

WHEN RECORDED, MAIL TO:

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***AMENDED AND RESTATED
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
H&F WINDMILL RANCH***

**AMENDED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
H&F WINDMILL RANCH**

This Amended and Restated Declaration of Covenants, Conditions, and Restrictions for H&F Windmill Ranch is made as of the 31st day of August, 2017, by HF Poquito, LLC, an Arizona limited liability company.

RECITALS

A. The Declarant owns the Property situated in Yavapai County, Arizona, more particularly described in **Exhibit A** hereto and defined below.

B. The Property is subject to that certain Declaration of Covenants, Conditions, and Restriction For H&F Windmill Ranch recorded as document 2017-0034323 on July 6, 2017 in the official records of the Yavapai County Recorder (the "First Declaration").

C. Declarant controls sufficient votes to terminate the First Declaration and replace the First Declaration with this Amended and Restated Declaration of Covenants, Conditions and Restrictions for H&F Windmill Ranch ("Declaration") to be effective immediately upon the recordation of this Declaration in the Recorder's Office of Yavapai County, Arizona.

**ARTICLE 1
DEFINITIONS**

Unless otherwise defined, the following words and phrases when used in this Declaration shall have the meanings set forth in this Article.

1.1 "Annual Assessment" means the assessments levied against each Parcel, and the Owner thereof, pursuant to Section 6.2 of this Declaration.

1.2 "Architectural Committee" means the committee of the Association to be created pursuant to Section 5.10 of this Declaration.

1.3 "Architectural Committee Rules" means any rules and guidelines adopted by the Architectural Committee pursuant to Section 5.10 of this Declaration, as amended or supplemented from time to time.

1.4 "Areas of Association Responsibility" means all easements contained within the H&F Windmill Ranch community and depicted on the Plat, and shall also include improvements

within the Development Entry Easement, as specifically identified on the Plat, all as controlled by Sections 7.1 and 7.2 of this Declaration.

1.5 “Articles” means the Articles of Incorporation of the Association, as amended from time to time.

1.6 “Assessment” means an Annual Assessment of Special Assessment.

1.7 “Assessment Lien” means the lien created and imposed by Article 6 of this Declaration.

1.8 “Assessment Period” means the period set forth in Section 6.6 of this Declaration.

1.9 “Association” means H&F Windmill Ranch Homeowners Association, an Arizona nonprofit corporation, and its successors and assignees and is the H&F Windmill Ranch Homeowners Association referred to on the Plat.

1.10 “Association Rules” means any rules adopted by the Board pursuant to Section 5.3 of this Declaration, as amended from time to time.

1.11 “Board” means the Board of Directors of the Association.

1.12 “Bylaws” means the Bylaws of the Association, as amended from time to time.

1.13 “Common Expenses” means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

1.14 “Declarant” means HF Poquito, LLC, an Arizona limited liability corporation, and any Person to whom it may expressly assign any or all of its rights as Declarant under this Declaration by an instrument recorded with the County Recorder of Yavapai County, Arizona.

1.15 “Declaration” means this Amended and Restated Declaration of Covenants, Conditions and Restrictions, as amended from time to time.

1.16 “First Mortgage” means any mortgage or deed of trust on a Parcel, which has priority over all other mortgages, and deeds of trust on the same Parcel.

1.17 “First Mortgagee” means the holder or beneficiary of any First Mortgage.

1.18 “Improvement” means any building, fence, wall or other structure, any swimming pool, any playground or other recreational equipment, any road, driveway, or parking area, any trees, plants, shrubs, planters, sculptures, monuments or signs, any grass or other landscaping or hardscaping improvements of any type and kind.

1.19 “Lessee” means the lessee or tenant under a lease, oral or written, of any Parcel including an assignee of a lease.

1.20 “Maintenance Standard” means the standard of maintenance of Improvements established from time to time by the Board or, in the absence of any standard established by the Board, the standard of maintenance of Improvements generally prevailing throughout the Project.

1.21 “Member” means any Person who is a member of the Association.

1.22 “Owner” means the record owner, whether one or more Persons, of beneficial or equitable title (and legal title if the same has merged with the beneficial or equitable title) to the fee simple interest of a Parcel. Owner shall not include Persons having an interest in a Parcel merely as security for the performance of an obligation or a Lessee. Owner shall include a purchaser under a recorded contract for the conveyance of real property subject to the provisions of A.R.S. § 33-741 et seq. Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contract which is intended to control the rights and obligations of the parties to the executory contract pending the closing of a sale or purchase transaction. In the case of Parcels subject to a deed of trust pursuant to A.R.S. § 33-801, et seq., the Trustor shall be deemed to be the Owner. In the case of Parcels the fee simple title to which is vested in a trustee pursuant to a subdivision trust agreement or similar agreement, the beneficiary of any such trust who is entitled to possession of the trust property shall be deemed to be the Owner.

1.23 “Parcel” means a portion of the Project intended for independent ownership and use and designated as a parcel or lot on the Plat and, where the context indicates or requires, shall include any Residential Unit, building, structure or other Improvements situated on the Parcel.

1.24 “Person” means a natural person, corporation, limited liability company, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.25 “Plat” means the plat of H&F Windmill Ranch recorded in the Official Records of the County Recorder of Yavapi County, Arizona, on June 21, 2017, as instrument 2017-0031575, and any amendments, supplements or corrections thereto.

1.26 “Property” or “Project” means the real property described on Exhibit A attached to this Declaration together with all Improvements located thereon.

1.27 “Project Documents” means this Declaration, the Articles, the Bylaws, the Association Rules and the Architectural Committee Rules.

1.28 “Purchaser” means any Person, other than Declarant, who by means of a voluntary transfer becomes the Owner of a Parcel, except for: (a) a Person who purchases a Parcel and then leases it to Declarant for use as a model in connection with the sale or lease of

other Parcels (until such time as the lease terminates); or (b) a Person who, in addition to purchasing a Parcel, is assigned any or all of Declarant's rights under this Declaration.

1.29 "Recording" means placing an instrument of public record in the office of the County Recorder of Yavapai County, Arizona, and "**Recorded**" means having been so placed of public record.

1.30 "Resident" means each individual occupying or residing in any Residential Unit.

1.31 "Residential Unit" means any building, or portion of a building situated upon a Parcel and designed and intended (with the Parcel) for independent ownership and for use and occupancy as a residence.

1.32 "Special Assessment" means any Assessment levied and assessed pursuant to Section 6.5 of this Declaration.

1.33 "Visible From Neighboring Property" means, with respect to any given object, that such object is or would be visible to a natural person six feet tall, standing at ground level on any part of any other Parcel or Areas of Association Responsibility.

1.34 "Work" means any construction, erection, installation, addition, alteration, repair, change, replacement or other work.

ARTICLE 2 **PLAN OF DEVELOPMENT**

2.1 Property Subject to the Declaration. Declarant is the owner of the Property, and Declarant intends by this Declaration to impose upon the Property mutually beneficial restrictions under a general plan of development and desires to provide a flexible and reasonable procedure for the overall development of the Property and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property. Declarant hereby declares that all of the Property shall be held, sold, used and conveyed subject to the easements, restrictions, conditions and covenants set forth in this Declaration which are for the purpose of protecting the value and desirability of and which shall run with the Property. Declarant further declares that this Declaration shall be binding upon all Persons having any right, title or interest in the Property or any part thereof, and their successors, successors in title and assigns and shall inure to the benefit of each Owner thereof. By acceptance of a deed or by acquiring any interest in any of the property subject to this Declaration, each Person, for himself, herself or itself, and for his, her or its heirs, personal representatives, successors, transferees and assigns, binds himself, and his, her and its 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 plan for the development, sale, lease and use of the Property and hereby evidences his, her or its agreement 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 Association and all Owners. Declarant, and his, her and its successors, assigns and grantees, covenants and agrees that the Parcels and the membership in the Association and other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with his, her, or its respective Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the Parcel.

2.2 Disclaimer of Implied Covenants. Nothing contained in this Declaration and nothing, which may be represented to a purchaser by real estate brokers or salespersons, or others shall be deemed to create any implied covenants, servitudes or restrictions with respect to the use of the Property.

ARTICLE 3 **USE RESTRICTIONS**

3.1 Architectural Control.

3.1.1 No Improvement which would be Visible from Neighboring Property, shall be constructed, erected or installed on any Parcel without the prior written approval of the Architectural Committee. Any Improvement not built into or attached to the Parcel or any other object may be added without the prior approval of the Architectural Committee only upon the condition that the Owner remove such Improvement or other object promptly upon request by the Association if the Association, in its sole discretion, determined the same to be inappropriate. No Work which in any way alters (a) the exterior appearance, including, but without limitation, the exterior color scheme, of any part of a Parcel, or (b) any Improvement located on a Parcel which in either case is Visible from Neighboring Property, shall be made or done without the prior written approval of the Architectural Committee. Any Owner desiring approval of the Architectural Committee for Work, which is or would be Visible from Neighboring Property, shall submit to the Architectural Committee a written request for approval specifying in detail the nature and extent of the Work, which the Owner desires to perform. Any Owner requesting the approval of the Architectural Committee shall also submit to the Architectural Committee any additional information, plans and specifications that the Architectural Committee may request. In the event that the Architectural Committee fails to approve or disapprove an application for approval within sixty (60) days after the application, together with any fee payable pursuant to Section 3.1.5 of this Declaration, and all supporting information, plans and specifications requested by the Architectural Committee, have been submitted to the Architectural Committee, approval will not be required and this Section will be deemed to have been complied with by the Owner who had requested approval of such plans. The approval by the Architectural Committee of any Work pursuant to this Section shall not be deemed a waiver of the Architectural Committee's right to withhold approval of any similar Work subsequently submitted for approval.

3.1.2 In reviewing plans and specifications for any Work which must be approved by the Architectural Committee, the Architectural Committee, among other things, may consider the quality of workmanship and design, harmony of external design with existing

structures and location in relation to surrounding structures, topography and finish grade elevation. The Architectural Committee may disapprove plans and specifications for any Work which must be approved by the Architectural Committee pursuant to this Section 3.1 if the Architectural Committee determines, in its sole and absolute discretion, that: (a) the proposed Work would violate any provision of this Declaration; (b) the proposed Work does not comply with any Architectural Committee Rule; (c) the proposed Work is not in harmony with existing Improvements in the Project or with Improvements previously approved by the Architectural Committee but not yet constructed; (d) the proposed Work is not aesthetically acceptable; (e) the proposed Work would be detrimental to or adversely affect the appearance of the Project; or (f) the proposed Work is otherwise not in accord with the general plan of development for the Project.

3.1.3 Upon receipt of approval from the Architectural Committee for any Work, the Owner who had requested such approval shall proceed to perform, construct or do the Work approved by the Architectural Committee as soon as practicable and shall diligently pursue such Work so that it is completed as soon as reasonable practicable and within such time as may be prescribed by the Architectural Committee.

3.1.4 Any change, deletion or addition to the plans and specifications approved by the Architectural Committee must be approved in writing by the Architectural Committee.

3.1.5 The Architectural Committee shall have the right to charge a fee for reviewing requests for approval of any Work pursuant to this Section 3.1, which fee shall be payable at the time the application for approval is submitted to the Architectural Committee.

3.1.6 All Improvements constructed on Parcels shall be of new construction, and no buildings or other structures shall be removed from other locations on to any Parcel.

3.1.7 Notwithstanding anything to the contrary, the provisions of this Section 3.1 do not apply to, and approval of the Architectural Committee shall not be required for, any Work done by, or on behalf of Declarant, provided, however, any exemption granted by Declarant to any homebuilder may be qualified in any manner Declarant deems appropriate in its sole and absolute discretion.

3.1.8 The approval required of the Architectural Committee pursuant to this Section 3.1 shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation.

3.1.9 The approval by the Architectural Committee of any Work pursuant to this Section 3.1 shall not be deemed a warranty or representation by the Architectural Committee as to the quality of such Work or that such Work conforms to any applicable building codes or other federal, state or local law, statute, ordinance, rule or regulation.

3.1.10 If the plans and specifications pertain to an Improvement which is within an Area of Association Responsibility so that the Association would be responsible for the maintenance, repair and replacement of such Improvement, the Architectural Committee may

condition its approval of the plans and specifications for the proposed Work with respect to the Improvement on the agreement of the Owner to reimburse the Association for the future cost of the maintenance, repair or replacement of such Improvement.

3.2 Minimum Building Size, Outbuildings, Garages. No residential structure shall be permitted on any Parcel covered by these covenants, the habitable floor area of which, exclusive of basements, porches, and garages, is less than two thousand (2000) square feet in the case of a one-story structure or less than two thousand five hundred (2500) square feet in the case of a one and one-half or two story structure. All outbuildings shall be designed and built to generally match the primary residence in architecture and exterior colors. Each residential structure shall have, at a minimum, a two car garage, either attached or detached from the main residential structure.

3.3 Prohibited Structures. Only site-built homes and outbuildings incidental to residential use shall be permitted on any Parcel covered by these covenants. Modular homes, mobile homes, prefabricated homes, trailer homes, geodesic domes, or other alternative, non-traditional styles of homes shall not be permitted on any Parcel covered by these covenants. For purposes of this provision, modular homes, manufactured homes, and mobile homes shall be defined as a moveable or portable unit used for residential purposes that is constructed off-site and is towed or moved and designed to be installed or assembled with or without a foundation at the home site.

3.4 Temporary Occupancy and Temporary Buildings. No trailer, basement (if any) of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures (or buildings or structures under construction) of any kind, shall be used at any time for residence, either temporary or permanent. Temporary buildings, trailers or other structures used during the construction of Improvements approved by the Architectural Committee shall be removed immediately after the completion of construction, and in no event shall any such buildings, trailer or other structures be maintained or kept on any property for a period in excess of twelve (12) months without the prior written approval of the Architectural Committee.

No more than three (3) of any combination of the following may be kept on any Parcel covered by these covenants unless housed or shielded from public view within a structure that has been architecturally approved by the Association: travel trailer, either with or without wheels, motor boat, house boat or other similar water-borne vehicle, horse trailer, utility trailer, or recreational vehicle. Mobile homes and manufactured homes, in any form, shall be prohibited.

3.5 Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Parcel, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property of any portion thereof, or activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No condition shall be permitted to exist or operate upon any Parcel so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. Normal construction activities and parking in connection with the building of Improvements on a Parcel shall not be considered a nuisance or otherwise

prohibited by this Declaration, but Parcels shall be kept in a neat and tidy condition during construction periods, and trash and debris shall not be permitted to accumulate.

3.6 Agricultural Use. The raising of agricultural crops for commercial sale is prohibited.

3.7 Mineral Exploration. No Parcel shall be used in any manner to commercially explore for or to remove for commercial purposes any oil or other hydrocarbons, minerals of any kind, gravel earth or any earth substance of any kind.

3.8 Trash Containers and Collection. No garbage or trash shall be placed or kept on any Parcel except in covered containers of a type, size and style, which are approved local governing authority. All rubbish, trash, or garbage shall be removed from Parcels and shall not be allowed to accumulate thereon. No outdoor incinerators shall be kept or maintained on any Parcel.

3.9 Clothes Drying Facilities. No outside clotheslines or other outside facilities for drying or airing clothes shall be erected, placed or maintained on any Parcel so as to be Visible From Neighboring Property.

3.10 Utility Service. Without the prior written approval of the Architectural Committee, no lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, cable TV, and radio signals, shall be erected, placed or maintained anywhere in or upon any Parcel unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures. No provision of this Declaration 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.

3.11 Overhead Encroachments. No tree, shrub, or planting of any kind on any Parcel shall be allowed to overhang or otherwise to encroach upon any street, pedestrian way or any Areas of Association Responsibility from ground level to a height of eight (8) feet.

3.12 Residential Use. All Residential Units shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Parcel or in or from any Residential Unit, except that an Owner or other Resident of a Residential Unit may conduct a business activity within a Residential Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Residential Unit; (b) the business activity conforms to all applicable zoning ordinances or requirements for the Project; (c) the business activity does not involve persons coming on to the Parcel other than on an infrequent basis nor does it involve the door-to-door solicitation of Owners or other Residents in the Project; and (d) the business activity is consistent with the residential character of the Project and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other Residents in the Project, as may be determined from time to time in the sole discretion of the Board. The terms "business" and "trade" as used in this Section shall be construed to have ordinary, generally accepted meanings, and shall

include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (a) such activity is engaged in full or part time; (b) such activity is intended to or does generate a profit; or (c) a license is required for such activity. The leasing of a Residential Unit by the Owner thereof shall not be considered a trade or business within the meaning of this Section, provided, however, no lease shall be of less than an entire Parcel and all Improvements thereon.

3.13 Animals. Hoofed animals, other than as set forth herein, are allowed to be kept on the Property in accordance with Yavapai County guidelines. The casual breeding of animals for profit is permitted. The commercial raising of livestock is prohibited. No pigs, hogs, or fighting animals are permitted. All animals shall be kept within an adequately fenced area. All manure shall be removed on a regular basis. No dog, cat, bird, fowl, poultry, fish, reptile, livestock or other animal permitted hereunder shall be allowed to make an unreasonable amount of noise or to become a nuisance. In the event any animal becomes such a nuisance or creates an unreasonable amount of noise, the Board may remove such animal if the Owner fails within a reasonable time to do so upon request by the Board.

3.14 Landscaping. The Board may adopt rules regulating landscaping permitted and required, however it shall be the policy of the Board to require each Parcel to remain in as natural a condition as possible to preserve the aesthetic condition of the development. All grading, excavation, and building shall reflect the goal of protecting the natural vegetation. All grading, excavation and building shall be in conformance with Yavapai County flood control regulations, if applicable.

3.15 Signs. Except as provided below, no signs whatsoever which are Visible from Neighboring Property shall be erected or maintained on any Parcel except for signs required by legal proceedings and residence identification signs as permitted by Yavapai County.

3.15.1 The indoor or outdoor display of a political sign by an Owner on the Owner's property, except that the Architectural Committee may adopt rules prohibiting the display of political signs earlier than forty-five days before the day of an election and later than seven days after an election day. The Architectural Committee may regulate the size and number of political signs that may be placed on an Owner's property provided the regulations are no more restrictive than any applicable city, town or county ordinance that regulates the size and number of political signs on residential property. If the city, town or county in which the property is located does not regulate the size and number of political signs on residential property, the Association shall permit at least one political sign with the maximum dimensions of twenty-four inches by twenty-four inches on an Owner's property. For the purposes of this paragraph, "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing the recall of a public officer or supporting or opposing the circulation of a petition for a ballot measure, question or proposition or the recall of a public officer.

3.15.2 The indoor or outdoor display of a for sale sign or for rent sign and a sign rider by a property owner on that person's property, including a sign that indicates the person is offering the property for sale or rent by owner. The size of a sign offering a property for sale shall be in conformance with the industry standard size sign, which shall not exceed eighteen by twenty-four inches, and the industry standard size sign rider, which shall not exceed six by twenty-four inches.

3.16 Restriction on Further Subdivision, Property Restrictions and Rezoning. No Parcel shall be further subdivided or separated into lots or parcels smaller than two acres.

3.17 Vehicles and Parking.

3.17.1 As used in this Section 3.17, the term "Motor Vehicle" means, whether motorized or not, a car, van, truck, recreational vehicle, motor home, motorcycle, all terrain vehicle, utility vehicle, pickup truck, other motor vehicle, mobile home, travel trailer, tent trailer, trailer, camper shell, or boat trailer or other similar equipment.

3.17.2 Except as permitted by Subsection herein, no more than four (4) of any combination of the following may be kept on any Parcel covered by these covenants unless housed or shielded from public view within a structure that has been architecturally approved by the Association: travel trailer, either with or without wheels, motor boat, house boat or other similar water-borne vehicle, horse trailer, utility trailer, or recreational vehicle. Mobile homes and manufactured homes, in any form, shall be prohibited.

3.17.3 The Board shall have the right and power to adopt rules and regulations governing the parking of Motor Vehicles on Parcels and the Areas of Association Responsibility and implementing the provisions of this Section 3.17. In the event of any conflict or inconsistency between the provisions of this Section 3.17 and the rules and regulations adopted by the Board, the provisions of this Section 3.17 shall control.

3.18 Variances. The Architectural Committee may, at its option and in extenuating circumstances, grant variances from the restrictions set forth in this Article 3 if the Architectural Committee determines in its discretion that (a) a restriction would create an unreasonable hardship or burden on an Owner, Lessee or Resident or a change of circumstances since the Recording of this Declaration has rendered such restriction obsolete, and (b) that the activity permitted under the variance will not have any substantial adverse affect on the Owners, Lessees and Residents of the Project and is consistent with the high quality of life intended for Residents of the Project.

3.19 Drainage. Without the approval of the Architectural Committee, no Residential Unit, structure, building, landscaping, fence, wall or other Improvement shall be constructed, installed, placed or maintained in any manner that would obstruct or interfere with the direction or flow of water for the Project, or any part thereof, or for any Parcel as shown on the drainage plans on file with the county or municipality in which the Project is located (or change the direction of flow of water other than as shown on said drainage plans).

3.20 Garages and Driveways. The respective Owner shall maintain the interior of all garages situated on a Parcel in a neat, clean and sightly condition. Garages shall be used only for storage and for the parking of Motor Vehicles and shall not be used or converted for living or recreational activities without the prior written approval of the Architectural Committee.

3.21 Rooftop Air Conditioners Prohibited. No air conditioning units or appurtenant equipment may be mounted, installed or maintained on the roof of any Residential Unit or other building so as to be Visible From Neighboring Property.

3.22 Propane and Water Tanks. Propane and Water tanks shall be either installed underground or screened from view by a permanent screening structure designed and painted to match the architecture and color of the primary resident and outbuildings.

3.23 Utility Service. All power lines, telephone and other utility lines to be installed on the Property shall be placed entirely underground.

3.24 Driveways. All primary access driveways and parking areas serving any Property that has been developed with a primary residence will be improved to the following minimum standards within twelve (12) months from the date of approval of the Association of permanent improvements: asphalt paving, concrete, chip seal, or a natural composite of granite or gravel.

3.25 Reflective Materials and Paint Colors. The use of reflective exterior materials or any kind is expressly prohibited. Because all exterior materials have some degree of "reflection" the Architectural Review Committee has determined that this provision expressly prohibits a glass mirror or aluminum foil surface that is visible from the exterior of the residence. The Architectural Review Committee will establish guidelines for Owners to follow when considering the color of the exterior surfaces of any improvement to their property. Initially the Architectural Review Committee will allow an Owner to paint the exterior of their home the same color as an existing approved structure located within H&F Windmill Ranch. All other colors will be reviewed for approval on an individual basis based upon the aesthetics of the proposed color in relationship to the surrounding area of the proposed structure. "Earth tones" and "Neutral colors" are preferred. Earth tones is a color scheme that draws from a color palette of browns, tans, warm grays, and greens. The colors are muted and flat in an emulation of the natural colors found in dirt, moss, trees and rocks. Neutral colors include beige, gray, brown and white.

3.26 Fencing and Walls. All fencing shall be of pipe, pipe with wire mesh, vinyl, substantial wood or other aesthetically pleasing fencing. Block, brick, rock, or other similar walls shall also be permitted. T -Post fencing and/or barbed wire or barbless wire shall be prohibited. Fencing must be sufficient to contain on an Owner's Parcel all domestic animals or livestock.

3.27 Completion. When construction is commenced, it shall be pursued diligently, and all buildings are to present a finished exterior appearance within one (1) year of start date. The primary residence must be completed before the completion and use of any guest house.

3.28 Diseases and Insects. No Person shall permit any thing or condition to exist upon any Parcel, which shall induce, breed or harbor infectious plant diseases or noxious insects.

3.29 Height Limitations. The height of any Residential Unit shall be in conformance with the Yavapai County height limitations pertaining to the Property, as they may be amended from time to time.

3.30. Flags. The outdoor display of the American flag or an official or replica of a flag of the United States army, navy, air force, marine corps or coast guard by an Owner on that Owner's property if the American flag or military flag is displayed in a manner consistent with the federal flag code (P.L. 94-344; 90 Stat. 810; 4 United States Code sections 4 through 10), the POW/MIA flag, the Arizona state flag, and any Arizona Indian nations flag, is permitted. Notwithstanding this provision, the Architectural Committee may adopt reasonable rules and regulations regarding the placement and manner of display of the American flag, the military flag, the POW/MIA flag, the Arizona state flag or an Arizona Indian nation's flag. The Architectural Committee may regulate the location and size of flagpoles but shall not prohibit the installation of a flagpole. No other flags shall be permitted.

3.31 Miscellaneous. The Architectural Committee, in its good faith discretion, is hereby authorized to grant such waivers of the restrictions contained in this Article 3 as it shall deem appropriate in the circumstances, so long as the use permitted by such waiver shall not result in an unsafe, unsanitary or aesthetically displeasing condition and shall not result, in the Architectural Committee's discretion, in a substantial departure from the common plan of development contemplated by this Declaration. In addition, all portions of the Property shall continue at all times to be subject to any and all applicable zoning laws and ordinances, provided, however, that where the provisions of this Declaration are more restrictive than such laws or ordinances, the provisions of this Declaration shall control.

ARTICLE 4 **EASEMENTS**

4.1 Owner's Easements of Enjoyment.

4.1.1 Subject to the rights and easements granted to Declarant in Sections 4.3 and 4.4 of this Declaration, every Member, and any person residing with such Member, shall have a right and easement of enjoyment in and to the Areas of Association Responsibility which right shall be appurtenant to and shall pass with the title to every Parcel, subject to the following provisions:

(a) The right of the Association to dedicate, convey, transfer or encumber the Areas of Association Responsibility as provided in Section 5.11 of this Declaration.

(b) The right of the Association to regulate the use of the Areas of Association Responsibility through the Association Rules and to prohibit access to such portions

of the Areas of Association Responsibility, such as landscaped areas, not intended for use by the Owners, Lessees or Residents.

(c) The right of the Association to suspend the right of an Owner and such Owner's family, tenants and guests to use the Areas of Association Responsibility (other than the right of an Owner and such Owner's family, tenants and guests to use any streets which are part of the Areas of Association Responsibility for ingress or egress to the Owner's Parcel) if such Owner is more than fifteen (15) days after the Association notifies the Owner of the violation.

4.1.2 If a Parcel is leased or rented by the Owner thereof, the Lessee and the members of the Lessee's family residing with such Lessee shall have the right to use the Areas of Association Responsibility during the term of the lease.

4.2 Utility Easement. There is hereby created an easement upon, across, over and under the Areas of Association Responsibility and the Parcels for reasonable ingress, egress, installation, replacing, repairing or maintaining of all utilities, including, but not limited to, gas, water, sewer, telephone, cable television and electricity. By virtue of this easement, it shall be expressly permissible for the providing utility company to erect and maintain the necessary equipment on the Areas of Association Responsibility or Parcels, but no sewers, electrical lines, water lines, or other utility or service lines may be installed or located on the Areas of Association Responsibility or Parcels except as initially designed, approved and constructed by Declarant or as approved by the Board and in no event shall the easement herein granted encroach on any building within the Property.

4.3 Declarant's Use for Sales, Construction and Leasing Purposes. Declarant shall have the right and an easement to maintain sales or leasing offices, construction and management offices and models throughout the Project and to maintain one or more advertising, identification or directional signs on the Areas of Association Responsibility or on the Parcels owned or leased by Declarant while Declarant is selling Parcels. Declarant reserves the right to place models, management offices and sales and leasing offices on any Parcels owned by Declarant and on any portion of the Areas of Association Responsibility in such number, of such size and in such locations as Declarant deems appropriate. In the event of any conflict or inconsistency between this Section and any other provision of this Declaration, this Section shall control. Declarant's rights under this Section 4.3 or under Section 4.4 can be assigned on an exclusive or non-exclusive basis to any home builder; provided, however, any assignment may be qualified in any manner Declarant deems appropriate in its sole and absolute discretion.

4.4 Declarant's Easements. Declarant shall have the right and an easement on and over the Areas of Association Responsibility, to construct all Improvements Declarant may deem necessary and to use the Areas of Association Responsibility, and any Parcels owned by Declarant for construction or renovation related purposes including the storage of tools, machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Project. Declarant shall have the right and an easement upon, over, and through the Areas of Association Responsibility as may be reasonable necessary for the purpose of discharging its obligations or exercising the rights granted to or reserved by Declarant by this

Declaration. In the event of any conflict or inconsistency between this Section and any other provision of this Declaration, this Section shall control.

4.5 Easement in Favor of Association. The Parcels are hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

4.5.1 For inspection of the Parcels in order to verify the performance by Owners of all items of maintenance and repair for which they are responsible;

4.5.2 For use, inspection, maintenance, repair and replacement of the Areas of Association Responsibility;

4.5.3 For correction of emergency conditions in one or more Parcels;

4.5.4 For the purpose of enabling the Association, the Board, the Architectural Committee or any other committees appointed by the Board to exercise and discharge their respective rights, powers and duties under the Project Documents; and

4.5.5 For inspection of the Parcels in order to verify that the Owners, their guests, tenants, invitees and the other occupants of the Parcel are complying with the provisions of the Project Documents.

ARTICLE 5 THE ASSOCIATION; ORGANIZATION; MEMBERSHIP AND VOTING RIGHTS

5.1 Formation of Association. The Association shall be a nonprofit Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, Bylaws, and this Declaration.

5.2 Board of Directors and Officers. The Board and such officers shall conduct the affairs of the Association as the Board may elect or appoint in accordance with the Articles and the Bylaws. Unless the Project Documents specifically require the vote or written consent of the Members, approvals or actions to be given or taken by the Association shall be valid if given or taken by the Board. The Board shall have the power to levy reasonable fines against an Owner for a violation of the Project Documents by the Owner, a Lessee of the Owner or by any Resident of the Owner's Parcel.

5.3 The Association Rules. The Board may, from time to time, and subject to the provisions of this Declaration, adopt, amend and repeal rules and regulations pertaining to: (a) the management, operation and use of the Areas of Association Responsibility; (b) minimum standards for the maintenance and landscaping of Parcels; or (c) restrictions on the use of Parcels. The Association Rules shall be enforceable in the same manner and to the same extent as the covenants, conditions and restrictions set forth in this Declaration, subject to the provision on conflict set forth in Section 9.5.

5.4 Personal Liability. No member of the Board or of the Architectural Committee or any other committee of the Association, no officer of the Association, and no employee of the Association shall be personally liable to any Member, or to any other Person, including the Association, for any damage, loss or prejudice suffered or claimed on account of any act, omission, error, or negligence of the member, officer or employee acting in such capacity; provided, however, the limitations set forth in this Section shall not apply to any person who has failed to act in good faith or has engaged in willful or intentional misconduct.

5.5 Implied Rights. The Association may exercise any right or privilege given to the Association expressly by the Project Documents and every other right or privilege reasonably to be implied from the existence of any right or privilege given to the Association by the Project Documents or reasonably necessary to effectuate any such right or privilege.

5.6 Identity of Members. Membership in the Association shall be limited to Owners of Parcels. An Owner of a Parcel 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, her or its ownership ceases for any reason, at which time his, her or its membership in the Association shall automatically cease.

5.7 Classes of Members and Voting Rights. The Association shall have the following two classes of voting membership:

(a) **Class A.** Class A Members are all Owners, with the exception of Declarant until the termination of the Class B membership. Each Class A member shall be a Parcel owner, and each Parcel owner shall be entitled to one (1) vote for each acre of land owned in the Project. Upon the termination of the Class B membership, Declarant shall be a Class A Member so long as Declarant owns any Parcel.

(b) **Class B.** The Class B Member shall be Declarant. The Class B Member shall be entitled to five (5) votes for each acre owned in the Project. The Class B membership shall cease and be converted to Class A membership on the earlier of (i) the date on which the votes entitled to be cast by the Class A Members equals or exceeds the votes entitled to be cast by the Class B Member; (ii) the date which is four (4) years after the recording of this Declaration; or (iii) when Declarant notifies the Association in writing that it relinquishes its Class B membership.

5.8 Voting Procedures. No change in the ownership of a Parcel shall be effective for voting purposes unless and until the Board is given actual written notice of such change and is provided satisfactory proof thereof. The vote for each such Parcel must be cast as a unit, and fractional votes shall not be allowed. In the event that more than one Person owns a Parcel and such 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 Member casts a vote representing a certain Parcel, it will thereafter be conclusively presumed for all purposes that he, she or it was acting with the authority and consent of all other Owners of the same Parcel unless objection thereto is made at the time the vote is cast. In the event more than one vote is cast by a

Class A Member for a particular Parcel, none of the votes shall be counted and all of the votes shall be deemed void.

5.9 Transfer of Membership. The rights and obligations of any Member other than Declarant shall not be assigned, transferred, pledged, conveyed or alienated in any way except upon transfer of ownership of an Owner's Parcel, and then only to the transferee of ownership of the Parcel. A transfer of ownership of a Parcel may be effected by deed, intestate succession, testamentary disposition, foreclosure of a mortgage or deed of trust of record, or such other legal process as is now in effect or as may hereafter be established under or pursuant to the laws of the State of Arizona. Any attempt to make a prohibited transfer shall be void. Any transfer of ownership of a Parcel shall operate to transfer the Membership appurtenant to said Parcel to the new Owner thereof. Each Purchaser of a Parcel shall notify the Association of the Purchaser's purchase within ten (10) days after the Purchaser becomes the Owner of a Parcel.

5.10 Architectural Committee. The Association shall have an Architectural Committee to perform the functions of the Architectural Committee set forth in this Declaration. The Architectural Committee shall consist of such number of regular members and alternate members as may be provided for in the Bylaws. So long as a Class B Member as defined in Section 5.7 exists, Declarant shall have the sole right to appoint and remove the members of the Architectural Committee. At such time as the Class B Member ceases to exist, the Board shall appoint the members of the Architectural Committee. The Architectural Committee may adopt, amend and repeal architectural guidelines, standards and procedures to be used in rendering its decisions. Such guidelines, standards and procedures may include, without limitation, provisions regarding: (a) the size of Residential Units; (b) architectural design, with particular regard to the harmony of the design with the surrounding structures and typography; (c) placement of Residential Units and other buildings; (d) landscaping design, content and conformance with character of the Property and permitted and prohibited plants; (e) requirements concerning exterior color schemes, exterior finishes and materials; (f) signage; and (g) perimeter and screen wall design and appearance. The decision of the Architectural Committee shall be final on all matters submitted to it pursuant to this Declaration.

5.11 Conveyance or Encumbrance of Areas of Association Responsibility. The Areas of Association Responsibility shall not be mortgaged, transferred, dedicated or encumbered without the prior written consent or affirmative vote of the Class B Member of the Association, if any, and the affirmative vote or written consent of the Owners representing at least two-thirds (2/3) of the votes entitled to be cast by Class A Members of the Association.

5.12 Suspension of Voting Rights. If any Owner fails to pay any Assessments or other amounts due to the Association under the Project Documents within fifteen (15) days after such payment is due or if any Owner violates any other provision of the Project Documents and such violation is not cured within fifteen (15) days after the Association notifies the Owner of the violation, the Board of Directors shall have the right to suspend such Owner's right to vote until such time as all payments, including interest and attorneys' fees, are brought current, and until any other infractions or violations of the Project Documents are corrected.

5.13 Legal Proceedings. Except for any legal proceedings initiated to (a) enforce any use restrictions, easement rights or no monetary obligations of Owners expressly set out in this Declaration; (b) enforce any Association Rules; (c) enforce any Architectural Committee Rules; (d) collect any unpaid assessments levied pursuant to this Declaration; or (e) pursue or resolve any “small claims” (i.e., matters in which the amount in controversy could not reasonably be expected to exceed \$25,000.00), the Association (or Board of Directors) shall not initiate legal proceedings or join as a plaintiff in legal proceedings without the prior approval of Owners representing seventy-five percent (75%) or more of the votes in the Association. The costs of any legal proceedings initiated by the Association which are not included in the above exceptions shall be funded by the Association with monies that are specifically collected for that purpose and the Association shall not borrow money, use reserve funds or use monies collected for other specific Association obligations for such purpose. With respect to matters involving property or improvements to property, the Association (and the Board of Directors) additionally shall not initiate legal proceedings or join as a plaintiff in legal proceedings unless (1) such property or improvements is owned by the Association; (2) the Association has the maintenance responsibility for such property or improvements pursuant to this Declaration; or (3) the Owner who owns such property or improvements consents in writing to the Association initiating or joining such legal proceeding. Nothing in this section shall preclude the Board of Directors from incurring expenses for legal advice in complying with statutes or regulations related to the operation of the Association or otherwise in the normal course of operating the Association when legal proceedings are not involved. In any event, no action may be filed by any Owner to enforce the Project Documents and no action may be filed by the Association in any court against Declarant, until the Association, following written notice of such meeting, meets as an Association, obtains the affirmative vote of Owners representing seventy-five percent (75%) or more of the votes in the Association to file such an action, and provides Declarant written notice of such vote and at least 30 days following such written notice to cure any claimed failure, breach, or other default prior to the filing of any such action. Notwithstanding anything herein to the contrary, this section may not be modified or amended without the prior approval of Owners representing seventy-five percent (75%) or more of the votes in the Association.

ARTICLE 6 **COVENANT FOR ASSESSMENTS AND CREATION OF LIEN**

6.1 Creation of Lien and Personal Obligation of Assessments. Declarant, for each Parcel owned by it, hereby covenants and agrees, and each Owner, other than Declarant, by becoming the Owner of a Parcel, is deemed to covenant and agree to pay Assessments to the Association in accordance with this Declaration. All Assessments shall be established and collected as provided in this Declaration. The Assessments, together with interest, late charges and all costs, including but not limited to reasonable attorneys' fees incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall be a charge on the Parcel and shall be a continuing lien upon the Parcel against which each such Assessment is made from the time same becomes due. Each Assessment, together with interest, late charges and all costs, including but not limited to reasonable attorneys' fees incurred by the Association in collecting or attempting to collect delinquent Assessments, whether or not suit is filed, shall also be the personal obligation of the person who was the Owner of the Parcel at the time when the Assessment became due. The personal obligation for delinquent Assessments

shall not pass to the successors in title of the Owner unless expressly assumed by them but, except as is otherwise explicitly set forth herein or required by applicable law, the charge and lien shall continue upon the Parcel.

6.2 Annual Assessments. Each Owner is obligated to pay (i) regular assessments for normal maintenance and repair and reserves, along with Association insurance and operating costs, (ii) a roadway assessment to be paid upon the issuance of a building permit for the construction of a residence, and (iii) special assessments for capital improvements with such assessments to be established by the Association. The regular, roadway and any special assessments, late payment penalties, and charges, if any, together with interest (all as set by the board of directors of the Association) and costs, shall be a lien on the Parcel. Each Owner shall be personally responsible for his or her share of assessments imposed by the board of directors of the Association. This personal obligation for delinquent assessments shall not pass to the Owner's successor in title, unless expressly assumed by such successor; however, the obligation to pay the same shall be a continuing lien on the Parcel.

6.2.1 Regular Assessment. Each Owner shall be responsible to pay the regular assessment commencing on the first day of the month following the date of recordation of the deed wherein the Owner acquired legal, beneficial, or equitable title to the Parcel. The Declarant shall not be responsible for comparable assessments on each Parcel owned by it, if any. However, during the period of Declarant control, Declarant shall be responsible to provide labor, material, and/or monies in sufficient amounts, not to exceed the amount of the normal Parcel assessment for each Parcel owned by it, if any, if necessary in Declarant's opinion, to properly fulfill the Association's maintenance responsibilities. The assessment will vary by Parcel size and by whether the Property is improved or unimproved. "Improved" will be defined as a Property that has obtained a Yavapai County building permit for a dwelling. Prorations will occur as of the first day of the calendar month following the issuance of the permit. The assessments are in dollars per acre per year and are subject to change by the Association. The regular assessments shall be as follows:

| | |
|------------|------------------|
| UMIMPROVED | \$25.00 per acre |
| IMPROVED | \$75.00 per acre |

Notwithstanding the per acre assessment, the calculation for the determination of the total assessment for an Unimproved Parcel shall not exceed 37 acres times the applicable assessment. (Example, an owner owns 10 acres, the assessment would be ten acres times \$25.00 for an assessment of \$250.00. If an owner owns 47 acres, the assessment would be 37 acres times \$25.00 for an assessment of \$925.00.) Notwithstanding this per acre assessment, the calculation for the determination of the total assessment for an Improved Parcel shall not exceed 15 acres times the applicable assessment. (Example, an owner owns 10 acres, the assessment would be ten acres times \$75.00 for an assessment of \$750.00. If an owner owns 47 acres, the assessment would be 15 acres times \$75.00 for an assessment of \$1,125.00.) The Parcel Owner acquiring his or her interests from Declarant or from a Parcel seller during the calendar year shall be obligated for a prorated portion thereof. The Association shall fix the amount of the regular assessment at least thirty (30) days prior to the end of the calendar year. The Association shall not impose a regular assessment that is more than twenty percent (20%) greater than the immediately

preceding fiscal year's assessment without the approval of the majority of the Owners. Written notice of the assessment shall be sent to every Owner. The payment due date shall be established by the board of directors of the Association.

6.2.2 Roadway Assessment. Each Owner shall be responsible to pay a roadway assessment of \$1,000.00 upon the issuance of any building permit for the construction of a residence. The Declarant shall not be responsible for comparable assessments on each Parcel owned by it, if any. The roadway assessment shall be due prior to the commencement of construction pursuant to the building permit. Such roadway assessments shall be in addition to the regular assessments.

6.2.3 Special Assessments. The Association may levy against each Parcel which is then subject to assessment, in any Assessment Period, a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of an Improvement upon the Areas of Association Responsibility, including fixtures and personal property related thereto, provided that any Special Assessment shall have the assent of a majority 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. In addition to the regular assessment as set forth above, the Association may set special assessments if the Association determines by a vote of fifty-one percent (51%) of the votes entitled to be cast by the Owners attending a meeting, in person or through a notarized proxy, at which a vote on a special assessment is taken that such an assessment is necessary to meet the primary purposes of the Association. Such special assessments shall be in addition to the regular assessments.

6.4 Transfer Fee. Each Person who purchases a Parcel from a Person other than Declarant shall pay to the Association immediately upon becoming the Owner of the Parcel a transfer fee in such amount as is established from time to time by the Board.

6.5 Commencement Date of Assessment Obligation. All Parcels described on Exhibit A to this Declaration shall be subject to assessment upon the conveyance of the first Parcel to a Purchaser.

6.6 Rules Regarding Billing and Collection Procedures. Annual Assessments shall be collected on an annual basis or such other basis as may be selected by the Board. Special Assessments shall be collected as specified by the Board. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments provided that the procedures are not inconsistent with the provisions of this Declaration. The failure of the Association to send a bill to a Member shall not relieve any Member of such Member's liability for any Assessment or charge under this Declaration.

6.6.1 The Assessment Lien shall have priority over all liens or claims except for: (a) tax liens for real property taxes; (b) assessments in favor of any municipal or other governmental body; (c) the lien of any First Mortgage; and (d) any lien entitled to priority under applicable law. Any First Mortgagee or any other Person acquiring title or coming into

possession of a Parcel through foreclosure of the First Mortgage, purchase at a foreclosure sale or trustee sale with respect to the First Mortgage, or through any equivalent proceedings, such as, but not limited to, the taking of a deed in lieu of foreclosure with respect to the First Mortgage, shall acquire title free and clear of any claims for unpaid assessments and charges against the Parcel which became payable prior to the acquisition of such Parcel by the First Mortgagee or other Person. Any Assessments and charges against the Parcel, which accrue prior to such sale or transfer, shall remain the personal obligation of the defaulting Owner of the Parcel.

6.6.2 The Association shall not be obligated to release the Assessment Lien until all delinquent Assessments, interest, lien fees, fines, reasonable attorneys' fees, court costs, collection costs and all other sums payable to the Association by the Owner of the Parcel have been paid in full.

6.6.3 The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, lien fees, 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 the Assessment Lien or b) bringing an action to foreclose the Assessment Lien against the Parcel in the manner provided by law for the foreclosure of a realty mortgage. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Parcels purchased at such sale.

6.7 Evidence of Payment of Assessments. Upon receipt of a written request by a Member or any other Person, the Association, within a reasonable period of time thereafter (but no longer than any time period provided by applicable law), shall issue to such Member or other Person a written certificate stating that all Assessments, interest, and other fees and charges have been paid with respect to any specified Parcel as of the date of such certificate, or if all Assessments and other amounts have not been paid, the amount of such Assessments, interest, fees and charges due and payable as of such date. The Association may make a reasonable charge for the issuance of such certificates, which charge must be paid at the time the request for any such certificate is made. Any such certificate, when duly issued as herein provided, shall be conclusive and binding with respect to any matters therein stated as against the Association, the Board and each Owner.

6.8 Purposes for which Association's Funds May be Used. The Association shall use all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) solely for the purpose of (a) discharging and performing the Association's duties and obligations under the Project Documents; (b) exercising the rights and powers granted to the Association by the Project Documents; and (c) the common good and benefit of the Project and the Owners, Lessees and Residents by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Project, which may be necessary, desirable

or beneficial to the general common interests of the Project, the Owners, the Lessees and the Residents.

6.9 Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

ARTICLE 7 **MAINTENANCE**

7.1 Areas of Association Responsibility. The Association, or its duly delegated representative, shall manage, maintain, repair and replace the Areas of Association Responsibility, and all Improvements located thereon, except for any part of the Areas of Association Responsibility which any governmental entity is maintaining or is obligated to maintain. The Board shall be the sole judge as to the appropriate maintenance, repair and replacement of all Areas of Association Responsibility, but all Areas of Association Responsibility, and the Improvements located thereon, shall be maintained in good condition and repair at all times. No Owner, Resident or other Person shall construct or install any Improvements on the Areas of Association Responsibility or alter, modify, improve, or remove any Improvements situated on the Areas of Association Responsibility without the approval of the Board. No Owner, Resident or other Person shall obstruct or interfere with the Association in the performance of the Association's maintenance, repair and replacement of the Areas of Association Responsibility, and the Improvements located thereon.

7.2 Roadway Maintenance. The Association shall only be responsible for maintaining a roadway on that portion of the Ingress-Egress Easement identified on the Plat commencing at a point contiguous to the Development Entry Easement as identified on the Plat and proceeding west to the 60 foot radius and on that portion of the Ingress-Egress Easement identified on the Plat located on the west side of Parcel 2 and the contiguous portion of Parcel 4. All other roadways located on any portion of the Ingress-Egress Easement identified on the Plat shall be the responsibility of the adjoining Parcel Owners. No Owner, Resident or other Person shall construct or install any roadways on the Areas of Association Responsibility or alter, modify, improve, or remove any roadway situated on the Areas of Association Responsibility without the approval of the Board. At a minimum all roadways shall be a minimum of 3 inches of ABC or other similar compacted gravel.

7.3 Parcels. Each Owner of a Parcel shall be responsible for maintaining, repairing or replacing the Owner's Parcel, and all buildings, Residential Units, landscaping or other Improvements situated thereon, including, without limitation, any drainage, natural area open space, conservation area, sight distance, mail box and other easements situated on its Parcel (to the extent maintenance is appropriate and allowed), except for any portion of the Parcel which is an Area of Association Responsibility. Each Owner of a Parcel shall also be

responsible for maintaining and replacing (and, with the approval of the Architectural Committee, the initial installation of landscaping on) any portion of any Areas of Association Responsibility damaged by such Owner. All buildings, Residential Units, landscaping and other Improvements shall at all times be kept in good condition and repair. All grass, hedges, shrubs, vines and plants of any type on a Parcel shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Architectural Committee.

7.4 Assessment of Certain Costs of Maintenance and Repair. In the event that the need for maintenance or repair of an Area of Association Responsibility is caused through the willful or negligent act of any Owner or the Owner's family, tenants, guests or invitees, the cost of such maintenance or repairs shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

7.5 Improper Maintenance and Use of Parcels. In the event any portion of any Parcel or any portion of any Areas of Association Responsibility required to be maintained by an Owner is so maintained as to present a public or private nuisance, or as to substantially detract (other than during any period of construction) from the appearance or quality of the surrounding Parcels or other areas of the Project, in the event any portion of a Parcel is being used in a manner which violates this Declaration, or in the event the Owner of any Parcel is failing to perform any of its obligations under the Project Documents, the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within fourteen (14) days, the Board may cause such action to be taken at said Owner's cost. If at the expiration of said fourteen (14) day period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be paid by such Owner to the Association upon demand and payment of such amounts shall be secured by the Assessment Lien.

7.6 Garbage and Trash Collection. The Association, or its duly delegated representative, shall identify one or more garbage collection companies to service all Parcels in the Association. Each Owner shall be solely responsible for contracting with the designated garbage collection company and for paying for such services. No other garbage collection company may be used for trash pickup other than a designated garbage collection company. The initial garbage collection company shall be Best Pick Disposal, Inc., an Arizona corporation, located at 3080 N Navajo Drive, Suite 2, Prescott Valley, Arizona 86314-4962.

ARTICLE 8 **INSURANCE**

8.1 Scope of Coverage. Commencing not later than the time of the first conveyance of a Parcel to a Purchaser, the Association shall maintain, to the extent reasonably available, the following insurance coverage:

8.1.1 Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000. 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 Areas of Association Responsibility and all other portions of the Project which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverage's with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

8.1.2 Property insurance on all Areas of Association Responsibility insuring against all risk of direct physical loss, insured against in an amount equal to the maximum insurable replacement value of the Areas of Association Responsibility, 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;

8.1.3 Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

8.1.4 Such other insurance as the Association shall determine from time to time to be appropriate to protect the Association or the Owners; and

8.1.5 The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions: (a) that there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and members of their household; (b) no act or omission by any Owner will void the policy or be a condition to recovery on the policy; (c) that the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees or beneficiaries under deed of trust; (d) 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; and (e) a statement of the name of the insured as the Association.

8.2 Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue a certificate 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 a deed of trust to whom certificates of insurance have been issued.

8.3 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to Section 8.1 of this Declaration shall be included in the budget of the Association and shall be paid by the Association.

8.4 Payment of Insurance Proceeds. With respect to any loss to any Area of Association Responsibility 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 provisions of Section 8.5 of this Declaration, the proceeds shall be disbursed for the repair or restoration of the damage to the Area of Association Responsibility.

8.5 Repair and Replacement of Damaged or Destroyed Property. Any portion of the Areas of Association Responsibility which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (a) repair or replacement would be illegal under any state or local health or safety statute or ordinance, or (b) Owners representing at least eighty percent (80%) of the total authorized votes in the Association vote not to repair or replace the damaged or destroyed Improvements. The Association shall pay the cost of repair or replacement in excess of insurance proceeds and reserves. If all of the Areas of Association Responsibility are not repaired or replaced, insurance proceeds attributable to the damaged Areas of Association Responsibility shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance and the remainder of the proceeds shall either (a) be retained by the Association as an additional capital reserve, or (b) be used for payment of operating expenses of the Association if such action is approved by the affirmative vote or written consent, or any combination thereof, of Members representing more than fifty percent (50%) of the total authorized votes in the Association.

ARTICLE 9 **GENERAL PROVISIONS**

9.1 Enforcement. The Association or any Owner shall have the right to enforce the Project Documents in any manner provided for in the Project Documents or by law or in equity, including, but not limited to, an action to obtain an injunction to compel removal of any Improvements constructed in violation of this Declaration or to otherwise compel compliance with the Project Documents. The failure of the Association or an Owner to take enforcement action with respect to a violation of the Project Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce the Project Documents in the future. If any lawsuit is filed by the Association or by any Owner to enforce the provisions of the Project Documents or in any other manner arising out of the Project Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorneys' fees incurred by the prevailing party in the action. In addition to any other rights or remedies available to the Association pursuant to the Project Documents or at law or in equity, the Board shall have the power to levy reasonable fines (not in excess of the maximum amount allowed by law) against an Owner for a violation of the Project Documents by the Owner, a Lessee of the Owner or a Resident of the Owner's Parcel, provided the Owner is given notice and an opportunity to be heard.

9.2 Term; Method of Termination. This Declaration shall continue in full force and effect for a term of twenty (20) years from the date this Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of ten (10) years each. This Declaration may be terminated at any time if but only if such termination is approved

by the affirmative vote or written consent, or any combination thereof, of the Owners representing ninety percent (90%) or more of the votes in each class of membership and by the holders of First Mortgages on Parcels, the Owners of which have seventy-five percent (75%) or more of the votes in the Association. If the necessary votes and consents are obtained, the Board shall cause to be recorded a Certificate of Termination, duly signed by the President or Vice President and attested by the Secretary or Assistant Secretary of the Association, with their signatures acknowledged. Thereupon this Declaration shall have no further force and effect, and the Association shall be dissolved pursuant to the terms set forth in its Articles.

9.3 Amendments.

9.3.1 Except for amendments made pursuant to Subsection 9.3.2 or 9.3.4 of this Declaration, the Declaration may be amended at any time by but only by the written approval or the affirmative vote, or any combination thereof, of Owners of not less than seventy-five percent (75%) of the Parcels and, to the extent required by Subsection 9.3.3, Declarant.

9.3.2 Declarant, so long as Declarant owns any Parcel, and, thereafter, the Board may amend this Declaration or the Plat, without obtaining the approval or consent of any Owner or First Mortgagee, in order to conform this Declaration or the Plat to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required by law or requested by Declarant or the Board.

Declarant herein to the contrary, so long as Declarant owns any Parcel, any amendment to this Declaration must approve 9.3.3 notwithstanding anything in writing.

9.3.4 Declarant, so long as Declarant owns any Parcel, and, thereafter, the Board, may amend this Declaration without the consent of any other Owner to correct any error or inconsistency in the Declaration.

9.3.5 So long as Declarant owns more than seventy-five percent (75%) of the Parcels subject to this Declaration, any amendment to this Declaration shall be signed by Declarant and recorded in the records of Yavapai County, Arizona. At any time Declarant does not own at least seventy-five percent (75%) of the Parcels subject to this Declaration, any amendment approved pursuant to Subsection 9.3.1 of this Declaration or by the Board pursuant to Subsection 9.3.2 or 9.3.4 of this Declaration shall be signed by the President or Vice President of the Association and shall be recorded with the County Recorder of Yavapai County, Arizona, and any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by Declarant pursuant to Subsection 9.3.2 or 9.3.4 of this Declaration shall be signed by Declarant and recorded with the County Recorder of Yavapai County, Arizona. Unless a later effective date is provided for in the amendment, any amendment to this Declaration shall be effective upon the Recording of the amendment.

9.4 Rights of First Mortgagees.

9.4.1 Any First Mortgagee will, upon written request, be entitled to: (a) inspect the books and records of the Association during normal business hours; (b) receive, within ninety (90) days following the end of any fiscal year of the Association, a financial statement of the Association for the immediately preceding fiscal year of the Association, free of charge to the requesting party; and (c) receive written notice of all meetings of the Members of the Association and be permitted to designate a representative to attend all such meetings.

9.4.2 No Parcel shall be partitioned or subdivided without the prior written approval of the holder of any First Mortgage on such Parcel.

9.4.3 Unless at least two-thirds (2/3) of the First Mortgagees (based upon one vote for each Parcel) and Owners of at least two-thirds (2/3) of the Parcels have given their prior written approval, the Association shall not be entitled to:

(a) Seek to abandon, partition, subdivide, sell or transfer the Areas of Association Responsibility owned, directly or indirectly, by the Association for the Benefit of the Parcels. The granting of easements for public utilities or for other public purposes consistent with the intended use of such Areas of Association Responsibility shall not be deemed a transfer within the meaning of this Subsection;

(b) Change the method of determining the obligations, assessments, dues or other charges, which may be levied against an Owner;

(c) Change, waive or abandon any scheme or regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of Parcels or the maintenance of the Areas of Association Responsibility;

(d) Fail to maintain fire and extended coverage insurance on Areas of Association Responsibility on a current replacement cost basis in an amount of at least one hundred percent (100%) of insurable value; and

(e) Use hazard insurance proceeds for losses to any Area of Association Responsibility, other than the repair, replacement or reconstruction of such Area of Association Responsibility.

9.4.4 No provision of this Declaration gives or shall be construed as giving any Owner or other Person priority over any rights of a First Mortgagee of a Parcel in the case of the distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of the Areas of Association Responsibility.

9.4.5 Any First Mortgagee who receives a written request from the Board to respond to or consent to any action requiring the consent of the First Mortgagee shall be deemed to have approved such action if the Association has not received a negative response from such First Mortgagee within thirty (30) days of the date of the Association's request.

9.4.6 In the event of any conflict or inconsistency between the provisions of this Section and any other provision of the Project Documents, the provisions of this Section shall prevail; provided, however, that in the event of any conflict or inconsistency between the provisions of this Section and any other provisions of the Project Documents with respect to the number or percentage of Owners or First Mortgagees that must consent to (a) an amendment of the Declaration, Articles or Bylaws, (b) a termination of the Project, or (c) certain actions of the Association as specified in Subsection 9.4.3 of this Declaration, the provision requiring the consent of the greatest number or percentage of Owners or First Mortgagees shall prevail; provided, however, that Declarant, so long as Declarant owns any Parcel, and thereafter, the Board, without the consent of any Owner or First Mortgagee being required, shall have the right to amend this Declaration, the Articles and the Bylaws in order to conform this Declaration, the Articles or the Bylaws to the requirements or guidelines of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Veterans Administration or any federal, state or local governmental agency whose approval of the Project, the Plat or the Project Documents is required or requested by Declarant or the Board.

9.5 Interpretation. Except for judicial construction, the Board shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Board's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefited or bound by this Declaration. In the event of any conflict between this Declaration and the Articles, Bylaws, Association Rules or Architectural Committee Rules, this Declaration shall control. In the event of any conflict or inconsistency between the Articles and the Bylaws, the Articles shall control. In the event of any conflict or inconsistency between the Bylaws and the Association Rules or the Architectural Committee Rules, the Bylaws shall control.

9.6 Severability. Any determination by any court of competent jurisdiction that any provision of this Declaration is invalid or unenforceable shall not affect the validity or enforceability of any of the other provisions hereof.

9.7 Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the rule against perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest; the "lives in being" for computing the period of perpetuities shall be (a) those which would be used in determining the validity of the challenged interest, plus (b) those of the issue of the Board who are living at the time the period of perpetuities starts to run on the challenged interest.

9.8 Change of Circumstances. Except as otherwise expressly provided in this Declaration, no change of conditions or circumstances shall operate to extinguish, terminate or modify any of the provisions of this Declaration.

9.9 Notice of Violation. The Association shall have the right to record a written notice of a violation by any Owner, Lessee or Resident of any provision of the Project Documents. The notice shall be executed by an officer of the Association and shall contain substantially the following information: (a) the name of the owner, Lessee or Resident violating, or responsible for the violation of, the Project Document; (b) the legal description of the Parcel against which the notice is being Recorded; (c) a brief description of the nature of the violation; (d) a statement that the notice is being Recorded by the Association pursuant to this Declaration; and (e) a statement of the specific steps which must be taken to cure the violation. Recordation of a notice of violation shall serve as notice to the Owner, Lessee and Resident, and any subsequent purchaser of the Parcel that there is such a violation. If, after the recordation of such notice, it is determined by the Association that the violation referred to in the notice does not exist or that the violation referred to in the notice has been cured, the Association shall Record a notice of compliance which shall state the legal description of the Parcel against which the notice of violation was Recorded, and the recording data of the notice of violation, and shall state that the violation referred to in the notice of violation has been cured or that the violation did not exist. Failure by the Association to Record a notice of violation shall not constitute a waiver of any such violation, constitute any evidence that no violation exists with respect to a particular Parcel or constitute a waiver of any right of the Association to enforce the Project Documents.

9.10 Laws, Ordinances and Regulations.

9.10.1 The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other Persons to obtain the approval of the Board or the Architectural Committee with respect to certain actions are independent of the obligation of the Owners and other Persons to comply with all applicable laws, ordinances and regulations, and compliance with this Declaration shall not relieve an Owner or any other Person from the obligation to also comply with all applicable laws, ordinances and regulations.

9.10.2 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 or all of the enforcement procedures set forth herein.

9.11 References to this Declaration in Deeds. Deeds to and instruments affecting any Parcel or any other part of the Project may contain the covenants, conditions and restrictions herein set forth by reference to this Declaration; but regardless of whether any such reference is made in any Deed or instrument, each and all of the provisions of this Declaration shall be binding upon the grantee-Owner or other person claiming through any instrument and the grantee-Owner's heirs, executors, administrators, personal representatives, successors and assignees.

9.12 Gender and Number. Wherever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

9.13 Captions and Titles. All captions, titles or headings of the Articles and Sections in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent of context thereof.

9.14 No Absolute Liability. No provision of the Project Documents shall be interpreted or construed as imposing on Owners absolute liability for damage to the Areas of Association Responsibility or the Parcels. Owners shall only be responsible for damage to the Areas of Association Responsibility or Parcels caused by the Owners' negligence or intentional acts.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the day and year first above written.

DECLARANT:

HF Poquito, LLC, an Arizona limited liability company

By: **Hoensheid Family, LLLP**
Its: Manager

By: *Dennis Hutki*
Dennis Hutki
Its: General Partner

STATE OF ARIZONA)
)ss.
COUNTY OF YAVAPAI)

The foregoing instrument was acknowledged before me this 31 day of August, 2017, the undersigned notary public in and for said county and state, by Dennis Hutki, general partner of Hoenshied Family, LLLP, an Arizona limited liability partnership, the manager of HF Poquito, LLC, an Arizona limited liability company, for and on behalf of said limited liability company.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Mary Salazar
Notary Public

My Commission Expires.

June 19, 2021



EXHIBIT A

The plat of H&F Windmill Ranch recorded in the Official Records of the County Recorder of Yavapi County, Arizona, on June 21, 2017, as instrument 2017-0031575, and any amendments, supplements or corrections thereto.

WHEN RECORDED, MAIL TO:

WILLIAM A. KOZUB, ESQ.
THE KOZUB LAW GROUP, PLC
7537 East McDonald Drive
Scottsdale, Arizona 85250

**AMENDMENT TO
AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
H&F WINDMILL RANCH**

This Amendment to the Amended and Restated Declaration of Covenants, Conditions, and Restrictions for H&F Windmill Ranch is made as of the 28th day of September, 2017, by HF Poquito, LLC, an Arizona limited liability company.

RECITALS

A. The Declarant owns the Property situated in Yavapai County, Arizona, more particularly described in Exhibit A hereto and defined below.

B. The Property is subject to that certain Declaration of Covenants, Conditions, and Restriction For H&F Windmill Ranch recorded as document 2017-0034323 on July 6, 2017 in the official records of the Yavapai County Recorder (the "First Declaration").

C. Declarant terminated the First Declaration and replaced the First Declaration with the Amended and Restated Declaration of Covenants, Conditions and Restrictions for H&F Windmill Ranch ("Declaration") recorded as document 2017-0045165 on September 1, 2017 in the official records of the Yavapai County Recorder (the "Amended and Restated Declaration").

D. The Declarant desires to amend the Amended and Restated Declaration as provided herein.

AMENDMENT

1. Access Easement Maintenance. The Association shall be permitted to install, build, maintain, repair and otherwise operate a roadway and utilities on that easement property defined in the Easement for Ingress, Egress and Utilities recorded as document 2016-0012440 on March 17, 2016, in the official records of the Yavapai County Recorder (the "Easement"). The Easement provides access for ingress, egress and utilities from Poquito Valley Road to the Ingress-Egress & Public Utility Easement shown on the Plat, all as defined in the Amended and Restated Declaration.

EXHIBIT A

The plat of H&F Windmill Ranch recorded in the Official Records of the County Recorder of Yavapi County, Arizona, on June 21, 2017, as instrument 2017-0031575, and any amendments, supplements or corrections thereto.

IN WITNESS WHEREOF, Declarant has executed this Declaration on the day and year first above written.

DECLARANT: **HF Poquito, LLC**, an Arizona limited liability company

By: **Hoensheid Family, LLLP**
Its: Manager

By: Dennis Hulki & P.
Dennis Hulki
Its: General Partner

STATE OF ARIZONA)
)ss.
COUNTY OF YAVAPAI)

The foregoing instrument was acknowledged before me this 29th day of September, 2017, the undersigned notary public in and for said county and state, by Dennis Hutki, general partner of Hoenshied Family, LLLP, an Arizona limited liability partnership, the manager of HF Poquito, LLC, an Arizona limited liability company, for and on behalf of said limited liability company.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Mary J. Slezak
Notary Public



My Commission Expires:

June 19, 2021