

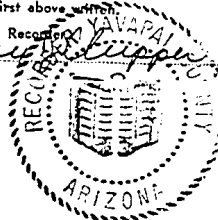
STATE OF ARIZONA, County of Yavapai—ss 25973

I do hereby certify that the within instrument was filed and recorded at the request of YAVAPAI TITLE CO.
on JUL 29 '81-4 05 PM o'clock book 1399 Official Records Page 297-340 (incl)
Records of Yavapai County, Arizona. WITNESS my hand and official seal the day and year first above written.

PATSY C. JENNEY, County Recorder
By *Barbara Lippert* Deputy

When recorded, return to:

PRESCOTT RESORT DEVELOPMENT, LTD.
1569 West Gurley Street
Prescott, Arizona 86301



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DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PRESCOTT RESORT

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PRESCOTT RESORT

THIS DECLARATION, made on the date hereinafter set forth by PRESCOTT RESORT DEVELOPMENT, LTD., a limited partnership, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Prescott, County of Yavapai, State of Arizona, which is more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and shall run with, the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Architectural Committee" shall mean the committee created pursuant to Article VII hereof.

Section 2. "Architectural Committee Rules" shall mean the rules adopted by the Architectural Committee.

Section 3. "Articles" shall mean the Articles of Incorporation of the Association which are, or shall be filed

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in the office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

Section 4. "Association" shall mean and refer to PRESCOTT RESORT HOME OWNERS ASSOCIATION, INC., an Arizona non-profit corporation, its successors and assigns.

Section 5. "Association Rules" shall mean the rules adopted by the Board, as they may be amended from time to time.

Section 6. "Board" shall mean the Board of Directors of the Association.

Section 7. "Bylaws" shall mean the Bylaws of the Association, as such Bylaws may be amended from time to time.

Section 8. "Common Area(s)" shall mean all real property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association at the time of the conveyance of the first lot is described as all real property recorded in Book 22, Page 39, in the official records of the Yavapai County Recorder's Office, Prescott, Arizona, excluding the lots and Tract "A". (1-60).set forth on the subdivision plat.

Section 9. "Declarant" shall mean PRESCOTT RESORT DEVELOPMENT, LTD., or any trustee or escrowee which may be designated by Declarant, including its successors and assigns.

Section 10. "Declaration" shall mean the covenants, conditions and restrictions herein set forth in this entire document, as same may from time to time be amended.

Section 11. "Improvement" shall mean the buildings,

roads, roadways, parking areas, lighting fixtures, fences, walls, hedges, plantings, planted trees and shrubs, and all other structures or landscaping of every type and kind.

Section 12. "Lot" shall mean and refer to any separate parcel of real property shown upon any recorded subdivision map or plat of the Property, with the exception of the Common Area.

Section 13. "Member" shall mean any person, corporation, partnership, joint venture or other legal entity who is a member of the Association.

Section 14. "Owner(s)" shall mean and refer to the record owner, whether one or more persons or entities, of equitable or beneficial title (or legal title if same has merged) of any Lot. "Owner" shall include the purchaser of an executory contract for the sale of property. The foregoing does not include persons or entities who hold an interest in any Lot merely as security for the performance of an obligation. Except as stated otherwise herein, "Owner" shall not include a lessee or tenant of a Lot. For the purposes of ARTICLES II and IV only, unless the context otherwise requires, "Owner" shall also include the family, guests, invitees, licensees, and lessees of any Owner, together with any other person or parties holding any possessory interest granted by such Owner in any Lot. "Owner" shall include Declarant so long as Declarant owns any Lot within the Property.

Section 15. "Property" or "Properties" shall mean and refer to that certain real, personal, or mixed property hereinbefore described which is subject to this Declaration, and such additions hereto as may hereafter be brought within

the jurisdiction of the Association.

Section 16. "Public Purchaser" shall mean any person or other legal entity who becomes an Owner of any Lot within the Property.

Section 17. "Visible from Neighboring Property" shall mean, with respect to any given object, that such object is or would be visible to a person six feet, standing on any part of such neighboring property at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE II

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area, for the purposes for which the Common Area is intended, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Association to charge reasonable fees for the use of any facility situated upon the Common Area;

(b) The right of the Association to suspend the voting rights and right to use of the facilities by an Owner for any period during which any assessment against his Lot remains unpaid or for any infraction of this Declaration or the rules or regulations duly promulgated by the Association, the Board or any duly constituted committee of the Association or Board.

(c) The right of the Association to dedicate, transfer or convey, all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject

to such conditions as may be agreed to by the Members as hereinafter provided. No such dedication, transfer, or conveyance shall be effective unless an instrument, signed by Owners representing two-thirds (2/3) of the Lots and agreeing to such dedication, transfer, or conveyance, has been recorded.

(d) The right of Declarant to execute encroachment easements as long as such easements do not restrict the roadways in the development.

(e) The right of Declarant and its agents and representatives, in addition to the rights set forth elsewhere in this Declaration, to non-exclusive use, without charge, of the Common Area for maintenance of sales facilities, and display and exhibit purposes.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with this Declaration, his right of enjoyment to the Common Area to the members of his family, his tenants, lessees, guests, and invitees, provided such delegation is for a reasonable number of persons and at reasonable times.

Section 3. Owner's Easement of Enjoyment Limitations.

(a) An Owner's right and easement of enjoyment in and to the Common Area shall not be conveyed, transferred, alienated or encumbered separate and apart from an Owner's Lot and such right and easement of enjoyment in and to the Common Area shall be deemed to be conveyed, transferred, alienated or encumbered upon the sale of any Owner's Lot, notwithstanding the description in the instrument of conveyance, transfer, alienation or encumbrance may not refer to the Common Area.

(b) The Common Area shall remain undivided and no action for partition or division of any part thereof shall be permitted.

(c) Each Owner, tenant and occupant of a Lot, and the invitees, tenants, agents and employees of such Owner, may use the Common Area in common with the Owners, invitees, tenants, agents and employees of the other Lots in accordance with the purposes for which it is intended without hindering or encroaching upon the lawful right of such others.

(d) No Owner will be exempted from liability for assessments with respect to the Common Area by waiver of the enjoyment of the right to use the Common Area or by abandonment of his Lot or otherwise.

Section 4. Title to Common Area. Declarant covenants that it will convey title to the Common Area to the Association, free of all encumbrances except current real property taxes and other easements, conditions, reservations and restrictions then of record. The conveyance shall be made to the Association ^{in accordance with Article 1, Section 8.} ~~not later than thirty (30) days following the completion of construction of the Improvements on the Common Area.~~

ARTICLE III

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. General Declaration. Declarant has developed the Property into various Lots. Declarant intends to sell and convey to Public Purchasers, Lots within the Property so developed subject to this Declaration. Declarant hereby declares that all of the Property subject hereto is and shall be held, conveyed, hypothecated, encumbered, leased, occupied, built upon or otherwise used, improved or transferred in whole or in part, subject to this Declaration,

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as amended or modified from time to time. This Declaration is declared and agreed to be in furtherance of a general plan for the subdivision, improvement and sale of said Property and is established for the purpose of enhancing and perfecting the value, desirability and attractiveness of said Property and every part thereof. All of this Declaration shall run with all of said Property for all purposes and shall be binding upon and inure to the benefit of Declarant, the Association, all Owners and their successors in interest.

Section 2. Staged Developments. Additional land and Improvements may be annexed, from time to time, by the Declarant in its sole discretion without the consent of Members, within five (5) years of the date of this Declaration. Such annexed land may, but shall not necessarily include, additional land for Single Family Residential Use and Common Area. Nothing contained in this Declaration shall obligate Declarant to annex any additional land or improvements to the Association. Effectuation of annexation shall take place when Declarant records a Declaration of Annexation describing the property to be annexed and referring to this Declaration by reference. Upon such Declaration of Annexation being recorded, the Property covered by this Declaration and the Declaration of Annexation shall be deemed to be one single project. On completion of any Annexation, all Owners of Lots shall have equal rights of the use of all Common Areas, and shall be treated as if the entire project had been developed at the same time. A new budget shall be prepared and assessments shall be levied in connection therewith.

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ARTICLE IV

LAND USE CLASSIFICATIONS, PERMITTED USES AND RESTRICTIONS

Section 1. Permitted Uses and Restrictions. The permitted uses, easements, and restrictions for all Property covered by this Declaration, shall be as follows:

A. SINGLE FAMILY RESIDENTIAL USE. All Property shall be used, improved and devoted exclusively to Single Family Residential Use. No gainful occupation, profession, trade or other non-residential use shall be conducted on any such Property. Nothing herein shall be deemed to prevent the leasing of any such Property to a single family from time to time by the Owner thereof, subject to all of the provisions of this Declaration. No structure whatever, other than one private single family residence, together with a carport for not more than two (2) cars, shall be erected, placed or permitted to remain on any Lot. Lots owned by Declarant may be used as model homes, and for sales and construction offices for the purpose of enabling Declarant to sell Lots within the Property, until such time as all of the Lots owned by Declarant have been sold to public purchasers.

B. UTILITY SERVICE. No lines, wires, or other devices for the communication or transmission of electric current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon any Property unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of buildings or structures approved by the Architectural Committee.

C. IMPROVEMENTS AND ALTERATIONS. No improvements, alterations, repairs, excavation or other work which in any way alters the exterior appearance of any Property or the Improvements located thereon from its natural or improved state existing on the date such Property was first conveyed or transferred by Declarant to a Public Purchaser shall be made or done without the prior approval of the Architectural Committee, except as otherwise expressly provided in this Declaration. No building, fence, wall, or other structure shall be commenced, erected, maintained, improved, altered, made or done without the prior written approval of the Architectural Committee or any committee established by the Architectural Committee for the purpose. Pursuant to its rulemaking power, the Architectural Committee shall establish a procedure for the preparation, submission and determination of applications for any such alteration or improvement. The Architectural Committee shall have the right to refuse to approve any plans or specifications or grading plan, which are not suitable or desirable, in its opinion, for aesthetic or other reasons, and

in so passing upon such plans, specifications and grading plans, and without any limitation of the foregoing, it shall have the right to take into consideration the suitability of the proposed building or other structure, and of the materials of which it is to be built, the site upon which it is proposed to erect the same, the harmony thereof with the surroundings and the effect of the building or other structure as planned, on the outlook from the adjacent or neighboring Property. All subsequent additions to or changes or alterations in any building, fence, wall or other structure, including exterior color scheme and building materials, shall be subject to the prior approval of the Architectural Committee. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Committee. All decisions of the Architectural Committee shall be final and no Lot Owner or other parties shall have recourse against the Architectural Committee or any of its members, for or with respect to any decisions made in good faith.

D. MAINTENANCE OF LAWNS AND PLANTINGS. In addition to the maintenance which the Association shall perform pursuant to Article IX below, the Association shall maintain the lawns and plantings on all Common Areas, and for this purpose, Declarant and the Association shall have the right, at any time, to plant, replace, maintain and cultivate landscaping, shrubs, trees, grass and plantings on any Common Area and on such easements over an Owner's Lot as may have been granted to Declarant or the Association, regardless of whether any Owner or the Association is responsible hereunder for maintenance of such areas. No Owner shall remove, alter, injure or interfere in any way with any landscaping, shrubs, trees, grass or plantings placed upon any Common Area by Declarant or the Association without the written consent of the Association having first been obtained. The Association or its authorized agents shall have the right to enter upon any Lot, at any reasonable time, for the purpose of planting, replacing, maintaining or cultivating such landscaping, shrubs, trees, grass or plantings in the Common Area, and shall not be liable for trespass for so doing.

E. REPAIR OF BUILDINGS. No Improvement upon any Property shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. The Association shall have the right, after thirty (30) days' notice to an Owner, to repair, paint, or otherwise maintain the exterior of any Improvement (and without notice in the event of an emergency) which the Association, acting through its Board, determines in its discretion is in violation of this provision. All costs and expenses, including reasonable attorneys' fees, incurred by the Association shall be borne by the Owner, and shall be paid to the Association on demand plus interest at four (4) points above the prime rate then being charged by The Valley National Bank, but in no event more than the maximum lawful rate for contracting parties from ten (10) days after said demand until paid in full. Any sum not paid by an Owner may be treated as an assessment and collected in a like manner as assessments levied pursuant to Article VII.

F. TRASH CONTAINERS AND COLLECTION. No garbage or trash shall be placed or kept on any Property except in covered containers of a type, size and style which are approved by the Architectural Committee. In no event shall such containers be maintained so as to be Visible From Neighboring Property except to make the same available for collection and, then, only the shortest time reasonably necessary to effect such collection. The Board shall have the right, in its sole discretion, to require all Owners to subscribe to a trash service. All rubbish, trash, or garbage shall be removed from the Lots and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot.

G. OVERHANGS. No tree, shrub, or planting of any kind on any Property shall be allowed to overhang or otherwise to encroach upon any Common Area from ground level to a height of twelve (12) feet, without the prior approval of the Architectural Committee.

H. RIGHT OF WAY. During reasonable hours, Declarant, any member of the Architectural Committee, any member of the Board, or any authorized representative of any of them, shall have the right to enter upon and inspect any Property and the Improvements thereon, except for the interior portions of any building, for the purpose of ascertaining whether or not the provisions of this Declaration have been or are being complied with, and such persons shall not be deemed guilty of trespass by reason of such entry.

I. MACHINERY AND EQUIPMENT. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Property except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of buildings, improvements or structures which are within the permitted uses of such property, and except that which Declarant or the Association may require for the operation and maintenance of the Common Area.

J. RESTRICTION ON FURTHER SUBDIVISION. No Lot shall be further subdivided or separated into smaller lots or parcels by any Owner, and no portion less than all of any such Lot, nor any easement or other interest therein, shall be conveyed or transferred by any Owner, without the prior written approval of the Board. No Lot may be converted into a condominium or cooperative or other similar type of entity without the prior written approval of the Board. This provision shall not, in any way, limit Declarant from subdividing or separating into smaller lots or parcels any Property owned by Declarant. No portion of a Lot, but for the entire Lot, together with the Improvements thereon, may be rented or leased, and then only to a single family; provided, however, that no Lot may be leased or subleased without prior written notice to the Board of the names of the lessee and their family members and the term of the lease, and without compliance with such other rules and regulations as may be established by the Board.

K. SIGNS. No signs whatsoever which are Visible From Neighboring Property shall be erected or maintained on any Lot

except such signs the nature, number and location of which have been approved in advance by the Architectural Committee.

L. UTILITY EASEMENTS. There is hereby created a blanket easement upon, across, over and under the above described Property for ingress, egress, installation, replacing, repairing and maintaining all utility and service lines and systems, including, but not limited to, water, sewers, gas, telephones, electricity, television cable or communication lines and systems, etc. By virtue of this easement, it shall be expressly permissible for the providing utility or service company to install and maintain facilities and equipment on said Property and to affix and maintain wires, circuits and conduits on, in and under the roofs and exterior walls of said Property. Notwithstanding anything to the contrary contained in this paragraph, no sewers, electrical lines, water lines, or other utilities or service lines may be installed or relocated on said Property except as initially developed and approved by the Declarant or thereafter approved by the Board. This easement shall in no way affect any other recorded easements on said Property. This easement shall be limited to improvements as originally constructed.

M. ANIMALS. No animals, birds, fowl, poultry, or livestock, other than a reasonable number of generally recognized house or yard pets, shall be maintained on any Property covered by this Declaration and then only if they are kept, bred or raised thereon solely as domestic pets and not for commercial purposes. No such pets shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any such pets shall be maintained so as to be Visible From Neighboring Property. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether, for the purposes of this paragraph, a particular animal is a generally recognized house or yard pet, or a nuisance, or whether the number of animals on any such property is reasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein.

N. ENCROACHMENTS. Each Improvement shall be subject to an easement for encroachments created by construction, settling and overhangs as designed or constructed by the original builder. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event the same is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of the adjacent Improvements due to construction shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist. Anything herein to the contrary notwithstanding, any such encroachment shall not exceed such size as is approved by the Board.

O. TEMPORARY OCCUPANCY. No trailer, mobile home, motor home, recreational vehicle, basement of any incomplete Improvement, tent, shack, carport or similar vehicle or structure, and no temporary Improvement of any kind, shall be used at any time for a residence on any Property either

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temporary or permanent. Temporary buildings or structures used during the construction of a dwelling on any such Property shall be removed immediately after the completion of construction.

P. TRAILERS AND MOTOR VEHICLES. No mobile home, motor-home, boat, recreational vehicle, trailer of any kind, truck, camper, permanent tent, or similar structure shall be kept, placed, maintained, constructed, reconstructed or repaired, nor shall any motor vehicle be constructed, reconstructed or repaired, upon any Property or street (public or private) within the Property, in such a manner as will be Visible From Neighboring Property; provided, however, that the provisions of this paragraph shall not apply to emergency vehicle repairs or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the Architectural Committee. Carports shall be used for parking vehicles and storage purposes only, and shall not be converted for living or recreational activities without the written consent of the Architectural Committee. Except as provided above, only automobiles in operating condition shall be parked in uncovered parking areas. Automobiles and other motor vehicles owned by Lot Owners shall not be parked in or on the streets or private drives constituting part of the Common Area.

Q. NUISANCES. No rubbish or debris of any kind shall be placed or permitted to accumulate upon or adjacent to any Property, and no odors shall be permitted to arise therefrom, so as to render any such Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other Property in the vicinity thereof or to its occupants. No nuisance shall be permitted to exist or operate upon any such Property so as to be offensive or detrimental to any other Property in the vicinity thereof or to its occupants. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any such Property. The Board in its sole discretion shall have the right to determine the existence of any such nuisance. No motorcycles or motor driven vehicles (except lawn maintenance equipment) shall be operated on any walkways or sidewalks within the Property.

R. CLOTHES DRYING FACILITIES. Outside clotheslines or other outside facilities for drying or airing clothes shall not be erected, placed or maintained on any Property unless they are erected, placed and maintained exclusively within a fenced service yard or otherwise concealed and shall not be Visible From Neighboring Property.

S. MINERAL EXPLORATION. No Property shall be used in any manner to explore for or to remove any water, oil or other hydrocarbons, minerals of any kind, gravel, earth, or any earth substance of any kind.

T. DISEASES AND INSECTS. No Owner shall permit any thing or condition to exist upon any Property which shall induce, breed or harbor infectious plant diseases or noxious insects.

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U. PARTY WALLS AND FENCES. The rights and duties of Owners with respect to Party Walls or Party Fences shall be as follows:

(1) The Owners of contiguous Lots who have a Party Wall or Party Fence shall both equally have the right to use such wall or fence, provided that such use by one Owner does not interfere with the use and enjoyment of same by the other Owner.

(2) In the event that any Party Wall or Party Fence is damaged or destroyed through the act of an Owner or any of his agents or guests or members of his family (whether or not such act is negligent or otherwise culpable), it shall be the obligation of such Owner to rebuild and repair the Party Wall or Party Fence without cost to the other adjoining Lot Owner or Owners.

(3) In the event any such Party Wall or Party Fence is destroyed or damaged (including deterioration from ordinary wear and tear and lapse of time), other than by the act of an adjoining Owner, his agents, guests or family, it shall be the obligation of all Owners whose Lots adjoin such wall or fence to repair such wall or fence at their joint and equal expense.

(4) Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of any Party Wall or Party Fence without the prior consent of all Owners of any interest therein, whether by way of easement or in fee.

(5) In the event of a dispute between Owners with respect to the construction, repair or rebuilding of a Party Wall or Party Fence, or with respect to the sharing of the cost thereof, such adjoining Owners shall submit the dispute to the Board, the decision of which shall be binding.

(6) Each Owner shall permit the Owners of adjoining Lots, or their representative, when reasonably required, to enter his Lot for the purpose of repairing or maintaining a Party Wall or Party Fence or for the purpose of performing installations, alterations or repairs to the Property of such adjoining Owners, providing that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of an emergency, such right of entry shall be immediate. An adjoining Owner making entry pursuant to the terms of this paragraph shall not be deemed guilty of trespass by reason of such entry.

(7) Surfaces of Party Walls or Party Fences on Property which are generally accessible or viewable from only the adjoining Property may be planted against, painted, maintained and used by the adjoining Owners. If such surfaces are viewable from public streets on the Common Area, the color scheme shall not be changed without the written consent of the Architectural Committee.

V. DRAINAGE EASEMENT. There is hereby created a blanket easement for drainage of groundwater on, over and

across the Property. No Owner shall obstruct, divert, alter or interfere in any way with the drainage of groundwater upon, across or over any portion of the Property. Each Owner shall at his own expense maintain the drainageways and channels on his Lot in proper condition free from obstruction. The Association shall have the right, after thirty (30) days' notice to an Owner, to repair or otherwise maintain the drainageway or channel on said Owner's Lot, which the Association, acting through its Board, determines has not been maintained by the Owner in compliance with this provision. All costs and expenses, including reasonable attorney's fees incurred by the Association shall be borne by the Owner, and shall be paid to the Association on demand, plus interest at the rate set forth in Paragraph "E" of this section from ten (10) days after said demand until paid in full. Any sum not paid by an Owner may be treated as an assessment and collected in like manner as assessments levied pursuant to Article VII.

W. EASEMENT FOR SUBSEQUENT CONSTRUCTION. There is hereby created an easement running in favor of Declarant, its successors and assigns and its or their agents, employees, or independent contractors, to enter upon any portion of the Property for the purpose of constructing or installing improvements upon the Property or upon any additional land annexed to the Property pursuant to the terms of Article III, Section 2 of this Declaration.

X. DECLARANT'S EXEMPTION. Nothing contained in this Declaration shall be construed to prevent the erection or maintenance by Declarant, or its duly authorized agents, of Improvements or signs necessary or convenient to the development or sale of Lots and the Property.

Section 2. Permitted Uses and Restrictions - Common

Areas. The permitted uses and restrictions for Common Area shall be as follows:

A. Permitted Uses.

(1) Parking in designated parking spaces and parking area for the purposes of parking vehicles of the Owner's guests and invitees; limited, however, for purposes connected with or incidental to any use being made of any portion of any Owner's Lot, and further limited to temporary (not overnight) use.

(2) Access for vehicles and pedestrians between public streets and any parking areas situated on the Property and any Owner's Lot; limited, however, for purposes connected with or incidental to any use being made of any portion of any Owner's Lot.

(3) Access for pedestrians on any sidewalks or walkways, limited, however, for purposes connected with or incidental to any use being made of any portion of any Owner's Lot.

(4) Access for persons engaged in maintaining any portion of the Common Area or any Owner's Lot.

(5) Such other uses as may be adopted from time to time by the Board and set forth in the Association's Rules and Regulations.

(6) In general, the Common Area shall be used for the benefit of the Owners, for the furnishing of services and facilities for which the same are reasonably intended and for the enjoyment to be derived from such reasonable and proper use, without hindering the exercise of or encroaching upon the right of any other Owner to utilize the Common Area, provided that no unlawful use shall be permitted.

B. Restricted Uses.

(1) The Common Area shall not be used by Owners for parking, or for storage of supplies, materials or personal property of any kind.

(2) Such other restrictions as may be adopted by the Board and set forth in the Association's Rules and Regulations.

(3) In general, no activity shall be carried on nor condition maintained by any Owner upon the Common Area which spoils the appearance of the Property or hinders or encroaches upon the right of any other Owner to utilize the Common Area as reasonably intended.

C. Maintenance by Association. The Association may at any time, as to any Common Area conveyed, leased, or transferred to it, or otherwise placed under its jurisdiction, in the discretion of the Board, without any approval of the Owners being required:

- (1) Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any such area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area) in accordance with (a) the last plans thereof approved by the Board, (b) the original plans for the improvement, or (c) if neither of the foregoing is applicable and if such improvement was previously in existence, then in accordance with the original design, finish or standard of construction of such improvement as same existed;
- (2) Construct, reconstruct, repair, replace or refinish any installation

for utilities, or any road improvement or surface upon any portion of such area used as a road, street, walk, and parking area;

- (3) Replace injured and diseased trees or other vegetation in any such area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;
- (4) Place and maintain upon any such area such signs, markers and lights as the Board may deem appropriate for the proper identification, use and regulation thereof, subject to the approval of the Architectural Committee;
- (5) Remove all papers, debris, filth and refuse from the Common Area and wash or sweep paved areas as required; clean and relamp lighting fixtures as needed;
- (6) Repaint striping, markers, directional signs, etc., as necessary;
- (7) Pay all real estate taxes and assessments on the Common Area;
- (8) Pay all electrical, water, gas and other utility charges or fees for services furnished to the Common Area;
- (9) Pay for and keep in force at the Association's expense public liability insurance in companies acceptable to the Association in amounts and with limits of liability desired by the Owners or required of the Owners pursuant to any other recorded document affecting the Property, such insurance to name the Association or the Owners or both as named insureds;
- (10) Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the beauty thereof, in

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accordance with the general purposes specified in this Declaration;

- (11) The Board shall be the sole judge as to the appropriate maintenance of all grounds within the Common Area; and
- (12) Nothing herein shall be construed so as to preclude the Association from delegating its powers set forth above to a manager or agent or to other persons, firms or corporation.

D. Damage or Destruction of Common Area by Owners.

In the event any Common Area is damaged or destroyed by an Owner or any of his guests, tenants, licensees, or agents, such Owner does hereby authorize the Association to repair said damaged area, and the Association shall so repair said damaged area in a good workmanlike manner in conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the Association, in the discretion of the Association. The amount necessary for such repairs shall be paid by said Owner, upon demand, to the Association and the Association may enforce collection of same in the same manner as provided elsewhere in this Declaration for collection and enforcement of assessments.

ARTICLE V

THE ASSOCIATION

Section 1. Organization.

A. The Association. The Association is an Arizona corporation charged with the duties and invested with the powers prescribed by law and set forth in the Articles, By-laws, and this Declaration. Neither the Articles nor Bylaws

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shall, for any reason, be amended or otherwise changed or interpreted so as to be inconsistent with this Declaration.

B. Board of Directors and Officers. The affairs of the Association shall be conducted by a Board of Directors and such Officers as the Directors may elect or appoint, in accordance with the Articles and the Bylaws, as same may be amended from time to time.

Section 2. Powers and Duties of the Association. The Association shall have such rights, duties and powers as set forth in the Articles and Bylaws, as same may be amended from time to time.

Section 3. Rules. By a majority vote of the Board, the Association may, from time to time and subject to the provisions of this Declaration, adopt, amend, and repeal rules and regulations to be known as the "Rules." The Rules may restrict and govern the use of any area by any Owner, or by any invitee, licensee or lessee of such Owner; provided, however, that the Rules may not discriminate among Owners and shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules as they may from time to time be adopted, amended or repealed, shall be mailed or otherwise delivered to each Owner and may be recorded. Said Rules shall have the same force and effect as if they were set forth in and were a part of the Declaration.

Section 4. Personal Liability. No member of the Board or any Committee of the Association, or any officer of the Association, or any Manager, shall be personally liable to any Owner, or to any other party, including the Association, for any damage, loss or prejudice suffered or claimed on

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account of any act, omission, error, or negligence of the Association, the Board, any Manager, or any other representative or employee of the Association, or the Architectural Committee, or any other Committee, or any officer of the Association, provided that such person has, upon the basis of such information as may be possessed by him, acted in good faith, without wilful or intentional misconduct. The Association may, in the discretion of the Board, obtain directors and officers liability insurance coverage, fidelity bond coverage, or similar types of insurance, if available at reasonable rates and recommended by an attorney for the Association.

ARTICLE VI

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two (2) classes of voting membership:

Class A. Class A members shall be all Owners with the exception of the Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be

converted to Class A membership when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership.

Section 3. When more than one person holds an ownership interest in any Lot, each such person shall be a Member, and such Members holding an interest shall designate one (1) person to be the voting Member and give written notice thereof to the Association. The vote for such Lot may be exercised as the Owners among themselves determine, but in no event shall more than one ballot be cast with respect to any Lot. The vote for each such Lot must be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes shall be cast, they shall lose their right to vote on the matter in question. If any Owner or Owners casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he or they were acting with the authority and consent of all other Owners of the same Lot. In the event more than one vote is cast for a particular Lot, none of said votes shall be counted as said votes shall be deemed void.

Section 4. In any election of the members of the Board, every Owner entitled to vote at such an election shall have the right to cumulate his votes and give one candidate, or divide among any number of the candidates, a number of votes equal to the number of Lots owned by the Owner multiplied by the number of votes per Lot which the Owner is entitled to cast pursuant to Section 2 above, multiplied by the number of directors to be elected. The candidates receiving the highest number of votes, up to the number of the Board members

to be elected, shall be deemed elected.

Section 5. Each member shall have such other rights, duties and obligations as set forth in the Articles and Bylaws as same may be amended from time to time.

Section 6. The Association membership of each Owner of a Lot shall be appurtenant to said Lot. 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 to Owner's Lot and then only to the transferee of ownership to such Lot, or by intestate succession, testamentary disposition, foreclosure of a mortgage of record, exercise of a power of sale under the provisions of a deed of trust, or such other legal process as 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 to said Lot shall operate to transfer said membership to the new Owner thereof.

ARTICLE VII

COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association:

(1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The assessments, together with interest, costs, and reasonable attorneys' fees,

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shall be a charge on the Property and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successor in title unless expressly assumed by them. No Lot shall be sold, transferred or conveyed by any Owner without all assessments having been paid in full, whether or not a lien has been filed or recorded.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the Owners of the Property and for the improvement and maintenance of the Common Area. Without limiting the generality of the foregoing, such purposes shall include the payment for the following:

(a) Water, sewer, garbage, electrical, lighting, telephone, gas and other necessary utility service for the Common Area;

(b) Maintenance and repair of storm drains, sanitary sewers and private streets lying within the Common Area;

(c) Fire and casualty insurance covering the Common Area and at the election of the Board of Directors, a blanket fire and casualty insurance policy or policies covering the improvements on the Lots, and such other types and forms of insurance as the Board may determine;

(d) Public liability insurance insuring the Association against any liability to the public or to any Owner, their invitees or tenants, incident to their occupation and/or use

of the Common Area with such limits of coverage as may be determined by the Board;

(e) Workmen's Compensation Insurance to the extent necessary to comply with any applicable laws, and any other insurance deemed necessary by the Board of Directors of the Association;

(f) Standard fidelity bonds covering those certain members of the Board, the officers, and those certain employees of the Association who are authorized to sign checks on behalf of the Association, in such amounts as the Board may determine from time to time;

(g) Painting, maintenance, repair, and replacement of the Common Area;

(h) Exterior landscaping maintenance of Lots.

(i) Reserves for repair and replacement of Improvements on the Common Area;

(j) Reimbursement for reasonable expenses incurred by members of the Board and officers in the discharge of their duties; and

(k) Such other and further items as may be necessary or required by the Association to carry out its intent and purposes as set forth in this Declaration.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner other than Declarant, the maximum annual assessment for each Improved Lot shall be EIGHT HUNDRED AND FORTY DOLLARS (\$840.00) and five percent (5%) thereof for each Unimproved Lot. A Lot shall be deemed "Improved" when a single family residence has been completely constructed thereon, but in no event later than 180 days after start of

construction thereon. All other Lots shall be deemed "Unimproved" Lots.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by the Board each year not more than fifteen percent (15%) above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above fifteen percent (15%) by a vote of the Owners representing two-thirds (2/3) of the Lots within the Property, at a meeting duly called for this purpose.

(c) The Board may increase or decrease the annual assessments and shall fix the assessments annually, but not in an amount in excess of the maximum.

Section 4. Special Assessments for Capital Improvements.

In addition to the annual assessments authorized above, the Association may levy, in any assessment year for a period not extending beyond ten (10) years, a special assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement of the Common Area; including fixtures and personal property related thereto, provided that any such assessment shall have the consent of Owners representing sixty-five percent (65%) of the Lots within the Property, at a meeting duly called for this purpose.

Section 5. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called

for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. Uniform Rate of Assessment. Except as provided in Section 3 above, both annual and special assessments must be fixed at a uniform rate for all Lots of the same class and may be collected on a monthly, quarterly, or annual basis.

Section 7. Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence on the first day of the month following the conveyance of the first Lot to an Owner other than Declarant; provided however that annual assessments on Lots owned by Declarant shall not commence until the Common Area is conveyed to the Association pursuant to Article II, Section 4 of this Declaration. The first annual assessment shall be adjusted according to the number of months remaining in the Calendar Year as of the date of commencement of the applicable assessment. The Board shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment

period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessments;

Remedies of the Association. Each Owner of any Lot shall be deemed to covenant and agree to pay to the Association the assessments provided for herein, and agrees to the enforcement of the assessments in the manner herein specified. In the event the Association employs an attorney or attorneys for collection of any assessment, whether by suit or otherwise, or to enforce compliance with or specific performance of the terms and conditions of this Declaration, or for any other purpose in connection with the breach of this Declaration, each Owner and Member agrees to pay reasonable attorneys' fees and costs thereby incurred in addition to any other amounts due or any other relief or remedy obtained against said Owner or Member. In the event of a default in payment of any such assessment when due, in which case the assessment shall be deemed delinquent, and in addition to any other remedies herein or by law provided, the Association may enforce each such obligation in any manner provided by law or in equity, or without any limitation of the foregoing, by either or both of the following procedures:

A. Enforcement by Suit. The Board may cause a suit at law to be commenced and maintained in the name of the

Association against an Owner or Member to enforce each such assessment obligation. Any judgment rendered in any such action shall include the amount of the delinquency, together with interest thereon at the rate of ten percent (10%) per annum from the date of delinquency, court costs, and reasonable attorneys' fees in such amount as the Court may adjudge against the delinquent Owner or Member.

B. Enforcement by Lien. There is hereby created a claim of lien, with power of sale, on each and every Lot within the Property to secure payment to the Association of any and all assessments levied against any and all Owners of such Lots covered by the Declaration, together with interest thereon at the rate set forth in Subparagraph "E" of Article I from the date of delinquency, and all costs of collection which may be paid or incurred by the Association in connection therewith, including reasonable attorneys' fees. At any time after the occurrence of any default in the payment of any such assessment, the Association, or any authorized representative may, but shall not be required to, make a written demand for payment to the defaulting Owner, on behalf of the Association. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien or a lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, or even without such a written demand being made, the Association may elect to file such a claim of lien on behalf of the Association against the Lot of the defaulting Owner. Such a claim of lien shall be executed and acknowledged by any officer of the Association, and shall contain substantially the following information:

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- (1) The name of the delinquent Owner;
- (2) The legal description and street adress of the Lot against which claim of lien is made;
- (3) The total amount claimed to be due and owing for the amount of the delinquency, interest thereon, collection costs, and reasonable attorneys' fees (with any proper offset allowed);
- (4) That the claim of lien is made by the Association pursuant to the Declaration, and
- (5) That a lien is claimed against said Lot in the amount equal to the amount stated.

Upon recordation of a duly executed original or copy of such a claim of lien, and mailing a copy thereof to said Owner, the lien claimed therein shall immediately attach and become effective in favor of the Association as a lien upon the Lot against which such Assessment was levied. Such a lien shall have priority over all liens or claims created subsequent to the recordation of the claim of lien thereof, except only tax liens for real property taxes on any Lot, assessments on any Lot in favor of any municipal or other governmental assessing unit, and the liens which are specifically described in Section 9 hereinafter. Any such lien may be foreclosed by appropriate action in Court in the manner provided by law for the foreclosure of a realty mortgage or by the exercise of a power of sale in the manner provided by law under a trust deed, as set forth by the laws of the State of Arizona, as the same may be changed or amended. The lien provided for herein shall be in favor of the Association and shall be for the benefit of all other Lot Owners. The Association shall have the power to bid in at any foreclosure sale and to purchase, acquire, hold, lease, mortgage, and convey any Lot. In the event of such foreclosure, reasonable

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attorneys' fees, court costs, title search fees, interest and all other costs and expenses shall be allowed to the extent permitted by law. Each Owner, by becoming an Owner of a Lot, hereby expressly waives any objection to the enforcement and foreclosure of this lien in this manner.

Section 9. Subordination of the Lien to Mortgages.

The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessment as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

ARTICLE VIII

ARCHITECTURAL CONTROL

Section 1. Organization, Power of Appointment and Removal of Members. There shall be an Architectural Committee, organized as follows:

A. Committee Composition. The Architectural Committee shall consist of three (3) regular members and two (2) alternate members. None of such members shall be required to be an architect or to meet any other particular qualifications for membership. A member need not be, but may be, a member of the Board or an officer of the Association.

B. Alternate Members. In the event of the absence or disability of one or two regular members of said Committee,

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the remaining regular member or members, even though less than a quorum, may designate either or both of the alternate members to act as substitutes for the absent or disabled regular member or members for the duration of such absence or disability.

C. Initial Members. While there are no Class B members as provided for in Article VI, Declarant's President and Secretary shall constitute the Architectural Committee; thereafter, the Committee shall be appointed by the Association's Board of Directors.

D. Terms of Office. Unless the initial members of the Architectural Committee have resigned or been removed, their term of office shall be for a period of one year, or until the appointment of their respective successors. Thereafter, the term of each Architectural Committee member appointed shall be for a period of one year and until the appointment of his successor. Any new member appointed to replace a member who has resigned or been removed shall serve such member's unexpired term. Members who have resigned, been removed or whose terms have expired may be reappointed.

E. Appointment and Removal. The right to appoint and remove all regular and alternate members of the Architectural Committee at any time, shall be and is hereby vested solely in the Board, provided, however, that no regular or alternate member may be removed from the Architectural Committee by the Board except by the vote or written consent of fifty-one percent of all of the members of the Board. Exercise of the right of appointment and

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removal, as set forth herein, shall be evidenced by the recordation of a declaration identifying each new regular or alternate member appointed to the Committee and each regular or alternate member replaced or removed therefrom.

F. Resignations. Any regular or alternate member of the Architectural Committee may at any time resign from the Committee by giving written notice thereof to the Board.

G. Vacancies. Vacancies on the Architectural Committee however caused, shall be filled by the Board. A vacancy or vacancies on the Architectural Committee shall be deemed to exist in case of the death, resignation or removal of any regular or alternate member.

Section 2. Duties. It shall be the duty of the Architectural Committee to consider and act upon any and all proposals or plans submitted to it pursuant to the terms hereof, to adopt Architectural Committee Rules, to perform other duties delegated to it by the Board, and to carry out all other duties imposed upon it by this Declaration.

Section 3. Meetings and Compensation. The Architectural Committee shall meet from time to time as necessary to perform its duties hereunder. Subject to the provisions of Paragraph "B" of Section 1 above, the vote or written consent of any two regular members, at a meeting or otherwise, shall constitute the act of the Committee unless the unanimous decision of the Committee is required by any other provision of this Declaration. The Committee shall keep and maintain a written record of all actions taken by it at such meetings or otherwise. Members of the Architectural Committee shall not be entitled to compensation for their services.

Section 4. Architectural Committee Rules. The

Architectural Committee may, from time to time and in its sole and absolute discretion, adopt, amend and repeal, by unanimous vote or written consent, rules and regulations, to be known as "Architectural Committee Rules." Said Rules shall interpret and implement the Declaration by setting forth the standards and procedures for Architectural Committee review and the guidelines for architectural design, placement of buildings, landscaping, color schemes, exterior finishes and materials and similar features which are recommended for use within the Property.

Section 5. Waiver. The approval of the Architectural Committee of any plans, drawings or specifications for any work done or proposed, or for any other matter requiring the approval of the Architectural Committee under the Declaration, shall not be deemed to constitute a waiver of any right to withhold approval of any similar plan, drawing specification or matter subsequently submitted for approval.

Section 6. Time for Approval. In the event said Board, or its designated committee fails to approve or disapprove any application for approval within thirty (30) days after an application, together with supporting plans and specifications are submitted to it, approval will not be required and this Article will be deemed to have been fully complied with.

Section 7. Liability. Neither the Architectural Committee nor any member thereof shall be liable to the Association, any Owner, or to any other party, for any damage, loss or prejudice suffered or claimed on account of (a) the approval or disapproval of any plans, drawings, or specifications, whether or not defective, (b) the construction or performance of any work, whether or not pursuant to approved

plans, drawings and specifications, (c) the development of any Property, or (d) the execution and filing of any estoppel certificate, whether or not the facts therein are correct; provided, however, that with respect to the liability of a member, such member has acted in good faith on the basis of such information as may be possessed by him. Without in any way limiting the generality of any of the foregoing provisions of this Section, the Architectural Committee, or any member thereof, may, but is not required to, consult with or hear the views of the Association or any Owner with respect to any plans, drawings, specifications, or any other proposal submitted to the Architectural Committee.

ARTICLE IX

RIGHTS OF FIRST MORTGAGEES

Notwithstanding any language to the contrary contained in this Declaration, and in addition to the rights granted elsewhere in this Declaration, the rights of all first mortgagees of Lots in the Properties shall be as follows:

(a) At the request of any first mortgagee of any Lot in the Properties, which request shall be deemed a continuing request, the Association shall deliver to said first mortgagee written notification of any default by the mortgagor in the performance of such mortgagor's obligations under the Articles, Bylaws and Declaration, which is not cured within sixty (60) days.

(b) First mortgagees shall have the right to examine the books and records of the Association.

(c) First mortgagees of Lots in the Properties may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against

any property constituting the Common Area and may pay overdue premiums on hazard insurance policies covering such property, or secure new hazard insurance coverage on the lapse of the policy covering such property, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Association.

(d) Unless at least two-thirds (2/3) of the first mortgagees (based upon one vote for each first mortgage) of individual Lots within the Properties have given their prior written approval, the Association shall not be entitled to:

(i) By act or omission seek to abandon, partition, subdivide, encumber, sell or transfer real estate or improvements which are owned, directly or indirectly, by the Association for the use and benefit of the Lot Owners. The granting of encroachment easements or easements for public utilities or for other public purposes consistent with the intended use of such property by the Association and its members, shall not be deemed a transfer within the meaning of this clause.

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

(iii) By act or omission change, waive or abandon any scheme of regulations, or enforcement thereof, pertaining to the architectural design or the exterior appearance of units, the exterior maintenance of units, the maintenance of party walls or common fences and driveways or the upkeep of lawns and plantings on the property.

(iv) Fail to maintain fire and extended coverage insurance on insurable properties constituting the

Common Area on a current replacement cost basis in an amount not less than one-hundred percent (100%) of the insurable value based on current replacement costs;

(v) Use hazard insurance proceeds for losses to any property constituting Common Area for other than the repair, replacement or reconstruction of such property.

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period and thereafter by an instrument signed by Owners representing fifty-one percent (51%) of the votes entitled to be cast by Members of the Association. Any amendment must be recorded.

Section 4. Violations and Nuisance. Every act or omission whereby any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not relief sought is for negative or affirmative action, by Declarant, the Association or any Owner or Owners of Lots within the Property. However, any other provision to the contrary notwithstanding, the Declarant, the Association, the Board, or the duly authorized agents of any of them, may enforce by self-help any of the provisions of this Declaration.

Section 5. Violation of Law. Any violation of any state, municipal, or local law, ordinance or regulation, pertaining to the ownership, occupation or use of any property within the Property is hereby declared to be a violation of the Declaration and subject to any or all of the enforcement procedures set forth in said Declaration.

Section 6. Remedies Cumulative. Each remedy provided by the Declaration is cumulative and not exclusive.

Section 7. Delivery of Notices and Documents. Any written notice or other documents relating to or required by this Declaration may be delivered either personally or by mail. If by mail, it shall be deemed to have been delivered twenty-four (24) hours after a copy of same has been deposited in the United States mail, postage prepaid, addressed as follows: If to the Association, at 1569 West Gurley Street, Prescott, Arizona 86301; if to the Architectural Committee, 1569 West Gurley Street, Prescott, Arizona 86301; if to an Owner, to the address of any Lot within the Property owned, in whole or in part, by him or to any other address last furnished by an Owner to the Association; and if to Declarant, at

1569 West Gurley Street, Prescott, Arizona 86301; provided, however, that any such address may be changed at any time by the party concerned by recording a written notice of change of address and delivering a copy thereof to the Association. Each Owner of a Lot shall file the correct mailing address of such Owner with the Association, and shall promptly notify the Association in writing of any subsequent change of address.

Section 8. The Declaration. By acceptance of a deed or by the acquiring any ownership interest in any of the real property included within this Declaration, each person or entity, for himself or itself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments hereto. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the real property covered thereby and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained herein shall run with the land and be binding on all subsequent and future Owners, grantees, purchasers, assignees, and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners.

Section 9. Annexation. Except as provided in

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Article III, Section 2, of this Declaration, additional property (both land and Improvements) may be annexed to the Association and covered by this Declaration, with the consent of two-thirds (2/3) of each Class of Members of the Association, by the recordation of a declaration of restrictions referring by reference to this Declaration and to an intent to annex such property.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, and representing one hundred percent (100%) of the votes entitled to be cast by each Class of Members of the Association, has hereunto set its hand and seal this

20th day of July, 1981.

PRESCOTT RESORT DEVELOPMENT, LTD.,
a limited partnership
By PROJECTS UNLIMITED, INC., General Partner

By Donald R. Head
Donald R. Head, President
Title _____

STATE OF ARIZONA)
) ss.
County of Yavapai)

On this the 20th day of July, 1981,
before me, the undersigned officer, personally appeared

Donald R. Head, who acknowledged himself to be
the President of PROJECTS UNLIMITED, INC.,
the General Partner of PRESCOTT RESORT DEVELOPMENT, LTD.,

and that he as such agent being authorized so to do, executed the foregoing instrument for the purposes therein contained; ~~by signing the name of the~~ by himself
~~as such agent.~~

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

Thomas A. Higley
Notary Public

My Commission Expires:

My Commission Expires Oct. 26, 1984

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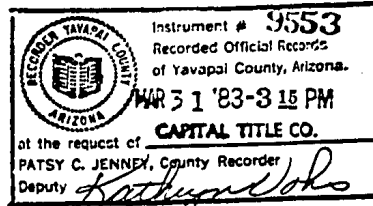
EXHIBIT "A"

Lots 1 through 60, PRESCOTT RESORT, according to the plat of record in the office of the Yavapai County Recorder in Book 22 of Maps, pages 39-40, and Tracts "B" through "N", inclusive, in PRESCOTT RESORT.

BOOK 1399 PAGE 340

WHEN RECORDED, MAIL TO:
Prescott Resort Development
1569 W. Gurley
Prescott, AZ 86301

AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PRESCOTT RESORT



The Declaration of Covenants, Conditions and Restrictions for Prescott Resort, as recorded in Book 1399, pages 297-340 (inclusive) of the official records of the Yavapai County Recorder, State of Arizona, is hereby amended. JP

The undersigned owner of over 51% of the lots at Prescott Resort hereby amends Section 2.A.(1) to read as follows:

(1) Parking in designated parking spaces and parking area for the purposes of parking vehicles of the Owner's guests and invitees; limited, however, for purposes connected with or incidental to any use being made of any Owner's Lot, and further limited to temporary use. Each lot owner or owners may park one vehicle per lot in designated parking spaces which shall be designated by the Board of Directors upon request of the lot owner or owners.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, and representing one hundred percent (100%) of the votes entitled to be cast by each Class of Members of the Association, has hereunto set its hand and seal this 25th day of March, 1983.

PRESCOTT RESORT DEVELOPMENT, LTD
A limited partnership,

By PROJECTS UNLIMITED, INC.,
General Partner

By Donald R. Head
Donald R. Head, President

STATE OF ARIZONA)
) ss.
County of Yavapai)

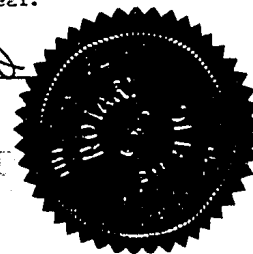
On this, the 25th day of March, 1983, before me, the undersigned officer, personally appeared DONALD R. HEAD, who acknowledged himself to be the President of PROJECTS UNLIMITED, INC., the General Partner of PRESCOTT RESORT DEVELOPMENT, LTD., and that he as such agent being authorized so to do, executed the foregoing instrument for the purposes therein contained.

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

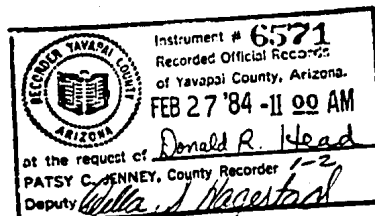
My Commission expires:

MAY 6, 1983

BOOK 1526 PAGE 249



When Recorded, mail to:
Prescott Resort Development, Ltd.
1569 West Gurley St.
Prescott, Arizona 86301



AMENDMENT TO DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
PRESCOTT RESORT

Amendment to Declaration of Covenants, Conditions and Restrictions
of Prescott Resort made this date shall be and is hereby made a part
of said Declaration as recorded in Book 1399, Pages 297-340 inclusive.

Add to ARTICLE IV, Section 1, Subparagraph N, Page 11:

"Common areas shall be subject to encroachments resulting from construction of improvements and/or roadways by the original builder, to include but not limited to walls, side yards, ingress and egress roadways, or otherwise."

Substitute for ARTICLE IV, Subparagraph E, Page 9:

"E. REPAIR OF BUILDINGS. No Improvements upon any Property shall be permitted to fall into disrepair, and each such building and structure shall at all times be kept in good condition and repair and adequately painted or otherwise finished. The Association shall have the right, from time to time, to repair, paint, or otherwise maintain the exterior of any Improvement which the Association, acting through its Board, determines in its sole discretion needs such work. All costs and expenses incurred by the Association shall be borne by the Owner, and shall be paid to the Association on demand. Any sum not paid by an Owner may be treated as an assessment and collected in a like manner as assessments levied pursuant to Article VII. Interest shall accrue after demand at four (4) points above the prime rate then being charged by the Valley National Bank."

Substitute the words "ARTICLE IV" for the words "ARTICLE I" in line 6, page 27, subparagraph B, Section 8, ARTICLE VII.

Add to ARTICLE VII, Section 2(a), Page 22, the following:

"; Tennis and Swimming, Pool Facilities, Maintenance and Replacement charges, estimated to initially be \$10.00 per month. These charges shall be based on the actual costs divided by the total number of single-family units in

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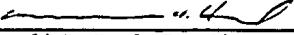
302 RV/A

Prescott Resort and Prescott Resort's Golf and Tennis Ranch.
The total units in both projects is estimated to be 204 units."

IN WITNESS WHEREOF, the undersigned, being the Declarant herein,
and representing eighty-two percent (82%) of the votes entitled to
be cast by each Class of Members of the Association, has hereunto set
its hand and seal this 24th day of February, 1984.

PRESCOTT RESORT DEVELOPMENT, LTD.,
a Limited Partnership,

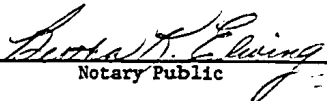
By PROJECTS UNLIMITED, INC.,
General Partner

By 
Donald R. Head, President

STATE OF ARIZONA)
) ss.
County of Yavapai)

On this, the 24th day of February, 1984, before me, the undersigned
officer, personally appeared DONALD R. HEAD, who acknowledged himself
to be the President of PROJECTS UNLIMITED, INC., the General Partner
of PRESCOTT RESORT DEVELOPMENT, LTD., and that he as such agent being
authorized so to do, executed the foregoing instrument for the purposes
therein contained.

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

 **SEAL**
Notary Public

My Commission expires:

August 25, 1987

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