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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LONESOME VALLEY**

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This Declaration of Covenants, Conditions, and Restrictions for Lonesome Valley (the "Declaration") is made this 2 day of February 2006, by Transnation Title Insurance Company, an Arizona corporation, as Trustee, Trust No. 7400, on behalf of its Beneficiaries, hereinafter referred to as "Declarant" herein, for property recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona.

WITNESSETH:

Declarant is the owner of the following described real property situated within the County of Yavapai, State of Arizona:

Parcels 1 through 10 inclusive, LONESOME VALLEY, according to the Record of Survey recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona.

Declarant hereby declares that all of the Property described above, shall be held, sold and conveyed subject to the following reservations, easements, liens, covenants, conditions, restrictions and charges hereinafter set forth, each and all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of all the Parcels, and all of which are hereby declared to be for the benefit of all the real property described herein and the owners thereof, their heirs, successors, grantees and assigns, and shall inure to the benefit of and pass with said property, and each and every parcel thereof, and shall apply and bind the successors in interest, and any owner thereof;

Now, therefore, Declarant hereby requires that the real property described in and referred to in Article 3 hereof is, and shall be, held, transferred, sold, and conveyed subject to the conditions, restrictions, covenants, reservations, easements, liens, and charges hereinafter set forth.

**ARTICLE 1
PURPOSE OF THESE COVENANTS, CONDITIONS AND RESTRICTIONS**

The purpose of these covenants, conditions and restrictions is to assure the use of the property for attractive rural residential and non-commercial farm and ranch purposes (as set forth herein) only, and securing to each Parcel owner the full benefit and enjoyment of his or her Parcel and improvements in furtherance of a common plan.



ARTICLE 2

DEFINITIONS

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

2.1 “Areas of Association Responsibility” means all sixty foot (60') wide Roadways and cul-de-sacs contained within the Lonesome Valley community, as specifically identified on the Record of Survey recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona. The Area of Association Responsibility may be extended, by affirmative vote of the membership of Lonesome Valley Community Association, Inc. in the manner prescribed herein below and in the By-laws of said Corporation, to the fifty foot (50') wide ingress/egress and public utility easement located between Parcels 6 and 8, as reflected on the Record of Survey recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona.

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

2.3 “Assessment” means an Annual Assessment, a Special Assessment, Additional Maintenance Assessment, or any other amounts assessed by the Association pursuant to the terms of this Declaration.

2.4 “Association” means the Arizona nonprofit corporation to be organized by Declarant or its permitted assignees, to administer and enforce the Project Documents and to exercise the rights, powers and duties set forth therein, and its successors and assigns.

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

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

2.7 “Declarant” means and refers to Transnation Title Insurance Company, an Arizona corporation, as Trustee, Trust No. 7400, on behalf of its Beneficiaries, its successors and any Person to whom it may expressly assign any or all of its rights under this Declaration. An assignment of the rights of the Declarant under this Declaration may be an assignment of less than all of the rights of the Declarant under this Declaration, and such assignment may apply to less than all the Property. No assignment of the Declarant's rights or a partial assignment of Declarant's rights shall be effective unless recorded with the County Recorder of Yavapai County, Arizona.

2.8 “Improvement” means any building, fence, wall or other structure, any swimming pool, any road, driveway, and parking area (paved or unpaved).

-2-

RECORDERS MEMO: LEGIBILITY
QUALITY CHECK FOR GOOD REPRODUCTION



2.9 “Modification” means any construction, installation, addition, alteration, repair, change or replacement, or other work to any Improvement within the Property, including initial construction of Improvements upon a Parcel.

2.10 “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 include a purchaser under a contract for the conveyance of real property subject to the provisions of Arizona Revised Statutes (“A.R.S.”) §33-741 *et. seq.* Owner shall not include a purchaser under a purchase contract and receipt, escrow instructions or similar executory contracts which are intended to control the rights and obligations of the parties to the executory contracts pending the closing of a sale or purchase transaction. Owner shall not include persons having an interest in a Parcel merely as security for the performance of an obligation, or a Lessee. In the case of Parcels the fee simple title to which is vested in a trustee pursuant to A.R.S. §33-801, *et seq.* the trustor shall be deemed to be the Owner. In the case of the 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.

2.11 “Parcel” means Parcels 1-10 on the Record of Survey recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona, or any portion thereof, intended for independent ownership and use, and, where the context indicates or requires, shall include any residence or other improvements situated on the Parcel.

2.12 “Property” means all or any portion of the Parcels identified as Parcels 1-10 and included as part of the Record of Survey of Lonesome Valley as recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona.

2.13 “Project Documents” means this Declaration, the Articles, the Bylaws, and the Record of Survey.

2.14 “Easements” are those non-exclusive ingress, egress and public utility easements reflected on the Record of Survey of Lonesome Valley as recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona.

ARTICLE 3

PLAN OF DEVELOPMENT

Property Subject to the Declaration.

The real property that is, and shall be, held and conveyed, transferred, and sold subject to the conditions, restrictions, covenants, reservations, easements, liens, and charges set forth in this Declaration is located in the County of Yavapai, State of Arizona, described as follows:

Parcels 1 through 10 inclusive, LONESOME VALLEY, according to the Record of Survey recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona.

No property other than that described above shall be deemed subject to this Declaration, unless and until specifically made subject thereto.

The Declarant may, from time to time, subject additional real property to the conditions, restrictions, covenants, reservations, liens, and charges herein set forth by appropriate reference hereto.

ARTICLE 4

USE RESTRICTIONS

4.1 Architectural Review.

4.1.1 No permanent Improvements shall be constructed, modified, or installed on any Parcel without the prior review and written approval of the Association. Any Owner desiring approval of the Association for any Improvement shall submit to the Association, or its dually authorized representative (hereafter together referred to as the "Association"), a written request for approval specifying in detail the nature and extent of the Improvement which the Owner desires to perform. Any Owner requesting the approval of the Association shall also submit to the Association any additional information, plans, and specifications which the Association may request. If the Association fails to approve or disapprove an application for approval within thirty (30) days after the application, together with any fee payable pursuant to Subsection 4.1.3 of this Declaration and all supporting information, plans, and specifications requested by the Association have been submitted to the Association, approval will not be required and this Subsection 4.1.1 will be deemed to have been complied with by the Owner requesting approval of such Improvement or Modification. The approval by the Association of any Improvement or Modification pursuant to this Subsection 4.1.1 shall not be deemed a waiver of the Association's right to withhold approval of any similar Improvement or Modification subsequently submitted for approval.

4.1.2 Any change, deletion, deviation, or addition to the plans and specifications approved by the Association must be approved in writing by the Association.

4.1.3 The Association shall have the right to charge a reasonable fee for reviewing requests for approval of any Improvement or Modification pursuant to this Subsection 4.1.3, which fee shall be payable at the time the application for approval is submitted to the Association.

4.1.4 The approval required of the Association pursuant to this Subsection 4.1, 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.

4.2 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 one thousand eight hundred (1800) square feet in the case of a one-story structure or less than two thousand two hundred (2200) 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.

4.3 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.

4.4 Temporary Occupancy and Temporary Buildings. No trailer, basement of any incomplete building, tent, shack, garage or barn, and no temporary buildings or structures of any kind, shall be used at any time for a residence, either temporary or permanent. Except for temporary buildings, trailers or other structures used by Declarant, temporary buildings, trailers or other structures used during the construction of Improvements approved by the Association 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 Association. 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.

4.5 Driveways. All primary access driveways and parking areas serving any property which 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, chipseal, or a natural composite of granite or gravel.

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

4.7 Propane Tanks. Propane 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 residence and outbuildings.

4.8 Rooftop Air Conditioners/Evaporative Coolers Prohibited. No air conditioning or evaporative cooling units or appurtenant equipment may be mounted, installed or maintained on the roof of any Residence or other building so as to be visible from neighboring property.

4.9 Reflective Roofing. The use of reflective roofing of any kind is expressly prohibited.

4.10 Fencing/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 barbles wire shall be prohibited. Fencing must be sufficient to contain on an Owner's Parcel all domestic animals or livestock.

4.11 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. Landscaping shall be substantially completed within eighteen (18) months from the commencement of construction.

4.12 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.

4.13 Nuisances; Construction Activities. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any property, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such property or 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 other nuisance 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. The provisions of this Section 4.13 shall not apply to construction activities of Declarant.

4.14 Easement Encroachments. No improvements of any kind on any property shall be allowed to encroach upon any easement as identified on the Record of Survey for Lonesome Valley, recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona, if said improvement would have the effect of impeding or obstructing access over, across or under the easement at issue.

4.15 Animals. Hoofed animals, other than as set forth herein, are allowed to be kept on the property but shall not exceed two (2) animals for each one (1) acre. The casual breeding of animals for profit is permitted. The commercial raising of livestock is prohibited. No pigs, hogs, fighting animals, or fighting chickens or roosters are permitted. All animals shall be kept within an adequately fenced area. All manure shall be removed on a regular basis.

4.16 Mineral Exploration. Oil or gas drilling, oil development operation, refining, mining operations of any kind, commercial mineral or rock storage or quarrying shall not be permitted upon or in any of the Parcels in Lonesome Valley, as described herein, nor shall oil wells, oil tanks, tunnels, mineral excavations, or shafts be permitted upon or in any of the Parcels covered by these covenants.

4.17 Agricultural Usage. The raising of agricultural crops for commercial sale is prohibited.

ARTICLE 5 EASEMENTS

5.1 Easement in Favor of Association. The Property that is subject to these restrictions is hereby made subject to the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors:

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

5.1.2 For correction of emergency conditions on one or more properties;

5.1.3 For the purpose of enabling the Association, the Board, or any other committees appointed by the Board, to exercise and discharge their respective rights, powers and duties under the governing documents for Lonesome Valley;

5.1.4 For inspection of the property in order to verify that the provisions of the governing documents are being complied with by the Owners, their guests, tenants, invitees and the other occupants of the property.

ARTICLE 6
THE ASSOCIATION; ORGANIZATION; MEMBERSHIP
AND VOTING RIGHTS

6.1 The Association. There is hereby created the Lonesome Valley Community Association. The purpose of the Association is to maintain, to the extent possible with reasonably available funds, the Easements that make up the Areas of Association Responsibility as shown on the Record of Survey recorded at Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona, and any capital improvements that may be created by the Association, and to enforce these Restrictions to the extent possible with reasonably available funds.

6.2 Membership. Each and every Owner, in accepting a deed or contract for any Parcel, whether or not it shall be so expressed in such deed or contract, automatically becomes a member of the Association, and agrees to be bound by such rules and regulations as may, from time to time, be established by the Association. Membership shall be appurtenant to and may not be separated from ownership of the Parcel. The rights and obligations of an owner and membership in the Association shall not be assigned, transferred, pledged, conveyed, or alienated in any way, except upon transfer of ownership of such Parcel, whether by intestate succession, testamentary disposition, foreclosure of a mortgage, or such other legal processes as now are in effect or as may be hereafter established pursuant to the laws of the State of Arizona. The Association shall be established pursuant to the laws of the State of Arizona. The Association shall be operated and conducted on a strictly cooperative and nonprofit basis. Each Parcel Owner as a member shall have voting rights as set forth in this Declaration.

6.3 Right of Entry. In furtherance of its purposes, which are generally as set forth above, the Association shall provide necessary and appropriate action, to the extent possible with reasonably available funds, for the maintenance and repair of the Areas of Association Responsibility referred to in paragraph 6.1 above and shall have the right to enter upon a Parcel, if necessary, in order to accomplish its purpose.

6.4 Authorization to Borrow, Contract. The Association shall have the power to borrow and encumber its assets and, in all respects, shall have the powers necessary to carry out its purposes, whether or not specifically set forth herein, including the power to enter into contracts with third parties to perform all or part of its functions, and to hire its own employees to do so. The Association shall have the power to dedicate the roadways and grant the Areas of Association Responsibility, as shown on the Record of Survey for Lonesome Valley recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona, to the County.

6.5 Assessments. Each Owner is obligated to pay (i) regular assessments for normal maintenance and repair and reserves, along with Association insurance and operating costs, and (ii) special assessments for capital improvements with such assessments to be established by the Association. The regular 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, except for the provisions of paragraph 6.12 below, relating to mortgages.

6.6 Determination of Assessment. The board of directors of the Association shall, on an annual basis, make a determination as to the estimated costs of the repair and maintenance of the Areas of Association Responsibility as shown on the Record of Survey of Lonesome Valley or otherwise so designated, including any reserves necessary for future capital expenditures and maintenance. The assessments may be collected on a monthly, quarterly, or annual basis, or any combination of same as determined by the board of directors of the Association.

6.7 Calculation of 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 fulfil 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:

UNIMPROVED
\$25 per acre

IMPROVED
\$75 per acre

THESE FIGURES ARE IN DOLLARS PER ACRE PER YEAR.

The Parcel Owner acquiring his or her interests from Declarant or from a Parcel seller during the calendar year shall be obligated for a pro rated 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.

6.8 Special Assessments. 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.

6.9 Association Lien. All sums assessed by the Association chargeable to a Parcel, but unpaid, including penalties and interest, shall constitute a lien on such Parcel prior to all other liens excepting only *ad valorem* liens in favor of a governmental assessing unit or special assessment district and bona fide first mortgage or trust deed liens. A suit to recover a money judgment for unpaid assessments and charges shall be maintainable by the Association without foreclosing or waiving the lien securing the same.

6.10 Voting. The total number of votes in the Association shall be on the basis of one (1) vote per acre for each acre owned by a Member, rounded to the nearest whole acre. Any Owner who purchases a Parcel shall be deemed to hold voting rights based on the number of acres owned, as described herein. The Declarant herein shall have three (3) votes for each acre it owns rounded to the nearest whole acre. Unless otherwise specifically provided herein, all Association matters shall be determined by a majority vote. If more than one party is the Owner of a Parcel, there must be unanimous agreement among those who own an interest in the Parcel as to how to cast that Parcel's vote, otherwise, that vote shall not be counted.

6.11 By-Laws. The Association shall have the power to adopt Bylaws and to appoint its officers and directors, as well as promulgate reasonable regulations relating to matters within its purpose.

6.12 Transfer of Assessments. Where the holder of a first mortgage of record obtains title to the Parcel as a result of foreclosure, or deed in lieu of foreclosure, of said first mortgage, such acquirer of title, its successors and assigns, shall not be liable for the share of the expense of the assessments by the Association chargeable to such Parcel which became due prior to the acquisition of title to such Parcel by such acquirer. As used in this Declaration, the term "mortgage" shall include "deed of trust" and "agreement for sale" and "mortgagee" shall include the "beneficiary" under a deed of trust and "vendor" under an agreement for sale. Such acquirer shall be responsible, as any Owner, for assessments charged subsequent to the acquisition.

6.13 Notice of Violation. In the event the Association, through the board of directors, determines that any Parcel Owner has not complied with the provisions of this Declaration, then the Association may, at its option, give written notice to the Owner of the conditions complained of, and the board of directors shall have the right to impose monetary penalties for such non-compliance, as provided in the Association Bylaws. The Owner shall correct the same or, if not readily correctable within fifteen (15) days after the notice from the Association, the Owner shall submit corrective plans proposing its remedy to the condition



complained of within fifteen (15) days after notice from the Association. The Association shall approve or disapprove, in writing, any plans submitted by the Owner, and set forth a reasonable time for correction of the condition complained of. In the event such condition is not corrected according to the approved plans, and within the allotted time, the Association shall have the right to undertake to remedy such condition or violation complained of. The costs thereof shall be deemed to be an assessment to such Owner and enforceable by the Association as if any other unpaid assessment. The Association is hereby granted the right of entry on the affected Parcel to correct the condition or violation complained of.

6.14 Insurance. The Association shall, at its common expense, effect and maintain at all times, comprehensive general liability insurance covering the Areas of Association Responsibility maintained by the Association as well as errors and omissions of the directors, which insurance shall cover the Association against any action brought against it. The coverage shall be placed with a reliable insurance company with limits of not less than one million dollars (\$1,000,000.00) per occurrence. The cost of such insurance may be included as part of the regular or special assessments. Any Parcel Owner may maintain additional liability insurance coverage for their respective Parcels without prejudice.

6.15 Transfer of Declarant Control. Upon the sale of ninety percent (90%) of the Parcels identified as Parcels 1-10 on the Record of Survey recorded in Book 141 of Land Surveys, Page 11, Records of Yavapai County, Arizona, or at such earlier time as the Declarant deems appropriate, the Declarant will assign the responsibility and authority for the operation of the Association to the Association Members/Parcel Owners. Effective at the time of such assignment, the Declarant shall automatically be relieved of any liability for any Association decision, action or failure to act.

ARTICLE 7

GENERAL PROVISIONS

7.1 Enforcement. The covenants, conditions, and restriction contained in this Declaration shall run with the land and shall be binding upon all persons owning, leasing, subleasing or occupying any Parcel after the date on which this instrument has been recorded in the office of the Recorder of Yavapai County, State of Arizona. This Declaration may be enforced by the Trustee or Beneficiaries as Declarant, by any owner or lessee of any Parcel, by the holder of a bona fide first mortgage on any Parcel, by the Association, or any one or more of said persons acting jointly provided, however, that any breach by reason thereof shall not defeat or adversely affect the lien or bona fide first mortgage upon any Parcel, but each and all said covenants, conditions and restrictions shall be binding upon and effective against any Owner, lessee or occupant of said Parcel whose title thereto is acquired by foreclosure, or otherwise, and provided also that the breach of any said covenants, conditions and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such bona fide first mortgage. All instruments of conveyance or assignment of any interest in all or



any part of the Property may refer to this instrument and shall be subject to the covenants, conditions, and restrictions, herein contained as fully as though this instrument were therein set forth in full provided, however, that the terms and conditions of this instrument shall be binding upon all persons affected by its terms, whether express reference is made to this instrument or not.

7.2 Term; Method of Termination. Unless amended or terminated as hereinafter provided, this Declaration shall continue in full force and effect in perpetuity. This Declaration may be terminated at any time 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 votes of the membership. 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.

7.3 Amendments. This Declaration may be amended at any time by the affirmative vote of Owners of not less than two-thirds (2/3) of the Parcels. Any amendment approved by the Owners shall be signed by the President or Vice President of the Association and shall be Recorded. Unless a later effective date is provided for in the amendment, any challenge to an amendment to this Declaration for the reason that the amendment was not adopted by the required number of Owners or was not adopted in accordance with the procedures set forth in this Section must be made within one (1) year after the Recording of the amendment. Any amendment to this Declaration shall be effective upon the Recording of the amendment.

7.4 Interpretation. Except for judicial construction, the Association 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 Association's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all persons and property benefitted or bound by this Declaration. In the event of any conflict between this Declaration and the Articles, Bylaws, or Association Rules, this Declaration shall control. In the event of any conflict between the Articles and the Bylaws, the Articles shall control. In the event of any conflict between the Bylaws and the Association Rules, the Bylaws shall control.

7.5 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.

7.6 Laws, Ordinances and Regulations.

7.6.1 The covenants, conditions and restrictions set forth in this Declaration and the provisions requiring Owners and other persons to obtain the approval of the



Association 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.

7.6.2 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.

7.7 No Warranty of Enforceability. Declarant is not aware that any of the covenants contained in this Declaration are invalid or unenforceable for any reason or to any extent; however, Declarant makes no warranty or representation as to the present or future validity or enforceability of any particular covenant, or the compliance of any provisions of this Declaration with public laws, ordinances and regulations applicable thereto. Any Owner acquiring a Parcel in reliance on one or more of the covenants contained in this Declaration assumes all risk of the validity and enforceability thereof, and neither Declarant nor the Association shall be liable in damages or otherwise to any Person in the event any covenant is hereafter determined to be invalid or unenforceable in whole or in part.

7.8 References to this Declaration in Deeds. Deeds to and instruments affecting any Parcel 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 its heirs, executors, administrators, successors and assigns.

7.9 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.

7.10 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 to be deemed to limit, modify or otherwise affect any of the provisions hereof or to be used in determining the intent or context thereof.

7.11 Notices. If notice of a meeting for any action or proposed action by the Board or any committee is required by applicable law, this Declaration, or a resolution of the Board to be given to any Owner or Resident, then, unless otherwise specified herein or in the resolution of the Board, such notice requirement shall be deemed satisfied if notice of such action or meeting is published once in any newspaper in general circulation within Yavapai County.

This Section 7.11 shall not be construed to require that any notice be given if not otherwise required and shall not prohibit satisfaction of any notice requirement in any other manner.

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

7.13 Declarant's Exemption. Nothing herein shall be construed as prohibiting Declarant, or its assignees, from maintaining a sales office on any Parcel or engaging in activities which Declarant deems appropriate to its sales program, including placement of signage for purposes of marketing and sales.


IN WITNESS WHEREOF, the undersigned have executed this Declaration as of the day and year first above written.

Transnation Title Insurance Company,
an Arizona corporation as Trustee,
Trust No. 7400

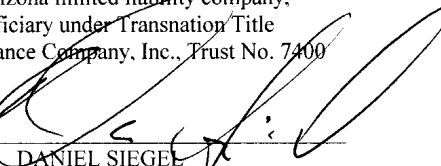
By: 

GILBERT M. SHAUD
Assistant Secretary

Approved:
ANTRIM INVESTMENT PARTNERSHIP,
an Arizona general partnership,
Beneficiary under Transnation Title
Insurance Company, Inc., Trust No. 7400

By: 
ROBERT CONLIN
General Partner

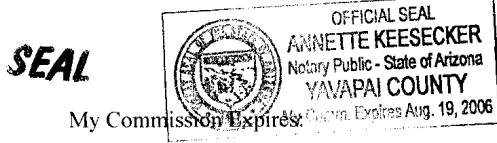
Approved:
SIEGEL ARIZONA PROPERTIES, LLC
an Arizona limited liability company,
Beneficiary under Transnation Title
Insurance Company, Inc., Trust No. 7400

By: 
DANIEL SIEGEL
Managing Member



STATE OF ARIZONA)
)ss.
County of Yavapai)

Acknowledged before me this 13 day of February, 2006, by Gilbert M. Shaud, as Assistant Secretary of Transnation Title Insurance Company, Inc., as Trustee of Trust Number 7400.



Annette Keesecker
Notary Public

My Commission Expires: _____

STATE OF ARIZONA)
)ss.
County of Yavapai)



Acknowledged before me this 2nd day of February, 2006, by Robert Conlin, as General Partner of Antrim Investment Partnership.

Cheryl Keating
Notary Public

My Commission Expires:
10/19/08

STATE OF CALIFORNIA)
)ss.
County of ORANGE)

Acknowledged before me this 7 day of Feb., 2006, by Daniel Siegel, as Managing Member of Siegel Arizona Properties, LLC.

286
Notary Public

My Commission Expires:
12/10/08

