

When recorded mail to:
Ruger Ranch Property Owners Association
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**AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
RUGER RANCH, PHASE 1**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS RUGER RANCH, PHASE 1 (the “Amended and Restated Declaration”) is made effective as of the date of its recording in the official records of Yavapai County, Arizona.

RECITALS

WHEREAS, on November 12, 2003, Transnation Title Insurance Company, as Trustee under Trust No. 7384 (the “Trust”) and Arizona Land & Ranches, Inc. (the “Developer”) recorded the Declaration of Covenants, Conditions and Restrictions Ruger Ranch (the “Original Declaration”), as Instrument #3653592, in Book 4093, at Page 472, of the Official Records of the County Recorder of Yavapai County, Arizona, which imposed certain covenants, conditions and restrictions on the real property located in Yavapai County, Arizona known as Ruger Ranch Phase 1, Lots 1 – 49, inclusive, located in portions of Sections 30, 31 and 32 in Township 13 North, Range 4 West; Section 6, Township 12 North, Range 4 West; Section 1, Township 12 North, Range 5 West, and Sections 25 and 36 in Township 13 North, Range 5 West, of the Gila and Salt River Base and Meridian, Yavapai County Arizona, as recorded in Book 92, at Page 72 in the Official Records of the Yavapai County, Arizona Recorder’s Office (the “Property”).

WHEREAS, on May 13, 2004, the Developer recorded the First Amendment to the Declaration of Covenants, Conditions and Restrictions Ruger Ranch (the “First Amendment”), as Instrument #3717279, in Book 4146, at Page 855, of the Official Records of the County Recorder of Yavapai County, Arizona.

WHEREAS, on May 18, 2007, the Ruger Ranch Property Owners Association (the “Association”) recorded the Second Amendment to the Declaration of Covenants, Conditions and Restrictions Ruger Ranch (the “Second Amendment”), as Instrument #4138582, in Book 4508, at Page 68, of the Official Records of the County Recorder of Yavapai County, Arizona.

WHEREAS, on December 19, 2012, the Association recorded the Third Amendment to the Declaration of Covenants, Conditions and Restrictions Ruger Ranch (the “Third Amendment”), as Instrument #2012-0072813, in Book 4926, at Page 540, of the Official Records of the County Recorder of Yavapai County, Arizona. The Third Amendment was re-recorded, as Instrument #2013-0007058, in Book 4935, at Page 842, of the Official Records of the County Recorder of

Yavapai County, Arizona.

WHEREAS, the Original Declaration as amended by the First Amendment, the Second Amendment and the Third Amendment is hereinafter referred to as the “Declaration.” Except as otherwise specifically defined herein, the capitalized terms used in these Recitals have the meanings as defined in the Declaration.

WHEREAS, pursuant to Section 7.4 of Article 7 of the Declaration, the Declaration may be amended by an instrument approved by at least two-thirds (2/3) of the votes cast by the Members voting in person or by absentee ballot at a meeting at which a fifty percent (50%) quorum is present based upon the number of votes that may be cast by all of the Members. More than fifteen years have run since the Transition and there is no Lessee as the Association holds the grazing rights as to the Property.

WHEREAS, at a duly called and held annual meeting of the Members of the Association held March 26, 2022, at which at least a fifty percent (50%) quorum of the Members based upon the number of votes that may be cast by all of the Members was present in person or by absentee ballot, at least two-thirds (2/3) of the votes cast by the Members voting in person or by absentee ballot at a meeting voted to approve this Amended and Restated Declaration pursuant to Section 7.4 of Article 7 of the Declaration and A.R.S. 33-1817(A)(1).

NOW THEREFORE, the Declaration is hereby amended and restated to provide as follows:

This Declaration is being recorded to establish a general plan for the development, sale, lease and use of the Ruger Ranch (the “Property”) in order to protect and enhance the value and desirability of the Property. All of the Property shall be held, sold and conveyed subject to this Declaration. By acceptance of a deed or by acquiring any interest in any of the Property subject to this Declaration, each person or entity, for him/herself or itself, his/her heirs, personal representatives, successors, transferees and assigns, binds him/herself, his/her heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules, and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the development, sale, lease and use of the Property and hereby evidences his/her interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future owners, grantees, purchasers, assignees, lessees and transferees thereof. Furthermore, each such person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the Association and all Owners. The Owners, their successors, assigns and grantees, covenant and agree that the Parcels and the membership in the Association and other rights created by this Declaration shall not be separated or separately conveyed, and each membership shall be deemed to be conveyed or encumbered with its respective Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the Parcel.

AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
RUGER RANCH, PHASE 1

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1. DEFINITIONS

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

- 1.1 **“Act”** means the Arizona Nonprofit Corporation Act, A.R.S. §§ 10-3101 through 1-11702.
- 1.2 **“Architectural Guidelines”** means any additional guidelines for the construction of any structure or improvement on the Property set forth by the Architectural Review Committee in addition to those set forth in this Declaration.
- 1.3 **“Architectural Review Committee”** means the committee appointed by the Association’s board of directors, whose purpose is to review the plans for all buildings, walls, fences or other structures prior to construction.
- 1.4 **“Association”** means the Ruger Ranch Property Owners Association, an Arizona nonprofit corporation, as referred to in Section 2 of this Declaration.
- 1.5 **“Association Governing Documents”** means this Declaration and any amendments thereto, the Articles of Incorporation and By-Laws of the Association, any rules and regulations of the Association, and all such other documents as pertain to the Project.
- 1.6 **“Board”** means the board of directors of the Association.
- 1.7 **“Common Areas”** means all real property, along with any amenities, improvements or facilities located thereon, that are owned, leased or granted to the Association for the common use and enjoyment its Members (the Owners). Common Areas may include, but are not limited to, interior roadways, easements, stables, wells, or any other areas or facilities designated by Declarant to be Common Area and granted to the Association herein or on the recorded Results of Survey of the Ruger Ranch Development.
- 1.8 **“Declarant”** means Transnation Title Insurance Company, an Arizona corporation, as Trustee, Trust No. 7384, the owner of record of the Property, acting on behalf of Arizona Land and Ranches, Inc., an Arizona corporation, as Developer and beneficiary of the Trust. The rights and responsibilities of Declarant hereunder shall be exercised and carried out by Arizona Land and Ranches, Inc.
- 1.9 **“Declaration”** means this Amended and Restated Declaration of Covenants, Conditions and Restrictions.
- 1.10 **“Developer”** means Arizona Land & Ranches, Inc., an Arizona corporation.
- 1.11 **“First Deed of Trust”** means any deed of trust or realty mortgage, or agreement for sale 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 deed of trust or realty mortgage.

1.12 “Member” means the Owner of record of any Parcel located within the Project as a member of the Association.

1.13 “Owner” shall mean and refer to the owner of record, 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 that hold an interest in any Parcel solely as security for the performance of an obligation.

1.14 “Original Parcel” means each of Parcels 1 through 49, inclusive, as shown on the Results of Survey.

1.15 “Parcel” or “Parcels” means an Original Parcel and any Resulting Parcels created by the division of an Original Parcel as allowed by law, either individually or collectively, as the case may be.

1.16 “Property” or “Project” means the real property described on Exhibit "A", attached to this Declaration, together with all improvements located thereon. The Property is comprised of the "Ruger Ranch" development as shown on the Results of Survey of the development.

1.17 “Regular Assessment” means the regular annual assessments assessed by the Association pursuant to Section 2.8 of this Declaration.

1.18 “Resulting Parcel” means a Parcel that results from the legal division of an Original Parcel.

1.19 “Results of Survey” means the Results of Survey of Ruger Ranch Phase 1 recorded in Book 92 of Maps, at Pages 72 through 75, inclusive, of the records of the Yavapai County, Arizona Recorder’s Office as amended from time to time.

1.20 “Special Assessment” means the special assessments assessed by the Association pursuant to Section 2.9 of this Declaration.

1.21 “Trust” means Trust No. 7384 in the records of Transnation Title Company and any comparable trust in the records of any successors trustee if Transnation Title Company is replaced by trustee.

2. PROPERTY OWNERS ASSOCIATION.

2.1 Purpose: The Property shall be subject to the Association. The purpose of the Association is: (1) To maintain, repair and improve; (a) the common roadways (including snow

removal), gates, fences and roadway drainage facilities located on or within the Property; (b) any wells, pumps, and their appurtenances designated by Declarant as Common Area; and (c) any other Common Areas benefiting the Property and designated by Declarant for maintenance by the Association. (2) At its option, to maintain, repair and improve roadways on land not within the Property that lie within public or private easements, but only if such roadways provide access to the Property from highways and roads maintained by public funds. Nothing stated in subpart 2.1(2) shall be construed to require the Association to maintain the roadways described in such subpart. (3) To enforce the provisions set forth in this Declaration.

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

2.3 Voting: Subject to the provisions of the Declaration and the Bylaws, each Owner of an Original Parcel who purchased an Original Parcel from the Developer shall be entitled to two (2) votes for each such Original Parcel owned by such Member. If an Original Parcel is legally subdivided into two Resulting Parcels, the two (2) votes allocated to the Original Parcel shall be reallocated to the two Resulting Parcels such that one (1) vote is allocated to each Resulting Parcel. Any Resulting shall be considered a separate Parcel subject to separate assessment and entitled to a separate vote in the Association. When more than one person is the Owner of any Parcel, all such persons shall be Members. The vote or votes attributable to each Parcel must be cast as a whole; fractional votes shall not be allowed. In the event that a Parcel is owned by two (2) or more Persons, the joint or common owners shall designate to the Association in writing one of their number who shall have the right to cast votes with respect to such Parcel. If multiple Persons own a Parcel and are unable to agree upon how their vote shall be cast, they shall lose their right to vote on the matter in question. If any Member casts a vote representing a certain Parcel, it will thereafter be conclusively presumed that he was acting with the authority and consent of all other owners of the same Parcel unless objection thereto is made at the time the vote is cast. Unless otherwise specifically provided herein or in the Bylaws, all Association matters requiring a vote of the Members shall be determined by a majority vote (i.e., a majority of the votes cast) so long as the quorum requirements are met. If more than one party is the Owner of a Parcel, there must be unanimous agreement among those who own an interest in such Parcel, otherwise the vote(s) attributable to that Parcel shall not be counted.

- 2.4 Quorum Requirement:** Unless otherwise stated herein or in the Association's Bylaws, the presence, in person or by an absentee ballot, at a properly noticed meeting, of Members entitled to cast twenty-five percent (25%) of the votes which may be cast at the meeting shall constitute a quorum at all meetings of the Members.
- 2.5 Management of the Association:** The Members shall elect the Board annually in accordance with the Bylaws. Unless otherwise stated herein or in the Bylaws, and with the exception of those matters requiring a vote of the Members, the Board and such officers as the Board may elect or appoint officers in accordance with the Articles and Bylaws (as they may be amended from time to time), shall conduct all affairs of and exercise the powers of the Association.
- 2.6 Powers to Conduct Business:** The Association shall have the power to borrow and encumber its assets and, in all respects, shall have the powers set forth herein, in the Bylaws, and in A.R.S. § 10-3302 Of the Arizona Nonprofit Corporation Act (the "Act") including the power to enter into contracts with third parties to perform all or part of its functions, and to hire its own employees to do so. The Association shall have the power to obtain appropriate insurance, to create reserves, to issue rules and regulations pertaining to the Common Area, and to establish Architectural Guidelines in addition to the provisions in this Declaration.
- 2.7 Estimated Costs:** The Board, on an annual basis, shall make a determination of the estimated costs of insurance, operating costs and the repair and maintenance of roadways easements and any other designated Common Areas shown on the Results of Survey or otherwise so designated, including any reserves necessary for future capital expenditures and maintenance. The Board shall furthermore allocate the estimated costs for such insurance, operating costs maintenance and repairs to be included under Regular Assessments. The Board shall prepare an annual budget and also and annual accounting of monies received in disbursed in accordance with the Bylaws.
- 2.8 Regular Assessments:** Each Owner shall pay Regular Assessments to the Association for use in performing its obligations under Section 2.1 of this Declaration, including for normal maintenance, repair, management and reserves for the Common Areas, along with insurance and all other operating costs for the Association. Such assessments shall be charged to each Member on a uniform flat-fee basis per Parcel owned. The assessments may be collected on a monthly, quarterly, or annual basis, or any combination of same as determined from time to time by the Board. The Board shall establish the amount of the regular assessments for the upcoming fiscal year at least thirty (30) days prior to the end of the existing fiscal year. Written notice of the Regular Assessments shall be sent to every Owner at least sixty (60) day prior to the due date established by the Board. The regular assessment for fiscal 2022 shall be \$300.00 per Parcel annually. A late fee equal to the greater of (i) \$15.00 or (ii) ten percent (10%) of the unpaid amount of the Regular Assessment shall be paid by each Owner for Regular Assessment payments not received by the Association by the due date thereof.

2.9 Special Assessments: In addition to Regular Assessments, the Association may establish or levy Special Assessments. The Board may levy a Special Assessment against the Owner of a Parcel to cover the cost of bringing the Parcel (or its Owner or lessee) into compliance with the requirements of this Declaration, the Bylaws, the Articles or rules and regulations established by the Association. The Association may also establish a Special Assessment for the construction, repair, reconstruction, or replacement of a capital improvement of the Common Area or for any other lawful Association purpose or expense, however, any Special Assessment established for the purpose of such capital expenditures must be approved by at least two-thirds (2/3) of the votes cast by the Members voting in person or by absentee ballot at a meeting at which a fifty percent (50%) quorum is present based upon the number of votes that may be cast by all of the Members. . Special Assessments established for the purpose of such capital expenditures shall be allocated and charged to each Owner on a uniform flat-fee basis per Parcel owned and shall be due on a monthly, quarterly, or annual basis, or any combination of same as determined by the Board. A late fee equal to the greater of (i) \$15.00 or (ii) ten percent (10%) of the unpaid amount of the Special Assessment shall be paid by each Owner for Special Assessment payments not received by the Association by the due date thereof.

2.10 Proration of Assessments: All Owners owning a Parcel for less than an entire calendar year shall be obligated for a pro rata portion of the Regular Assessment and any Special Assessment for such year based upon the date of the recording of the deed transferring title to the transferee.

2.11 Assessment Liens: For each Parcel, the applicable Regular Assessments and any Special Assessments, late payment penalties and charges, if any, together with interest, (all as set by the Association), costs and reasonable attorney's fees, shall constitute a lien on the Parcel. Each Owner shall be personally responsible for his or her share of the assessments imposed by the Association. This personal obligation for delinquent assessments shall not pass to the Owner's successor; provided however, the obligation to pay the same shall be a continuing lien on the applicable Parcel. The assessment lien shall be subordinate to the lien of any first mortgage, or first deed of trust under which the beneficiary is a lender who has loaned funds with the Parcel as security and whose lien is the first priority lien on the Parcel, or held by the lender's successors or assigns, and shall also be subject and subordinate to liens or taxes and other public charges which by applicable law are expressly made superior. Subject to the following sentence, any sale or transfer of a Parcel shall not affect the assessment lien. However, the sale or transfer of any Parcel pursuant to judicial or non-judicial foreclosure by the first mortgagee, or any proceeding in lieu thereof, shall extinguish the assessment lien with respect to payments which became due prior to the date of such sale or transfer, but any assessment or other charges against the Parcel which accrued prior to such sale or transfer shall remain the obligation of the Owner of the Parcel at the time when such assessments and charges became due and payable. No sale or transfer by the first mortgagee shall relieve such Parcel from liability for any assessment thereafter becoming due or from the assessment lien therefor. The Association lien may be foreclosed by the Association in a like manner as a foreclosure of a real property deed of trust or realty mortgage. The Association shall have the power to bid on the Parcel at a foreclosure sale, and acquire, hold, lease, encumber and convey the 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 the same

2.12 Maintenance/Management/Repairs of the Common Area: The Association shall take necessary and appropriate action for the maintenance, repair, replacement, and management of the facilities described in Subsection 2.1(1) of this Declaration, and shall have the right to enter upon a Parcel, if reasonably necessary, in order to take such action. The Association may take such action as the Board deems appropriate to maintain, repair or manage the facilities referred to in Subsection 2.1(2) of this Declaration.

2.13 Notice of Noncompliance: In the event the Board determines that any Owner has not complied with the provisions of this Declaration or of the rules and regulations adopted by the Board, the Board may, at its option, give written notice to the Owner of the conditions constituting the violation. The Owner shall correct the violation within fifteen (15) days after the date of the notice from the Association or, if the violation is not readily correctable within fifteen (15) days after the date of the notice from the Association, the Owner shall submit corrective plans proposing its remedy to the violation with fifteen (15) days after the date of the notice from the Association. The Association shall approve or disapprove any plans submitted by the Owner and set forth a reasonable time for correction of the violation. In the event such violation is not corrected according to the approved plans, within the allotted time, the Association shall have the right, but not the obligation, to undertake to remedy such violation. The cost of doing so shall be levied as a Special Assessment to such Owner, shall be secured by the assessment lien and shall be enforceable by the Association in the same manner any other unpaid assessment. The Association is hereby granted the right of entry on the affected Parcel to so correct the violation.

2.14 Legal Costs: The Board may cause a lawsuit to be commenced and maintained in the name of the Association against an Owner to enforce the payment of any delinquent assessment or to enforce any other provision of this Declaration. Any judgment rendered in any such action shall include the amount of the delinquency, interest at the rate of twelve percent (12%) per annum from the date of delinquency, the amount of damages proven, court fees, and reasonable attorneys' fees which are incurred by the Association as fixed by the court.

3. ARCHITECTURAL AND DESIGN CONTROL

3.1 Plan Approval of Improvements and Alterations. No improvement, addition, alternation, repair, excavation or other work which in any way alters the exterior appearance of any improvement or any portion of any Parcel from its natural or improved state and no building, fence, wall, drive approach or other structure shall be commenced, erected, maintained, improved, altered, made or done until the plans and specifications for the same in all construction details, including shape, height, material, floor plans, colors and location, have been submitted to and approved of in writing by the Architectural Review Committee. The Architectural Review Committee shall have the right to take into consideration the buildability of the proposed improvements, materials to be used, the

harmony thereof with the surroundings and any other factors as may be deemed relevant by the Architectural Review Committee, and to refuse to approve any plans or specifications, whether for new construction or for subsequent alteration or repair of existing improvements, which are not suitable or desirable, in its sole and absolute opinion, for aesthetic or other reasons. No changes or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Review Committee. All decisions of the Architectural Review Committee shall be final and no Owner or other party shall have recourse against the Architectural Review Committee or its members for its refusal to approve any such plans and specifications.

- 3.2 Establishment of Committee.** The right to approve or disapprove plans and specifications for improvements on the Property shall be vested in an Architectural Review Committee consisting of at least three (3) members who shall be appointed from time to time by the Association's Board of Directors. The Chair of the Architectural Review Committee shall be a member of the Board of Directors. The members of the Architectural Review Committee need not be architects, owners or occupants of the Property, and do not need to possess any special qualifications. Architectural Review Committee members shall serve for a term of one (1) year and may be reappointed or reelected; provided that such members may be removed by the Board at any time during their term of office, with or without cause. Upon removal of a member of the Architectural Review Committee, the Board shall appoint a replacement member as soon as possible.
- 3.3 Meetings.** The Architectural Review Committee shall meet as often as determined appropriate by the members of the Architectural Review Committee. A quorum for such meetings shall consist of a majority of the members of the Architectural Review Committee, and the affirmative vote of a majority of the members of the Architectural Review Committee shall be necessary for any decision of the Architectural Review Committee. The Architectural Review Committee shall keep and maintain a record of all actions taken at its meetings.
- 3.4 Architectural Standards and Committee Procedures.** The Architectural Review Committee may promulgate written architectural standards and procedures to be followed by Owners in preparing and submitting plans and specifications and which will be used by the Architectural Review Committee in reviewing plans and specifications for proposed improvements, in rendering its decisions and otherwise performing its functions under this Declaration. The standards and procedures adopted from time to time by the Architectural Review Committee must be approved by the Board prior to their implementation and once approved by the Board shall be effective as Association rules. The decision of the Architectural Review Committee shall be final on all matters submitted to it pursuant to this Declaration. The architectural standards and procedures shall not be inconsistent with the terms of this Declaration and if there are any inconsistencies, the provisions of this Declaration shall control.
- 3.5 Fee.** The Architectural Review Committee may charge a reasonable processing fee to defray its costs in considering any requests for approvals submitted to it. The fee shall be paid at the time the request for approval is submitted.

3.6 Compensation; Delegations. Unless authorized by the Board, the members of the Architectural Review Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement (by the applicable Owners) for reasonable expenses incurred by them in connection with the performance of any Architectural Review Committee function or duty. Professional consultants retained by the Architectural Review Committee shall be paid such compensation as the Architectural Review Committee determines which amount shall be reimbursed by the applicable Owner within ten (10) days of the Association's demand for such reimbursement. The Architectural Review Committee may delegate its plan review responsibilities, except final plan approval, to one or more of its members or to architectural consultants which it retains.

3.7 Non-Liability. None of the Association, the Board members, any member of the Architectural Review Committee, or any agent, employee or other party providing architectural consulting services to the Architectural Review Committee shall be liable in damages to anyone submitting plans to it for approval or to any Owner or other person by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any plans submitted to the Architectural Review Committee, and each Owner or other person submitting plans agrees, by submission of such plans and specifications, that he will not bring any action or suit against the Association, the Board members, or the members of the Architectural Review Committee, or their agents or employees, or parties providing architectural consulting services to the Architectural Review Committee, to recover damages as above described, including, without limitation, to recover damages arising out of or in connection with flooding, natural disaster or soil conditions. Approval by the Architectural Review Committee shall not be deemed to be a representation or warranty that the Owner's plans and specifications or the actual construction of improvements are free from defects (design, construction or otherwise) or are free from hazards, such as flooding, natural disaster or adverse soil conditions or comply with applicable governmental ordinances or regulations, including, but not limited to, rezoning ordinances and local building codes. It shall be the sole responsibility of the Owner or other person submitting plans to the Architectural Review Committee or performing any construction, to comply with all such ordinances, regulations and codes. Each Owner understands that due to the location and condition of the Owner's Parcel there may be certain inherent risks including, but not limited to, those related to flooding, soil conditions or natural disaster and agrees for himself, his family, guests and invitees (the "Releasing Parties") to release the Association, the Board members, the members of the Architectural Review Committee, their agents, employees and parties providing architectural consulting services to the Architectural Review Committee from any and all liability arising from any damage or injury to the Person or property of the Releasing Parties rising out of or in connection with such hazards.

3.8 Variances. Without obligation to approve or disapprove prior or subsequent modifications, whether similar or dissimilar, the Architectural Review Committee, with the approval of a majority of the Board, may permit such variances or exceptions to the requirements of this Declaration and any Architectural Review Committee guidelines with respect to proposed improvements as the Architectural Review Committee and the Board

deem appropriate; provided that any such variance shall not result in a violation of the applicable Yavapai County building codes or ordinances. The granting or denial of a variance shall not constitute a precedent for the granting or denial of any prior or subsequent variance.

4. GENERAL RESTRICTIONS APPLICABLE TO ALL PARCELS

4.1 Use Restrictions: All Parcels shall be used for residential purposes only provided, however, livestock, poultry and domestic animals may be kept pursuant to the provisions in section 6.12. Notwithstanding anything contained in this Paragraph this restriction shall not prohibit home offices in a residential property where business is conducted through telephone, computer, or other electronic means and where the business is not apparent from the exterior of the residence; does not create noise or congestion from traffic or parking; and preserves the residential nature of the Property. All uses shall be in compliance with Yavapai County zoning regulations and permitted uses.

4.2 Structures: Not more than (1) single family detached residential structure and one (1) guest house, along with customary outbuilding, such as, a garage, barn, stable, tack-room, and equipment room shall be permitted on each Parcel. Under no circumstances shall any Parcel contain more than two (2) living quarters consisting of 1) a primary residence and 2) guest quarters. Guest quarters shall consist of; 1) a guest house; or 2) living quarters contained within a barn. Guest quarters shall be subject to the restrictions contained in paragraph 4.3 below.

4.2.1 The customary outbuildings such as barns, stables, tack-rooms, sheds, and equipment rooms must complement each other and the main residence in design and color, and can be constructed of metal, wood, or any other material approved by the Architectural Review Committee.

4.2.2 Structures may be subject to Yavapai County codes, regulations and building permits, the compliance of which shall be the Owner's responsibility.

4.2.3 No grading, excavation or leveling of a Parcel or construction of a structure, (including substantial alterations of existing structures) shall be commenced, erected, installed or maintained until the following have been submitted to and approved by the Architectural Review Committee; plot plan, floor plan, front, back and side elevations, samples of all siding and roofing materials and the colors to be used.

4.2.4 No reflective roofing shall be allowed.

4.2.5 Corrals and pens shall be built and maintained in an attractive and workmanlike manner and maintained in such sanitary manner so as not to be considered a nuisance. Exterior construction of each structure (other than residences) shall be completed within six (6) months from commencement. The Architectural Review Committee may approve an alternative time-bound project plan in cases when construction will take longer than six (6) months. Residence structures shall be completed as stated in paragraph 4.3 below.

4.2.6 Subject to the following proviso, construction of guest quarters may not commence prior to completion of the construction of the primary residence; provided that the ARC may in its discretion approve the construction of guest quarters concurrently with the construction of the primary residence.

- 4.2.7 No structure including but not limited to barns and windmills shall exceed two (2) stories or thirty feet (30') in height unless written approval has been given by the Architectural Review Committee.
- 4.2.8 The square footage for guest houses shall be approved by the Architectural Review Committee.
- 4.2.9 Construction of a storage shed for the purpose of storing materials for the construction of a primary residence, may commence prior to commencement of construction of a primary residence provided such construction meets all other requirements of this Declaration and that both a permit from Yavapai County has been issued, if required by Yavapai County Planning and Zoning Ordinance, and the construction permit for the primary residence has also been issued and both primary residence and storage shed construction have been approved by the Architectural Review Committee.
- 4.2.10 If construction of the primary residence on a Parcel in accordance with this Declaration does not begin within three (3) months of completion of the exterior of the storage shed, the storage shed must be demolished and the site cleared at the Parcel Owner's expense. Failure by the Owner of the Parcel to demolish and clear the Property will be a violation subject to 2.13 Notice of Noncompliance and 2.9 Special Assessments in this Declaration.

4.3 Primary Residences and Guest Houses: All residential structures shall be newly and permanently constructed for year-round living and must meet Yavapai County's minimum standards for single-family dwelling construction. Plans shall be subject to approval, in writing, by the Architectural Review Committee prior to the commencement of construction.

- 4.3.1 No mobile, modular, manufactured or pre-constructed home may be moved onto the Property.
- 4.3.2 All residences shall be constructed on-site and shall be of conventional construction.
- 4.3.3 No structure, including but not limited to dwellings, shall exceed two (2) stories in height.
- 4.3.4 Residential structures shall contain a minimum of 1,800 square feet of living area, exclusive of the garage, carport, open porches, and patios. Residential structures shall contain a minimum of 1800 SF.
- 4.3.5 The exterior of all residential structures shall be of materials approved by the Architectural Review Committee.
- 4.3.6 No dwelling or other improvement shall be occupied until fully completed as approved by the Architectural Review Committee.
- 4.3.7 Exterior construction of any residence shall commence within one hundred eighty days (180) of the date of the approval of the plans by the Architectural Review Committee and shall be completed within one (1) year from commencement of construction. The Architectural Review Committee may approve an extension of such commencement or completion deadlines for just cause shown.

4.4 Vehicles and Temporary Structures: Motor homes, travel trailers and recreational vehicles may not be parked or used on a Parcel for more than seven (7) cumulative days per month. All structures must be fully self-contained. No temporary structure may be used as a residence or guest house; provided that, one travel trailer/motor home shall be allowed on the Parcel as temporary dwelling for the Parcel Owners during construction of

the primary residence provided Yavapai County permit for construction of the primary residence and for the temporary dwelling are both active and the temporary dwelling is approved by the Architectural Review Committee prior to being placed on the Parcel.

- 4.5 Location of Structures:** All structures are to be erected or placed no closer to Parcel boundary lines than 100 feet unless approved, in writing, by the Architectural Review Committee. Fences are not considered “structures.” The set-back lines and all other restrictions contained herein are in addition to zoning and other land use regulations established by governmental authorities and the more restrictive restriction shall apply.
- 4.6 Utility Lines:** All utility lines running to any residence, outbuilding, machinery, pump, etc. on a Parcel must be placed underground beginning at the point where it enters the Parcel unless prior written approval is received from the Architectural Review Committee to allow lines to be constructed above ground due to topographic or surface constraints.
- 4.7 Storage, Parking and Repairs:** No campers, camping trailers, boats, boat trailers, travel trailers, motor homes or unlicensed or unregistered motor vehicles may be stored on any Parcel unless stored in a garage or outbuilding that has been approved by the Architectural Review Committee.
- 4.8 Antennas and Generators:** The placement location of power generators must have approval from the Architectural Review Committee prior to installation and must not be installed in such a way as to disturb the Owners and residents of adjacent Parcels. If there is a dispute over the placement, the Architectural Review Committee shall have the final decision on what effect the placement has on adjacent Parcel Owners. Subject to and except as may be otherwise permitted by federal law or federal agency rule or regulation, only antennas for reception of television and radio signals or transmission and reception of microwave signals or RF signals for the purpose of wireless internet service may be placed or maintained upon any Lot. Satellite dishes may not exceed 1 meter, (39.37”) in diameter, and exterior TV antennas for the purpose of receiving local channels may not have a mast height that exceeds 12’ above the roofline. Where permitted by federal law or federal agency rule or regulation, all exterior antennas must be located in unobtrusive locations.
- 4.9 Off-Road Vehicles:** All vehicles, engines or motors operated on the Property must be operated with a muffler and/or spark arrestor. No off-road vehicles such as motorbikes, motorcycles, ATV’s, snow mobiles or any other motorized vehicle may be operated on the Property except on roadway easements. The Property may not be used as a site for any motor-cross track, racing areas, or any other structured motor-cross activities. The Property (including roadways) may not be used for competitive off-road races or any other structured activity of this nature. Any off-road vehicles operated on roadways must be operated in such a way so as not to create a hazard or a nuisance.
- 4.10 Water and Individual Sewage Systems:** All residences on the Property must contain an individual sewage system that has been constructed to Yavapai County Health Department standards. All required permits must be obtained prior to the installation thereof. No such

systems may be installed within 100 feet of any Parcel boundary line without prior approval of the Architectural Review Committee. All sewage systems shall be maintained so as not to disturb surrounding Owners with offensive odors or sights and located so as to minimize grading and disturbance to existing vegetation. Any individual domestic wells on a Parcel must be installed in compliance with the rules and regulations of the Arizona Department of Water Resources and any applicable local regulatory authorities.

4.11 Drainage Easements: The Property is hereby subjected to drainage easements for drainage of storm water runoff. No person shall be entitled to alter the existing drainage patterns on any portion of the Property or materially relocate existing drainage locations, without the written consent of the Board and all Owners of other Parcels that would be materially affected by the alteration in any way.

4.12 Livestock, Poultry and Domestic Animals: Except as provided in this Section 4.12, no animals, including livestock or poultry of any kind, shall be raised, bred or kept on any Lot, except a reasonable number of dogs, cats, or other generally recognized household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purposes. Cattle, horses, poultry and domestic animals are permitted on the Property subject to the following limitations:

4.12.1 CATEGORY A - Swine, Dairy Cow, Bison, Steer/Heifer, Horse or other of similar size/weight—one (1) per two (2) acres or fraction thereof comprising the Parcel;

4.12.2 CATEGORY B - Ostrich, Miniature Horse, Llama, Sheep, Goat, Emu or other of similar size/weight—two (2) per two (2) acres or fraction thereof comprising the Parcel;

4.12.3 CATEGORY C - Turkeys, Peacocks, Geese, Pheasants, Ducks, Pigeons, Chinchillas, Rabbits, Chickens or other of similar size/weight--3 PER TWO (2) ACRES or fraction thereof comprising the Parcel.

4.12.4 Off-spring up to one year of age of on-site animals do not count toward the total number allowed of such on-site animal. After one year of age animal off-spring count as adult animals.

4.12.5 Notwithstanding the foregoing, the number of swine per Parcel shall not exceed five (5) total per Parcel.

4.12.6 Commercial raising of livestock is prohibited, however, the casual breeding of animals for profit is allowed if the permitted numbers indicated above are not exceeded as to any indicated species. Under no circumstances shall a stockyard, dairy, riding stable, kennel, poultry farm or any other commercial activity (other than ranching) involving animals be permitted. The number of allowed animals may not exceed Yavapai County zoning regulations and where the provisions set forth in this Declaration are more prohibitive, the provisions in this Declaration shall apply. All livestock, poultry and other animals shall be confined within a fenced area with fencing constructed of new material or equivalent and of adequate height and strength to safely contain said animals. Livestock and poultry areas shall be kept clean and odor free, with all manure removed on a regular basis.

4.12.7 Dogs shall be kept within structures or fences or on secured leashes.

4.12.8 No animals may be kept or confined in the front yard of a Parcel.

4.12.9 No animal shall be allowed to make an unreasonable amount of noise or to become a nuisance. Upon the written request of any Owner, the Board shall conclusively determine, in its sole discretion, whether a particular animal is a nuisance or the number of animals on any such property is unreasonable. Any decision rendered by the Board shall be enforceable as other restrictions contained herein

4.13 Subdivisions of Parcels: Any subdivision of Parcels must be done in accordance with all applicable laws including required approvals by Yavapai County and the State of Arizona. It is the responsibility of the Owner of the Parcel to ensure the subdivision is done in accordance with such laws. Subject to Yavapai County and the State of Arizona, Original Parcels may be subdivided once, creating a maximum of two (2) Parcels, with a minimum Parcel size of fifteen (15) acres each. All Parcels created by an Owner through subdividing an Original Parcel must contain a minimum of 150' feet of road frontage on one of the roadway easements set forth on the Results of Survey and/or on an ingress/egress easement created on Owner's Original Parcel for the sole purpose of creating said road frontage along the newly created Parcels. Such ingress/egress easement must be recorded by Owner in the Office of the Yavapai County Recorder. The Owner creating the easement and/or the Owner of the newly created Parcel shall be solely responsible for the maintenance, repair and replacement of the roadway constructed on the ingress/egress easement providing access to the Owner's Parcel. The Association shall not be responsible for the maintenance, repair and replacement of such roadway. The Parcels resulting from the subdivision of an Original Parcel may not be further subdivided.

4.14 Churches or Clubs: or other institutions organized for religious worship or discussion are prohibited as are buildings used primarily as clubhouses or meeting facilities.

4.15 Garbage: No Parcel may be used for temporary or permanent storage of rubbish or trash (collectively, "Garbage"). No Garbage may be kept on any Parcel except in covered containers and screened from view from adjacent Parcels and any roadway easement as set forth on the Results of Survey.

4.16 Junkyards, Auto Repair, Second-Hand Business, Material Storage: No junkyards, auto repair, second-hand businesses or other commercial uses that create a negative visual impact, excessive noise or congestion from traffic or parking shall be conducted on any Parcel. No trucks, cars, buses, machinery, equipment or building materials shall be stored on any Parcel unless enclosed in a proper structure so as not to be visible from adjoining Parcel or any roadway easement as set forth on the Results of Survey.

4.17 Nuisance Activities: The unusual, unnecessary, prolonged, or indiscriminate creation of noise, dust, fumes, odors or any other offensive activity is prohibited, including but not limited to road racing, loud music, and excessive gunfire. The Board in its sole discretion shall have the right to determine the existence of any such nuisance. Any decision rendered by the Board of Directors shall be enforceable as other restrictions contained herein.

4.18 Signs: No emblem, poster, advertisement, logo, sign or billboard of any kind, including, but not limited to, "For Sale" or "For Rent" signs, shall be displayed on an Owner's Parcel

without the prior written approval of the Architectural Review Committee; except for the following signs: (i) one “for sale” sign and one “for lease” sign may be displayed indoors or outdoors on the Parcel, which signs conform with industry standards: not to exceed 18” x 24” plus a “rider” not to exceed 6” x 24”. All “for sale” signs and “for lease” signs must be commercially produced; (ii) temporary open house signs may be displayed on an Parcel as permitted by A.R.S. §33-1808, as amended, and by any successor statute thereto; (iii) any signs as may be required by legal proceedings; (iv) such signs as are approved by the Architectural Review Committee; and (v) political signs may be displayed indoors or outdoors on a Parcel by placement on a Parcel subject to the following: Political signs may be displayed on a Parcel not more than seventy-one (71) days prior to the primary election. Political signs must be removed within fifteen (15) days after the general election except that signs for a candidate who does not prevail in the primary election must be removed within fifteen (15) days after the primary election. The total political sign area cannot exceed the maximum size limit established from time to time by applicable Yavapai County ordinances. All signs are to be in strict conformance with the laws and ordinances set forth by Yavapai County and permits therefrom may be required. No signs of any kind may be displayed on the roadway easements as shown on the Results of Survey except by the Association.

4.19 Easements: With the exception of easements created for subdivision purposes referred to in Section 4.13, no further granting of easements shall occur without the express written approval of the Board. Owners will provide access to easements on their Parcels whenever requested by utility companies. No structures, other than fencing, shall be placed within Parcel boundary easements as created by the Results of Survey. All fences placed adjacent to a roadway easement within the Property as created by the Results of Survey shall be located no closer than forty-five feet (45’) from the centerline of the roadway easement.

4.20 Mineral Extractions: In no event shall any Owner, resident or lessee use or cause to be used any portion of the Property, including his or her own Parcel, for the purposes of drilling, exploring, mining, or otherwise developing any deposits of oil, minerals, or other natural resources lying above, on, or under said Property, with the exception of such drilling and exploration by the Owner as may be necessary to produce an adequate water supply for the development of the Parcel involved.

4.21 Grazing Rights: The Owner of a Parcel may grant grazing rights over their Parcels subject to such reasonable terms as agreed upon by the Parcel Owner and the grantee of the grazing rights. The Owner of a Parcel may fence their Parcel in order to restrict cattle and other livestock from crossing or grazing on Owner’s Parcel or any portion thereof, at which time said reserved grazing rights on the fenced portion of the Parcel shall be terminated. The retained surface waters and easements to any Parcel as set forth on the Results of Survey have been terminated. Any fencing shall be in accordance with the minimum standards set forth in Section 4.23 below.

4.22 Fencing: With the exception of fences adjacent to the common roadway easements as shown on the Results of Survey, Owners may place fences along Parcel boundary lines within the ten foot (10’) utility easement area. Those fences placed along and adjacent to

common roadway easements must be placed a minimum of forty-five feet (45') from the centerline of the roadway easement. Subject to the provisions herein, an Owner, at his/her expense, shall have the right to move any "pre-existing" ranch fence which goes through the Owner's Parcel providing said fence is reconnected so that there is no gap in the overall fencing unless written approval has been obtained from the Lessee or owner of the grazing rights. Any fences moved and/or installed by an Owner, shall be at such Owner's sole expense. Wherever barbed wire fencing is used it shall be constructed using "wildlife friendly" techniques whereby the fence shall have smooth wire as the bottom strand, be 18 inches above the ground, and the overall fence height shall not exceed 60 inches. Additionally, barbed wire fencing shall be constructed with the following minimal requirements: (1) posts may be not more than fifteen feet (15') apart; (2) there are not less than three stays between posts; (3) there are four continuous strands of wire; and (4) the fence is adequate, in accordance with normal ranch standards, to contain horses and other livestock.

4.23 Environmental Protection: The beauty of the Property is in the mixture of trees and open space. Trees having a minimum trunk diameter of six inches (6") measured two feet (2') above ground level may only be cut if the following conditions are met: (1) the tree is dead or dying; and (2) removal of the tree is required to clear land for building sites, access roads, fire prevention, enable installation of utilities, view corridors, or recreational open space. In any event, not more than twenty percent (20%) of the trees any Parcel may be cut or cleared without prior written permission from the Architectural Review Committee.

4.24 Residential Use. Each of the Parcels shall be used, improved and devoted exclusively to residential use. No trade or business may be conducted on any Parcel, except that an Owner or occupant may conduct a business activity in a residence on a Parcel so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, fumes or smell from outside the residence; (b) the business activity conforms to all applicable zoning ordinances or requirements; (c) the business activity does not involve the door-to-door solicitation of Owners or occupants of other Parcels; (d) the trade or business shall be conducted only inside the residence or inside an accessory building or garage, and shall not involve the viewing, purchase or taking delivery of goods or merchandise at, to, from or in any residence; (e) the trade or business shall not require or consume water in excess of the water consumption required for normal residential purposes; (f) the trade or business shall be conducted by the occupant of the residence with no more than one (1) employee working in or from such residence who is not an occupant thereof; (g) the residence or accessory building used for trade or business shall not be used as a storage facility for a business conducted elsewhere; (h) the volume of pedestrian traffic generated by such trade or business shall not result in congestion or be in excess of what is customary in a residential neighborhood; (i) no additional vehicular traffic or parking shall be generated by such trade or business; (j) the trade or business shall not utilize flammable liquids or hazardous materials in quantities not customary to a residential use; and (k) the trade or business shall not utilize large vehicles not customary to a residential use. The terms "business" and "trade" as used in this Section 4.25 shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which

involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation or other form of consideration, regardless of whether: (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required for such activity. The leasing of a Dwelling Unit by the Owner thereof in compliance with this Declaration hereof shall not be considered a trade or business within the meaning of this Section 4.25.

4.25 Fires. Barbecues, in properly constructed barbecue pits or grills, and outdoor fireplaces or fire pits constructed with the approval of the Architectural Review Committee are permitted. In addition, an Owner may from time to time have an open fire on the Owner's Parcel, provided that the Owner shall be responsible for taking reasonable measures to prevent the spread of the fire and shall obtain any required permits from local and County fire officials. Any Owner having an open fire on the Owner's Parcel shall indemnify and hold the Association and its officers, directors, members and agents harmless from any damages and injuries resulting from such fire.

4.26 General Maintenance. All improvements, structures and landscaping on any Owner's Parcel shall be kept in good condition and repair, and no unsightly conditions shall be permitted. Each Owner's Parcel shall be maintained free of weeds and debris, and all improvements and structures shall be free from peeling paint or other signs of disrepair or neglect. No lumber, grass, shrub, or tree clippings, or plant waste, compost, metals, bulk materials or scrap, refuse, or trash shall be kept, stored, or allowed to accumulate on any Owner's Parcel except within a structure approved in writing by the Architectural Review Committee for such purposes or in sanitation containers.

4.28 Leasing of Parcels. All leases shall be in writing. No Owner may lease less than the entire Parcel. No fraction or portion of a Parcel may be leased. Any sublease or assignment of a lease shall be for the entire remainder of the lease term. No Parcel may be leased, or offered for lease, for a term of less than thirty (30) consecutive days. No Parcel may be used, or offered for use, as a vacation rental or for timeshare purposes.

4.28.1 For purposes of this Section 4.28, "rent" or "lease" or any variation thereof shall include any type of rental agreement, occupancy agreement or license, without limitation. The Board's determination of what constitutes the leasing of a Parcel shall be conclusive and binding on the parties.

4.28.2 All leases must provide that the terms of the lease are subject in all respects to the provisions of this Declaration, the Association Rules or the Design Guidelines. The lease must set forth that any violation of the Association Governing Documents by the lessee or the other persons residing at the Parcel shall be a default under the lease. The Owner shall be liable for any violation of the Association Governing Documents by the lessee or other persons residing at the Parcel and their guests or invitees and, in the event of any such violation, the Owner, upon demand of the Association, shall immediately take all necessary actions to correct any such violations or, if demanded by the Association, immediately take all necessary action (including, but not limited

to, legal action) to remove from the Parcel the lessee and all other persons residing at the Parcel.

4.28.3 An Owner shall within fifteen (15) days following the commencement date of the term of each lease of his Parcel submit to the Association for each lease a “tenant registration form” in a form prepared by the Board. The Association may charge a reasonable review and processing fee not to exceed \$25.00 for the review of the tenant registration form, except that no such fee shall be chargeable as to the renewal of a lease.

4.28.4 The Board reserves the right to grant a variance or exception to the lease restrictions herein, if circumstances warrant as determined in the sole discretion of the Board.

4.28.5 Subject to the provisions of this Declaration, the Board shall be entitled to adopt, amend and repeal rules and regulations governing the leasing of Parcels.

5. GENERAL PROVISIONS

5.1 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 instrument shall have been recorded in the Office of the Recorder of Yavapai County, Arizona. This Declaration may be enforced by the Association, the holder of a First Deed of Trust on any Parcel, any Owner of a Parcel, or by any one or more of said persons acting jointly; provided, however, that any breach by reason thereof shall not defeat or adversely affect the lien of a First Deed of Trust upon any Parcel, but each and all said covenants, conditions, and restrictions shall be binding upon and effective against any Owner, lessee or occupant of said Parcel whose title thereto is acquired by foreclosure, or otherwise; and further provided that the breach of any said covenants, conditions, restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such First Deed of Trust. All instruments of conveyance or assignment of any interest in all or any part of the Property may refer to this Declaration and shall be subject thereto as though this Declaration were therein set forth in full. Notwithstanding the foregoing, an individual Owner shall have no right to enforce the collection of any assessment levied against any other Owner under Article 2 above or to enforce any assessment liens or any other liens, fines or charges.

5.2 Remedies Cumulative. All rights and remedies of the Association under this Declaration or under any of the other Association Governing Documents or at law or in equity are cumulative, and the exercise of one right or remedy shall not waive the Association’s right to exercise another right or remedy. The failure of the Association or an Owner to take enforcement action with respect to a violation of this Declaration or of any of the other Association Governing Documents shall not constitute or be deemed a waiver of the right of the Association or any Owner to enforce this Declaration or any of the other Association Governing Documents in the future. If any lawsuit is filed by the Association or any Owner to enforce the provisions of this Declaration or any of the other Association Governing Documents or in any other manner arising out of this Declaration or any of the other

Association Governing Documents or the operations of the Association, the prevailing party in such action shall be entitled to recover from the other party all attorneys' fees and costs incurred by the prevailing party in the action.

5.3 Expenses. All expenses of the Association in connection with any action or proceeding described or permitted by this Section 5, including court costs and reasonable attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the rate of eighteen percent (18%) per annum until paid, shall be charged to and assessed against such defaulting Owner and shall be added to and deemed part of his assessments, and the Association shall have a lien as provided in Paragraph 7 hereof for all of the same, as well as for nonpayment of his assessments, upon the Parcel of such defaulting Owner and upon all of the Owner's additions and improvements thereto.

5.4 Invalidity. Invalidation of any of the covenants, conditions, and restrictions, contained herein by a court of competent jurisdiction, shall in no way affect the validity of any other provision of this Declaration, all of which shall remain in full force and effect.

5.5 Violations and Nuisance. Every act or omission where by any provision of this Declaration is violated in whole or in part is hereby declared to be a nuisance and may be enjoined or abated, whether or not the relief sought is for negative or affirmative action, by the Association or any Owner.

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

5.7 Joint and Several Liability. In the case of joint ownership of a Parcel, the liabilities and obligations of each of the joint Owners set forth in or imposed by this Declaration shall be joint and several.

5.8 Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any of the Property subject to this Declaration, each person, for himself, his heirs, personal representatives, successors, transferees and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. The Owners, their successors, assigns and grantees, covenant and agree that the interest of each Owner by virtue of his purchase of a Parcel within the Property (specifically, fee ownership of the Parcel including all rights and easements granted to him by this Declaration and by the deed of conveyance) and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Parcel even though the description in the instrument of conveyance or encumbrance may refer only to the Parcel.

5.9 Notices. Notices provided for in this Declaration shall be in writing and shall be addressed to the Owners at their respective Parcels. Any Owner may designate a different address or addresses for notices by giving written notice of change of address to the Association. Notices addressed as above shall be deemed delivered when mailed by United States registered or certified mail, or when delivered in person with written acknowledgement of the receipt thereof.

5.10 Captions and Exhibits; Construction. Captions given to various sections herein, and to the Exhibits attached to this Declaration, are for convenience only and are not intended to modify or affect the meaning of any of the substantive provisions hereof. The various exhibits referred to herein are incorporated as though fully set forth where such reference is made. The provisions of this Declaration shall be liberally construed to effectuate its purposes as hereinabove set forth.

5.11 Term: This Declaration shall remain in full force and effect for a term of twenty (20) years from and after the date of recording of the original Declaration. This Declaration shall be automatically renewed and extended for successive periods of ten (10) years each, unless terminated by seventy-five (75%) of the votes cast by Members entitled to vote. Such termination shall be recorded in the Office of the Yavapai County Recorder.

5.12 Amendments: This Declaration may be amended by the Members by an instrument consented to or approved by at least two-thirds (2/3) of the votes cast by the Members voting in person or by absentee ballot at a meeting at which a fifty percent (50%) quorum is present based upon the number of votes that may be cast by all of the Members. An amendment or modification that requires the vote and written assent of the Members as hereinabove provided shall be effective when executed by the President and Secretary of the Association who shall certify that the amendment has been approved as hereinabove provided, and when recorded in the official records of Yavapai County Arizona. Section 4.22 may not be amended by the Association in such a way as to change or negate the rights provided to the Lessee.

5.13 Survival of Liability. The termination of membership in the Association shall not relieve or release any such former Member from any liability or obligation incurred under or in any way connected with the Association during the period of such membership, or impair any rights or remedies which the Association may have against such former Member arising out of, or in any way connected with such membership and the covenants and obligations incident thereto.

5.14 Statutory Construction. In the event of any discrepancies, inconsistencies or conflicts between the provisions of this Declaration and the Articles, the Bylaws or the Association rules, the provisions of this Declaration shall prevail.

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

gender shall include the masculine and feminine genders; words in the singular shall include the plural; and words in the plural shall include the singular.

5.16 Interpretation of the Covenants. Except for judicial construction, the Board shall have the exclusive right to construe and interpret the provisions of this Declaration. In the absence of any adjudication to the contrary by a court of competent jurisdiction, the Board's construction or interpretation of the provisions hereof shall be final, conclusive and binding as to all Persons and property benefitted or bound by the covenants and provisions hereof.

EXHIBIT "A"

LEGAL DESCRIPTION

RUGER RANCH PHASE 1, LOTS 1 - 49 INCLUSIVE, LOCATED IN PORTIONS OF SECTIONS 30, 31, AND 32 IN TOWNSHIP 13 NORTH, RANGE 4 WEST; SECTION 6, TOWNSHIP 12 NORTH, RANGE 4 WEST; SECTION 1, TOWNSHIP 12 NORTH, RANGE 5 WEST; AND SECTIONS 25 AND 36 IN TOWNSHIP 13 NORTH, RANGE 5 WEST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, YAVAPI COUNTY, ARIZONA, AS RECORDED IN BOOK 92, PAGES 72, IN THE OFFICIAL RECORDS OF THE YAVAPAI COUNTY RECORDER'S OFFICE.