

I. DEFINITIONS

1.01 Architectural Control Committee: shall mean and refer to the committee provided for in Paragraph IV of this Declaration.

1.02 Article: shall mean and refer to the Articles of Incorporation for the Association, as the same may be amended from time-to-time hereafter.

1.03 Association: shall mean and refer to the Copper Canyon Ranch Association, an Arizona non-profit corporate membership association, its successors, and assigns.

1.04 Code: refers to the Gila County codes or zoning regulations.

1.05 Declaration: shall mean and refer to this Declaration of Covenants, Easements, Conditions, and Restrictions, as the same may be amended or supplemented from time to time as permitted hereunder.

1.06 Member: shall mean a person entitled to membership in the Association as provided for in this Declaration. All persons who are members because of their joint ownership of a particular parcel of the Property shall be counted as one.

1.07 Mortgage: shall include a deed of trust as well as real property mortgage. A "First Mortgage" shall mean a real property mortgage or deed of trust which is recorded and has priority over all other mortgages and deeds of trust as to the property covered thereby, and which was made in good faith and for value.

1.08 Mortgagee: shall include a beneficiary, holder, and trustee of a deed of trust as well as the mortgage of a real property mortgage.

1.09 Mortgagor: shall include the trustor of a deed of trust as well as mortgagor of a real property mortgage.

1.10 Owner: shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title or equitable title under an agreement or contract for sale, but excluding those who have such interest merely as security for the payment of indebtedness and/or performance of any obligation.

1.11 Parcel: refers to the individual lots.

1.12 Person: shall mean a natural person, a corporation, a partnership, a trustee, or other legal entity capable of ownership of real property in the state of Arizona.

1.13 Property: refers to the entire project.

1.14 Roadways: shall include all roads and rights of way which, pursuant to this Declaration, the Association owns, or is obligated to maintain. The roadways within the Property are private roads and are designated on the recorded subdivision plat of the Property.

II. ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

2.01 Formation of the Association: The Association shall be formed after the time of the recordation of the Declaration.

2.02 Membership: The Owner of any Parcel or part of the Property shall automatically, upon becoming the Owner of same, be a Member of the Association, with full right to vote in the manner hereinafter set forth for each Parcel owned and shall remain a Member of the Association until such time as his ownership ceases for any reason, at which time his membership in the Association shall automatically cease. Purchase of a Parcel or portion of the Property shall constitute the Owner's consent to the acceptance of the duties and responsibilities of membership in the Association.

2.03 Transferred Membership: Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the sale of a Parcel or portion of the Property to which it is appurtenant, and then only to the purchaser of or person acquiring title to such Parcel or portion of the Property. Any attempt to make any other transfer shall be void and of no force and effect.

2.04 Voting of the Membership: Each membership shall be entitled to three (3) votes for each parcel of Property owned. When more than one person holds an interest in any parcel of Property, all such persons shall be Members, provided, however, the vote for such acreage owned shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any parcel of Property. Unless otherwise specified in this Declaration, all voting shall be on a majority basis with those Members, present in person, or by proxy, representing a majority vote consisting a quorum for any duly called meeting of the membership in accordance with the Association By-laws.

III. POWERS OF THE ASSOCIATION

3.01 Powers of the Association: In addition to the duties and powers enumerated elsewhere in this Declaration and not in limitation, the Association shall have the right and authority to:

(a) Enforce and administer through legal action or otherwise, applicable provisions of this Declaration.

(b) Take such acts or actions as are necessary, in the reasonable discretion of the Members, for the betterment of the Property and for the general benefit and welfare of the owners, all in accordance with the purposes of the Association.

(c) The Association shall maintain and be charged with the responsibility of maintaining the access roadway from the point of its intersection with a governmentally maintained roadway to the subdivision, and all interior roadways. Included as a portion of the roadways are any subdivision signs or entryway signs within the roadway rights-of-way. The Association shall cause same to be maintained in accordance with the applicable Code provisions for the benefit of the Property, and Parcels thereof, as the same now or hereafter from time to time may exist, and in a manner best suited as determined by the Association for use for the Property. The Association shall have the power to dedicate

the roadways (or any portion thereof) to a governmental body, who shall be responsible to maintain the roadways so dedicated.

(d) Grade and maintain the roadways as needed, provide for proper drainage of roadways, install culverts where necessary.

(e) Submit an annual budget to the owners of Parcels within the Property.

(f) Submit statements for assessment amounts due pursuant to and as provided for in this Declaration to the Owners of Parcels within the Property.

(g) Prepare an annual accounting, rents, and other impositions to any assets owned by the Association and under- take any action or proceedings seeking to reduce such taxes, assessments, rents, or other impositions.

(h) Pay all taxes, assessments, rents, and other impositions to any assets owned by the Association and under- take any action or proceedings seeking to reduce such taxes, assessments, rents, or other impositions.

(i) Negotiate and enter and supervise the performance of contracts covering the construction of any improvements or any necessary replacements, repairs, alterations, or protective actions in connection with the roadways.

(j) Keep books of account and other records of the Association's management; keep vouchers, statements, receipted bills and invoices and all other records covering all collections, disbursements, and other data; to permit the Owners and Members, or any agent or representative thereof, at any reasonable time, to review and inspect such books, records, and accounts relating to the Association's functions.

(k) Employ and coordinate the services necessary or appropriate to carry out the operation and maintenance of the roadways and its function as the Architectural Control.

(l) Pay all insurance premiums, debts, and other costs of maintenance of the roadways.

(m) subject to the provisions of this Declaration, maintain, care for, and otherwise manage the roadways, including but not limited to the performance of labor and supervision and maintenance services, maintenance of the roadways in as good condition (deterioration loss by damage due to environmental occurrences which cannot be reasonable avoided or insured against excepted),

(n) Comply with all present and future laws, ordinance, orders, rules, regulations, and requirements which may be applicable to the Property and the roadways and the operation and management thereof.

(o) Perform any other obligation provided elsewhere in this Declaration to be performed by the Association.

(p) Supervise all matters coming within the terms of this Declaration.

IV. ARCHITECTURAL & ROADS CONTROL

4.01 Committees: Members of the Architectural and Roads Committee shall not be entitled to any compensation for services performed pursuant to this covenant, but shall be entitled to reimbursement for reasonable costs expended, as approved by the Association. The members of the Committee shall incur no liability whatsoever for acting in such capacity, except for proven bad faith acts or omissions.

4.02 Construction Approval: No residence, mobile home, outbuilding, fence or wall, or other improvement requiring a Gila County permit shall commence until the proper Gila County permit(s) are acquired. A copy of the permit and plans must be submitted to the Architectural Committee.

4.03 Roads Approval: The Roads Committee Chairman is authorized to spend, without bids, the current amount approved by the Board for roads. An additional amount, currently approved by the Board, can be spent with the written approval of either the President or Vice President of the Board.

4.04 Procedure: The Committee's approval or disapproval as required in this Declaration shall be in writing. Actions of the Committee shall be by the majority vote of the members of the Board. All decisions of the Board shall be final and no Parcel Owner or other party shall have recourse against the Board or its designated representative. Failure of the Board to approve or disapprove plans within sixty (60) days after being submitted, shall be deemed to have been approved.

V. ASSESSMENT.

5.01 Covenant for Maintenance Assessments and Creation of Lien and Personal Obligation: The Declarants, for each Parcel owned within the Property, hereby covenant, and each such owner of a Parcel by acceptance of a deed therefore, whether it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the following:

(a) Annual Assessments or charges.

(b) Special Assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs, and reasonable attorney's fees, incurred in enforcement and/or collection of such assessments, shall be a charge on the Parcels of the owners responsible and liable for such assessment and shall be a continuing lien upon such Parcel and against which each such assessment is made. Each Owner does hereby grant and convey a security interest in his Parcel as security for the performance of the obligation relating to annual interest; costs and reasonable attorney's fees shall also be the personal obligation for the delinquent assessment and shall pass to any Owners and successors in title.

5.02 Purpose of Assessments: The assessments levied by the Association for the services furnished or secured by the Association hereunder, shall be such amount as may be established by the Association on a semi-annual or annual basis. Such amount so

assessed shall be reasonable and shall be based upon the cost of installation, operation, maintenance, repair, and replacement of roadways, and for the operation of the Architectural Control Committee.

5.03 Special Assessments for Capital Improvements: In addition to the annual assessments authorized in paragraph 5.01, in any assessment year the Association may levy a special assessment applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any installation, reconstruction, replacement, repair of the roadways, as prescribed by the Association together with reasonable amounts of working capital as shall be established from time to time by the Association.

5.04 Rate of Annual Assessment: Annual assessments can be raised no more than 20 percent of the current assessment. The rate shall be on an equal basis for each Parcel, regardless of the amount of acreage contained in said Parcel. The Association shall prepare budgets for such annual assessments from time to time, changing them to reflect reasonable assumptions as to anticipated expenses relating thereto. Assessments shall be based upon assumptions based upon the best information available at the time of such assessment, and may be prospective.

5.05 Date of Commencement of Annual Assessments; Due Date: The annual assessments provided for herein shall commence as to any Parcel conveyed by Declarants as of the date of its conveyance, prorated on an annual calendar year basis. The term "conveyed" shall mean the recording of the deed or agreement or contract for sale from Declarant, or its assigns, to a Parcel Owner. Declarants shall not be subject to any annual assessment until such time as Declarants have five (5) or fewer Parcels. Provided, however, CHRLP shall be responsible for any roadway maintenance costs over and above assessments payable by Parcel owners, up to the amount of the regular assessments which would otherwise be payable, during such period of time as Declarants are exempt from paying annual assessments. Written notice of the annual assessment shall be sent to every Owner subject thereto at least ten (10) days in advance of the due date of any annual assessment. The initial annual assessment shall be set at \$60 for each Parcel. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Parcel have been paid.

5.06 Effect of Nonpayment of Assessments: Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eighteen percent (18%), compounded annually. In addition, a delinquency service fee of FIVE AND no/100 DOLLARS (\$5.00) for each month past due shall be assessed. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of his Parcel.

5.07 Subordination of the Lien to Mortgages: The lien of the assessments provided for herein shall be subordinate to the lien of only a first mortgage. Sale or transfer of any Parcel shall not affect the assessment lien. However, the sale or transfer of any Parcel pursuant to the Mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to the payments which become due prior to such sale or transfer, but shall not relieve the Owner from the responsibility to pay same. No sale or transfer shall relieve such Parcel from liability for any assessments thereafter becoming due or from the lien thereon.

5.08 Expansion: Declarants may, by written recorded document so stating, expand the Association to include additional lands similarly situated which may in the future be acquired by Declarants or their successors.

5.10 Recorded Lien: The assessments, whether they be annual assessments or special assessments, shall become a lien against the property. The failure of the owner of a Parcel to pay the assessment when due shall entitle the Homeowner's Association to record a lien against the property at the county recorder's office. This lien shall bear interest at the rate charged by Gila County for the nonpayment of real property taxes. The lien shall also entitle the Homeowner's Association to recover any costs and fees incurred in the collection of the assessment including attorney fees. Upon recording of the lien, the Homeowner's Association may foreclose on the lien using any legal processes permitted by the State of Arizona.

VI. USE RESTRICTIONS:

6.01 Intent and Purpose: The intent and purpose is to abide by Gila County Regulations defined under Suburban Ranch district; to preserve and promote the beneficial aspects of rural living by providing a zone classification for low density single family residential development on large tracts with related low intensity agricultural uses and minimal commercial activity.

6.02 Trash Removal: No Property Owners shall allow or cause to be allowed within the boundaries of his Property an area for collection or storage of any garbage, trash, rubbish, or refuse of any kind except in a sanitary container. All such material shall be removed by the Owner on a regular basis or destroyed in a manner satisfactory to county regulations.

6.03 Storage: Abide by all Gila County Planning and Zoning ordinances for Suburban Ranch District.

6.04 Inoperable Vehicles and Equipment: Abide by all Gila County Planning and Zoning ordinances for Suburban Ranch District.

6.05 Hazardous Materials and Nuisances: Abide by all Gila County Planning and Zoning ordinances for Suburban Ranch District

6.06 Livestock: The keeping of domestic livestock shall be permitted with the following stipulations:

(1) Buildings for the housing of livestock shall be confined to the rear one-half (1/2) of the Property or shall be located no closer than 100 feet from a front or side street property line or 50 feet from a rear or interior property line.

(2) It shall be the responsibility of the livestock owner to ensure that all livestock is kept confined within the Property boundaries.

(3) The keeping of dangerous, wild, exotic, or non-domestic animals shall be prohibited.

(4) All domestic animals shall be kept and maintained in such a manner as to conform with all applicable state and county health requirements and to cause a minimum disruption to neighboring Property Owners in terms of noise, odor, and insect and vermin infestation.

(5) There shall be no more than a combination of three (3) horses or cattle and a combination of five (5) sheep or goats and a combination of forty (40) rabbits or poultry for each Parcel, unless Architectural Control Committee approval has been obtained in advance.

(6) No swine shall be permitted.

(7) No structure may be erected closer than six(6) feet from any other structure unless joined by a breezeway or unless approval is granted by the Architectural Control Committee.

6.07 Construction: Abide by all Gila County Planning and Zoning ordinances, pertaining to SR District; the Arizona Department of Housing Manufactured Housing Division, Standards and Regulations; and HUD approved manufactured homes.

6.08 Off-Road Vehicles: All-terrain type vehicles, motorcycles, or other vehicles capable of off-road must abide by local, and state regulations and laws. Vehicles must have current registration and an OHV tag. Nothing herein shall prohibit the legal use of vehicles on roadways.

6.09 Enforcement by the Association: Each Owner shall maintain his Parcel at his own cost and expense. In the event the Owner of such Parcel is in violation of the above restrictions, the Association, after proper notification, shall have the absolute right to enter upon such Property and cause the removal of such violation. The owner of such Parcel shall pay to the Association an amount equal to all direct and indirect costs and expenses incurred by its furnishing of such labor and materials within ten (10) days of receipt of notification of such, or be subject to the enforcement by the Association in accordance with the provision of paragraph 8.01 and paragraph 5.07.

6.10 Subdivision: The Declarants, for themselves and for their respective heirs, successors, and assigns, agree to be bound by the Arizona laws and Gila county Rules and Regulations regarding the dividing of individual Parcels. Applications for such division shall be made to Gila County offices for review and approval and in no instance shall a Parcel of less than two and one-half (2 1/2) acres in size be created after such division.

6.11 Grading and Excavation: Grading and excavation shall be performed only to the extent necessary to provide a reasonable construction pad for improvements, access driveways, and uses directly incidental to the occupancy of dwelling units within Parcel boundaries. A grading and excavation permit is required by Gila County Public Works department.

VII. UTILITY EASEMENT.

7.01 Utility Easement: There is hereby created a ten-foot perimeter to be used as a utility easement around the entire Parcel of [REDACTED] property and around each parcel of property. This easement shall be upon, across, over and under the property. It may be used for ingress, installation, replacing, repairing, and maintaining [REDACTED] roadways, and for the purpose of providing electricity and telephone, [REDACTED] ditches, pipelines, and permitting maintenance thereof for the benefit of individual Parcel owners, their successors, and assigns. By virtue of this easement, it shall be expressly permissible for the Parcel Owners and the Association, its agents subcontractors, and any person or entities acting under the [REDACTED]

authority or at the instance of the Association to carry out the duties of the Association under this Declaration, including without limitation, erection, construction, and installation, as well as and/or the movement and relocation thereof, where reasonably required to effect the purposes as set forth under this Declaration. This easement shall permit erection and maintenance of all necessary facilities, including without limitation, poles, ditches, pipelines, electrical wiring, circuits and conduits, and other equipment for the operation and maintenance of the Property, on, above, across, and under the Property and any and all Parcels thereof, together with the reasonable right to trim, cut, fell, and remove therefrom all trees, underbrush, or other vegetation and the right to remove any obstruction within the Property in order to effect the purposes hereunder. This easement shall in no way affect any other recorded easements on or regarding the Property. Notwithstanding anything herein to the contrary, the easement created by this paragraph shall not be utilized in such a manner so as unduly impair the economic utility and use of the Parcels within the Property, or to unreasonably burden one or more of the Parcels in favor of other Parcels.

7.02 Restrictions of Easements: Notwithstanding the provisions hereof to the contrary, the easements granted herein shall exist and continue only to the extent of the use of facilities. As such facilities are not used, abandoned, or substituted for, such easements shall cease and terminate. In addition, should the Association and/or a landowner need to relocate any easement for efficiency or ease thereof because of interference with its use or any other use, the party so desiring such move shall propose the move to the other party. In the event of no objection, the party desiring the move shall thereupon be authorized to implement the move, and the other party will cooperate with such move, including the execution of documents and any other reasonable or necessary requirements to implement such move, provided that the expense related thereto, other than incidental non-material expenses, shall be borne by the party desiring the move.

VIII. GENERAL PROVISIONS.

8.01 Enforcement: In the event of any violation or threatened violation of any of the covenants, restrictions, or conditions herein, the Association, or any owner of any Parcel in the property may bring an action at law or in equity for injunction, action for damages or such other remedy as may be available, and in such action shall be entitled to recover such reasonable attorney's fees as are ordered by the court. Failure of the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter as to the same breach or as to one occurring prior or subsequent thereto, nor shall such failure give rise to any claim or cause of action against the Association, Declarants, or such Owner.

8.02 Invalidity of any Provision: If any provisions or portion of this Declaration or the application of such provisions or portion to any person or circumstances shall be held invalid, or in conflict with any law of the jurisdiction where the Property is situated, the validity of all other provisions or portions hereabove or the application of such provision or portion to persons or circumstances

other than those of the jurisdiction, where the Property is situated, shall not be effected thereby, and the validity of all other provisions and portions hereof shall remain unaffected and in full force and effect.

8.03 Term: The covenants, easements, conditions, and restrictions of this Declaration shall run with and bind the Property, all Parcels, and subsequent parts thereof and shall inure to the benefit of and shall be enforceable by the Association, the Declarants, or the Owner of any Parcel subject to this Declaration, and their respective legal representatives, heirs, successors, and assigns, for a term of fifteen (15) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of five (5) years unless an instrument in writing signed by the Owners of two-thirds (2/3) majority of the Property (based upon one (1) vote for each acre or portion thereof) has been recorded within the year preceding the beginning of each successive period of five (5) years, agreeing to change this Declaration in whole or in part or to terminate the same.

8.04 Amendments: This Declaration may be amended at any time, but only by the affirmative vote of two-thirds (2/3) majority of the Property (based upon one (1) vote for each acre Lot or portion thereof) as provided hereunder. Any amendment must be recorded in the office of the Gila County Recorder in Gila County Arizona. Any amendment to this Declaration, or dissolution of the Association or termination of this Declaration will not require the prior approval of any municipality.

8.05 Effectiveness. The conveyance of the Parcels may contain the above restrictive covenants by reference to this document, but whether such reference is made in such deed or any part thereof, each and all such restrictive covenants shall be valid and binding upon the respective grantees. Violations of any one or more of such covenants may be restrained by any court of competent jurisdiction and damages ordered against such violator; provided, however, the violations or breach of any covenant, restriction, reservations, and/or condition or any right of re-entry by reason thereof shall not defect nor render invalid the lien or any mortgage or deed of trust made in good faith or for value upon any Parcel or Parcels, each and all of said covenants, restrictions, and conditions shall be binding upon and effective against any Owner of a Parcel whose title thereto is acquired by foreclosure, trustee's sale, or otherwise, and provided also that the breach of any of said covenants, restrictions, reservations, and conditions may be enjoined, abated, or remedied by appropriate legal proceedings notwithstanding the existence of any lien, deed of trust, or mortgage instrument.

8.06 Encroachment Easements: Each Owner of a Parcel within the Property is hereby declared to have an easement over all adjoining Parcels for the purpose of accommodating any encroachment due to engineering errors, or any other similar cause. There shall be easements for the maintenance of said encroachments if they shall exist, and the rights and obligations of owners shall not be altered in any way by said encroachment, provided, however, that in no event shall an easement for intentional encroachment be created in favor of an Owner or owners, or their agents.

8.07 Owner's Right and Obligation to Maintain and Repair: Each Owner as to each Parcel shall, at his or its own cost and expense, maintain

and repair his Parcel and the improvements which are from time to time located thereon. This obligation shall include, without limitation, the maintenance and repair of electric and other utility systems servicing the Parcel and located anywhere upon the Parcel, and all portions of the improvements located thereon to a standard which meets the approval of the Association.

8.08 Taxes: All taxes assessed against Parcels shall be paid before delinquency by the Owner of the Parcel against which the assessment is made.

8.09 Notices: Except as may otherwise be provided by the specific provisions of this Declaration, any notice permitted or required by the Declaration may be delivered either personally, by mail, or electronically. If delivery is by mail, it shall be deemed to have been delivered 72 hours after a copy of same has been deposited in the United States Mail, postage prepaid, addressed to the owner at the current address given by such Owner or addressed to the Parcel of such person if no address has been so given.

8.10 Institutional Lender Protections:

(a) Notwithstanding anything in this Declaration to the contrary, any Institutional Lender who obtains title to a Parcel pursuant to the remedies provided in a mortgage or the foreclosure of a mortgage will not be liable for such Parcel's charges which accrued prior to the acquisition of title to such Parcel by the Institutional Lender.

(b) Unless the Mortgagees and Owners controlling at least two-thirds (2/3) majority of the Property (based upon one (1) vote for each acre or portion thereof, and the votes allocated between Mortgagees and owners as shall be agreed between each, or in the absence of agreement, in favor of the Mortgagee as to the acreage secured by the Mortgage have been their prior written approval), the Association shall not be entitled to:

- a. Change the method of determining the obligations or charges which may be levied against an owner.
- b. By act or omission change, waive, or abandon any of the provisions hereof.

(b) An Institutional Lender, upon request, is entitled to written notification from the Association of any default in the performance by the individual Owner of any Parcel of any obligation under this Declaration which is not cured within sixty (60) days.

IX. SUCCESSORS AND ASSIGNS:

9.01 The provisions of this Declaration shall run with the land and shall be binding upon the successors and assigns of the parties.