

BOOK 3478 PAGE 701

INSTRUMENT # 9751491  
OFFICIAL RECORDS OF  
YAVAPAI COUNTY  
PATSY C. JENNEY COLON  
REQUEST OF:  
YAVAPAI COCONINO TITLE AGENCY  
DATE: 09/15/97 TIME: 15:10  
FEE: 54.00 SC: 4.00 FT: 1.00  
BOOK 3478 PAGE 701 PAGES: 054

After recording, please return to:

Jennele M. O'Hair  
DeConcini McDonald Yetwin & Lacy, P.C.  
2525 E. Broadway, Suite 200  
Tucson, Arizona 85716-5300

**DECLARATION OF  
COVENANTS, CONDITIONS, AND RESTRICTIONS  
FOR  
WHITE HORSE RANCH**

This Declaration, made this 15th day of August, 1997, by CASTLEWOOD DEVELOPMENT L.L.C.; DAVID SIEMIENSKI; CHAD EVERETT BRUCH; NICO CORPORATION; and EMPRESS OF THE SEAS CORPORATION, hereinafter "Declarant."

WHEREAS, Declarant is the owner of approximately five hundred (500) acres in Yavapai County, Arizona, which are more particularly described on Exhibit "1" attached hereto and made a part hereof (hereinafter "the Subject Property"). A map of the Subject Property described on Exhibit "1," which is eligible for well shares pursuant to this Declaration, is attached hereto and made a part hereof as Exhibit "2."

WHEREAS, Declarant intends to convey all or part of the Subject Property, subject to the easements, covenants, conditions and restrictions contained in this Declaration.

WHEREAS, Declarant desires to protect the value and desirability of the Subject Property, to assure the use of the Subject Property for attractive residential and non-commercial farm and ranch purposes only, and to secure to each owner of all or part of the Subject Property the full benefit and enjoyment of his or her property and home in furtherance of a common plan.

WHEREAS, Declarant desires to provide a permanent means whereby all owners of the Subject Property will be required to pay their reasonable and fair share of all taxes and improvement assessments; the cost of utilities, insurance, repairs, construction, replacement and maintenance of the common areas and the improvements and facilities located thereon; any services benefiting the owners of the Subject Property; the costs of management, operation, maintenance, repair, replacement, and improvement associated with providing water to the Subject Property; and all other charges necessary or appropriate to carry out the purposes of this Declaration.

WHEREAS, Declarant has installed the Well and Water System in order to provide water service to the Subject Property which otherwise is not available. It is Declarant's intent that, upon conveyance of all undivided interests in the Well and Water System to various grantees, the grantees shall collectively be the Co-owners of the Well and Water System

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according to their undivided interests. Declarant further desires to limit the fractioning of interests in the Well and Water System beyond the planned capacity of the Water System.

WHEREAS, Declarant desires to provide for a permanent method of management of the Subject Property to ensure that it remains in compliance with all local, state and federal laws, rules and regulations.

NOW THEREFORE, Declarant hereby declares that the entire Subject Property described on Exhibit "1" shall be held, sold and conveyed subject to the following easements, covenants, conditions and restrictions, which shall run with the Subject Property and be binding on and inure to the benefit of all persons holding an ownership interest in all or any portion of the Subject Property, their heirs, successors, personal representatives, trustees, legal representatives, assigns, guests, tenants, licensees and invitees. From and after the date this Declaration is recorded, the Subject Property shall be subject to the provisions of this Declaration, all of which shall run with, be for the benefit of, and bind and burden the entire Subject Property.

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

The purpose of these covenants, conditions and restrictions is to protect the value and desirability of the Subject Property; to assure the use of the Subject Property for attractive residential and non-commercial farm and ranch purposes (as set forth herein) only; and to secure to each owner of all or part of the Subject Property the full benefit and enjoyment of his or her property and home in furtherance of a common plan.

**2. DEFINITIONS**

As used herein, the following terms have the following meanings:

"ASSOCIATION" means the White Horse Ranch Owners Association provided for by Paragraph 3 of this Declaration.

"BONA FIDE FIRST MORTGAGE" means any realty mortgage or deed of trust made in good faith and for value and properly executed and recorded so as to create a lien on any Parcel or Parcels that is prior to the lien of any other realty mortgage or deed of trust.

"DECLARATION" means this Declaration of Covenants, Conditions and Restrictions for White Horse Ranch.

"MOBILE HOME" means a movable or portable unit for residential purposes constructed to be towed on its own chassis.

"OWNER" shall mean and refer to the record owner, whether one or more persons or entities, of fee or equitable or beneficial title to any Parcel. Owner shall include the purchaser of a Parcel under an executory contract for purchase. The foregoing definition does not include persons or entities who hold an interest in any Parcel as security for the performance of an obligation.

"PARCEL(S)" shall mean any portion of the Subject Property subject to these easements, covenants, conditions and restrictions.

"SUBJECT PROPERTY" shall mean the entire property which is eligible for well shares pursuant to this Declaration, as legally described on Exhibit "1" and as depicted on Exhibit "2."

### 3. OWNERS ASSOCIATION

A. Creation and Purpose. There is created by this Declaration the White Horse Ranch Owners Association. The purpose of the Association is to maintain the roadways, the project entry, any perimeter fences, the Well and Water System (defined in Paragraph 6.A hereof), and any other common property that may be designated as such, and to act as or appoint the Well Committee in accordance with the provisions of Paragraph 6.

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

C. Duties of Association. In furtherance of the purposes set forth in Paragraph 1 above, the Association shall take all necessary and appropriate actions for the maintenance, repair, replacement and management of the facilities referred to in Paragraph 3.A above, and shall have the right to enter upon a Parcel, if reasonably necessary, in order to accomplish its purposes.

D. Powers of Association. The Association shall have the following powers:

1. To adopt Bylaws and to appoint its officers and directors;
2. To promulgate reasonable rules and regulations necessary or appropriate for the accomplishment of its purposes;
3. To borrow and encumber its assets;
4. To enter into contracts with third parties to perform all or part of its functions, and to hire its own employees to do so;
5. To dedicate roads and grant easements; and
6. To take any and all actions necessary to carry out its purposes, whether or not specifically set forth herein.

E. Assessments; Assessment Lien. For maintenance of the facilities referred to in Paragraph 3.A above, other than the Well and Water System as defined in Paragraph 6.A hereof, the Association is empowered to impose, and each Parcel Owner is obligated to pay: (i) regular assessments for normal maintenance and repair, a reserve fund, Association insurance and operating costs; and (ii) special assessments for capital improvements. The regular

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assessments and any special assessments, late payment penalties and charges, if any, together with interest (all as set by the Association), costs and reasonable attorneys' fees, shall be a lien on the Parcel. Each Parcel Owner shall be personally responsible for his or her share of assessments imposed by the Association. This personal obligation for delinquent assessments shall not pass to the Owner's successor in title, unless expressly assumed by such successor; provided, however, that the obligation to pay same shall be a continuing lien on the Parcel, except as provided by Paragraph 3.K below relating to mortgages.

F. Regular Assessments: Establishment and Collection. The Association shall, on an annual basis, establish the regular assessment based on a determination of the estimated cost of repair and maintenance of the facilities referred to in Paragraph 3.A above, other than the Well and Water System as defined in Paragraph 6.A hereof, including any reserves necessary for future capital expenditures and maintenance. The regular assessments may be collected on a monthly, quarterly, or annual basis, or any combination of the same, as determined by the Association.

G. Regular Assessments: Payment; Initial Amount; Notice; Delinquency. Each Parcel Owner shall be responsible to pay the regular assessment on his Parcel commencing on the first day of the month following the date of recordation of the deed or purchase contract by which the Owner acquired legal, beneficial, or equitable title to the Parcel. A Parcel Owner acquiring his interest during the calendar year shall be responsible to pay a pro rata portion of the regular assessment, and the assessment shall be prorated as of the first day of the calendar month following the acquisition of his interest.

The Declarant shall have no obligation to pay regular assessments on any Parcel owned by it; provided, however, that Declarant shall be responsible to provide labor, material and/or monies in sufficient amounts, not to exceed the amount of the regular assessment for each Parcel owned by it, if necessary in Declarant's opinion to properly fulfill the Association's maintenance responsibilities.

The regular assessment will vary by Parcel size and by whether the Parcel is improved or unimproved. "Improved" is defined as a Parcel which has obtained a building permit for a dwelling. The change in assessment from unimproved to improved shall occur when the building permit is issued, and the assessment shall be prorated as of the first day of the calendar month following the issuance of the building permit. The regular assessments shall be in dollars per acre per year, and are subject to change by the Association. The initial regular assessment shall be as follows:

# ACRES	IMPROVED	UNIMPROVED
1	\$12.00	\$8.00

THESE FIGURES ARE IN DOLLARS PER ACRE PER YEAR.

The Association shall fix the amount of the regular assessment at least thirty (30) days prior to the end of the calendar year. Written notice of the assessment shall be sent by first class mail to every Owner. The payment due date shall be established by the Association. A payment shall be deemed late if it is unpaid thirty (30) or more days after its due date.

H. Special Assessments. In addition to the regular assessment as set forth above, the Association may establish special assessments for maintenance of the facilities referred to in Paragraph 3.A above, other than the Well and Water System as defined in Paragraph 6.A

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hereof, if the Association determines by a two-thirds (2/3) vote of the Owners that such assessment is necessary to fulfill the purposes of the Association. Such special assessments shall be in ratio to the regular assessments.

I. Assessment Lien: Priority: Foreclosure. All sums assessed by the Association chargeable to a Parcel, but unpaid, shall constitute a lien on such Parcel. The assessment lien shall have the priority provided by A.R.S. § 33-1807, as said statute now exists or may in the future be amended. The Association may foreclose the lien against a delinquent Owner's Parcel as a mortgage would be foreclosed. The Association shall have the power to bid on the delinquent Parcel at a foreclosure sale, and acquire, hold, lease, encumber and convey same. A suit to recover a money judgment for unpaid assessments and charges shall be maintainable by the Association without foreclosing or waiving the lien securing same.

J. Voting. The total number of votes in the Association shall be on the basis of one (1) vote per one (1) acre rounded to the nearest whole acre; provided, however, that the Declarant shall have three (3) votes for each acre it owns rounded to the nearest whole acre. The total number of Parcels and therefore the total number of votes may be increased from time to time by expansion of the project pursuant to Paragraph 4, as evidenced by a Supplemental Declaration incorporating this Declaration which is executed and recorded by Declarant or his successor-in-interest. Unless otherwise specifically provided herein, all Association matters shall be determined by a majority vote. If more than one party is the Owner of a Parcel, there must be unanimous agreement among those who own an interest in the Parcel as to how to cast that Parcel's vote, otherwise, that vote shall not be counted. This paragraph shall not apply to the Well and Water System defined in Paragraph 6.A hereof.

K. Liability of Mortgagee for Assessments. Where the holder of a Bona Fide First Mortgage obtains title to a Parcel as a result of foreclosure or deed in lieu of foreclosure of said Bona Fide First Mortgage, such creditor, or its successors and assigns, shall not be liable for the regular or special assessments chargeable to said Parcel which became due prior to the acquisition of title to said Parcel by such creditor. As used in this Declaration, the term "mortgage" shall include "deed of trust" and "contract for conveyance of real property," and the term "mortgagee" shall include the "beneficiary" under a deed of trust and the "vendor" under a contract for conveyance of real property. Such creditor shall be responsible, the same as any Owner, for regular and special assessments charged subsequent to its acquisition of title to the Parcel.

L. Enforcement. This Declaration may be enforced by the Association or any Owner. In the event the Association determines that any Owner has failed to comply with the provisions of this Declaration, then the Association may, at its option, give written notice to the breaching Owner (by certified mail, return receipt requested, addressed to the last known address of the breaching Owner) of the condition, default or violation complained of. The breaching Owner shall have fifteen (15) working days from the date of said notice of breach to correct, remedy or cure said condition, default or violation. If a condition or violation (other than a default in the Owner's monetary obligations) is not readily correctable within fifteen (15) working days after notice from the Association, the Owner shall submit corrective plans proposing its remedy to the condition or violation complained of within fifteen (15) working days from the date of said notice of breach. The Association shall approve or disapprove of any such plans submitted by the Owner and set forth a reasonable time for correction of the condition or violation complained of. In the event that the Owner fails to correct, remedy or cure said condition, default or violation in accordance with the plans approved by the Association, and within the fifteen (15) day grace period or such additional time allotted by the

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Association, then the Association shall have the following rights and remedies, all of which shall be cumulative:

(1) To undertake to correct or remedy the condition or violation complained of. The cost to correct or remedy such condition or violation shall be deemed to be an assessment against the Parcel, and said assessment shall be enforceable by the Association as any other unpaid assessment. The Association is hereby granted the right of entry on the affected Parcel to correct or remedy the condition or violation complained of.

(2) To commence an action against the breaching Owner in any court of competent jurisdiction and to obtain therein specific performance of this Declaration or other equitable relief, including but not limited to payment of any assessment due, and to seek repayment of the costs and reasonable attorney's fees of any such action from the breaching Owner;

(3) To commence an action against a delinquent Owner personally for the collection of delinquent assessments as a debt, or to foreclose the lien against the delinquent Owner's Parcel as a mortgage would be foreclosed; and late payment penalties, if any, interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment; and

(4) During any period when an Owner is in breach of this Declaration, or when an Owner's regular or special assessment is unpaid and delinquent, said Owner shall have no right to vote as a member of the Association until such default or breach is cured.

#### 4. EXPANSION

Declarant reserves the right to comparably develop adjacent land and incorporate said adjacent land within this Declaration by specific reference thereto. Any such adjacent land to be included within this Declaration shall be subject to the terms and conditions of this Declaration, but may include reasonable variances. Any such expansion of the project shall be evidenced by a Supplemental Declaration, incorporating this Declaration, executed and recorded by Declarant or his successor-in-interest.

#### 5. GENERAL RESTRICTIONS APPLICABLE TO ALL PARCELS

A. Land Use. No building other than one single family dwelling residence and a private garage, and a guest house or other outbuildings as approved by the Association, and as are in compliance with applicable zoning, shall be erected, maintained, placed or permitted on any Parcel. No improvements may be commenced without the appropriate building permits having been first obtained. A guest house may not be completed prior to the completion of the single family residence structure. Any guest house, which may include a kitchen, shall be for the use of bona fide guests, the occupants of the main residence, or members of such occupants' family, and shall not be rented or leased separately from the main residence.

No manufacturing or commercial enterprise, or enterprises of any kind for profit, shall be maintained upon, in front of, or in connection with any Parcel, nor shall any Parcel be used for other than strictly single family residential structures or purposes. However, home offices and other similar casual uses may be permitted upon the specific written consent of the Association.

No Parcel shall be divided into an area smaller than is permitted by applicable governmental regulations and ordinances.

B. Completion Time. Construction of the residence shall be completed no later than one (1) year after the issuance of a building permit by the appropriate regulatory body. Construction of any approved barn or shed shall be completed within eight (8) months after issuance of the permit therefor.

C. Minimum Sizes and Roofs. Any single family residential structure or approved barn, shed or other improvement placed upon any Parcel shall be constructed from new material or its equivalent, and as may be approved by the Association. No reflective roofs shall be allowed. Any primary residential structure shall contain a minimum of one thousand two hundred (1,200) square feet of living area, exclusive of the carport, garage, open porches and patios.

D. Mobile Homes. Mobile homes shall not be permitted to be placed on any Parcel either permanently or temporarily.

E. Temporary Structures. No structure of a temporary character, motor home, recreational vehicle or travel trailer, regardless of its nature or form, shall be used as a residence at any time.

F. Roads. Maintenance of the roads, whether as separate Parcels or easements, shall be the sole responsibility of the Association. The Declarant or the Association shall have the right to convey any such easements and roads to the County.

G. Signs. No signs or billboards used as advertising or promotional devices, except those used in the sale of Parcels in the project by Declarant, or those permitted by the applicable sign ordinances for the sale or rental of property (not to exceed 18" by 24") by the Owner or his or her agent, shall be placed on any Parcel or portion thereof.

H. Public Events. No public events shall be held on any Parcel.

I. Livestock, Poultry and Domestic Animals. Horses, cattle and domestic animals may be kept on a Parcel in reasonable numbers. The casual breeding of animals for profit is permitted. The commercial raising of livestock and other commercial uses of a Parcel are not permitted. The Association, in its sole discretion, shall decide which uses are casual and which are commercial. A written opinion can be obtained from the Association as to any proposed use which may be questionable. All livestock, poultry and domestic animals shall be maintained so as to avoid creation of a hazard or nuisance to the Owners of other Parcels. No pigs, fighting chickens, or wild animals of any kind will be permitted. All livestock and poultry shall be confined within a fenced area, and all fences for any livestock or animals shall be constructed of new material or the equivalent thereof and of such height and strength as to adequately contain any and all permitted livestock or animals. All areas maintained for livestock and poultry shall at all times be kept clean, with all manure removed on a regular basis.

J. Agriculture. The raising of agricultural crops for personal use is allowed. Any commercial agricultural use is prohibited. No noxious or offensive crops or weeds are permitted. All agricultural use shall be performed in accordance with good farm-like practices.

K. Garbage and Refuse Disposal. No Parcel shall be used or maintained as a dumping ground for rubbish or hazardous or toxic waste or materials. Trash, garbage, and other waste shall not be kept except in sanitary containers. All containers for the storage of

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such material shall be kept in a clean and sanitary condition. No outdoor burning of rubbish shall be permitted on any Parcel.

L. Individual Sewage Systems. Individual sewage disposal systems to serve the Parcel shall be permitted on the Parcel. All individual systems shall be constructed to Yavapai County Health Department standards. No sewage disposal system shall be installed without first obtaining a Health Department Sewage Disposal Permit. All sewage systems shall be maintained so as not to disturb surrounding neighbors and/or property with offensive odors and/or sight, and shall be located so as to minimize grading and/or disturbance to existing vegetation.

M. Protective Screening. All clotheslines, equipment, propane tanks, service yards, wood piles and storage areas shall be screened by adequate planting or fencing so as to conceal them from view of neighboring Parcels or roads. No laundering will be permitted except inside an approved structure with approved plumbing.

N. Parking, Storage and Repairs. Boats, boat trailers, camping trailers, campers, travel trailers, or any other recreational vehicles, sporting or camping equipment shall not be stored or parked adjacent to roads or on the roads. No repairs, rebuilding or maintenance work shall be performed on any motor vehicle, travel trailer, boat, boat trailer, camper, or other piece of equipment outside of a garage or a screened area on any Parcel and under no condition on any road. None of the above-enumerated vehicles or equipment shall be allowed to be abandoned on any Parcel. No parking shall be allowed on any road.

O. Antennas and Generators. No antenna, satellite dish or power generator shall be installed in a manner that will disturb the surrounding neighbors and/or property. The placement of any antenna, satellite dish or power generator must have Association approval before it is placed on the Parcel. The Association shall have the final decision in a dispute regarding a Parcel Owner's antenna, satellite dish or power generator and its effect on the surrounding neighbors and property.

P. Nuisances. No Parcel Owner shall place or maintain any animate or inanimate object upon any Parcel so as to create a nuisance to the Owners of the neighboring Parcels. No vehicles or motors of any type without mufflers shall be allowed. No terrain-type vehicles or off-road motorcycles shall be operated, except within the confines of the Owner's individual Parcel. No firearms may be discharged anywhere on the Subject Property.

#### 6. WELL OWNERSHIP AND EASEMENT AGREEMENT

A. Definitions: As used in this Paragraph 6, the following terms shall have the following meanings:

"CO-OWNER" shall mean any owner of an undivided one-two hundred fiftieth (1/250th) interest ("share") in the Well and Water System. There shall be a total of two hundred fifty (250) shares in the Well and Water System. Each Co-owner shall have one (1) vote per undivided one-two hundred fiftieth (1/250th) ownership share in the Well and Water System, upon connection to the Well and Water System.

"INDIVIDUAL WATER LINE" shall mean a water line used exclusively to convey water to one Co-owner's Parcel.



"MAIN WATER LINE" shall mean any water line conveying water to two or more Co-owners' Parcels.

"SHARE" shall mean an undivided one-two hundred fiftieth (1/250th) interest in the Well and Water System.

"VOTING SHARE" shall mean a share in the Well and Water System belonging to a Co-owner who has established a connection to the Well and Water System.

"WELL AND WATER SYSTEM" shall mean and refer to the wells, pumps, pipes, mains, storage facilities, valves, tanks, reservoirs, meters, and all other equipment and appurtenances necessary to provide water service to the Subject Property, together with all easements and rights and privileges associated therewith or used for the purpose of providing water service to the Subject Property. The legal description of the Wells and Wellsites to be owned by the Co-owners is more fully set forth on Exhibit "3" attached hereto and made a part hereof. The personal property and improvements located at the Wellsites to be owned by the Co-owners is more fully set forth on Exhibit "4" attached hereto and made a part hereof, together with any additions made thereunto after this Declaration has been recorded.

"WELL COMMITTEE" shall mean the Board of Directors of the Association, or a committee appointed by the Board of Directors, empowered with the right and duty to enforce this Declaration.

B. Co-owner's Undivided Interests in the Well and Water System and Easements for the Well and Water System: Every Co-owner shall have a right to one undivided One-two hundred fiftieth (1/250th) ownership interest ("one share") in the Well and Water System described in Exhibit "3" and Exhibit "4" hereto, and in all easements for the Well and Water System including those depicted in Exhibit "5" attached hereto and made a part hereof, for every 2-acre Parcel owned. The maximum number of shares in the Well and Water System shall be two hundred fifty (250), representing one (1) share for every two (2) acres of land, and each share shall be appurtenant to and shall pass with the title to the Parcel, subject to the following conditions:

(1) The right of the Co-owners, acting through the Association, to charge for the use, benefit, and availability of water to a Parcel, including the right of the Co-owners to levy Monthly Operating Cost Assessments and Special Capital Assessments as provided below;

(2) The right of the Co-owners, acting through the Association, to suspend the voting rights and right to the use and benefit of the Well and Water System of a Co-owner for any period during which any assessments against his Parcel remain unpaid;

(3) The right of the Co-owners to borrow money for the purpose of improving, repairing, or replacing the Well and Water System or any portion thereof, and in aid thereof, to mortgage the Well and Water System, provided that all rights in such Well and Water System under such mortgages shall be subordinate to the rights of the Co-owners under this Declaration;

(4) The right of the Co-owners, acting through the Association, to promulgate rules and regulations governing the use of the Well and Water System;

(5) This Declaration is expressly for the purpose of providing water availability, which otherwise would not be available, to the Subject Property described in Exhibit "1," and

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it is expressly understood that this water availability is intended solely for domestic use for not more than one single family residence and appurtenant uses per undivided One-hundred fiftieth (1/250th) share connected to the Well and Water System, representing one (1) share for every two (2) acres of land; and

(6) Such other conditions as are set forth in this Declaration.

C. Grant of Easement:

(1) From Declarant: Declarant hereby grants to all the Co-owners an easement from the Wellsites for the main water lines of the Well and Water System. Said easement shall be for as long as the Co-owners or their successors-in-interest or assigns shall continue to use water produced from the wells and own an interest in the Well and Water System. Said easement shall be used solely for the installation, repair, maintenance and replacement of the main water lines, and shall not be used for any other purpose whatsoever without the express written consent of the Co-owner on whose property the easement is located. In the event said easement is dedicated to the public for use as ingress and egress, the right of Co-owners to maintain the main water lines in said easement shall continue.

(2) From Co-Owners: Each Co-owner grants to every other Co-owner an easement from the Wellsites to and through the property of every Co-owner, for the mutual benefit of all Co-owners, for the main water lines to be installed by Declarant or his successors-in-interest. Said easement shall be for as long as the Co-owners or their successors-in-interest or assigns shall continue to use water produced from the wells or own an interest in the Well and Water System. Said easement shall be used solely for the installation, repair, maintenance and replacement of the main water lines, and shall not be used for any other purpose whatsoever without the express written consent of the Co-owner on whose property the easement is located.

D. Co-Owner Membership in Association; Ownership of Well and Water System; Voting: Each Co-owner of the Well and Water System shall be a member of the Association by virtue of his ownership of a Parcel. The Association shall be the management entity for the Well and Water System; but ownership of the Well and Water System is vested in each of the Co-owners as one or more undivided 1/250th interest(s) in the Well and Water System and easements therefor. In matters concerning the Well and Water System, each Co-owner shall have one (1) vote per undivided 1/250th ownership share in the Well and Water System, upon connection to the Well and Water System.

E. Powers of Well Committee: The Well Committee shall have the power to make all decisions necessary to the continued operation of the Well and Water System, based on majority vote, including but not limited to:

- (1) hiring a manager and/or certified operator for the Well and Water System;
- (2) installation, replacement, repair and maintenance of the Well and Water System, including contracting for any and all services and goods necessary to operate the Well and Water System;
- (3) setting rates and charges for the use of the Well and Water System;

(4) making rules and regulations for the operation and use of the Well and Water System, including the amount of water that may be used on any Parcel. A copy of such rules and regulations shall be provided to each Co-owner;

(5) reading meters;

(6) rendering monthly water bills and collecting all assessments from Co-owners permitted hereunder;

(7) establishing a reserve fund for contingencies;

(8) enforcement of the rights and powers granted to it hereunder; and

(9) payment of taxes, utilities, insurance and all other expenses incurred in connection with the Well and Water System.

The Well Committee shall establish a separate bank account for all assessments and fees collected pursuant to this Paragraph 6, to be used for the benefit of all Co-owners of the Well and Water System.

F. Covenant for Well and Water System Assessments

(1) Creation of the Lien and Personal Obligation of Assessments: The Co-owners of the Well and Water System, for each Parcel subject to this Declaration, hereby covenant, and each owner of any Parcel by acceptance of a deed therefor, whether or not it shall be so expressed by such deed, is deemed to covenant and agree to pay the Association the following:

(a) Monthly Operating Cost Assessments; and

(b) Special Capital Assessments,

such assessments to be established and collected as hereinafter provided. The Monthly Operating Cost Assessments and Special Capital Assessments, together with late payment penalties, if any, interest, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Parcel against which any assessment is made. The lien shall be in favor of the Association and shall be for the benefit of all the Co-owners. The lien shall have the priority provided by A.R.S. § 33-1807, as said statute now exists or may in the future be amended. The Monthly Operating Cost Assessments and Special Capital Assessments, together with late payment penalties, if any, interest, costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Parcel at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors-in-interest unless expressly assumed by them, or unless prior to the transfer of title, a lien for such assessment shall have been recorded in the Office of the Yavapai County Recorder.

(2) Purpose of Assessments: The assessments levied by the Association under this Paragraph 6 shall be used exclusively to promote the health, safety and welfare of the Parcel Owners and the Co-owners of undivided interests in the Well and Water System and for the costs of operating, maintaining, and improving the Well and Water System, including but not limited to, property taxes and insurance, repair and replacement of equipment and facilities of the Well and Water System, reserves for contingencies, charges for utility service to operate

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the Well and Water System, water quality testing, and all other charges and costs necessary and prudent to allow the Association to provide water service to the Co-owners.

(3) **Monthly Operating Cost Assessments:** There is authorized to be charged to each and every Parcel and Co-owner of the Well and Water System a Monthly Operating Cost Assessment to pay for the cost of operating and maintaining the Well and Water System for the benefit of the Parcel Owners and the Co-owners of the Well and Water System. The Operating Cost Assessment shall have two components:

(a) A Minimum Monthly Assessment charged to all Co-owners of the Well and Water System to fund the costs of administration of the Well and Water System, including, but not limited to postage, bookkeeping, record-keeping and other recurring costs, and to establish a contingency fund for repairs and maintenance, which shall be levied against all Parcels beginning on the date when a Co-owner installs his meter on the individual water line serving his Parcel. The initial Minimum Monthly Assessment component of the Monthly Operating Cost Assessment shall be Twenty Dollars (\$20.00) per month for each share owned in the Well and Water System. The Well Committee shall have the authority to increase or decrease the Minimum Monthly Assessment component of the Monthly Operating Cost Assessment upon a vote of Co-owners representing at least a majority of the voting shares of the Well and Water System, who are voting in person or by proxy, at a meeting duly called for this purpose, or by written consent of at least a majority of the voting shares of the Well and Water System. Written notice of the change in the Minimum Monthly Assessment shall be sent to every Co-owner subject thereto. The Minimum Monthly Assessment shall be increased by the increase, if any, in the Consumer Price Index (CPI), using 1997 as the base year, commencing in 1998, and no vote of the Co-owners shall be necessary for the CPI adjustment.

(b) In addition to the Minimum Monthly Assessment provided for in Subparagraph 3(a) above, each Parcel shall be subject to a Monthly Water Use Charge. The Monthly Water Use Charge component of the Monthly Operating Cost Assessment shall only be levied against those Parcels and Co-owners who actually receive water deliveries from the Well and Water System and for each month that such Co-owner actually receives water deliveries. The Monthly Water Use Charge component of the Monthly Operating Cost Assessment shall be based on the pro-rata cost of the operation of the Well and Water System as determined by the individual water meter readings of each Co-owner. In lieu of determining the pro-rata share of the cost for each Co-owner, the Monthly Water Use Charge shall initially be set at the rate of Two Dollars (\$2.00) per 1,000 gallons of water delivered as registered on the water meter on the individual water line to that Parcel. The Well Committee shall have the authority to increase or decrease the Monthly Water Use Charge component of the Monthly Operating Cost Assessment upon a vote of Co-owners representing at least a majority of the voting shares of the Well and Water System, who are voting in person or by proxy, at a meeting duly called for this purpose, or by written consent of at least a majority of the voting shares of the Well and Water System. Written notice of the change in the Monthly Water Use Charge shall be sent to every Co-owner subject thereto.

(4) **Special Assessments for Capital Improvements:** In addition to the monthly assessments authorized by Subparagraph (3) above, the Association may levy a Special Capital Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement upon the Well and Water System; provided that any such capital improvement costing in excess of \$2,500.00 shall require the assent of Co-owners representing at least a majority of the voting shares of the Well and Water System, who are voting in person or by proxy, at a meeting duly called for this purpose, or by written consent of at least a majority of the voting shares of the

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Well and Water System. Each Co-owner shall be liable for his share of all capital costs of renewal, refurbishment and replacement of the wells and any improvements on the Wellsites and water mains, including but not limited to pumps, casings, electrical equipment, valves, and other appurtenances necessary to the production and delivery of water from the wells and storage of water produced by the wells, and all other costs associated with redrilling or replacing the Well and Water System, on the basis that each Co-owner shall be liable for the fractional share of the cost equal to his fractional ownership interest in the Well and Water System. Upon agreement of Co-owners representing at least a majority of the voting shares in the Well and Water System, the Special Capital Assessment may be based upon the Co-owners' actual use of water from the wells, based on monthly meter readings of the Co-owners' meters for the twelve-month period immediately preceding such capital cost being incurred.

(5) Notice and Quorum for any Action Authorized under Subparagraphs (3) and (4): Written notice of any meeting called for the purpose of taking any action authorized under Subparagraphs (3) or (4) above shall be sent to all Co-owners not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of members or proxies entitled to cast a majority of votes shall constitute a quorum. If the required quorum is not present, another meeting shall be called subject to the same notice and quorum requirements.

(6) Due Dates of Monthly Operating Cost Assessments and Special Capital Assessments:

(a) The Monthly Operating Cost Assessments provided for herein shall commence as to each Parcel on the first day of the first month that the Co-owner installs his meter on the individual water line serving that Parcel. The due date for payment of each month's Monthly Operating Cost Assessment shall be established by the Well Committee. Payment of the Monthly Operating Cost Assessment shall be deemed late if it is unpaid thirty (30) or more days after its due date. Each Co-owner's meter shall be read on or about the 1st day of each month. The Well Committee shall render to every Co-owner, by first class mail, a monthly statement within fifteen (15) days of the end of each month, setting forth the Minimum Monthly Assessment, the meter reading for the Co-owner's Parcel, the amount of water used by the occupancy of that Parcel for the previous month, the Monthly Water Use Charge, if any, and the charge for any applicable taxes.

(b) The Well Committee shall fix the amount of any Special Capital Assessment against each Parcel at least thirty (30) days in advance of its due date. The Special Capital Assessment shall be invoiced to every Co-owner subject thereto, itemizing the cost elements thereof, by first class mail. The due date for payment of a Special Capital Assessment shall be established by the Well Committee. Payment of a Special Capital Assessment shall be deemed late if it is unpaid thirty (30) or more days after its due date. The Well Committee may make other payment arrangements for Special Capital Assessments.

(c) The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association, setting forth whether the Monthly Operating Cost Assessments and Special Capital Assessments on a specified Parcel have been paid. Such certificates shall be conclusive evidence of payment of any assessment therein stated to have been paid.

(7) Effect of Nonpayment of Assessments: In the event any Co-owner of the Well and Water System fails to pay his Minimum Monthly Assessment, Monthly Water Use Charge, or Special Capital Assessment within the fifteen (15) day grace period provided in

Subparagraph P hereof, that Co-owner shall have no continuing right to the use of water from the Well and Water System, and shall have no right to vote as a member of the Association on matters relating to the Well and Water System, until all back payments and arrearages, together with late payment penalties, if any, interest, costs and legal fees, have been paid by that Co-owner. Any unpaid assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum. Each Co-owner, by his acceptance of a deed to a Parcel, hereby expressly vests the Association and all other Co-owners with the right and power to bring all actions against such Co-owner personally for the collection of such charges as a debt or to foreclose the lien against the delinquent Co-owner's Parcel as a mortgage would be foreclosed. No Co-owner may waive or otherwise escape liability for the assessments provided herein by non-use of the Well and Water System or abandonment of his Parcel or share.

(8) Subordination of the Lien to Mortgage: The lien of the assessments provided for herein shall be subordinate to the lien of any Bona Fide First Mortgage. Sale or transfer of any Parcel shall not affect the assessment lien. However, the sale or transfer of any Parcel pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payment which became due prior to such sale or transfer, unless notice of foreclosure of the lien for the assessment was filed and recorded prior to the notice of the foreclosure of a Bona Fide First Mortgage. No sale or transfer shall relieve such Parcel from liability for any assessments thereafter becoming due or from the lien thereof.

(9) Insurance Assessments: The Well Committee shall have the authority to obtain insurance for all the improvements on the Well and Water System owned by the Co-owners against loss or damage by fire or other hazards in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction from any hazard, including vandalism, and may also obtain a broad form public liability policy covering the Well and Water System and all damage or injury caused by the negligence of the Association or any of its agents. Premiums for all such insurance shall be common expenses. All such insurance coverage shall name each of the Co-owners as additional insureds.

(10) Rate of Assessment: Both the fixed Minimum Monthly Assessment component of the Monthly Operating Cost Assessment and any Special Capital Assessments must be fixed at a uniform rate for all Co-owners.

G. Meter Requirement: Each Co-owner shall install or cause to be installed a water meter (measured in gallons) on the individual water line serving his Parcel, located on the water line easement outside the Co-owner's fence line where the water line enters his Parcel, or at some other location mutually agreed upon by the Co-owners, together with a locking curb stop, said equipment to be installed at each Co-owner's sole cost.

Each Co-owner further agrees to share the cost, in proportion to his undivided ownership share in the Well and Water System, of installing a water meter on the outfall line from each well, to measure the total water production of the wells, if there is not such a meter already in place on the wells.

The meters shall belong to the Co-owners collectively, and each Co-owner grants a license and easement to every other Co-owner and the Association to access the meter for purposes of reading it and making any necessary repairs or replacement.

H. Hookup Fee: Each Co-owner shall pay to the Association a hookup fee of \$5,000 per residential connection, upon connecting his residence to the Well and Water System. The Association is authorized to collect the Hookup Fee from any Co-owner at the time of his

connection to the Well and Water System. Said Hookup Fee shall be used for the construction, management, operation, maintenance, repair, replacement, and improvements associated with the Well and Water System, including repayment of loans therefor.

I. Co-owner Responsibility for Water Lines: It shall be each Co-owner's sole responsibility and cost to install, maintain and repair the individual water line used exclusively to serve water to his Parcel. Each individual water line shall be the sole property of the Co-owner whose Parcel it serves.

It shall be the collective responsibility and cost of all Co-owners to maintain and repair the main water lines. Said main water lines shall be the property of all Co-owners collectively.

J. Anti-fractioning restriction: It is expressly understood and agreed that no Co-owner shall cause his undivided interest in the Well and Water System to be further divided or fractioned to any other party beyond a 1/250th share of ownership in the Well and Water System, representing one (1) share for every two (2) acres of land, without the express written consent of all ownership interests in the Well and Water System. At no time shall there be more than 250 shares of ownership in the Well and Water System. No fractional interest in the Well and Water System shall be created for the benefit of a Parcel less than two (2) acres in size.

K. Ownership Share as Water Entitlement: Each share of ownership interest in the Well and Water System represents an entitlement, so long as all assessments provided by this Paragraph 6 are paid, to a reasonable quantity of water necessary for a single family residential dwelling and appurtenant uses, not in excess of 30,000 gallons per month. Any Co-owner consuming in excess of 30,000 gallons per share in any month shall pay twice the existing rate per 1,000 gallons for all water use in excess of 30,000 gallons. Notwithstanding this provision, the Well Committee can limit the amount of water per month used by any Co-owner to avoid pressure and supply problems for the remaining Co-owners. Neither the Association nor any Co-owner shall provide water to any other person, entity or property outside of the Subject Property.

L. No Warranty of Water Quantity or Quality: Declarant does not warrant that there will be at any time sufficient water produced by the Well and Water System to meet the demands of any Co-owner. Further, Declarant does not warrant that the water produced by said Well and Water System shall be of a quality fit for human consumption and/or domestic use. THE OWNERSHIP INTERESTS IN THE WELL AND WATER SYSTEM ARE BEING CONVEYED "AS IS" AND "WHERE IS," WITHOUT WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF FITNESS FOR A PURPOSE, MERCHANTABILITY, OR HABITABILITY.

M. Liability for Improving Water System: Each Co-owner shall be solely liable for all capital improvement costs, including but not limited to water main extensions and increasing the production and storage capacity of the Well and Water System, to provide water service needed to serve that Co-owner's Parcel. No other Co-owner shall have any financial or other obligation to increase the capacity of the Well and Water System to serve any other Co-owner.

N. Binding Effect; Assignment: This Paragraph 6 shall be binding upon the heirs, assigns, trustees, and successors-in-interest of all Co-owners of the Well and Water System and all subsequent grantees of the Subject Property; provided however, that no assignment of an ownership interest in the Well and Water System shall be valid without the express written

assumption of this Declaration by the person to whom a share of ownership in the Well and Water System is being assigned or by whom a share of ownership in the Well and Water System is being assumed. In the event any Co-owner conveys a Parcel to which a share in the Well and Water System is appurtenant, that Co-owner shall give written notice to the Well Committee of the name and address of the purchaser of said share within ten (10) days of the closing of the sale of the Co-owner's undivided interest in the Well and Water System.

O. **Amendment:** This Paragraph 6 may only be amended in writing, by a document signed by Co-owners representing not less than a majority of voting shares in the Well and Water System. In the event this Declaration is amended, it shall be recorded against all Parcels receiving water, or entitled to receive water from the Well and Water System, in the Office of the Yavapai County Recorder.

P. **Enforcement:** This Paragraph 6 may be enforced by the Association or any Co-owner. In the event of a breach of any provision of this Paragraph 6 or any rule or regulation promulgated by the Well Committee, or delinquency in payment of any assessment provided in this Paragraph 6, the Association shall send a notice of said breach by certified mail, return receipt requested, addressed to the last known address of the breaching Co-owner. The breaching Co-owner shall have fifteen (15) working days from the date of said notice of breach to remedy or cure said breach. In the event the Co-owner fails to remedy or cure the breach within the fifteen (15) day grace period, the Association shall have the following rights and remedies, all of which shall be cumulative:

(1) To discontinue water service to the breaching Co-owner's Parcel, including the right to remove the water meter, until any breach is cured and all delinquent amounts, together with late payment penalties, if any, interest, costs and legal fees, have been paid by the Co-owner. Each Co-owner, by his acceptance of a deed to a Parcel, expressly grants the Association an easement to his meter and the right to shut off his water in the event of nonpayment or other breach of this Paragraph 6;

(2) To commence an action against the breaching Co-owner in any court of competent jurisdiction and to obtain therein specific performance of the provisions of this Paragraph 6 or other equitable relief, including but not limited to payment of any assessment due, and to seek repayment of the expenses incurred in connection therewith from the breaching Co-owner;

(3) To commence an action against a delinquent Co-owner personally for the collection of delinquent assessments as a debt, or to foreclose the lien against the delinquent Co-owner's Parcel as a mortgage would be foreclosed; and late payment penalties, if any, interest, costs and reasonable attorney's fees of any such action shall be added to the amount of such assessment; and

(4) During any period when a Co-owner is in breach of this Paragraph 6 or any rules and regulations promulgated by the Well Committee, or when a Co-owner's Minimum Monthly Assessment, Monthly Water Use Charge, or Special Capital Assessment is unpaid and delinquent, said Co-owner shall have no continuing right to the use of water from the Well and Water System, and shall have no right to vote as a member of the Association on matters relating to the Well and Water System, until such default or breach is cured.

Q. **Covenant Runs with the Land; Appurtenancy:** The Well Ownership and Easement Agreement set forth in this Paragraph 6 shall apply to the Wells and Wellsites described in Exhibit "3," to the personal property and improvements located at the Wellsites



described in Exhibit "4," and to the easements for the Well and Water System including those depicted in Exhibit "5." This Paragraph 6 shall run with the land of any Co-owner who acquires a fee title interest in all or any portion of the Subject Property, and no Co-owner's share in the Well and Water System may be severed from the land to which it is appurtenant.

R. Voluntary Termination: Nothing herein shall prevent the owner of any Parcel from drilling his own well to furnish water to his Parcel, or obtaining water service from a public water utility, provided that (1) such owner shall furnish written notice to the Well Committee of his intention to sever his connection to the Well and Water System, not more than thirty (30) days before the effective date of such termination; (2) such owner shall provide the Association, for the benefit of the remaining Co-owners, with a Quit Claim Deed relinquishing all his right, title and interest in and to the Well and Water System and easements therefor to the remaining Co-owners; and (3) Co-owner at his sole cost shall disconnect the individual water line serving his Parcel at Co-owner's property line boundary so as to prevent any further water flowing from the Well and Water System to the Co-owner's Parcel. In the event of such termination, all of the terminating Co-owner's right, title and interest in the Well and Water System and easements therefor shall cease. The terminating Co-owner shall have no further liability for, or benefits of the Well and Water System; provided that all easements recorded against that Co-owner's Parcel shall remain in effect for the benefit of the remaining Co-owners, and the terminating Co-owner shall still be bound by a covenant of quiet enjoyment for the benefit of the remaining Co-owners. The terminating Co-owner shall have no right to claim from any other Co-owner any payment for any improvements to the Well and Water System upon termination of his ownership interest in the Well and Water System. Notwithstanding this provision, no Co-owner shall be entitled to relinquish his interest in the Well and Water System until all assessments previously levied against his ownership share have been paid in full.

## 7. GENERAL PROVISIONS

A. Severability; Validity. In the event that any one or more of the provisions of this Declaration or the application thereof to any person or circumstance shall, to any extent, be declared to be null and void, invalid or unenforceable, the remainder of the provisions of this Declaration or the application thereof to any person or circumstances other than those as to which it was held null and void, invalid or unenforceable, shall not be affected thereby. Each provision of this Declaration shall be valid and enforceable to the fullest extent permitted by law.

B. Binding Effect; Enforcement. The covenants, conditions, and restrictions contained in this Declaration shall run with the land and shall be binding upon all persons owning, leasing, subleasing or occupying any Parcel after the date on which this Declaration is recorded in the Office of the Yavapai County Recorder. This Declaration may be enforced by the Declarant, by the Owner or lessee of any Parcel, by the holder of a Bona Fide First Mortgage on any Parcel, by the Association, or by any one or more of said persons acting jointly; provided, however, that any breach by reason thereof shall not defeat or adversely effect the lien of a Bona Fide First Mortgage upon any Parcel, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner, lessee or occupant of said Parcel whose title thereto is acquired by foreclosure or otherwise, and provided also that the breach of any of said covenants, conditions and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such Bona Fide First Mortgage. All instruments of conveyance or assignments of any interest in all or any part of the Subject Property may refer to this Declaration and shall be subject to the covenants, conditions, and restrictions herein contained as fully as though this Declaration were therein set forth in full; provided, however, that the terms and conditions of this Declaration shall be

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binding upon all persons affected by its terms, whether express reference is made to this Declaration or not.

C. No Waiver; Limitation on Actions. No delay or failure on the part of the Association or Well Committee in exercising any right, power or remedy provided for in this Declaration for breach of the provisions herein contained, shall be construed as a waiver thereof or acquiescence therein, and no right of action shall accrue nor shall any action be brought or maintained by any person whatsoever against the Association or Well Committee for failure to bring or commence any action for breach of the provisions contained herein or for imposing restrictions herein which may be unenforceable.

D. Amendment of Declaration. Except as otherwise provided herein, this Declaration may only be amended in writing, by an instrument executed and acknowledged by the Owners of at least two-thirds (2/3) of the Parcels and recorded in the Office of the Yavapai County Recorder.

E. Term of Declaration. The covenants and restrictions of this Declaration, as the same may hereafter be amended in accordance with the terms hereof, shall run with and bind the land and shall remain in full force and effect for a term of twenty (20) years commencing on the date this Declaration is recorded in the Office of the Yavapai County Recorder (the "initial term"), after which it shall automatically be renewed and extended for successive terms of ten (10) years each (the "renewal term"), unless terminated as of the end of the initial term or any renewal term, within the six (6) month period immediately preceding the expiration of such initial term or renewal term, by an instrument of termination executed and acknowledged by the Owners of at least two-thirds (2/3) of the Parcels and recorded in the Office of the Yavapai County Recorder.

F. Rule Against Perpetuities. If any interest purported to be created by this Declaration is challenged under the rule against perpetuities or any related rule, the interest shall be construed as becoming void and of no effect as of the end of the applicable period of perpetuities computed from the date when the period of perpetuities starts to run on the challenged interest.

G. Incorporation Permitted. Nothing herein shall prevent the Association from incorporating, so long as the corporation is formed as a non-profit corporation, and nothing in its Articles or Bylaws conflicts with this Declaration.

H. Effect of Private Agreements. No private agreement of any adjoining property owners shall modify or abrogate any of these restrictive covenants or the obligations, rights, duties and limitations on the Parcel Owners imposed by this Declaration or any Articles of Incorporation or Bylaws that may in the future be adopted by the Association.

I. Effect on Contracts. All the provisions hereof shall supersede and be superior to the provisions of any lease, sublease or contract affecting the Subject Property.

J. Construction. Whenever the context of this Declaration so requires, words used in the masculine gender shall include the feminine and neuter genders; words used in the neuter gender shall include the masculine and feminine genders; the singular shall include the plural; and the plural shall include the singular.

K. Captions. All captions, titles or headings set forth in this Declaration are for purposes of reference and convenience only, and are not to be deemed to limit, modify or

otherwise affect any of the provisions hereof, and shall not be used in determining the intent or context of such provisions.

L. Prevailing Law. This Declaration shall be construed according to the laws of the State of Arizona.

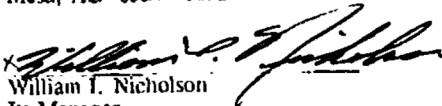
M. Jurisdiction: Venue: Attorney's Fees and Costs. Every Owner, immediately upon the acquisition of an ownership interest in a Parcel, shall be deemed to have submitted to the jurisdiction of the courts of the State of Arizona and shall be deemed to have agreed that the courts of the State of Arizona shall be the sole and exclusive forum for any civil action arising out of or which is based upon the provisions of this Declaration which may be commenced against such Owner. Further, every Owner shall be deemed to have agreed that venue for any such civil action shall be in Yavapai County, Arizona. If this Declaration is enforced by legal action, the party deemed to have substantially prevailed in its cause of action shall have the right to recover its costs and reasonable attorney's fees from the other party.

N. Counterparts: This Declaration may be executed in counterparts, each of which shall constitute an original.

IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions was made and executed this 15th day of August, 1997, for the purposes above stated.

DECLARANTS:

CASTLEWOOD DEVELOPMENT L.L.C.  
P.O. Box 21502  
Mesa, AZ 85277-1052

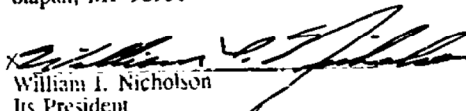
X   
William I. Nicholson  
Its Manager

DAVID SIEMIENSKI  
945 Sheldon St.  
El Segundo, CA 90245

CHAD EVERETT BRUCH  
P.O. Box 720956  
San Jose, CA 95172

NICO CORPORATION  
c/o P.O. Box 1171  
Saipan, MP 96950

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WILL NOT REPRODUCE

X   
William I. Nicholson  
Its President

EMPRESS OF THE SEAS CORPORATION  
PPP 297 Box 10,000  
Saipan, MP 96950

X   
William I. Nicholson  
Its President

- 29 -

3478 INC 720

STATE OF ARIZONA )  
COUNTY OF MARICOPA ) ss.

SUBSCRIBED AND SWORN TO before me the undersigned Notary Public, by William I. Nicholson, Manager of Castlewood Development, L.L.C., this 15 day of August, 1997.

*[Handwritten Signature]*  
\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_



STATE OF ARIZONA )  
COUNTY OF MARICOPA ) ss.

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by David Siemlenski this \_\_\_\_ day of August, 1997.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

STATE OF ARIZONA )  
COUNTY OF MARICOPA ) ss.

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by Chad Everett Bruch this \_\_\_\_ day of August, 1997.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

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STATE OF ARIZONA )  
 ) ss.  
COUNTY OF MARICOPA )

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by William I. Nicholson, President of Nico Corporation, this 15 day of August, 1997.


  
Notary Public

My Commission Expires:  
\_\_\_\_\_



STATE OF ARIZONA )  
 ) ss.  
COUNTY OF MARICOPA )

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by William I. Nicholson, President of Empress of the Seas Corporation, this 15 day of August, 1997.

  
Notary Public

My Commission Expires:  
\_\_\_\_\_



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- 22 -

3478 INC 722

IN WITNESS WHEREOF this Declaration of Covenants, Conditions and Restrictions was made and executed this 15th day of August, 1997, for the purposes above stated.

DECLARANTS:

CASTLEWOOD DEVELOPMENT L.L.C.  
P.O. Box 21502  
Mesa, AZ 85277-1052

William I. Nicholson  
Its Manager

DAVID SIEMIENSKI  
945 Sheldon St.  
El Segundo, CA 90245

CHAD EVERETT BRUCH  
P.O. Box 720956  
San Jose, CA 95172



NICO CORPORATION  
c/o P.O. Box 1171  
Saipan, MP 96950

William I. Nicholson  
Its President

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EMPRESS OF THE SEAS CORPORATION  
PPP 297 Box 10,000  
Saipan, MP 96950

William I. Nicholson  
Its President

- 23 -

3478 723

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF MARICOPA )

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by William I. Nicholson, Manager of Castlewood Development, L.L.C., this \_\_\_\_ day of August, 1997.

My Commission Expires:

\_\_\_\_\_  
Notary Public

STATE OF ARIZONA )  
 ) ss.  
COUNTY OF MARICOPA )

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by David Siemlenski this \_\_\_\_ day of August, 1997.

My Commission Expires:

\_\_\_\_\_  
Notary Public

CALIFORNIA  
STATE OF ~~ARIZONA~~ )  
 ) ss.  
COUNTY OF ~~MARICOPA~~ )  
SANTA CLARA

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by Chad Everett Bruch this 27<sup>th</sup> day of August, 1997.

My Commission Expires:

\_\_\_\_\_  
Notary Public

Oct 31 1998



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- 24 -

3478 sec 724



IN WITNESS WHEREOF, this Declaration of Covenants, Conditions and Restrictions was made and executed this 15th day of August, 1997, for the purposes above stated.

DECLARANTS:

CASTLEWOOD DEVELOPMENT L.L.C.  
P.O. Box 21502  
Mesa, AZ 85277-1052

William I. Nicholson  
Its Manager

**SEAL**

DAVID SIEMIENSKI  
945 Sheldon St.  
El Segundo, CA 90245

*X David Sieminski*

CHAD EVERETT BRUCH  
P.O. Box 720956  
San Jose, CA 95172

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NICO CORPORATION  
c/o P.O. Box 1171  
Saipan, MP 96950

William I. Nicholson  
Its President

EMPRESS OF THE SEAS CORPORATION  
PPP 297 Box 10,000  
Saipan, MP 96950

William I. Nicholson  
Its President

- 25 -

3478 REC 725

STATE OF ARIZONA )  
COUNTY OF MARICOPA ) ss.

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by William I. Nicholson, Manager of Castlewood Development, L.L.C., this \_\_\_\_ day of August, 1997.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

SEAL

*California*  
STATE OF ARIZONA )  
*Los Angeles* ) ss.  
COUNTY OF MARICOPA )

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by David Siemienski this 26 day of August, 1997.

*Barbara Bicyler*  
Notary Public

My Commission Expires:

10/29/98



STATE OF ARIZONA )  
COUNTY OF MARICOPA ) ss.

SUBSCRIBED AND SWORN TO before me, the undersigned Notary Public, by Chad Everett Bruch this \_\_\_\_ day of August, 1997.

\_\_\_\_\_  
Notary Public

My Commission Expires:  
\_\_\_\_\_

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**EXHIBIT 1**  
**LEGAL DESCRIPTION OF SUBJECT PROPERTY**  
**ELIGIBLE FOR WELL SHARES**  
**PURSUANT TO THIS DECLARATION**

BL 3478 AC 727

LEGAL DESCRIPTION  
PARCEL 1

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A portion of Section 28, T.14N., R.2E., and a portion of Section 33, T.14N., R.2E., G.&S.R.M., Yavapai County, Arizona, described as follows:

BEGINNING at the Southeast corner of said Section 28;

THENCE N. 89 57 24" W. along the South line of said Section 28 and the North line of said Section 33, a distance of 1320.34 feet;

THENCE S. 00 03' 31" W. along the East line of the W 1/2 E 1/2 of said Section 33, a distance of 3242.37 feet;

THENCE S. 76 44' 29" W. a distance of 114.23 feet;

THENCE S. 85 49' 54" W. a distance of 201.21 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 547.96 feet for a central angle of 21 12' 49" an arc length of 202.88 feet;

THENCE S. 64 37' 06" W. a distance of 58.19 feet to a PC of a curve to the right;

THENCE along said curve to the right having a radius of 597.96 feet for a central angle of 29 42' 50" for an arc length of 310.13 feet;

THENCE N. 85 39' 56" W. a distance of 103.48 feet;

THENCE N. 04 20' 04" E. a distance of 68.00 feet;

THENCE S. 85 39' 56" E. a distance of 103.48 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 529.96 feet a central angle of 13 49' 14" for an arc length of 127.83 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 25.00 feet for a central angle of 92 50' 06" for an arc length of 40.51 feet to a PC of a curve to the right;

THENCE along said curve to the right having a radius of 1234.00 feet for a central angle of 20 22' 59" for an arc length of 439.00 feet to a PC of a curve left;

THENCE along said curve to the left having a radius of 1847.00 feet for a central angle of 09 28' 41" for an arc length of 305.54 feet;

3478 728

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THENCE S. 88 03' 12" W. a distance of 336.56 feet;  
THENCE N. 02 35' 08" W. a distance of 904.74 feet;  
THENCE N. 15 31' 05" E. a distance of 1547.25 feet;  
THENCE N. 21 28' 03" E. a distance of 1623.43 feet;  
THENCE S. 89 53' 42" E. a distance of 1398.60 feet;  
THENCE S. 00 02' 15" E. a distance of 1321.68 feet to the TRUE  
POINT OF BEGINNING;  
CONTAINING 117.70 Acres, more or less.



DEL. 3478 PAGE 729

LEGAL DESCRIPTION  
PARCEL 2

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A portion of Section 28, T.14N., R.2E., and a portion of Section 33, T.14N., R.2E., G.&S.R.M., Yavapai County, Arizona, described as follows:

COMMENCING at the Northeast corner of the S1/2 S1/2 of said Section 28;

THENCE N. 89° 53' 42" W. along the North line of said S1/2 S1/2, a distance of 1398.60 feet to the TRUE POINT OF BEGINNING;

THENCE S. 21° 28' 03" W. a distance of 1623.43 feet;

THENCE S. 15° 31' 05" W. a distance of 1547.25 feet;

THENCE N. 50° 01' 47" W. a distance of 1760.11 feet;

THENCE NORTH a distance of 411.26 feet;

THENCE N. 45° 30' 00" E. a distance of 420.53 feet;

THENCE N. 89° 54' 28" E. a distance of 938.92 feet;

THENCE N. 00° 05' 32" W. a distance of 350.00 feet;

THENCE N. 89° 54' 28" E. a distance of 52.19 feet;

THENCE N. 00° 05' 32" W. a distance of 227.83 feet to a PC of a curve to the right;

THENCE along said curve to the right having a radius of 200.00 feet for a central angle of 90° 00' 00" for an arc length of 314.16 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 1125.00 feet for a central angle of 01° 56' 25" for an arc length of 38.10 feet;

THENCE N. 00° 26' 18" E. a distance of 385.22 feet to a point on said North line of the S1/2 S1/2;

THENCE N. 89° 57' 34" E. a distance of 826.16 feet to the TRUE POINT OF BEGINNING;

CONTAINING 69.78 Acres, more or less.

3478 INC 750



LEGAL DESCRIPTION  
PARCEL 3

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A portion of Section 28, T.14N., R.2E., and a portion of Section 33, T.14N., R.2E., G.&S.R.M., Yavapai County, Arizona, described as follows:

BEGINNING at the Northwest corner of said Section 33 also being the Southwest corner of said Section 28;

THENCE N. 00 03' 23" E. along the West line of said Section 28 a distance of 340.00 feet;

THENCE EAST a distance of 1517.60 feet;

THENCE S. 45 39' 20" W. a distance of 337.12 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 405.17 feet for a central angle of 11 10' 48" for an arc length of 79.06 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 25.00 feet for a central angle of 97 35' 06" for an arc length of 42.58 feet;

THENCE S. 63 07' 10" E. a distance of 278.89 feet to a PC of a curve to the right;

THENCE along said curve to the right having a radius of 707.47 feet for a central angle of 03 57' 15" for an arc length of 48.82 feet;

THENCE SOUTH a distance of 411.26 feet;

THENCE S. 50 01' 47" E. a distance of 1760.11 feet;

THENCE S. 02 35' 08" E. a distance of 904.94 feet;

THENCE S. 00 05' 00" W. a distance of 423.92 feet;

THENCE S. 20 56' 48" W. a distance of 387.25 feet to a PC of a curve to the right, the chord of which bears N. 82 50' 04" E.;

THENCE along said curve to the right having a radius of 563.87 feet for a central angle of 23 00' 00" for an arc length of 226.35 feet;

THENCE S. 04 20' 04" W. a distance of 68.00 feet to a PC of a curve to the left; the chord of which bears S. 76 59' 38" W.;

3478 INC 731

THENCE along said curve to the left having a radius of 495.87 feet for a central angle of 34 40' 52" for an arc length of 300.15 feet;

THENCE S. 59 39' 10" W. a distance of 138.50 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 547.96 feet for a central angle of 14 15' 36" for an arc length of 136.38 feet;

THENCE S. 45 23' 32" W. a distance of 160.00 feet;

THENCE N. 09 55' 04" W. a distance of 1532.47 feet;

THENCE N. 50 01' 47" W. a distance of 1884.15 feet;

THENCE NORTH a distance of 682.36 feet;

THENCE WEST a distance of 660.00 feet to a point on the West line of said Section 33;

THENCE N. 00 03' 22" E. along the West line of said Section 33 a distance of 340.00 feet to the TRUE POINT OF BEGINNING;

CONTAINING 94.98 Acres, more or less.



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SEC. 3478 PAGE 732



LEGAL DESCRIPTION  
PARCEL 4

A portion of Section 28, T.14N., R.2E., C.&S.R.M., Yavapai County, Arizona, described as follows:

COMMENCING at the southwest corner of said Section 28;

THENCE N. 00 03' 23" E. along the West line of said Section 28 a distance of 340.00 feet to the TRUE POINT OF BEGINNING;

THENCE continuing N. 00 03' 23" E. a distance of 980.46 feet to the Northwest corner of the S1/2 S1/2 of said Section 28;

THENCE S. 89 58' 28" E. along the North line of said S1/2 S1/2, a distance of 2255.63 feet to a POC of a curve to the right, the chord of which bears S. 26 51' 05" W.;

THENCE along said curve to the right having a radius of 884.00 feet for a central angle of 37 39' 26" for an arc length of 581.00 feet;

THENCE S. 45 39' 20" W. a distance of 672.96 feet;

THENCE WEST a distance of 1517.60 feet to the TRUE POINT OF BEGINNING;

CONTAINING 44.28 Acres, more or less.



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3473 733

LEGAL DESCRIPTION  
PARCEL 5

A portion of Section 33, T.14N., R.2E., G.&S.R.M., Yavapai County, Arizona, described as follows:

COMMENCING at the Southwest corner of said Section 33;

THENCE N. 00 03' 22" E. along the West line of said Section 33 a distance of 750.96 feet to the TRUE POINT OF BEGINNING;

THENCE continuing N. 00 03' 22" E. a distance of 3719.03 feet;

THENCE EAST a distance of 660.00 feet;

THENCE SOUTH a distance of 682.36 feet;

THENCE S. 50 01' 47" E. a distance of 1884.15 feet;

THENCE S. 09 55' 04" E. a distance of 1532.47 feet;

THENCE S. 45 23' 32" W. a distance of 139.68 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 547.96 feet for a central angle of 12 52' 55" for an arc length of 123.20 feet;

THENCE S. 32 30' 38" W. a distance of 130.40 feet to a PC of a curve to the right;

THENCE along said curve to the right having a radius of 311.48 feet for a central angle of 14 28' 02" for an arc length of 105.83 feet;

THENCE S. 51 58' 18" W. a distance of 57.32 feet to a PC of a curve to the left;

THENCE along said curve to the left having a radius of 261.48 feet for a central angle of 33 29' 57" for an arc length of 152.88 feet;

THENCE S. 18 28' 38" W. a distance of 98.99 feet to a POC of a curve to the left, the chord of which bears N. 71 20' 45" W.;

THENCE along said curve to the left having a radius of 5829.58 feet for a central angle of 00 44' 06" for an arc length 68.00 feet;

THENCE N. 18 28' 38" E. a distance of 98.76 feet to a PC of a curve to the right;

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BOOK 3478 PAGE 734

THENCE along said curve to the right having a radius of 329.46 feet for a central angle of 33 29' 54" for an arc length of 192.63 feet;

THENCE N. 51 58' 18" E. a distance of 22.59 feet to a POC of a curve to the left, the chord of which bears N. 78 9' 23" W.;

THENCE along said curve to the left having a radius of 6129.49 feet for a central angle of 14 53' 39" for an arc length of 1593.38 feet;

THENCE S. 00 00 44" W. a distance of 300.70 feet to a POC of a curve to the left, the chord of which bears N. 87 49' 59" W.;

THENCE along said curve to the left having a radius of 5829.58 feet for a central angle of 04 12' 35" for an arc length of 428.32 feet to the TRUE POINT OF BEGINNING;

CONTAINING .37.4/ Acres, more or less.

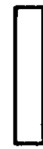


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3478 INC 735

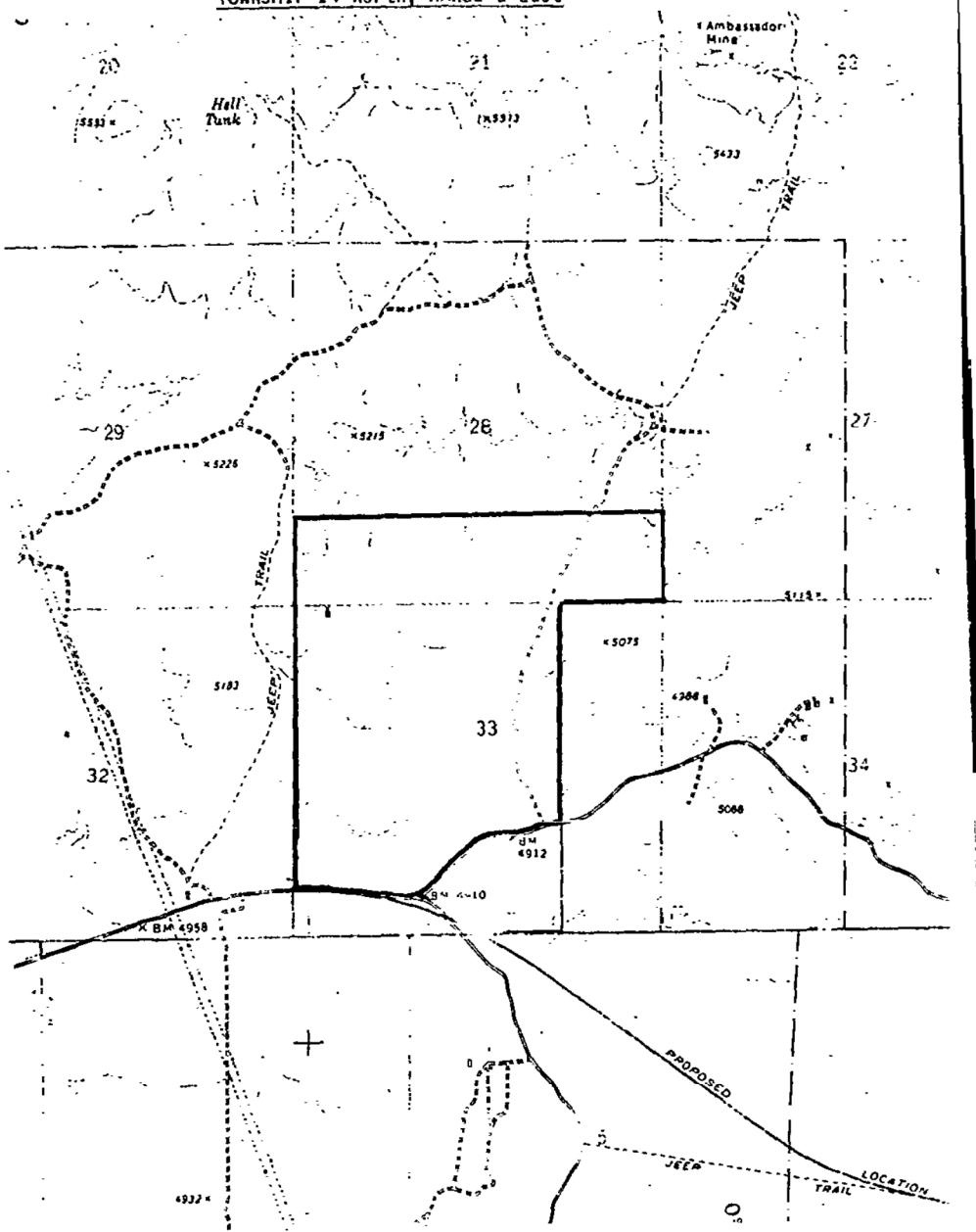
EXHIBIT 2  
MAP OF SUBJECT PROPERTY  
ELIGIBLE FOR WELL SHARES  
PURSUANT TO THIS DECLARATION

3478 PAGE 736



TOWNSHIP 14 North, RANGE 2 East

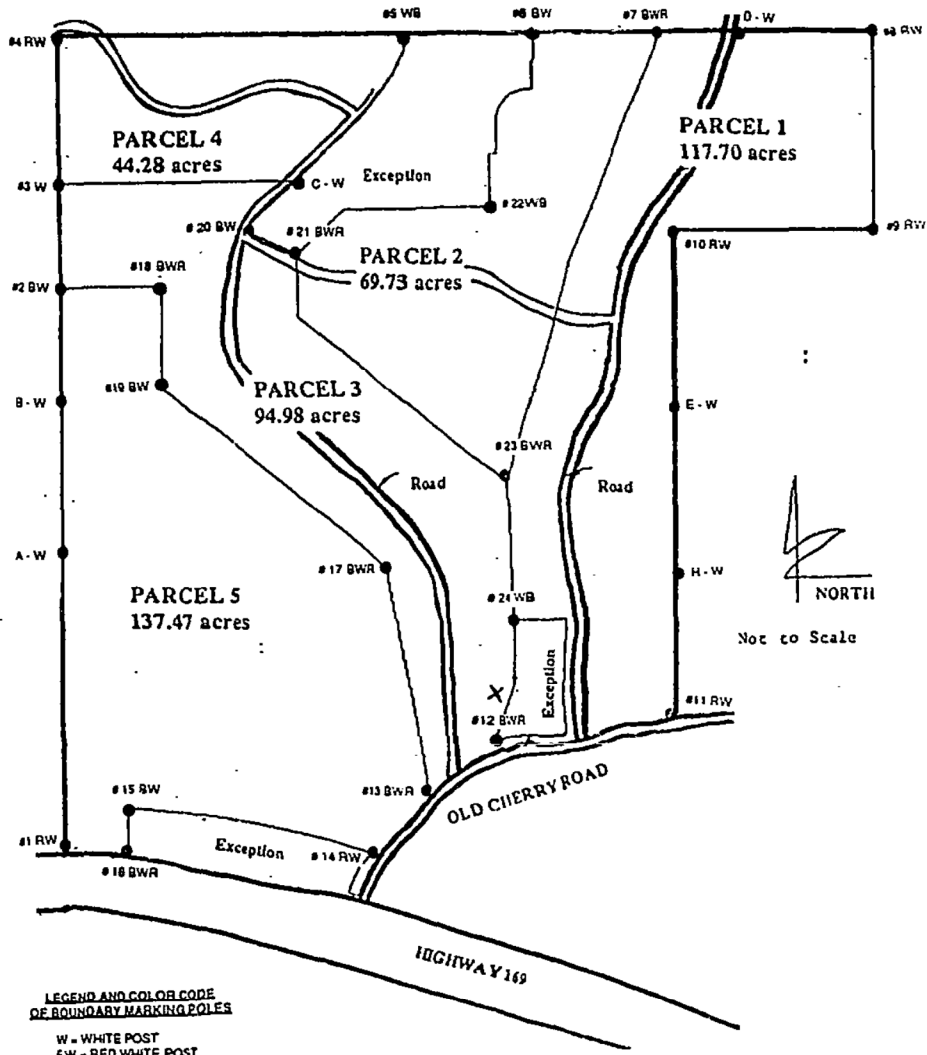
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3478 757

TOWNSHIP 14 North, RANGE 2 East

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**LEGEND AND COLOR CODE  
OF BOUNDARY MARKING POLES**

- W - WHITE POST
- R.W - RED WHITE POST
- BW - BLACK WHITE POST
- WB - WHITE BLUE POST
- BWR - BLACK WHITE RED POST

White Horse Ranch

Sec 3478 and 738

EXHIBIT 3  
LEGAL DESCRIPTION OF WELLS AND WELLSITES

3478 759

WELL NO. 1  
EASEMENT DESCRIPTION  
WELL SITE

THIS PAGE

Located within Section 33, T.14N., R.2E., G.S.R.M., Yavapai County, Arizona, described as follows:

A well site easement, being 30 feet by 30 feet square, the sides being North, South, East, and West, the center of which bears S. 61° 58' 37" E. a distance of 4191.69 feet from the Northwest corner of said Section 33;

TOGETHER WITH a 25 foot ingress, egress, public and private utilities easement being 12.5 feet on each side of the following described centerline;

BEGINNING at the said center of said well site easement;

THENCE N. 88° 25' 00" W. a distance of 262.67 feet to the centerline of an existing easement for ingress, egress, public and private utilities, as recorded in Book 1843, Page 298, V.C.R.O., and being the END of this centerline description.





WELL NO. 2  
EASEMENT DESCRIPTION  
WELL SITE

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WILL NOT REPRODUCE

Located within Section 33, T.14N., R.2E., G.&S.R.M., Yavapai County, Arizona, described as follows:

A well site easement, being 30 feet by 30 feet square, the sides being North, South, East, and West, the center of which bears S. 82° 34' 22" E. a distance of 3500.61 feet from the Northwest corner of said Section 33;

TOGETHER WITH a 25 foot ingress, egress, public and private utilities easement being 12.5 feet on each side of the following described centerline;

BEGINNING at the said center of said well site easement;

THENCE S. 69° 00' 04" W. a distance of 291.13 feet to the centerline of an existing easement for ingress, egress, public and private utilities, as recorded in Book 1843, Page 298, V.C.R.O., and being the END of this centerline description.



WELL NO. 3  
EASEMENT DESCRIPTION  
WELL SITE

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SHALL BE REPRODUCED

Located within Section 33, T.14N., R.2E., G.6S.R.M., Yavapai County, Arizona, described as follows:

A well site easement, being 30 feet by 30 feet square, the sides being North, South, East, and West, the center of which bears S. 88° 51' 27" E. a distance of 3243.13 feet from the Northwest corner of said Section 33;

TOGETHER WITH a 25 foot ingress, egress, public and private utilities easement being 12.5 feet on each side of the following described centerline:

BEGINNING at the said center of said well site easement;

THENCE S. 17° 18' 37" E. a distance of 321.87 feet;

THENCE S. 69° 00' 04" W. a distance of 291.13 feet to the centerline of an existing easement for ingress, egress, public and private utilities, as recorded in Book 1843, Page 298, Y.C.R.O., and being the END of this centerline description.



3478 INC 742

WELL NO. 4  
EASEMENT DESCRIPTION  
WELL SITE

Located within Section 33, T.14N., R.2E., G.&S.R.M., Yavapai County, Arizona, described as follows:

A well site easement, being 30 feet by 30 feet square, the sides being North, South, East, and West, the center of which bears S. 68° 13' 28" E. a distance of 966.47 feet from the North 1/4 corner of said Section 33;

TOGETHER WITH a 25 foot ingress, egress, public and private utilities easement being 12.5 feet on each side of the following described centerline;

BEGINNING at the said center of said well site easement;

THENCE S. 80° 16' 15" E. a distance of 65.00 feet to the centerline of an existing easement for ingress, egress, public and private utilities, as recorded in Book 1632, Page 772, V.C.R.O., and being the END of this centerline description.

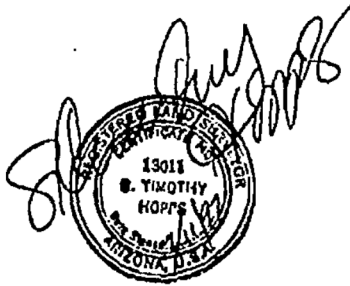


EXHIBIT 4  
PERSONAL PROPERTY AND IMPROVEMENTS  
LOCATED AT WELLSITES DESCRIBED ON EXHIBIT 3  
AS SHOWN ON WELL DRILLER REPORTS  
AND WELL LOGS

3478 int 744

ARIZONA DEPARTMENT OF WATER RESOURCES  
 500 North Third Street  
 Phoenix, Arizona 85004



WELL DRILLER REPORT

This report should be prepared by the driller in all detail and filed with the Department within 30 days following completion of the well.

1. C.E.T. INC.  
 2830 BECK DR  
 CHINO VALLEY AZ 86323
2. Owner Name: White Horse Ranch LLC  
 Address: 112 E Palm Ln Phoenix, AZ 85004 SM  
City State Zip
3. Location: 14 NYS 2 RW 93 4 SE 4 SE 4 SW  
Township Range Section 16-acre 60-acre 160-acre
4. Well Registration No. 55-558951 (Required)
5. Permit No. \_\_\_\_\_ (If issued)

DESCRIPTION OF WELL

6. Total depth of hole 300 ft.
7. Type of casing steel & PVC
8. Diameter and length of casing 7 in. from 1 to 20 4.5 in. from 1 to 300 9.  
 Method of sealing at reduction points \_\_\_\_\_
10. Perforated from 280 to 300 from 280 to 300 from \_\_\_\_\_ to \_\_\_\_\_ 11.  
 Size of cuts .033 Screen Number of cuts per foot \_\_\_\_\_ 12.  
 If screen was installed: Length \_\_\_\_\_ ft. Diam. \_\_\_\_\_ in. Type \_\_\_\_\_ 13.  
 Method of construction Drilled  
(Drilled, dug, driven, bored, jetted, etc)
14. Well started 9-9-96  
Month Day Year
15. Date completed 9-9-96  
Month Day Year
16. Depth to water \_\_\_\_\_ ft. (If flowing well, so state)
17. Describe point from which depth measurements were made, and give sea-level elevation if available \_\_\_\_\_
18. If flowing well, state method of flow regulation: \_\_\_\_\_
19. Remarks: approx 3-5 gpm  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

DWS-62-34-200 (Rev.)

DO NOT WRITE IN THIS SPACE  
OFFICE RECORD

Registration No. 55-89861  
 File No. A(14-333) CDD  
 Received \_\_\_\_\_ By \_\_\_\_\_  
 Entered \_\_\_\_\_ By \_\_\_\_\_

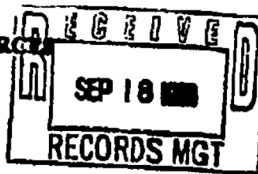
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3478 p. 745



ARIZONA DEPARTMENT OF WATER RESOURCES  
 500 North Third Street  
 Phoenix, Arizona 85004



WELL DRILLER REPORT

This report should be prepared by the driller in all detail and filed with the Department within 30 day following completion of the well.

1. C.B.T. INC.  
2830 BECK DR  
CHINO VALLEY AZ 86323
2. Owner Name: White Horse Ranch LLC  
Address: 118 E Palm Ln Phoenix AZ 85004  
City State Zip
3. Location: 14 2 33 SE NW SE  
Township Range Section 16-acre 60-acre 160-acre
4. Well Registration No. 55-558950 (Required)
5. Permit No. \_\_\_\_\_ (If issued)

DESCRIPTION OF WELL

6. Total depth of hole 202 ft.
7. Type of casing Steel pipe
8. Diameter and length of casing 7 in. from 1 to 20 5 in from 3 to 202 9.  
Method of sealing at reduction points \_\_\_\_\_
10. Perforated from 122 to 162 from 182 to 202 from \_\_\_\_\_ to \_\_\_\_\_ 11.  
Size of cuts 2 3/8 Screen Number of cuts per foot \_\_\_\_\_
- If screen was installed: Length \_\_\_\_\_ ft. Diam \_\_\_\_\_ in. Type \_\_\_\_\_ 12.  
Method of construction Drilled 13.  
(drilled, dug, driven, bored, jetted, etc)
14. Date started 9-5-96  
Month Day Year
15. Date completed 9-6-96  
Month Day Year
16. Depth to water 4 ft. (If flowing well, so state)
17. Describe point from which depth measurements were made, and give sea-level elevation if available \_\_\_\_\_
18. If flowing well, state method of flow regulation: \_\_\_\_\_

19. Remarks: 20 + 4 pm  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DO NOT WRITE IN THIS SPACE  
OFFICE RECORD

Registration No. 55-558950  
 File No. AD14-233 DED  
 Received \_\_\_\_\_ By \_\_\_\_\_  
 Entered \_\_\_\_\_ By \_\_\_\_\_

ENTERED SEP 19 1996

DWR-66-66-026 (Rev.)

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3478 747







WELL DRILLER REPORT

This report should be prepared by the driller in all detail and filed with the Department within 30 days following completion of the well.

- C.E.T. INC.  
2830 BECK DR  
CHINO VALLEY AZ 86323
- Owner Name: White Horse Ranch LLA  
Address: 119 E Palm Ln Phoenix, AZ 85004
- Location: 14 R1S 2 SW 33 W SE 4 NW 4 SE  
Township Range Section 10-acre 40-acre 160-acre
- Well Registration No. 55-5589 (Required)
- Permit No. \_\_\_\_\_ (If issued)

DESCRIPTION OF WELL

- Total depth of hole 365 ft.
- Type of casing Steel
- Diameter and length of casing 7 in. from 1 to 20 in from \_\_\_\_\_ to \_\_\_\_\_ 9.
- Method of sealing at reduction points \_\_\_\_\_
- Perforated from \_\_\_\_\_ to \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_ 11.
- Size of cuts \_\_\_\_\_ Number of cuts per foot \_\_\_\_\_ 12.
- If screen was installed: Length \_\_\_\_\_ ft. Diam \_\_\_\_\_ in. Type \_\_\_\_\_ 13.
- Method of construction Drilled  
(Drilled, dug, driven, bored, jetted, etc)
- Date started 9-3-96  
Month Day Year
- Date completed 9-4-96  
Month Day Year
- Depth to water W ft. (If flowing well, so state)
- Describe point from which depth measurements were made, and give sea-level elevation if available \_\_\_\_\_
- If flowing well, state method of flow regulation: \_\_\_\_\_

19. Remarks: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DO NOT WRITE IN THIS SPACE  
OFFICE RECORD  
Registration No. 55-5589  
File No. A(14-3)3 DED  
Received \_\_\_\_\_ By \_\_\_\_\_  
Entered SEP 19 1996

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3478 and 749





ARIZONA DEPARTMENT OF WATER RESOURCES  
300 North Third Street  
Phoenix, Arizona 85004

WELL DRILLER REPORT

This report should be prepared by the driller in all detail and filed with the Department within 30 days following completion of the well.

- 1. C.B.T. INC.  
2890 BECK DRIVE  
CHINO VALLEY AZ 86323
- 2. Owner Name: Cashewood Development LLC  
Address: 118 E Palm Ln Phoenix AZ 85004  
Street City State Zip
- 3. Location: 14 NW 2 QW 33 W SE W NW W SE  
Township Range Section 10-acre 40-acre 160-acre
- 4. Well Registration No. 55-558093 (Required)
- 5. Permit No. \_\_\_\_\_ (If issued)

DESCRIPTION OF WELL

- 6. Total depth of hole 265 ft.
- 7. Type of casing steel
- 8. Diameter and length of casing 7 in. from 1 to 20 in from \_\_\_\_\_ to \_\_\_\_\_
- 9. Method of sealing at reduction points \_\_\_\_\_
- 10. Performed from \_\_\_\_\_ to \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_
- 11. Size of cuts \_\_\_\_\_ Number of cuts per foot \_\_\_\_\_
- 12. If screen was installed: Length \_\_\_\_\_ ft. Diam \_\_\_\_\_ in. Type \_\_\_\_\_
- 13. Method of construction Drilled  
(drilled, dug, driven, bored, jetted, etc)
- 14. Date started 7-1-96  
Month Day Year
- 15. Date completed 7-2-96  
Month Day Year
- 16. Depth to water \_\_\_\_\_ ft. (If flowing well, so state)
- 17. Describe point from which depth measurements were made, and give sea-level elevation if available \_\_\_\_\_
- 18. If flowing well, state method of flow regulation: \_\_\_\_\_
- 19. Remarks: .5 gpm

DWR-01-05-108 (Rev.)

DO NOT WRITE IN THIS SPACE  
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Registration No. 55-558093  
File No. A(14-333) D&D  
Received \_\_\_\_\_ BY \_\_\_\_\_

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3478 751



EXHIBIT 5  
SURVEY MAP SHOWING LOCATION OF UTILITY EASEMENTS

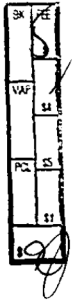
3478 753



Recorded at the Request of:

When Recorded, Mail to:

*YCTA*  
*Falder*



3099433 BK 3621 PG 542  
Yavapai County  
Patsy Jenney-Colon, Recorder  
12/03/1998 04:24P PAGE 1 OF 3  
YAVAPAI-COCONINO TITLE AGENCY  
RECORDING FEE 5.00  
SURCHARGE 4.00  
POSTAGE 0.00

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FIRST AMENDMENT TO COVENANTS, CONDITIONS AND  
RESTRICTIONS FOR WHITE HORSE RANCH

**First Amendment to  
Covenants, Conditions and Restrictions  
for  
White Horse Ranch**

The first amendment to Covenants, Conditions and Restrictions (CC & R's) for White Horse Ranch is made this 5 day of DECEMBER, 1998, by Yavapai Coconino Title Agency trustee for Trust No 361, an Arizona Corporation (the "Declarant").

On September 15, 1997, a Declaration of (CC & R's) for White Horse Ranch was recorded as Book 3478 page 701-754 in the records of Yavapai County, Arizona, imposing upon the real property described on Exhibit 1 to the Declaration the (CC & R's) set forth therein.

The declaration provides "that except as otherwise provided herein, the Declaration may only be amended in writing by an instrument executed and acknowledged by the owners of at least two-thirds (2/3) of the Parcels and recorded in the Office of Yavapai County Recorder". [pg 18, 7D.]

The Declarant represents more than two-thirds (2/3) of the Parcels owners, and desires to amend the Declaration in the manner hereinafter set forth.

Now, therefore, the Declaration is hereby amended as follows:

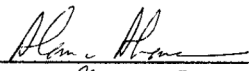
Section 2.  
"MOBILE HOME" is deleted.

Section 5. C. is amended to read as follows  
"Minimum Sizes and Roofs". Any single family residential structure or approved barn, shed or other improvement placed upon any Parcel shall be constructed from new material or its equivalent, and as may be approved by the Association. No reflective roofs shall be allowed. Any primary residential structure shall contain a minimum of one thousand one hundred seventy three square feet (1,173) square feet of living area and will be a minimum of twenty eight (28) feet wide and forty one (41) feet long, exclusive of the carport, garage, open porches and patios.

Section 5. D.  
"Mobile Home" is deleted and replaced with the following:  
D. Construction. Each single family residential structure not placed on a concrete slab will be skirted on all 4 sides below the graded surface of the Parcel.

**In Witness Whereof**, the Declarant has executed this Second Amendment on the day and year first above written.

Yavapai Coconino Title Agency trustee for Trust No 361

By:   
Its: Vice President

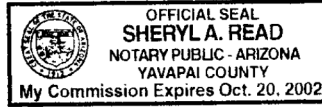
eS00ccr.wpd/1



State of Arizona )  
County of Yavapai ) ss.  
)

The foregoing instrument was acknowledged before me this 3  
day of December, 1998, by Alan C. Akore, the Trust Officer  
of Yavapai Coconino Title Agency trustee for Trust No 361, an Arizona  
Corporation, on behalf of the corporation.

  
Notary Public



at the request of YAVAPAI-COCONINO TITLE AGENCY, INC.  
when recorded mail to:  
White Horse Ranch Owners Assoc.  
P. O. Box 636  
Dewey, AZ 86327



3258844 BK 3754 PG 812  
Yavapai County  
Patsy Jenney-Colon, Recorder  
05/16/2000 11:02A PAGE 1 OF 2  
YAVAPAI-COCONINO TITLE AGENCY  
RECORDING FEE 5.00  
SURCHARGE 4.00  
POSTAGE 1.00

05990000-AWG

ACCOMMODATION

**CAPTION HEADING: SECOND AMENDMENT TO COVENANTS,  
CONDITIONS AND RESTRICTIONS FOR WHITE HORSE RANCH**

DO NOT REMOVE

THIS IS PART OF THE OFFICIAL DOCUMENT

(THIS FORM IS FOR RECORDER'S USE ONLY)

**Second Amendment to  
Covenants, Conditions and Restrictions  
for  
White Horse Ranch**

At the annual meeting of the White Horse Ranch Owners Association on April 1, 2000, quorum present and owners of at least two-thirds (2/3) of the Parcels voting, the (CC & R's) were amended for the second time as stated below.

On September 15, 1997, the original Declaration of (CC & R's) for White Horse Ranch was recorded as Book 3478 page 701-754 in the records of Yavapai County, Arizona, imposing upon the real property described on Exhibit 1 to the Declaration the (CC & R's) set forth therein.

On December 12, 1998 the First Amendment of the original Declaration of (CC & R's) of White Horse Ranch was recorded as Book 3621 page 542 in the records of Yavapai County, Arizona.

Now, therefore, the members of the White Horse Ranch Owners Association amend the (CC & R's) as follows.

**Section 6., H. Hookup Fee: The fee is changed from \$5,000.00 to \$6,900.00 effective June 1, 2000.**

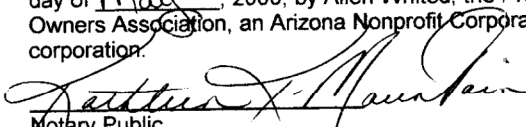
In Witness Whereof, the President of White Horse Owners Association has executed this Second Amendment on the day and year first above written.

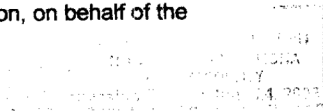
White Horse Ranch Owners Association

By:   
Allen Whited - President

State of Arizona            )  
  ) ss.  
County of Yavapai         )

The foregoing instrument was acknowledged before me this 15 day of May, 2000, by Allen Whited, the President of White Horse Ranch Owners Association, an Arizona Nonprofit Corporation, on behalf of the corporation.

  
Notary Public



**SEAL**