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STATE OF ARIZONA, County of Yavapai--

I do hereby certify that the within instrument was filed and recorded at the request of YAVAPAI CO. PLANNING & ZONING
on JUN 3 1976 at 1:11 PM o'clock Book 1018 Official Records Page 981-996 (ind.)
Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

FATSY C. JERNEY, County Recorder

By *[Signature]* Deputy

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR RESIDENTIAL LOTS

KNOW ALL MEN BY THESE PRESENTS:

CONTINENTAL SERVICE CORP., an Arizona
Corporation is the owner of the following described
premises situated within Yavapai County, State of
Arizona, to-wit:

Lots 191-196, inclusive, Yavapai Hills,
Unit 1, Phase III, a subdivision in
Yavapai County, Arizona, according to
the plat of record recorded on the 3
day of June, 1976, in book 17
of maps and plats, pages 16 to 10
inclusive, records of the County Recorder
of Yavapai County, Arizona.

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YAVAPAI HILLS, INC. will convey such premises subject to certain protective covenants, conditions, restrictions, reservations, easements, liens and charges as hereinafter set forth.

NOW, THEREFORE, YAVAPAI HILLS, INC. hereby declares that all of the lots described above and any other lots to which the Declaration is extended by YAVAPAI HILLS, INC., shall be held, sold and conveyed subject to the following covenants, conditions, restrictions, reservations, easements, liens and charges, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of all the property described above, and all of which are hereby declared to be for the benefit of the property described above and all other property to which this Declaration is extended by YAVAPAI HILLS, INC., and the owners thereof, their heirs, successors, grantees and assigns.

YAVAPAI HILLS, INC. reserves unto itself, for as long as this Declaration remains in force and effect, the right to extend the provisions of this Declaration to any other real property now owned, hereafter acquired or developed by YAVAPAI HILLS, INC. as part of its plan for development of a community known as "Yavapai Hills."

RULES OF
CONSTRUCTION:

1. For the purposes of this Declaration, and when not inconsistent with the context:
 - 1.1 Words used in the present tense include the future.
 - 1.2 Words in the singular include the plural.
 - 1.3 Words in the plural include the singular.
 - 1.4 The masculine includes the feminine.
 - 1.5 The word "shall" is mandatory and not directory.

- 1.6 The word "may" is directory.
- 1.7 The particular controls the general.
- 1.8 Enumeration is not limited.

DEFINITIONS:

2. Unless the context otherwise requires, the following terms, phrases and words shall have the meaning hereinafter given for purposes of this Declaration.

- 2.1 "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Residential Lots as now constituted or as the same may from time to time be amended in accordance with the provisions hereof.
- 2.2 "Articles" means the Articles of Incorporation of the Association which are, or will be, filed in the office of the Corporation Commission of the State of Arizona, and as the same may be amended from time to time.
- 2.3 "Association" means Yavapai Hills Home Owners Association, a non-profit corporation, its successors and assigns, incorporated or that will be incorporated under the laws of the State of Arizona for the purpose of performing the functions and duties enumerated in this Declaration and for such other purposes as set forth in Articles of Incorporation.
- 2.4 "Board" means the Board of Directors of the Association.
- 2.5 "By-Laws" means the by-laws adopted by the Association and as the same may be amended from time to time.
- 2.6 "Committee" means the Architectural Committee or Committees appointed or that will be appointed as hereinafter provided, and as the same may from time to time be appointed.
- 2.7 "Common Areas and Facilities" means those areas or facilities owned or acquired by the Association or placed under the jurisdiction of the Association, including but not limited to:
 - 2.101 Open spaces.
 - 2.102 Recreational areas.
 - 2.103 Sewage treatment plant, site and ponds.

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- ment.
- 2.104 Drives.
- 2.105 Walks.
- 2.106 Guard houses.
- 2.107 Parks.
- 2.108 Lakes.
- 2.109 Picnic areas.
- 2.110 Club houses.
- 2.111 Recreational facilities.
- 2.112 Improvements and personal property used in conjunction with the foregoing.
- 2.8 "Lot" means a residential lot.
- 2.9 "Lot Owner" means the owner or owners of a residential lot.
- 2.10 "Member" means any person, corporation, partnership, joint venture or any other legal entity who is a member of the Association.
- 2.11 "Residential Lot" means lots 191-196, inclusive, Yavapai Hills Unit I, Phase III, a subdivision in Yavapai County, Arizona, according to the plat thereof in Book _____ of Maps and Plats, pages _____ to _____, inclusive, records of the County Recorder of Yavapai County, Arizona, and any other lot or parcel of land to which the provisions of this Declaration have been extended by Yavapai Hills, Inc., as evidenced by an appropriate written instrument executed by Yavapai Hills, Inc., and recorded in the records of the County Recorder of Yavapai County, Arizona.
- 2.12 "Rules and Regulations" means the Rules and Regulations adopted by the Association for the regulation of the Common Areas and facilities and as the same may from time to time be amended.
- 2.13 "Yavapai Hills, Inc." means the existing corporation, organized under the laws of the State of Delaware, its successors and assigns.

SINGLE FAMILY DWELLING:

3. No buildings or structures shall be erected, altered, placed or permitted to remain on any lot other than a single family dwelling, a garage, and any other accessory building customarily found on residential property in a subdivision (but in no event shall there be any barns, mobile

homes, trailers, sheds or shacks). There shall not exist on any lot at any time, more than one single family residence.

ARCHITECTURAL
COMMITTEE:

4. One or more Committees shall be appointed to function as hereinafter provided.

4.1 Appointment of Committee or Committees

Each Committee shall consist of three (3) persons, two of whom shall be appointed by Yavapai Hills, Inc., and one of whom shall be appointed by the Board. The persons, and their successors, appointed to a Committee by Yavapai Hills, Inc., shall serve at the discretion of Yavapai Hills, Inc., and in the event such an appointee is removed, resigns, refuses to serve, dies, or is unable to serve for any reason, Yavapai Hills, Inc. shall appoint his successor. The person, and his successors, appointed to each Committee by the Board shall serve at the discretion of the Board, and in the event such appointee is removed, resigns, refuses to serve, dies or is unable to serve for any reason, the Board shall appoint his successor. At such time as shall be designated by Yavapai Hills, Inc., the foregoing power of appointment of Yavapai Hills, Inc., shall be relinquished in favor of the Board, and thereafter the power of appointment for all persons on each Committee shall be exercised by the Board, and all powers, rights and authorities of each such Committee shall be exercised and vested in such Committee as an Association Committee. Yavapai Hills, Inc. may delegate to another corporation, association, or person, its right to appoint persons to each Committee. Until such time as Yavapai Hills, Inc. has relinquished its power of appointment as aforesaid, the number of Committees and the area of authority of each Committee shall be determined by Yavapai Hills, Inc., and thereafter by the Board.

4.2 Approval of Plans

No dwelling, building or other structure shall be commenced, erected, or maintained, until the plans and specifications and plot plan, showing the nature, kind, shape, height, materials, floor plans, exterior color scheme, location and approximate cost of such dwelling, building or other structure and the grading of the lot to be built upon, shall have been submitted to and approved by the Committee, and a copy thereof, as finally approved, lodged permanently with the Committee. The Committee shall have the right to refuse to approve any such plans or specifications or grading plans, which are not suitable or desirable, in its opinion, for aesthetic or other reasons, and in so passing upon such plans, specifications and grading plans, it shall have the right to take into con-

sideration the suitability of the proposed dwelling or other structure, the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings and the effect of the dwelling, building or other structure as planned on the outlook from adjacent or neighboring property. All subsequent additions to or changes or alterations in any dwelling, building or other structure, including exterior color scheme, shall be subject to the prior approval of the Committee. No lot owner or other parties shall have recourse against the Committee for its refusal to approve any such plans and specifications or plot plans, including lawn area and landscaping. The Committee shall not be liable for any structural defects in such plans or specifications, or in any dwelling, building or other structure erected according to such plans and specifications.

4.3 Request for Approval

Request for the Committee's approval of such plans and specifications, together with a copy of such plans and specifications and any other information which the Committee may reasonably request, shall be submitted in writing to the Committee at least thirty days prior to the date on which construction is to commence. Within thirty days from receipt of such written request, the Committee shall notify in writing the lot owner making the request of its decision either approving or rejecting the plans and specifications. In the event the Committee rejects the plans and specifications, then and in that event the Committee shall set forth in its notification the reason for rejection thereof. The decision of the Committee shall be final if such lot owner fails to request a hearing in accordance with the procedures outlined in provision 4.5.

4.4 Failure to Act

In the event the Committee shall fail to approve or disapprove plans or specifications within thirty days after receipt of the written request, the plans, specifications, and other information requested by the Committee, approval thereof shall be deemed to have been given; provided, however, any dwelling, building or structure embraced by such plans and specifications shall be of masonry or frame construction and the location and size of the dwelling, building or structure shall not be violative of any of the restrictions contained in this Declaration or any applicable law, rule or regulation of any governmental body or agency having jurisdiction thereof.

4.5 Right of Hearing

Should the Committee reject or disapprove the plans and specifications as submitted, the lot owner, within fifteen days from the date of written notice of

rejection or disapproval, may request in writing a hearing before the Committee. The Committee, upon receipt of such written request, shall fix the date, time and place of the hearing and shall notify the lot owner in writing of the date, time and place of the hearing at least seven days prior to the hearing date. The date of the hearing shall be fixed no later than thirty days after receipt of the written request for hearing. At the hearing the lot owner shall be afforded the opportunity to be heard and to present evidence, both oral and documentary, concerning the rejection of the plans and specifications. Upon conclusion of the hearing the Committee shall then determine, by majority vote of the persons appointed by the Committee, whether its prior decision concerning the plans and specifications shall be affirmed or reversed. Notice in writing of the Committee's decision shall be mailed to the lot owner within seven days from the date of the hearing. The decision of the Committee shall be final if such lot owner fails to exercise the right of appeal in accordance with the procedures set forth in provision 4.6.

4.6 Right of Appeal

In the event the lot owner is dissatisfied with the decision of the Committee rendered in accordance with provision 4.5, then and in that event the lot owner may appeal such decision to the Board. The right of appeal shall be exercised by the lot owner within fifteen days from the date the Committee mails notice of its decision to the lot owner. The notice of appeal shall be in writing addressed to both the Committee and the Board. The Board, upon receipt of a notice of appeal, shall fix the date, time and place of the hearing on appeal and shall notify in writing the Committee and the lot owner of the date, time and place of the hearing at least seven days prior to the hearing date. The date of the hearing shall be fixed no later than thirty days after receipt of the notice of appeal. At the hearing on appeal both the Committee and the lot owner shall be afforded the opportunity to be heard and to present evidence, both oral and documentary, concerning the rejection of the plans and specifications. Upon conclusion of the hearing on appeal the Board shall then determine, by majority vote of all Directors, whether the decision of the Committee shall be affirmed or reversed. Notice in writing of the Board's decision shall be mailed to the Committee and the lot owner within seven days from the date of the hearing on appeal. The decision of the Board shall be final.

TIME OF CONSTRUCTION
AND TEMPORARY
STRUCTURES:

5. Construction on a lot shall be governed by the following:

5.1 Time of Construction

All construction on a lot must be commenced within three months from the date of approval by the Committee of the plans and specifications and all dwellings, buildings or structures shall be completed within six months from commencement of construction; provided, however, the Committee may extend such time when in its opinion conditions warrant such extension. It shall be the responsibility of the lot owner to notify the Committee in writing of the starting and completion dates of construction.

5.2 Temporary Structures

No trailer, mobile home, basement, tent, shack, garage, barn or other outbuilding or any structure of a temporary character on any lot shall at any time be used as a residence, either temporarily or permanently. No temporary dwellings, buildings or structures of any type shall be placed on any lot, except as may be required for storage or watchmen during the period of construction of the dwelling on such lot. Debris resulting from construction of the dwelling unit must be disposed of weekly.

SIZE AND HEIGHT:

6. The size and height of dwellings, buildings or other structures shall be limited as follows:

6.1 Size

No dwelling having less than one thousand (1,000) square feet of heated living area shall be permitted on any lot.

6.2 Height

No dwelling, building or structure on any lot shall be higher than two stories or exceed thirty feet in height.

RESERVATION OF EASEMENTS:

7. With respect to each lot, easements and rights-of-way, as set forth in recorded plats of Yavapai Hills, are hereby reserved unto

Yavapai Hills, Inc., and its assigns, for construction, installation, and maintenance of water supply lines, sewers, utility lines and drains.

OCCUPANCY OF DWELLING:

8. No lot shall be used for residential purposes prior to the time at least one water flush toilet is installed in the dwelling thereon or prior to the time the dwelling is serviced by water and sewer connections.

DIVISION OF LOTS:

9. No lot shall be subdivided into smaller lots, nor conveyed or encumbered in less than the full original dimensions of such lot, except for purposes of the installation or maintenance of public utilities. Nothing herein contained shall prevent the dedication or conveyance of portions of lots for public utilities, in which event the remaining portion of any such lot shall, for the purpose of this provision, be treated as a whole lot. This restriction or any others contained herein shall not prevent the utilization of two or more contiguous lots having common ownership as a single building site.

PETS:

10. No animals, birds or poultry shall be kept or maintained on any lot, except recognized household pets which may be kept thereon in reasonable numbers as pets for the pleasure and use of the occupants, and not for any commercial use or purpose. This restriction shall not prohibit the establishment by Yavapai Hills, Inc., or the Association, of a stable or stables for use of members of the Association upon a tract or tracts of land which may be set aside specifically for that purpose.

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OBSTRUCTION OF
EASEMENTS, DITCHES
OR CULVERTS:

11. No dwelling, building or structure of any kind or nature shall be erected, permitted or maintained on, over or across the easements for utilities or drainage as shown on recorded plats of Yavapai Hills. No lot owner, nor anyone acting under his direction, shall cover, bridge or otherwise interfere with drainage or irrigation ditches or culverts now existing or hereafter installed without the prior express written approval of the Committee.

WEEDS, GARBAGE
AND TRASH:

12. No weeds, underbrush or other unsightly growths shall be permitted to grow upon any lot. Waste, rubbish and garbage must be kept in suitable containers and must not be allowed to accumulate on any lot and must be removed from each lot in accordance with applicable sanitation regulations. No waste, rubbish or garbage shall be burned or dumped on any lots or any part of Yavapai Hills, except in such places as may be specifically designated and approved for such purposes by the governmental authorities having jurisdiction thereof. Until such time as a garbage refuse collection service is inaugurated, all waste, refuse and garbage shall be deposited in a place designated by the Committee, and when garbage and refuse collection service is inaugurated, each lot owner must use such service. Failure to comply with either this provision 12 or provision 5.2 pertaining to the removal of building debris, automatically grants a right to Yavapai Hills, Inc., its designee, or the Association, to enter upon any lot for purposes of removing waste, rubbish garbage or clearing weeds, underbrush or unsightly growth,

and all expenses so incurred shall be a charge against the lot, and, until paid, shall constitute a lien upon the lot which may be foreclosed pursuant to the procedures outlined in provision 20.

LANDS RETAINED BY
YAVAPAI HILLS, INC.:

13. Neither the purchaser of a lot nor any successor in interest thereof shall be deemed to have acquired any proprietary or riparian rights in lands that are retained by Yavapai Hills, Inc., in any improvements on such lands or in any of the lakes, irrigation ditches, or other waterways on such lands.

BUSINESS PROHIBITION
AND NUISANCES:

14. No residential lot shall be used in whole or in part for any trade, business or commercial purpose. No residential lot shall be used in whole or in part for the storage of any property or object that will cause such lot to appear in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any lot be used in such manner that it will emit foul or obnoxious odors, will cause unreasonable noise, or will cause a nuisance.

FENCES AND HEDGES:

15. Except as may be otherwise required by law, no fence shall be erected or maintained on any residential lot. No hedge shall be maintained on any lot which shall unreasonably restrict or block the view from an adjoining lot, or which shall materially impair the continuity of the general landscaping plan of Yavapai Hills. In no event shall any hedge be maintained which shall exceed four feet in height without the prior approval of the Committee.

SIGNS, MAIL BOXES
AND YARD LIGHTS:

16. No sign or advertisement of any kind, other than name plate signs not to exceed one square foot in area, shall be erected or maintained on the premises without the written approval of the Committee. All owners of lots must use mail boxes and electric or natural gas yard lights, the location and design of which must be approved by the Committee.

RESERVATION AND
RIGHT OF ACCESS:

17. Right of access to each lot is hereby reserved to Yavapai Hills, Inc., for general improvements of any person's premises or premises of Yavapai Hills, Inc., but such right of access to any lot shall terminate upon commencement of construction on the lot by the owner.

SET BACK
REQUIREMENTS:

18. All set back requirements for front, back and side yards, and any and all other set back requirements as are now in effect under the provisions of the Planning and Zoning Ordinance of the County of Yavapai, adopted February 5, 1968, as amended February 5, 1973, shall be complied with at all times. In the event such Zoning Ordinance is further amended or is superseded by another zoning ordinance or zoning code of Yavapai County, or any other municipality having jurisdiction thereof, then and in that event the set back requirements of the Planning and Zoning Ordinance of the County of Yavapai, adopted February 5, 1968, as amended February 5, 1973, shall continue to be the set back requirements to be complied with to the extent such requirements are more restrictive than the set back requirements of any such further amendments or superseding zoning ordinances or codes. Notwithstanding anything to the contrary

herein, the Committee shall have the right to permit reasonable modification of the set back requirements where, in the discretion of the Committee, strict enforcement of these set back provisions would work a hardship. However, any such modification shall not be contrary and conflict with the set back requirements of the applicable zoning ordinance, code or other law then in effect, unless the person seeking the modification has obtained from the proper authority having jurisdiction thereof a variance from such zoning ordinance, code or other law that would allow such modification by the Committee, or the Committee may grant the modification conditioned upon the obtaining of such variance. Where two or more lots are acquired as a single building site, the side lot lines shall refer only to the lot lines bordering the adjoining property owners.

TANKS

19. No elevated tanks of any kind shall be erected, placed or permitted upon any lot unless same are kept screened by adequate planting or lattice, which must be approved by the Committee, to conceal the tank from neighboring lots or streets.

YAVAPAI HILLS HOME OWNERS ASSOCIATION

20. For the purpose of construction, maintenance and improvement of Common Areas and Facilities and of any and all common community services of every kind and nature required or desired in areas owned, acquired by or under the jurisdiction of the Association for the general benefit and use of members, each and every lot owner, in accepting a deed or contract of purchase for any lot in such premises, agrees to and shall be a member of and be subject to the obligations and duly enacted By-Laws and Rules and Regulations of the Association, and to pay an annual assessment and any special assessment levied against each lot to provide the

necessary funds for the aforesaid purposes. Such assessment shall be paid promptly when the same becomes due and in the event of failure of a lot owner to pay such assessment promptly when due, for which the lot owner shall be personally liable, the amount of the unpaid assessment shall constitute a lien upon the lot owned by such lot owner. The lien may be enforced in equity, as in the case of a real estate mortgage lien foreclosure, by the Association in accordance with such policies and procedures as the Board may from time to time adopt. The foreclosure judgment shall award to the Association all costs, expenses and reasonable attorney's fees incurred in connection with the foreclosure, such attorney's fees to be fixed by the judge of the court of applicable jurisdiction without use of a jury.

Notwithstanding anything herein to the contrary, membership in the Association shall not be restricted to lot owners. Other persons, corporations, partnerships, joint ventures, or other legal entities entitled to use the common areas and facilities shall or may become members of the Association in accordance with the applicable terms and provisions of the Articles and By-Laws of the Association.

ENFORCEMENT OF

COVENANTS:

21. Failure to enforce any of the covenants, conditions and restrictions contained herein shall not, in any event, be construed or held to be a waiver thereof or consent to any further or succeeding breach or violation. Upon breach or threatened breach of such covenants, stipulations or restrictions, or any of them, anyone owning or having an interest in Yavapai Hills Unit I, Phase II, or any other subdivision to which this Declaration has been extended, including the Association, may bring an appropriate action in the proper court to enjoin or restrain such violation or to compel compliance with such covenants, conditions or restrictions herein contained, or to collect damages or other dues on account thereof. A violation of the covenants, conditions or restrictions shall not affect the lien of any mortgage now of record or hereafter placed of record on any lot or part thereof.

INVALIDATION:

22. The invalidation of any one of these restrictions by judgement or court order shall in no wise affect any of the other provisions which shall remain in full force and effect.

DURATION OF DECLARATION
OF RESTRICTIONS

23. The aforesaid provisions, covenants, conditions and restrictions, and each and all thereof, shall run with the land and every part thereof, and shall be binding on the owner or owners of any lot until twenty (20) years from the date of recordation of this Declaration, after which they shall be automatically extended for successive periods of ten (10) years each, unless an instrument signed by a majority of the then owners of the lots has been recorded, agreeing to amend or terminate the same in whole or in part.

DEED OF CONVEYANCE:

24. Deeds of conveyance of a lot or lots, or any part of a lot, may contain the above covenants, conditions and restrictions by reference to this Declaration, but whether or not such reference is made in such deeds, or any thereof, each and all of such covenants, conditions and restrictions shall be binding upon the respective grantees, their heirs, successors and assigns.

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DATED this 1 day of June, 1976

CONTINENTAL SERVICE CORPORATION

By J. Jacobson, Trust off.

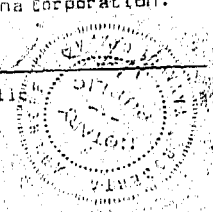
STATE OF ARIZONA }
COUNTY OF YAVAPAI }

The foregoing instrument was acknowledged before me
this 1 day of June, 1976, by J. Jacobson, Trust
Officer, of Continental Service Corp., an Arizona Corporation.

J. L. S.
Notary Public

My Commission expires:

6/5/79



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