By: *Daniel D. Peterson*
Daniel D. Peterson (It's Member)

By: *William B. Bullock*
William B. Bullock (It's Member)

STATE OF ARIZONA)
) ss.
COUNTY OF YAVAPAI)

SUBSCRIBED AND SWORN before me this 26th day of June, 2007 by Daniel D. Peterson and William B. Bullock who acknowledged themselves to be Members of GREY FOX RIDGE LLC, and that they, as such being authorized so to do, executed the above instrument for an on behalf of the Company for the purposes herein set forth.

Victoria A. Sanders
Notary Public

My Commission Expires:





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EXHIBIT A

A Final Plat of Grey Fox Ridge which has been recorded with the County Recorder of Yavapai County, Arizona, in Book 60 of Maps, Pages 71.