

When recorded return to:

Williamson Valley Investors
P.O. Box 4413
Prescott, AZ 86302

3041079 BK 3572 PG 42
Yavapai County
Patsy Jenney-Colon, Recorder
05/20/1998 10:41A PAGE 1 OF 2
WILLIAMSON VALLEY INVESTORS
RECORDING FEE 5.00
SURCHARGE 4.00
POSTAGE 1.00

**AMENDMENT TO THE DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
(Inscription Canyon Ranch Subdivision, Unit One;
Unit Two, Phase One; Unit Two, Phase Two; Unit Three)**

WHEREAS, a Declaration of Covenants, Conditions and Restrictions was recorded in the Office of the Recorder of Yavapai County, Arizona for each of the above-described subdivision units as follows:

1. UNIT ONE - recorded December 18, 1995 in Book 3126, Page 827.
2. UNIT TWO, PHASE ONE - recorded April 24, 1998 in Book 3565, Page 672.
3. UNIT TWO, PHASE TWO - recorded April 24, 1998 in Book 3565, Page 672.
4. UNIT THREE - recorded January 20, 1998 in Book 3593, Page 383.

said documents hereinafter being referred to as the "Declaration(s)".

WHEREAS the Declaration(s) covers those Lots (the "Lots") established by the Plats of Inscription Canyon Ranch Subdivision recorded as follows:

1. UNIT ONE - Book 32 of Maps, pages 38-41.
2. UNIT TWO, PHASE ONE - Book 36 of Maps, page 69.
3. UNIT TWO, PHASE TWO - Book ___ of Maps, page ___.
4. UNIT THREE - Book 35 of Maps, page 100.

WHEREAS the Declaration(s) include the terms "all Common Area, Private Roadways" in the description of the Lot(s) area covered by the Declaration(s).

WHEREAS the Plats above referred to do not include or provide for common area or private roadways.

NOW, THEREFORE, pursuant to Section 41. AMENDMENTS BY DECLARANT and applicable law, the undersigned hereby modifies the Declaration(s), effective immediately, as follows:

'The terms "all Common Area, Private Roadways" set forth in those portions of the Declaration(s) describing the Lot(s) is herewith deleted for the reason that there are not any Common Area or Private Roadways in the within described Units and Phases'.

In all other respects the Declaration(s) are herewith ratified and confirmed as stated in the record.

IN WITNESS WHEREOF, the undersigned has executed these presents as of the ___ day of May, 1998.

Yavapai - Coconino Title Agency, Inc., as Trustee
under its Trust No. 338 and Trust No. 356.

By *Kevin Shan*

Title *trust officer*

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Folder
ATTN: Allen



3033555 BK 3565 PG 672
 Yavapai County
 Patsy Jenner-Colon, Recorder
 04/24/1998 11:11A PAGE 1 OF 24
 WILLIAMSON VALLEY INVESTORS LTD
 RECORDING FEE 24.00
 SURCHARGE 4.00
 POSTAGE 0.00

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
 FOR
 INSCRIPTION CANYON RANCH, UNIT TWO**

THIS DECLARATION made and dated this 20th day of January, 1998
 by **YAVAPAI-COCONINO TITLE AGENCY, INC.**, an Arizona corporation as
 Trustee under its Trust No. 338 ("Declarant"), being the owner of
 all the following described premises situated in the County of
 Yavapai, State of Arizona, to-wit:

Lots 95 through 103 and Lots 150 through 174, inclusive,
 and Tracts B and C, all Common Area, Private Roadways and
 Easements as specified on the final plat ("Plat") of
 Inscription Canyon Ranch, Unit 2, Phase 1, and recorded
 in Book 36 of Maps, Pages 69, Official Records of
 Yavapai County, Arizona, and,

Lot 104 through 149, inclusive, all Common Area, Private
 Roadways, and Easements as specified on the final plat
 ("Plat") of Inscription Canyon Ranch, Unit 2, Phase 2 and
 recorded in Book _____ of Maps, Pages _____ Official
 Records of Yavapai County, Arizona,

hereinafter referred to as the Property.

RECITALS

A. Declarant intends to acquire other real property located
 in the County of Yavapai, Arizona, which will be annexed into the
 coverage of this Declaration pursuant to Section 38 hereof. The
 term "Property" as used herein shall include the property

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hereinabove described and any other real property annexed into the coverage of this Declaration.

B. Declarant intends to develop the Property into a planned residential neighborhood of single family detached residences to be known as Inscription Canyon Ranch, Unit Two, Phases 1 and 2.

C. Declarant deems it desirable to establish covenants, conditions, restrictions and easements upon the Property and each and every portion thereof, which will constitute a general scheme for the development, government and management of the Property, and for the use, occupancy and enjoyment thereof, all for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property and enhancing the quality of life in Inscription Canyon Ranch.

D. Declarant desires and intends that the owners, mortgagees, beneficiaries and trustees under trust deeds, occupants and all other persons hereinafter acquiring any interest in the Property shall at all times enjoy the benefits of, and shall hold their interests subject to, the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights hereinafter set forth, all of which are declared to be in furtherance of a plan to promote the Property.

NOW, THEREFORE, Declarant, for the purposes above set forth, declares that the Property shall be held, transferred, sold,

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conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights hereinafter set forth, all of which shall run with the land and be binding upon the Property and all parties having or acquiring any right, title or interest in or to the Property, or any part thereof, and shall inure to the benefit of each owner thereof.

USE AND OCCUPANCY RESTRICTIONS

1. **Land Use and Building Type:** No lot shall be used except for single-family residential purposes. No building shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling, a private garage, and one guest house where and as permitted by the planning and building ordinance(s) of Yavapai County, Arizona. No building constructed or maintained on a lot shall exceed two (2) stories in height and in no event shall a building on a lot exceed thirty feet (30') in height measured from the medium point of the natural existing grade to the highest point of the roof. Carports shall not be allowed on any lot. All structures used for storage of vehicles and equipment must be an enclosed structure. All construction, including, but not necessarily limited to dwelling house, guest house, garage, barns and other out buildings, shall be constructed and maintained within

the building envelope as set forth on the Plat and as more fully set forth in the Architectural Guidelines.

No business, trade, or manufacturing of any nature or description shall be carried on or transacted on any portion of the Property nor shall any part of the Property be used as a hospital or sanitarium or other facility for hire for the care or entertainment of persons suffering from any disease or disability whatsoever. A barn and a corral may be constructed on any lot subject to the approval of the Architectural Review Committee.

The use of any lot, building or any and all structures thereon shall comply with the use, density district and general provisions of the Yavapai County Planning and Building Ordinance. Where there are conflicts between the Covenants, Conditions and Restrictions and the Yavapai County Planning and Building Ordinances, the most restrictive provision(s) shall apply.

No radio antennas, satellite antennas and/or towers of any kind or nature shall be placed or maintained on any lot, excepting however, an antenna utilized for direct television reception, or a telescoping ham radio antenna as may be allowed and approved by the Architectural Review Committee.

2. Architectural Review. No building or any other form of construction or improvement shall be erected, maintained, placed or altered on any lot until the construction plans and specifications

and a site plan showing the location of the structure have been approved by the Architectural Review Committee as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography, finish grade elevation, and boundary line setbacks. Lot owners should refer to the architectural guidelines which may be obtained at the Sales Office of Inscription Canyon Ranch subdivision or from a member of the Architectural Review Committee.

3. **Size:** The floor area of the dwelling, exclusive of porches, garages, carport and patios, shall be not less than One Thousand Eight Hundred Square Feet (1,800 sq. ft.) unless otherwise approved by the Committee. No prefabricated building or other structure of any nature whatsoever, permanent or temporary, shall be moved or placed upon, or assembled or otherwise maintained on any lot, provided, however that a temporary office, trailer office, tool shed, lumber shed and/or sales office may be maintained upon any lot or lots by any building contractor for the purpose of erecting and selling dwellings on any lot or lots, but such temporary structures shall be removed at completion of construction or sale of the lot, whichever is later. In connection herewith, and, as an exception to this restriction, a prefabricated barn may be placed and maintained on a Lot after first obtaining the approval of the Architectural Review Committee. In some instances,

a Conditional Use Permit may be required by Yavapai County before a prefabricated structure, whether permanent or temporary, may be placed on a Lot.

4. Building Location: No building shall be located on any lot nearer than fifty feet (50') from the front and rear property lines of the lot. No building shall be located closer to the side lot lines than twenty-five feet (25'). On a corner lot, the side yard setback shall be thirty feet (30') along the side street lot line. A storage room attached to the walls of the dwelling must meet the above setbacks. Detached garages and other permitted accessory buildings must meet the setback requirements of Yavapai County, and all detached structures, including, but not limited to, garages, barns, and guesthouses must be located behind and at the rear of the main dwelling house, and not closer to the front of the Lot than the side plane of the house on a corner lot. In the event an owner acquires a portion of any adjoining lot or lots, the foregoing measurements shall be made from the side property lines of the acquired property rather than from the side lot lines indicated on the recorded Final Plat. None of the lots shown on the Final Plat shall be resubdivided into smaller lots. Nothing herein contained shall prevent the dedication or conveyance of portions of lots for public utilities, in which event the remaining portion of

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any lot shall, for the purpose of this provision, be treated as a whole lot.

5. **Fences:** No fence or wall higher than six feet (6') shall be constructed across the rear property line of any lot; nor shall any fence or wall be constructed upon any lot unless its materials, design and style are first approved by the Architectural Review Committee. Fences constructed of chain link or wire shall not be allowed in the front of a Lot or on the side of a Lot which is a corner Lot except as may be approved by the Architectural Review Committee. Fences or walls constructed on or within the area of the minimum front or side street setback lines as defined in Paragraph No. 4 above, shall not exceed four (4) feet in height and fences or walls constructed on any side lot line shall not exceed six feet (6') in height.

6. **Easements:** Easements, as indicated upon the recorded Final Plat of this subdivision, are reserved for the installation and maintenance of public service utilities and other uses for public or quasi-public good. No buildings shall be placed upon such easements or interference be made with the free use of the same for the purpose intended. The easement(s) designated on the Final Plat as Equestrian Easement and/or "Bridle Path" is for the exclusive use of riding horses, mules, donkeys or such other animal that may be ridden and for purposes of human walking and hiking. The

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Equestrian Easement and/or Bridle Path may not be used by or for any vehicular use, including, but not limited to, motorcycles, motor scooters, automobiles, etc. Non-motorized bicycles may use the Bridle Path. The utility easement located in Tracts B and C as shown on the Final Plat for Phase 1 shall also be used exclusively as an Equestrian Easement and/or Bridle Path, subject to the same conditions and uses as hereinabove set forth in this Section 6 regarding the Equestrian Easement and/or Bridle Path.

7. Nuisances: No noxious or offensive activity shall be carried on, in or upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood.

8. Temporary Structures: No structure of a temporary character or nature, including but not limited to a trailer, mobile home, basement, tent, shack, garage, barn, vehicle camper, recreational vehicles or any outbuilding shall be used on any lot at any time as a residence either temporarily or permanently.

9. Signs: No sign of any kind shall be displayed to the public view on any lot except one (1) sign of not more than six square feet (6 sq. ft.) in size and not more than four (4) feet in height which advertises the property for sale or rent, or advertises a building contractor during construction on a Lot, or

as approved by the Architectural Committee, or as placed by the developer during the period of development of this subdivision.

10. Livestock and Poultry: No poultry or fowl of any kind shall be raised, bred or kept on any lot, except that birds, not in excess of three (3) in number owned as pet(s) may be kept inside a dwelling house in a manner that it/they do not bother a neighboring Lot owner. Dogs, cats or other household pets may be kept on a lot provided that they are not kept, bred or maintained for any commercial purpose. Horses or 4-H Animal Projects, excluding poultry, fowl and swine, may be kept on any lot in the subdivision as allowed by the Planning and Zoning Ordinances of Yavapai County, Arizona. Fences and/or corrals for livestock and 4-H Animal Projects must be of pipe, sucker rod, white rail or chain link, and such fences, together with any barns, corrals and stables or other outbuildings must be approved by the Architectural Review Committee. Corrals or other areas fenced for purposes of maintaining animals and pets of any kind shall not exceed in size one-half of the area located behind the main dwelling house.

11. Garbage and Refuse Disposal: No lot shall be used or maintained as a dumping ground for garbage, trash or rubbish. Trash, rubbish, garbage or other waste shall not be kept except in sanitary containers. All incinerators or other equipment for the

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storage or disposal of such materials shall be kept in a clean and sanitary condition. Garbage and trash pickup service is available.

12. Propane Tanks: All propane tanks must be blocked from view or buried.

13. Oil and Mining Operations: No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon, over, under or in any lot. No derrick or other structure designed for use in boring for oil or natural gas or for any purpose associated with oil or gas drilling or mining shall be erected, maintained or permitted upon any lot.

14. Sight Distance at Intersections: No fence, wall, hedge, or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above the roadways shall be placed, planted, constructed or be permitted to remain on any corner lot within the triangular area formed by the street property lines and a line connecting them at points twenty-five feet (25') from the intersection of the street lines, or, in the case of a rounded property corner, from the intersection of the street property lines extended. No tree shall be permitted to remain within such distances of such intersection unless the foliage line is

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maintained at sufficient height to prevent obstruction of such sight lines.

15. Completion of Construction: Any building or other structure including but not limited to, fences, walls, driveways, and patios in this subdivision, shall be completed within eight (8) months after construction begins, except when such delay is caused by an act of God, strikes, actual inability of the owner to procure delivery of necessary materials, or by interference by other persons or forces beyond the control of the owner to prevent, or as may be extended by the Architectural Review Committee. Financial inability of the owner or his contractor, sub-contractor or materialmen to secure labor or materials or discharge liens or attachments shall not be deemed a cause beyond the Owner's control. Construction start is defined as the beginning of construction, of any improvement on the lot, including, but not limited to, dwelling, fences, barns, stables or corrals.

16. Care of Properties: All vacant lots in this subdivision shall at all times be kept free of rubbish and litter. The yards and grounds in connection with all improved properties shall be at all times kept in a neat and sightly condition and shall be cultivated and planted to any extent sufficient to maintain an appearance not out of keeping with that of typical improved properties of this subdivision, excepting, however, a Lot

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owner may not irrigate or water more than nine thousand (9,000) square feet of area on a Lot. During prolonged absence, owner of said lot agrees he/she will arrange for the care of the property during such absence. In the event a lot owner does not maintain his lot in a neat and proper manner, the Architectural Review Committee may have said lot cleaned up after giving the lot owner a thirty (30) day notice in writing, concerning the condition of the lot and the intent to have the lot cleaned. After the Lot has been cleaned, the Architectural Review Committee shall be entitled to reimbursement for the cost and expense thereof from the lot owner. Upon refusal of the lot owner to reimburse the Architectural Review Committee within thirty (30) days from date that the Architectural Review Committee delivers to the lot owner a signed statement itemizing the cost and expense, the IRC Water Users Association may record an affidavit in the Office of the Yavapai County Recorder which sets forth the name of the lot owner and the lot number and a statement that the lot owner refuses to maintain said lot in a neat and proper manner with a copy of the original notice attached and such amount set forth in the notice shall constitute a lien against the lot. Said amount shall bear interest at the rate of ten percent (10%) per annum from the date of recording until paid. Nothing set forth hereinabove shall be deemed to restrict or limit the power, right and authority of the Architectural Review

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Committee as hereinafter set forth in Section 26. No overnight parking for any trucks, pickup trucks, or trailers will be permitted in the street. All vehicles must be parked in an enclosed structure.

17. **Drainage Easement:** Purchaser shall not at any time hereafter fill, block, or obstruct any drainage easements and drainage structures on the demised premises, nor shall purchaser cause or suffer to be erected on the demised premises any building or obstruction for the purpose, directly or indirectly, of obstructing, blocking or filling any such drainage easement or drainage structure, and purchaser agrees to make and forever to repair and maintain all such drainage easements and drainage structures on the demised premises, making good nevertheless at his own expense, all damage which may be caused to the said drainage easements and structures on the demised land, and purchaser agrees to repair at his own expense, all damage to any structure on any lot which may be caused directly or indirectly, by his obstructing, blocking or filling any such drainage easements. The construction of any improvement and/or the maintenance of the drainage easement (the area of a Lot located outside of the building site envelope) shall be subject to the approval of the Yavapai County Building Department and Yavapai County Flood Control Committee.

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18. Architectural Review Committee: The Architectural Review Committee shall be composed of five (5) persons who own Lot(s) in this subdivision. Such Committee shall be appointed by the Board of Directors of the I C R Water Users Association. The Committee shall serve and act in accordance with the terms of the Bylaws of the I C R Water Users Association, as amended from time to time. Notwithstanding the language set forth above in this Section 18, all powers, duties and rights vested in or given to the Architectural Review Committee in this Declaration shall be vested in and exercised exclusively by the Declarant or a committee of three (3) persons duly appointed by Declarant until such time as forty-two (42) Lots in the Property shall have been sold by the Declarant, at which time all such powers, duties and rights shall vest in and be exercised by the Architectural Review Committee subject to the Bylaws of the I C R Water Users Association.

19. Abandoned or Inoperable Vehicles: No vehicle of any type which is abandoned or inoperable shall be stored, parked, or in any manner kept on any lot within this subdivision (or street if the subdivision contains private streets) in such a manner so that it can be seen from any other lot or from any streets or alleyways within this subdivision.

20. Repair, Maintenance and Storage of Vehicles: No repair or maintenance work shall be performed on any motor vehicle or

other piece of equipment except wholly inside an enclosed garage. Recreational vehicles, camper trailers, camper shells, boats, bikes, etc. shall be parked behind the rear plane of the house.

21. Natural Environment: The natural trees and shrubs are one of the development's major attractions. Every lot owner should do everything possible to preserve them. In the event trees must be cut, lot owners are encouraged to replace them.

22. I C R Water Users Association. A lot owner is automatically a member of I C R Water Users Association and is entitled to one voting right upon connection with and to the water system. There shall be a refundable meter charge payable to I C R Water Users Association. A lot owner will be charged an additional cost as and for connection to the water system. The additional amount of the water meter charge and any additional charges shall be set from time to time by the I C R Water Users Association.

23. Dominant Tenement: Each of the lots in said tract shall constitute the dominant tenement and be entitled to the benefit of the covenants herein contained as against all of the other lots in said tract which shall constitute the servient tenements.

24. Covenants To Run With The Land: These covenants are to run with the land and shall be binding on the undersigned and all of its successors in title, interest or possession in all and every

part of said premises for twenty-five (25) years, and thereafter said covenants shall be automatically extended for successive periods of ten (10) years, unless and until the owners of a majority of the lots affected hereby amend or revoke the same by written instrument, duly acknowledged and recorded. These covenants may be amended at any time after the original twenty-five (25) year term has expired.

25. Deeds: Deed(s) conveying or encumbering all or any of the lots in this subdivision shall incorporate by reference all of the provisions contained in this document; however, whether or not recited in the deed(s) of conveyance, these restrictions as recited herein or any amendments in the future shall be binding on every owner of every lot in the subdivision.

26. Enforcement: The Declarant or the Architectural Review Committee, by and through the Board of Directors of the I C R Water Users Association, or any Lot Owner shall have the right to enforce, by proceedings at law or in equity, all or any of the restrictions, covenants or conditions (Restrictions) set forth in this Declaration, or any amendments thereto, including, but not limited to the right to prevent the violation of any of said Restrictions and the right to recover damages, costs, and attorney's fees incurred and other sums for such violations,

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together with interest thereon at the rate of ten percent (10%) per annum from the date of expenditure of any monies.

27. Nonwaiver: Failure by the Declarant, Architectural Review Committee or any Lot Owner to enforce any Restriction or provision herein contained in any certain instance or on any particular occasion, shall not be deemed a waiver of such right of enforcement as to any such future breach of the same or any other Restriction or provision.

28. Cumulative Remedies: All rights, options and remedies of Declarant, the Architectural Review Committee or the Lot Owners under this Declaration are cumulative, and no one of them shall be exclusive of any other, and Declarant, the Architectural Review Committee and a Lot Owner(s) shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

29. Severability: Invalidation of any one or a portion of these covenants, conditions and restrictions or provisions set forth in this Declaration or in the Bylaws or Rules of the I C R Water Users Association, by judgment or court order shall not affect any other covenants, condition, restriction or provision contained herein or therein which shall remain in full force and effect.

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30. Construction: The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a plan for the development of a first class, single family residential community and for maintenance of the Property. The section headings have been inserted for convenience only, and shall not be considered or referred to in resolving questions or interpretation or construction.

31. Gender and Number: Whenever the context of this Declaration requires, the singular shall include the plural, and vice versa, and the masculine shall include the feminine and the neuter, and vice versa.

32. Nuisance: The result of every act or omission whereby any provision or Restriction contained in this Declaration is violated in whole or in part is hereby declared to be and shall constitute a nuisance, and every remedy allowed at law or in equity against a nuisance, either public or private, shall be applicable with respect to the abatement thereof and may be exercised by the Declarant, Architectural Review Committee or any Lot Owner. Such remedy shall be deemed cumulative to all other remedies set forth in this Declaration and shall not be deemed exclusive.

33. Attorneys' Fees: In the event any action is instituted to enforce any of the provisions contained in this Declaration, the party prevailing in such action shall be entitled to recover from

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the other party thereto as part of the judgment reasonable attorneys' fees and costs of suit.

34. Notices: Any notice to be given to a Lot Owner or the Declarant or the Architectural Review Committee under the provisions of this Declaration shall be in writing and shall be delivered as follows:

(a) Notice to a Lot Owner shall be delivered personally or by registered or certified United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Declarant or Architectural Review Committee for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Lot Owner's Lot in this subdivision or the address then set forth in the public records of Yavapai County for the mailing of real property taxes. In the case of Co-Owners, any such notice may be delivered or sent to any one of the Co-Owners on behalf of all Co-Owners and shall be deemed delivered to all such Co-Owners. Any notice so deposited in the mail shall be deemed delivered upon the date of receipt.

(b) Notice to the Declarant or Architectural Review Committee shall be delivered by registered or certified United States mail, postage prepaid, addressed to the office of the statutory agent of the I C R Water Users Association ("Association") or to any other address designated as the known place of business for the

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Association pursuant to the Articles of Incorporation or otherwise designated by the Board. Any notice so deposited in the mail shall be deemed delivered upon the date of receipt.

35. Effect of Declaration: This Declaration is made for the purposes set forth in the recitals in this Declaration and Declarant makes no warranties or representation, express or implied, as to the binding effect or enforceability of all or any portion of this Declaration, or as to the compliance of any of these provisions with public laws, ordinances, regulations and the like applicable thereto. Declarant shall have no liability whatsoever if any of the provisions of this Declaration are determined to be unenforceable in whole or in part or under certain circumstances.

36. Personal Covenant: To the extent the acceptance of a conveyance of a Lot creates a personal covenant between the Owner of such Lot and Declarant, other Owners or the Architectural Review Committee, such personal covenant shall terminate and be of no further force or effect from and after the date when a person or entity ceases to be a Lot Owner except to the extent this Declaration provides for personal liability with respect to any liens or charges incurred during the period a person/entity is an Owner.

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37. Non-liability of Officials: To the fullest extent permitted by law, neither the Declarant nor the Association nor any officer, agent or employee or member of the Association, or Declarant shall be liable to any Lot Owner for any damage, loss, or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, or negligence if a member of the Architectural Review Committee or officer acted in good faith within the scope of his or their duties.

38. Annexation of Additional Property: Declarant shall have the right to annex other land owned by it into the coverage of this Declaration by recording, in the office of the Recorder of Yavapai County, Arizona, a Declaration of Annexation describing the additional real property to be bought within the coverage of this Declaration. Any such Declaration of Annexation may supplement this Declaration with such additional provisions as Declarant may deem appropriate for the real property annexed.

39. Owner Liability and Indemnification: Each Lot Owner shall be liable to the remaining Lot Owners for any damage to the Common Area, Tracts A, B, C, D, E and F, of Unit(s) One and/or Two that may be sustained by reason of the negligence of the Lot Owner or such Lot Owner's family members, tenants, guests or invitees, but only to the extent that any such damage is not covered by

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casualty insurance in favor of the remaining Lot Owners or Declarant or the Association. Each Lot Owner, by acceptance of a deed for a Lot, agrees personally and for family members, tenants, guests and invitees to indemnify each and every other Lot Owner and Declarant and to hold such other Lot Owners and Declarant harmless from, and to defend such Owners and Declarant against any claim of any person for personal injury or property damage occurring within the Common Area, Tracts A, B, C, D, E and F, except to the extent (a) that such injury or damage is covered by liability insurance in favor of the remaining Lot Owners or Declarant.

40. Conflicting Provisions: In the case of any conflict between this Declaration and the Bylaws, or Association Rules, this Declaration shall control.

41. Amendments by Declarant:

A. Declarant (without obtaining the approval of Lot Owners, the Association or existing Lenders) may unilaterally, and in its sole discretion, amend or modify this Declaration at any time prior to the sale of forty-two (42) Lots in Unit Two, Phases One and Two for any reason Declarant shall determine to be reasonable and/or necessary.

B. Amendments by Lot Owners: Subject to the other provisions of this Declaration, this Declaration may be amended by the affirmative written assent or vote of not less than two-thirds

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(2/3rds) of the voting power of Lot Owners in Unit Two, Phase One and Two; provided, however, that none of the provisions of any section of this Declaration respecting rights or privileges in favor of Declarant may be amended without the prior consent of Declarant.

42. Protection of Declarant Rights: Any amendment shall not terminate or decrease any unexpired right of Declarant, or period of Declarant control, unless the Declarant approves or consents in writing.

43. Execution of Amendments: An amendment or revocation which only requires the execution of an instrument by Declarant as hereinabove provided shall be effective when executed by Declarant and when recorded in the office of the County Recorder of Yavapai County, Arizona. An amendment which requires the affirmative written assent or vote of the Owners as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment has been so approved, and when the amendment has been recorded in the office of the County Recorder of Yavapai County, Arizona.

44. Subordination: Nothing contained in this Declaration shall be held to invalidate the lien of any mortgage or deed of trust prior to foreclosure, provided, however, that any purchase at

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any mortgage or trustee's sale shall take and hold title subject to all of the provisions hereof.

YAVAPAI-COCONINO TITLE AGENCY, INC.
TRUSTEE UNDER ITS TRUST NO. 338

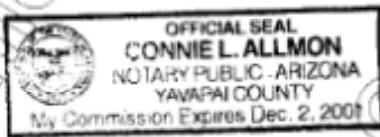
By Alan C. Abare
Alan C. Abare, Trust Officer

STATE OF ARIZONA)
) SS.
COUNTY OF YAVAPAI)

On this 30th day of January, 1998, before me the undersigned Notary Public, personally appeared Alan C. Abare, who acknowledged himself to be the Trust Officer of Yavapai-Coconino Title Agency, Inc., an Arizona corporation, and that he as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the Corporation by himself as such officer.

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

My commission expires: Dec. 2, 2001



Connell L. Allmon
NOTARY PUBLIC

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