

The Amberwood Community Association Needs Your Help

The Board is asking all members of the Association to approve the Amended and Restated Declaration of Covenants, Conditions and Restrictions (CC&Rs) for the benefit of the members of the Association and to enable the members of the Association who serve on the Board of Directors to better manage Association business.

Why is there a need to update the CC&Rs?

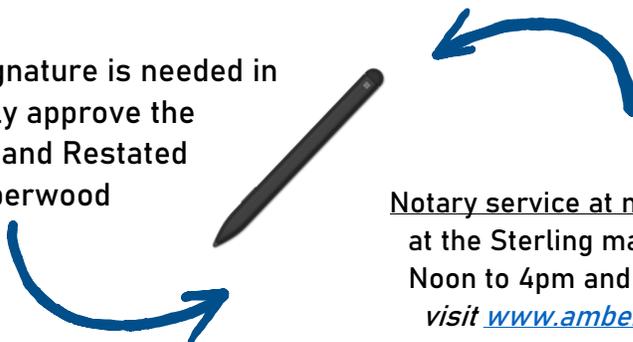
- When Amberwood was originally developed, a pertinent document was not recorded that would have tied the Amberwood Declaration and the Amberwood Unit 2 Declaration together into one document. The bulk of the proposed changes update our documents and combine Amberwood and Amberwood Unit 2 as originally intended.
- The Association's existing documents were created over 25 years ago. The amended document is designed to bring the Amberwood community up to current standards and into compliance with state and federal laws affecting the community.

What will it take to make these necessary changes?

The Declaration for Amberwood requires that the owners of at least 75% of all lots in Amberwood approve the Amended and Restated Declaration by written instrument duly acknowledged and recorded (i.e., signed and notarized approval), in order for the correct documentation to be put in place. The Declaration for Amberwood 2 includes the same approval requirement. Consequently, the Board must receive completed notarized signature pages from the owners of at least 57 of the lots in Amberwood (Lots 1-76) and at least 77 of the lots in Amberwood Unit 2 (Lots 77-178), in order for the Amended and Restated Declaration to be approved.

Please help our community by issuing your approval via notarized signature today.

Your **NOTARIZED** signature is needed in order to successfully approve the proposed Amended and Restated Declaration for Amberwood



Notary service at no charge for members, is available at the Sterling management office on Tuesdays from Noon to 4pm and Fridays from 8am to Noon. *Please visit www.amberwoodhoaaz.com for directions and any blackout dates when this service will be unavailable.*

NOTE: There are online notary services that may also be available and more convenient for you.

Amberwood

Community Association

323 S River Run Road, Suite 1, Flagstaff, AZ 86001

Phone: (928) 773-0690

Managed by  Sterling Real Estate Management

www.amberwoodhoaz.com

August 5, 2021

AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR AMBERWOOD AND AMBERWOOD UNIT 2

Dear Owners,

For the past year, the members of the Amberwood Community Association Board of Directors have spent time discussing the provisions of the governing documents of the Amberwood community, primarily the Declaration of Amberwood and the Declaration of Amberwood 2. It was brought to the attention of the Board that when these documents were originally recorded, a pertinent document was not recorded that would have tied the Amberwood Declaration and the Amberwood Unit 2 Declaration together. Legal counsel was consulted and assisted in drafting the enclosed Amended and Restated Declaration of Covenants, Conditions and Restrictions for Amberwood and Amberwood Unit 2. In going through this exercise, the Board decided it should use this opportunity to bring the existing documents (which were created over 25 years ago), up to current standards and into compliance with current state and federal laws applicable to the community. The bulk of the proposed changes are to update the documents and to combine Amberwood and Amberwood Unit 2 as was originally intended. The changes are necessary and would have a minimal impact on the Association and its members.

The Board is asking the membership of the Association to approve the enclosed Amended and Restated Declaration for the benefit of the members of the Association and to enable the members of the Association who serve on the Board of Directors to better operate and manage the Association.

The Declaration for Amberwood requires that the owners of at least 75% of the lots in Amberwood approve the Amended and Restated Declaration by written instrument duly acknowledged (this means notarized) and recorded, in order for the document to be put in place. The Declaration for Amberwood 2 includes the same approval requirement. *Thus, the Board must receive completed notarized signature pages from the owners of at least 57 of the lots in Amberwood (Lots 1-76) and 77 of the lots in Amberwood Unit 2 (Lots 77-178), in order for the Amended and Restated Declaration to be approved.* If approved, the document will be recorded and will become the governing Declaration of the Association and of both Amberwood and Amberwood 2.

The Board asks that you review the Amended and Restated Declaration and, if you approve the Amended and Restated Declaration, sign the appropriate Signature Page and Written Consent ("Signature Page") that is enclosed with this letter, have it notarized as explained below and return it to the Association. If you do not want to approve the Amended and Restated Declaration, simply do not sign and return a Signature Page. Your failure to return a signed Signature Page will be the equivalent of a "no" vote by you.

Please note there are two forms of Signature Pages enclosed with this letter. If your Lot is owned by a trust, limited liability company, partnership, corporation or other entity, you should use the Entity Owner Signature Page and the trustee, officer or other representative of such entity should sign that Signature Page and indicate the capacity of the representative. If you own your Lot individually, you should use the Individual Owner(s) Signature Page and all owners should sign that Signature Page. In either event, whichever Signature Page you use, you must sign the Signature Page in front of a notary public, who must then complete the notary form on the Signature Page. You may have your Signature Page notarized wherever is convenient for you. You may have it notarized at the Sterling Real Estate Management office located at the address indicated on page one between the hours of Noon and 4pm on Tuesdays and 8:00 AM and Noon on Fridays. Please check the Association website: www.amberwoodhoaaz.com for dates a notary will NOT be available. Additional details are set forth in the enclosed flyer. You may also use online notary services if that is more convenient for you.

You may mail the original of your signed and notarized Signature Page in the enclosed envelope or in any other envelope to the Sterling Real Estate Management office located at the address listed on page one or you may deliver it to the Association at such address. In lieu of mailing or dropping off your Signature Page, you may also scan and e-mail the Signature Page to the Association at katy@sterlingrem.com.

In addition, at the Annual meeting to be held August 19, 2021, the Board will be answering any questions you have regarding the Amended and Restated Declaration.

IN ANY EVENT, THE BOARD IS ASKING THAT YOU RETURN YOUR SIGNED AND NOTARIZED SIGNATURE PAGE BY OCTOBER 31, 2021. The Board reserves the right to extend such return deadline.

The Board strongly recommends approval of the Amended and Restated Declaration. Your return of your signed and notarized Signature Page is essential if this important goal is to be achieved.

Please contact the Katy Kuhns at the number below or at katy@sterlingrem.com if you have any questions regarding the Amended and Restated Declaration or how to complete and return your Signature Page.

Sincerely,

Board of Directors
Amberwood Community Association
www.amberwoodhoaaz.com

When recorded mail to:
Sterling Real Estate Management
323 South River Run Road, Ste. #1
Flagstaff, AZ 86001

**AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
AMBERWOOD AND AMBERWOOD UNIT 2**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR AMBERWOOD AND AMBERWOOD UNIT 2 (the “Amended and Restated Declaration”) is made effective as of the date of its recording in the official records of Coconino County, Arizona.

RECITALS

WHEREAS, on May 6, 1994, Flagstaff Heights Limited Partnership (the “Declarant”) recorded the Declaration of Covenants, Conditions and Restrictions for Amberwood (the “Original Unit 1 Declaration”), as Instrument # 94-15328, in Docket 1669, at Pages 250 through 263, of the Official Records of the County Recorder of Coconino County, Arizona, which imposed certain covenants, conditions and restrictions on the real property located in Coconino County, Arizona known as Amberwood Unit 1 as shown on the Final Plat of Amberwood Unit 1 recorded in Case 5 of Maps, Page 90 of the Official Records of the County Recorder of Coconino County, Arizona (the “Unit 1 Property”).

WHEREAS, on January 3, 1995, the Declarant and certain Amending Owners (as defined in the First Amendment) recorded the Amendment to Declaration of Covenants, Conditions and Restrictions for Amberwood (the “First Amendment”), as Instrument #95-00024, in Docket 1735, Pages 891 through 919, of the Official Records of the County Recorder of Coconino County, Arizona amending the Original Unit 1 Declaration as set forth therein. The Original Unit 1 Declaration as amended by the First Amendment is hereinafter referred to as the “Unit 1 Declaration.”

WHEREAS, on May 10, 1995, the Declarant recorded the Declaration of Covenants, Conditions and Restrictions for Amberwood Unit II (the “Unit 2 Declaration”), as Instrument #95-13444, in Docket 1768, Pages 211 through 225, of the Official Records of the County Recorder of Coconino County, Arizona which imposed certain covenants, conditions and restrictions on the

real property located in Coconino County, Arizona known as Amberwood Unit 2 as shown on the Amberwood Unit 2 Final Plat recorded in Case 6 of Maps, Pages 27, 27A and 27B of the Official Records of the County Recorder of Coconino County, Arizona (the “Unit 2 Property”).

WHEREAS, on June 10, 1997, the Declarant, William C. Neils and Amberwood Community Association, Inc. (the “Association”) recorded the Corrected Declaration of Annexation and Covenants, Conditions and Restrictions for Amberwood Unit II (the “Corrected Declaration”), as Instrument #97-15879, in Docket 1992, Pages 816 through 821, of the Official Records of the County Recorder of Coconino County, Arizona to clarify their intent as to the annexation of the Amberwood Unit 2 property to the property subject to the Unit 1 Declaration.

WHEREAS, the undersigned Owners of the Unit 1 Lots and the Unit 2 Lots and the Association desire to adopt this Amended and Restated Declaration to carry out the intent of the Declarant, William C. Neils and the Association to combine the Unit 1 Declaration and the Unit 2 Declaration and to clarify that the Unit 1 Property and the Unit 2 Property are both subject to this Amended and Restated Declaration.

WHEREAS, pursuant to Section 2.22 of the Unit 1 Declaration, the Unit 1 Declaration may be amended by the Owners of seventy-five percent (75%) of the Unit 1 Lots by a written instrument signed, duly acknowledged and recorded.

WHEREAS, pursuant to Section 2.22 of the Unit 2 Declaration, the Unit 2 Declaration may be amended by the Owners of seventy-five percent (75%) of the Unit 2 Lots by a written instrument signed, duly acknowledged and recorded.

WHEREAS, Owners of seventy-five percent (75%) of the Unit 1 Lots have approved and consented to the following amendments to the Unit 1 Declaration in accordance with Section 2.22 of the Unit 1 Declaration and A.R.S. § 33-1817(A)(1) and to the Unit 1 Property being subject to the Unit 1 Declaration as amended by this Amended and Restated Declaration.

WHEREAS, Owners of seventy-five percent (75%) of the Unit 2 Lots have approved and consented to the following amendments to the Unit 2 Declaration in accordance with Section 2.22 of the Unit 2 Declaration and A.R.S. § 33-1817(A)(1) and to the Unit 2 Property being subject to the Unit 2 Declaration as amended by this Amended and Restated Declaration.

NOW THEREFORE, the Unit 1 Declaration and the Unit 2 Declaration are hereby amended, restated and combined to provide as follows:

ARTICLE 1 DEFINITIONS

1.1 “Annual Assessment” means the assessments levied against each Lot, and the Owner thereof, pursuant to Section 5.3 hereof.

1.2 “Architectural Committee” or “Committee” shall mean the committee created pursuant to Article 4 hereof.

1.3 “Architectural Rules and Guidelines” or “Guidelines” shall mean the rules and regulations adopted from time to time by the Architectural Committee.

1.4 “Articles” shall mean the Articles of Incorporation of the Association filed in the office of the Corporation Commission of the State of Arizona, as said Articles may be amended from time to time.

1.5 “Assessment” means an Annual Assessment, Special Assessment or Extraordinary Assessment as more fully set forth in Article 5 herein.

1.6 “Assessment Lien” means the lien created and imposed by Section 5.1 herein.

1.7 “Association” shall mean and refer to Amberwood Community Association, Inc., an Arizona non-profit corporation, its successors or assigns, which has been established pursuant to this Declaration.

1.8 “Association Rules” or “Rules” shall mean the rules and regulations adopted by the Board and/or Architectural Committee as they may be amended from time to time.

1.9 “Board” shall mean the Board of Directors of the Association.

1.10 “Bylaws” shall mean the Bylaws of the Association, as such may be amended from time to time.

1.11 “Common Area” or “Common Areas” shall mean any and/or all real property, including any improvements thereto, that are now or are hereafter owned by the Association for the common use and enjoyment of the Owners, including, without limitation, (i) Tract F as shown on the Plat of Amberwood recorded in Case 5 of Maps, Page 90 of the Official Records of the County Recorder of Coconino County, Arizona, and (ii) Tracts B through E, inclusive, as shown on the Amberwood Unit 2 Final Plat recorded in Case 6 of Maps, Pages 27, 27A and 27B of the Official Records of the County Recorder of Coconino County, Arizona.

1.12 “Declaration” shall mean the covenants, conditions and restrictions hereinafter set forth in this entire document, as this document may be amended from time to time.

1.13 “Extraordinary Assessment” means any Assessment levied pursuant to Section 5.4 of this Declaration.

1.14 “Improvement” shall mean the Residence, auxiliary buildings, pools, fences, walls, hedges, planting, planted trees and shrubs and all structures and landscaping of any type and kind erected or placed on any Lot.

1.15 “Lessee” means the lessee or tenant under a lease, oral or written, of any Lot including an assignment of a lease.

1.16 “Lot” shall mean a Lot Type A, a Lot Type B and a Lot Type C. “Lots” shall mean more than one lot.

1.17 “Lot Type A” shall mean any separate parcel of real property shown on the Plats and designed as a numbered Lot having square footage less than 13,000 square feet.

1.18 “Lot Type B” shall mean any separate parcel of real property shown on the Plats and designated as a numbered Lot having between 13,000 square feet and 20,000 square feet.

1.19 “Lot Type C” shall mean any separate parcel of real property shown on the Plats and designed as a numbered Lot having square footage greater than 20,000 square feet.

1.20 “Member” shall mean any Person who is a member of the Association.

1.21 “Owner” shall mean and refer to the owner of record, whether one or more Persons, or equitable or beneficial title (or legal title if same has merged) of any Lot. “Owner” shall not include any Person(s) who hold(s) an interest in any Lot solely as security for the performance of an obligation.

1.22 “Person” means any individual, corporation, partnership, joint venture, organization, association, trustee, governmental or political unit or agency, or other entity.

1.23 “Plat” or “Plats” means (i) the Plat of Amberwood Unit 1 recorded in Case 5 of Maps, Page 90 of the Official Records of the County Recorder of Coconino County, Arizona, and (ii) the Amberwood Unit 2 Final Plat recorded in Case 6 of Maps, Pages 27, 27A and 27B of the Official Records of the County Recorder of Coconino County, Arizona, and all amendments, supplement, and corrections thereto.

1.24 “Project Documents” means this Declaration, the Articles, the Bylaws, the Association Rules and the Architectural Rules and Guidelines.

1.25 “Property” means the real property described on Exhibit “A” to this Declaration, together with all buildings, improvements and other permanent fixtures of whatever kind now or hereafter located thereon, and all easements, rights, appurtenances and privileges, belonging or in any way pertaining thereto.

1.26 “Residence” shall mean any building or structure devoted exclusively to single family residential use.

1.27 “Visible from Neighboring Property” means, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of neighboring or adjoining property within the Property at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE 2

USE RESTRICTIONS

2.1 Single Family Residential Use. No structure whatever, other than a Residence together with a private garage, guest house, servants quarters or such other customary outbuilding(s) and structure(s), shall be erected, placed or permitted to remain on any Lot. No trade or business shall be conducted on any Lot except that an Owner or other resident of a Lot may conduct a business activity on a Lot so long as: (a) the business activity conforms to all applicable zoning ordinances or land use requirements for the Lot, (b) the business activity is consistent with

the residential character of the Property and does not constitute a nuisance or a hazardous or offensive use or threaten the security or safety of other residents in the Property, as may be determined from time to time in the sole discretion of the Board, (c) the business activity is not apparent or detectable by sight, sound or smell outside the Residence on the Lot, (d) the business activity does not involve persons coming onto the Lot or the door-to-door solicitation of Owners or other residents in the Property, and (e) the business activity does not generate more pedestrian or vehicular traffic than typical residential use of the Lot. The terms "business" or "trade" as used in this Section 2.1 shall be construed to have 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 (a) such activity is engaged in full or part-time, (b) such activity is intended to or in fact does generate a profit, or, (c) a license is required for such activity. The leasing of a Lot shall not be considered a trade or business within the meaning of this Section 2.1.

2.2 Minimum Livable Area. Any Residence constructed shall contain a minimum of:

1,500 square feet of livable area on Lot Type A;

2,000 square feet of livable area on Lot Type B, and

2,500 square feet of livable area on Lot Type C

unless otherwise approved by the Architectural Committee. The minimum square footage of a Residence includes the walls of the Residence, but is exclusive of open porches, breezeways, pergolas, courtyards, attached garages or any similar extension or projection. All structures shall be of new material and no buildings shall be moved from any other location onto any Lot. No prefabricated building or other structure of any nature whatsoever, permanent or temporary, shall be moved or placed upon, or assembled or otherwise maintained on any Lot, provided, however that a temporary office, trailer office, tool shed, lumber shed and/or office may be used if it is removed upon the completion of construction of the Residence for which it was maintained.

2.3 Setback Requirements. All buildings shall be located on any Lot within the building setback lines as shows on the Plats. All Residences shall have an enclosed garage capable of housing a minimum of two (2) cars. Notwithstanding the above, minimum setback shall conform to the ordinances applicable to the Property as established from time to time by the City of Flagstaff.

2.4 Landscape and Lot Maintenance. Each Owner shall keep all trees, shrubs, ground cover and plantings of every kind on his Lot neatly trimmed, and always keep his Lot free from trash, wood, and other unsightly material. The yard and grounds in connection with all improved Lots shall be cultivated and planted to an extent sufficient to maintain an appearance not out of keeping with that of typical approved Lots in the Property. During prolonged absence, each Owner will arrange for the care of his Lot during such absence. If an Owner does not clean up or arrange for the care of his Lot during such absence or an Owner does not clean up or maintain his Lot in accordance with the foregoing provision of this Section 2.4, the Association may give written

notice thereof to the Owner, and if such Owner fails to clean up or maintain his Lot within thirty (30) days from the date of such written notice is given, the Association may have that Owner's Lot cleaned up or maintained. Any and all expenses incurred by the Association in so doing shall be levied against said Owner as an Extraordinary Assessment under Section 5.4 hereof, with the Association to have all attendant remedies included in the Assessment Lien created in Section 5.1 hereof.

2.5 Fences. No fence shall be constructed on any Lot unless the style and design thereof are approved in writing by the Architectural Committee. All fences constructed on any Lot must complement the outside of the Improvements on the Lot. No "chain-link" fence shall be placed anywhere on any Lot. There shall be no metal visible in any fence except for gates which shall be lined with wood. No fence shall be constructed in the twenty-five-foot landscape easement which buffers Butler Avenue from the Lots that are adjacent to it. Fences in Lot Type A Lots may be constructed on the side and rear property lines. Fences on Lot Type B and Lot Type C Lots shall not be constructed outside the building setback line without the prior written consent of the Architectural Committee.

2.6 Obstructive Materials or Devices. Air conditioners, coolers, pool filters, firewood storage, building or repair materials, storage facilities, lawn and yard tools and equipment, and other temporary or permanent equipment must be screened or stored so as not to be Visible from Neighboring Property. Screening shall be constructed of the same materials as any adjacent building or wall. All heating and air conditioning units shall be ground mounted.

2.7 Drainage Easement. No Owner shall fill, block, or obstruct any drainage easements or drainage structure on his Lot, nor shall any Owner cause or suffer to be erected on any Lot any building or obstruction for the purpose, directly or indirectly, of obstructing, blocking or filling any such drainage easement or drainage structure. The City of Flagstaff shall make and forever repair and maintain all such drainage easements and structures on a Lot, making good all damage which may be caused to the drainage easement and structures in violation of this Section 2.9. Such damage may occur directly or indirectly by the obstructing, blocking or filling of such drainage easements.

2.8 Roofing Materials. Roofing materials on an Improvement shall consist of tile or cement shingles, non-reflective metal, or thick-butt asphalt shingles as approved in writing by the Architectural Committee. All metal flashing, chimneys, gutters, down spouts, wires, or pipes on a Residence must be matched to the roof or wall color and texture of the Residence.

2.9 Exterior Siding & Material. Exterior siding and material shall consist of cedar (wood) siding, lap, T & G, Board, batt and Masonite lap. Accent materials shall consist of stone bricks and stucco. All exterior siding materials require the prior written approval of the Architectural Committee. A material known as T-111 shall not be used.

2.10 Colors. Exterior colors must be subdued and blend with the environment. No bright colors such as red, yellow, or similar colors will be allowed. All exterior colors require the prior written approval of the Architectural Committee.

2.11 Animals; Pets. 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. Dogs shall be kept within structures or fences or on secured leashes. No animals may be kept or confined in the front yard of a Lot. 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.

2.12 Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish. Trash, garbage or other waste shall keep in sanitary containers. All containers used for the storage or disposal of such material shall be kept in a clean and sanitary condition that will not be obnoxious to the eye. In no event shall such container be maintained so as to be Visible from Neighboring Property except to make the same available for collection and, then, only for the shortest period of time reasonably necessary to effect said collection. No substance, thing or material shall be kept upon the Lot that will emit a foul or obnoxious odor, or cause any noise that might disturb the peace, quiet, comfort or serenity of the other Owners or occupants in the Property.

2.13 Nuisance. No nuisance or offensive activity shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the other Owners or occupants in the Property. 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.

2.14 Completion of Construction. When any construction on any Lot has been started, it shall be completed within one (1) year from start date except when such delay is caused by an act of God, strike, actual inability of the Owner to procure delivery of necessary material or by interference by the other persons or forces beyond the control of the Owner to prevent. Financial inability of the Owner or his contractor to secure labor material or discharge liens or attachment shall not be deemed a cause beyond his control.

2.15 Abandoned or Inoperable Vehicles. No vehicle of any type which is abandoned or inoperable shall be stored or keep on any Lot or street within the Property unless it is housed within a garage as approved by the Architectural Committee.

2.16 Limitations of Vehicles. Motorcycles, mopeds, mini-bikes, trail bikes, and other motor vehicles shall not be operated on the Real Property except within the traveled areas of the streets. All such vehicles shall be equipped with a muffler in good working order and in constant use to prevent excessive or unusual noise. No repair or maintenance work shall be performed on any motor vehicle or other piece of equipment, except wholly inside a garage. Disabled vehicles and equipment shall be stored in a garage or removed from the Property. Each Owner shall provide adequate paved off-street parking spaces to accommodate the intended use of the Owner's Lot and shall not park or permit others to park on unpaved portions of the Lot. Except for permitted

construction purposes or limited temporary parking for loading or unloading pursuant to rules adopted by the Board, no vehicle in excess of 6,500 pounds gross weight, no commercial vehicle, industrial equipment, recreational vehicle, boat, boat trailer, utility trailer, mounted or unmounted camper, motor home, travel trailer, or similar vehicle may be parked on any Lot on paved or unpaved parking areas without receiving the prior written approval from the Architectural Committee on a case-by-case basis for the parking thereof including any conditions imposed by the Architectural Committee such as the required manner of screening or concealing the same. The restrictions in this Section 2.16 do not apply to automobiles, SUV's or ¾-ton (or less) capacity pickup trucks used by an Owner solely for pleasure and passenger purposes (and not for commercial purposes).

2.17 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 any Lot without the prior written approval of the Architectural Committee; except for the following signs: (i) one "for sale" sign and one "for lease" sign may be posted on the Lot, which conforms 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 a Lot as permitted by A.R.S. §33-1808, as amended, and by any successor statute thereto, provided, however, open houses shall not be held before 8:00 a.m. or after 6:00 p.m.; (iii) any signs as may be required by legal proceedings; (iv) such signs as are approved by the Architectural Committee; and (v) political signs may be displayed on a Lot subject to the following: Political signs may be displayed not more than seventy-one (71) days prior to any election. Political signs must be removed within three (3) days after an election day. The total political sign area cannot exceed the maximum size limit established from time to time by applicable City of Flagstaff ordinances. All political signs must be commercially produced. No signs may be displayed on the Common Area.

2.18 Easements. Easements for installation and maintenance of utilities and for drainage facilities have been created as shown on the Plat. Within these easements, or any easements subsequently granted for utilities or drainage purposes, or permitted in writing by the applicable utility company or governmental authority, no structure, planting or other materials shall be placed or permitted to remain which may interfere with the installation and maintenance of the utility facilities. The aforementioned easements and all improvements located thereon shall be maintained by the Owner of that Lot, except for those improvements for which a public authority or utility company is responsible.

2.19. Antennas. 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 shall 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 shall be located in unobtrusive locations.

2.20 Leasing. All leases must be in writing and must provide that the terms of the lease are subject in all respects to the provisions of this Declaration and the Association Rules and that any violation of this Declaration or the Association Rules by the lessee or the other occupants shall be a default under the lease. The Owner of the leased Lot shall remain responsible for compliance with the provisions of this Declaration and the Association Rules and shall be responsible for any violations thereof by the Owner's lessee or other occupants. Subject to the provisions of this Declaration, the Board shall be entitled to adopt, amend and repeal Association Rules governing the leasing of Lots and the Improvements thereon.

2.21 Removal and Replacement of Trees. No trees located upon any Lot may be removed or replaced without the prior written approval of the Architectural Committee, which approval shall not be unreasonably withheld. All plans and specification as required in Section 2.4 of this Article 2 must show the approximate location of any tree(s) to be removed or replaced. This provision shall not prohibit any Owner from planting other types and varieties of trees on his Lot of a nature indigenous to the Property. The Property is subject to a Resources Preservation Plan as approved by the City of Flagstaff. Trees located within the Property as noted on the Resource Preservation Plan may be removed or altered only upon written approval of the City of Flagstaff and the Architectural Committee.

2.22 Landscaping. All front yard landscaping and all landscaping upon those portions of any Lot which are visible from any other Lot or Common Area shall be installed by the Owner of the Lot in accordance with a landscaping plan which has been submitted to and duly approved in writing by the Architectural Committee. Said landscaping plan shall be submitted along with the plans and specifications for the construction of the Residence unless otherwise agreed upon in writing by the Architectural Committee. All such landscaping (pursuant to the approved plan) must be installed by the Owner of the Lot within ninety (90) days following the final inspection of the Residence and issuance of a certificate of occupancy therefor by the City of Flagstaff.

2.23 Architectural Committee Approvals. Any approval of the Architectural Committee pursuant to this Article 2 shall be in addition to, and not in lieu of, any approvals or permits which may be required under any federal, state or local law, statute, ordinance, rule or regulation and may not conflict with or authorize a violation of any more restrictive federal, state or local law, statute, ordinance, rule or regulation.

ARTICLE 3

ASSOCIATION

3.1 Establishment of the Association. The Association has been established as a non-profit corporation by filing the Articles of Incorporation of the Association with the Corporation Commission of the State of Arizona in conformance with all applicable laws and regulations. The Association is governed by and in accordance with the requirements set forth herein and is organized for the purposes and with the powers set forth herein. By acceptance of a deed or by acquiring any ownership interest in any of the Property, each Person for himself or itself, his heirs, personal representatives, successors, transfers and assigns, binds himself, his heirs, personal representatives, successors, transferees and assigns, to automatically become a Member of the

Association, subject to the rights and obligations set forth herein. In addition to the duties and powers enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the specific duties and powers specified in this Article and in the Arizona Nonprofit Corporation Act, A.R.S. §§ 10-3101 through 10-11702.

3.2 Membership: Every Owner shall be a Member of the Association. The terms and provisions set forth in this Declaration, which are binding upon all Owners, are not exclusive, as Owners shall, in addition, be subject to the terms and provisions of the Articles, the Bylaws and the Association Rules to the extent the provisions thereof are not in conflict with this Declaration. Membership in the Association shall be appurtenant to and may not be separated from the interest of an Owner in a Lot. Ownership of a Lot shall be the sole qualification for membership; provided, however, a Member's voting rights or privileges in the Common Area, or both, may be regulated or suspended as provided in this Declaration, the Bylaws or the Association Rules. Not more than one membership shall exist based upon ownership of a single Lot.

3.3 Voting Rights: All voting rights in the Association shall be vested in the Members of the Association, each of whom shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one Person owns a portion of the interest in a Lot required for membership, each such Person shall be a Member and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. The vote for each Lot shall be cast as a unit, and fractional votes shall not be allowed. In the event that joint Owners are unable to agree among themselves as to how their vote or votes should be cast, they shall lose their right to vote on the matter in question. If any Owner casts a vote representing a certain Lot, it will thereafter be conclusively presumed for all purposes that he was acting with the authority and consent of all other Owners of the same Lot. In the event that more than one vote is cast for a particular Lot, none of such votes shall be counted and such votes shall be deemed void.

3.4 Corporate or Trust Membership. In the event any Lot is owned by a corporation, partnership, trust, or other association, the corporation, partnership, trust or association shall be a Member and shall designate in writing at the time of acquisition of the Lot an individual who shall have the power to vote said membership, and in the absence of such designation and until such designation is made, the chief executive officer, if any, or the first listed trustee of the trust, of such corporation, partnership, trust or association, shall have the power to vote the membership, and if there is no chief executive officer, then the board of directors or general partner of such corporation, partnership, trust or association shall designate who shall have the power to vote the membership.

3.5 Board of Directors. The affairs of the Association shall be conducted by a Board of not less than three (3) nor more than nine (9) directors with the assistance of such officers designated in the Articles or Bylaws. The officers and directors shall be designated as provided for in the Articles and the Bylaws.

3.6 Association Rules. The Board shall be empowered to adopt, amend or repeal such rules and regulations as it deems reasonable and appropriate (the "Association Rules"), binding

upon all Persons subject to this Declaration and governing the use of the Common Area. The Association Rules may include the establishment of a system of fines and penalties enforceable as special assessments. The Association Rules shall govern such matters in furtherance of the purposes of the Association; provided, however, that the Association Rules may not discriminate among Owners except as expressly provided or permitted herein, and shall not be inconsistent with this Declaration, the Articles or the Bylaws. A copy of the Association Rules as they may from time to time be adopted, amended or repealed or a notice setting forth the adoption, amendment or repeal of specific portions of the Association Rules shall be available to each Owner. The Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and all other Persons making any use of the Common Area, whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available at the principal office of the Association to each Owner or other Person reasonably entitled thereto, upon request. In the event of any conflict between any provision of the Association Rules and any provisions of this Declaration or the Articles or Bylaws, the provisions of the Association Rules shall be deemed to be superseded by the provisions of this Declaration, the Articles or the Bylaws to the extent of any such conflict.

3.7 Indemnification. To the fullest extent permitted by law, every director and every officer of the Association shall be indemnified by the Association, and every other Person serving as an employee or direct agent of the Association, or on behalf of the Association as a member of a committee or otherwise, may, in the discretion of the Board, be indemnified by the Association, against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having served in such capacity on behalf of the Association, or any settlement thereof, whether or not he is a director, officer or serving in such other specified capacity at the time such expenses are incurred, provided that the Board shall determine, in good faith, that such officer, director, or other Person, did not act, fail to act, or refuse to act willfully or with gross negligence or fraudulent or criminal intent in the performance of his duties. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such persons may be entitled at law or otherwise.

3.8 Non-Liability of Officials. To the fullest extent permitted by law, the Board, or any other committees of the Association nor any member thereof, nor any directors or officers of the Association, shall be liable to any Owner, tenant, the Association or any other Person for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which the Board, or such committees or persons reasonably believed to be within the scope of their respective duties.

ARTICLE 4

ARCHITECTURAL COMMITTEE

4.1 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 Lot 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 Committee. The Architectural 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 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 Committee. All decisions of the Architectural Committee shall be final and no Owner or other party shall have recourse against the Architectural Committee or its members for its refusal to approve any such plans and specifications.

4.2 Establishment of Committee. The right to approve or disapprove plans and specifications for Improvements on the Property shall be vested in an Architectural 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 Committee shall be a member of the Board of Directors. The members of the Architectural Committee need not be architects, owners or occupants of the Property, and do not need to possess any special qualifications. Architectural 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 Committee, the Board shall appoint a replacement member as soon as possible.

4.3 Meetings. The Architectural Committee shall meet as often as determined appropriate by the members of the Architectural Committee. A quorum for such meetings shall consist of a majority of the members of the Architectural Committee, and the affirmative vote of a majority of the members of the Architectural Committee shall be necessary for any decision of the Architectural Committee. The Architectural Committee shall keep and maintain a record of all actions taken at its meetings.

4.4 Architectural Standards and Committee Procedures. The Architectural 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 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 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 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.

4.5 Fee. The Architectural Committee may charge a reasonable processing fee to defray its costs in considering any requests for approvals submitted to it. The appropriate fee shall be paid at the time the request for approval is submitted.

4.6 Compensation; Delegations. Unless authorized by the Board, the members of the Architectural 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 Committee function or duty. Professional consultants retained by the Architectural Committee shall be paid such compensation as the Architectural 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 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.

4.7 Non-Liability. None of the Association, the Board members, any member of the Architectural Committee, or any agent, employee or other party providing architectural consulting services to the Architectural 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 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 Committee, or their agents or employees, or parties providing architectural consulting services to the Architectural 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 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 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 Lot 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 Committee, their agents, employees and parties providing architectural consulting services to the Architectural 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.

ARTICLE 5

FUNDS AND ASSESSMENTS

5.1 Creation of the Lien and Personal Obligations of Assessments. Each Owner is deemed to covenant and agree to promptly pay to the Association all sums contemplated under this Declaration including, without limitation: Annual Assessments, Extraordinary Assessments, Special Assessments and such other Assessments and expenses of the Association as may be incurred, fixed, established or collectible from time to time as provided for within this Declaration or within the Articles and Bylaws of the Association. The Assessments, together with interests, costs, reasonable late fees, and reasonable attorneys' fees, shall be a charge on the land and a continuing lien ("Assessment Lien") upon the Lot or Lots against which each such Assessment is made, and shall also be the personal obligation of the Person who was the Owner of such Lot or Lots at the time when the Assessment became due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Person owning the Lot at the time the Assessment became due unless specifically assumed by such successors in title. No Lot shall be sold, transferred or conveyed by any Owner without all Assessments having been paid in full, whether or not an Assessment Lien has been filed or recorded.

5.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the Owners and residents of the Property and for the improvement, maintenance and replacement of the Common Area and any Improvements thereon which have not been accepted for maintenance by the City of Flagstaff.

5.3 Annual Assessments – Maximum Amounts.

(a) For the calendar year 2021, the Annual Assessment for each Lot, whether improved, developed or underdeveloped, shall be \$199.00. Such Annual Assessments shall be in addition to the fees set from time to time by the Board of Directors in accordance with the Project Documents.

(b) From and after January 1, 2021, the Annual Assessment may be increased by the Board each year not more than ten percent (10%) above the maximum Annual Assessment set for the previous year.

(c) The Annual Assessment may be increased by an amount greater than the maximum increase allowed pursuant to Section 5.3(b) above only with the approval of Members representing at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by absentee ballot at a meeting duly called for such purpose.

5.4 Extraordinary Assessments. The Association may levy an Extraordinary Assessment against an Owner, and such Owner's Lot, or the following expenses:

(a) Any expenses caused by the willful or negligent act of an Owner, his family, guests, tenants, invitees or animals;

(b) Any expense incurred by the Association resulting from any Owner's failure to clean up or maintain his Lot and any Improvement thereon in accordance with the terms of this Declaration;

(c) Any expense incurred the Association as a result of repairs, maintenance or replacement to the Common Area which is caused by the willful or negligent act of an Owner, his family, guests, tenants, invitees or animals.

5.5 Special Assessments. In addition to the Annual Assessment authorized herein, the Association may levy, during any assessment year, a Special Assessment for the purpose of defraying in whole or in part the cost of any construction, reconstruction, repair or replacement of any landscaping or other Improvement installed upon the Common Area, provided that such Special Assessment shall have the approval of Members representing at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by absentee ballot at a meeting duly called for such purpose. Said Special Assessment shall be payable over a period not to exceed the next ten (10) succeeding years.

5.6 Subordination of Assessment Lien. 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 Lot as security and whose lien is the first priority lien on the Lot ("First Mortgage"), 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 Lot shall not affect the Assessment Lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial 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 such sale or transfer, but any Assessment or other charges against the Lot which accrued prior to such sale or transfer shall remain the obligation of the Owner of the Lot at the time when such Assessments and charges became due and payable. No sale or transfer by the First Mortgagee shall relieve such Lot from liability for any Assessment thereafter becoming due or from the Assessment Lien therefor.

5.7 Uniform Rate of Assessment. Both Annual and Special Assessments must be fixed at a uniform rate for all Lots of each Type (i.e., Lot Type A, Lot Type B, or Lot Type C) and may be collected on a monthly, quarterly or annual basis as determined from time to time by the Board of Directors.

5.8 Delinquency. Any Assessment provided for in this Declaration which is not paid when due shall be delinquent. If any such Assessment is not paid within thirty (30) days after the due date thereof, a late charge equal to the greater of (i) Fifteen Dollars (\$15.00) or (ii) ten percent (10%) for each delinquent Assessment or installment of an Assessment, shall be levied. In addition, the Assessment shall bear interest from the date of delinquency until paid at the rate of fifteen percent (15%) per annum. The Association may, at its option, bring an action at law against an Owner periodically obligated to pay the Assessment and/or foreclose the Assessment Lien against the Owner's Lot or Lots in accordance with the then prevailing law of the State of Arizona relating to the foreclosure of liens upon real property. If an action is commenced, there shall be added to the amount of such Assessment the late charge, interest, expense incurred in connection with collection of the debt secured by the Assessment Lien, reasonable attorneys' fees and the costs of preparing and filing the complaint in such action, and in the event a judgement is obtained, such judgement shall include said late charge, interest, collection costs, reasonable attorneys' fees, and

the costs of the action. In the event a foreclosure sale of a Lot or Lots authorized pursuant to the then prevailing laws of the State of Arizona is undertaken by the Association, the Association, through its duly authorized agents, shall have the power to bid on such Lot or Lots at the sale, using Association funds or funds borrowed for such purpose, and to acquire and hold, lease, mortgage and convey the same.

5.9 Cumulative Remedies. The Assessment Lien and the rights to foreclosure thereunder shall be in addition to and not in substitution for all other rights and remedies which the Association and its successors or assigns may have hereunder and by law or equity, including a suit to recover a money judgment for unpaid Assessments as above provided.

5.10 Certificate of Payment. The Association shall, within fifteen (15) days of a request from an Owner, furnish to such Owner a certificate in writing signed by an officer of the Association setting forth whether the assessments on a particular Lot have been paid and the amount of any unpaid assessments. The Association may charge the Owner requesting a certificate a reasonable fee (as established by the Board) for each such certificate. Such certificate shall be conclusive evidence of payment of any assessment described in the certificate as having been paid.

ARTICLE 6

MAINTENANCE

6.1 Maintenance of Common Area by Association. The Association shall be responsible for the maintenance, repair and replacement of the Common Area and may, without any approval by the Owners, do any of the following:

(a) Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any such Common Area (to the extent that such work is not done by a governmental entity, if any, responsible for the maintenance and upkeep of such area);

(b) Construct, reconstruct, repair, replace or refinish any portion of the Common Area used as a road, street, walk, driveway or parking area;

(c) Replace injured and diseased trees or other vegetation in any Common Area, and plant trees, shrubs and ground cover to the extent that the Board deems necessary for the conservation of water and soil and for aesthetic purposes;

(d) Place and maintain upon any Common Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof; and

(e) Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the beauty thereof, in accordance with the general purposes specified in this Declaration.

6.2 Maintenance of Lots by Owners. Each Owner of a Lot shall be solely responsible for the maintenance of all portions of the Owner's Lot. The Owner of each Lot shall at all times perform his obligations under this Section 6.2 so that the land and Improvements comprising his Lot shall be in good condition and repair. Such obligations of Owner shall include keeping all

shrubs, trees, grass, plantings and landscaping of every kind properly cultivated and free of trash, weeds and other unsightly material. All maintenance of the exterior of the Residence, including without limitation, walls, fences and roofs, shall be accomplished in accordance with the Association Rules and this Declaration and, if required by the Association Rules or this Declaration, only after approval of the Architectural Committee.

6.3 Damage or Destruction by Owners. No Owner shall in any way (a) damage or destroy any Common Area or (b) interfere with the activities of the Association in connection therewith. Any expenses incurred by the Association by reason of any such act of an Owner shall be paid by said Owner to the Association upon its demand to the extent that the Owner is liable therefor under Arizona law. Such amounts shall be a lien on any Lot(s) owned by such Owner, and the Association may enforce collection of any such amounts in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

6.4 Nonperformance by Owners. If any Owner fails to maintain any portion of the land and Improvements comprising his Lot which he is obligated to maintain under the provisions of this Declaration, the Articles, the Bylaws or the Association Rules, then the Association shall have the right, but not the obligation, to enter upon such Owner's Lot to perform the maintenance and repairs not performed by the Owner, and the cost of any such work performed by or at the request of the Association shall be paid for by such Owner upon demand from the Association. Such amounts shall be a lien upon the Owner's Lot and the Association may enforce collection of such amounts in the same manner and to the same extent as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

6.5 Total or Partial Destruction. If any Residence is totally or partially destroyed, the Owner shall either rebuild the structure in a timely manner or demolish the structure and remove the debris from the Property in a timely manner. If the Owner fails to comply with this Section 6.5, the Association may, but shall not be obligated to, undertake the work on the Owner's behalf and charge the Owner therefor. The Association may enforce collection of such amounts in the same manner and to the same extent as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

ARTICLE 7

INSURANCE

7.1 Scope of Coverage. The Association shall maintain, to the extent reasonably available, the following insurance coverage:

(a) Property insurance on the Common Area insuring against all risk of direct physical loss, insured in an amount equal to the maximum insurable replacement value of the Common Area, as determined by the Board; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property policy;

(b) Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000.00. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area and all other portions of the Property which the Association is obligated to maintain under this Declaration, and shall also include hired automobile and non-owned automobile coverages with cost liability endorsements to cover liabilities of the Owners as a group to an Owner;

(c) Workmen's compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;

(d) Such other insurance as the Board shall determine from time to time to be appropriate to protect the Association or the Owners;

(e) The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:

(i) That there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and members of their households;

(ii) That no act or omission of any Owner (unless acting within the scope of his authority on behalf of the Association) will void the policy or be a condition to recovery on the policy;

(iii) That the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their mortgagees;

(iv) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners;

(v) "Agreed Amount" and "Inflation Guard" endorsements; and

(vi) For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.

7.2 Insurance on Lots of Residences. The Association shall not be obligated to obtain property insurance, liability insurance, flood insurance or any other type of insurance covering the Lots, Residences or the Improvements located thereon. The procurement and maintenance of insurance on each Lot or Residence, including all landscaping on such Lot or Residence shall be the sole obligation of the Owner thereof. Each Owner shall also be responsible for obtaining all liability insurance, personal property insurance and any other type of insurance to the extent desired by such Owner.

7.3 Certificates of Insurance. An insurer that has issued an insurance policy under this Article 7 shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner or mortgagee. Any insurance obtained pursuant to this Article 7 may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee to whom certificates of insurance have been issued.

7.4 Fidelity Bonds. The Association shall maintain blanket fidelity bonds or employee dishonesty policies for all officers, directors, trustees and employees of the Association and all other Persons handling or responsible for funds of or administered by the Association, including, without limitation, any management agent to whom the Association has delegated some or all of the responsibility for the handling of such funds. The total amount of fidelity bond or employee dishonesty policy coverage shall be based upon the best business judgment of the Board, and shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond or policy. In no event shall the aggregate amount of such fidelity bonds or such policy be less than a sum equal to three months of annual assessments on all Lots plus adequate reserve funds. Fidelity bonds and employee dishonesty policy obtained by the Association must also:

- (a) Name the Association as an obligee/insured;
- (b) Contain waivers by the issuers of the bonds of all defenses based upon the exclusion of Persons serving without compensation from the definition of “employees” or similar terms or expressions; and
- (c) Provide that they may not be cancelled or substantially modified (including cancellation from non-payment of premium) without at least ten (10) days prior written notice to the Association and each first mortgagee of a Lot.

7.5 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to Sections 7.1 and 7.4 of this Article shall be included in the budget of the Association and shall be paid by the Association.

7.6 Payment of Insurance Proceeds. With respect to any loss to the Common Area covered by property insurance obtained by the Association in accordance with this Article 7, the loss shall be adjusted with the Association and the insurance proceeds shall be payable to the Association.

ARTICLE 8

GENERAL PROVISIONS

8.1 Enforcement. The covenants, conditions and reservations and restrictions set forth herein may be enforced by the Association and/or any Owner of any Lot. Violation of any one or more of the restrictions may be restrained or enforced by any court of competent jurisdiction and/or damages may be awarded against any such violator. Nothing herein shall be construed as meaning that damages are an adequate remedy where equitable relief is sought. In the event any such Person employs an attorney or attorneys to enforce the compliance with or specific performance of the terms and conditions of this Declaration, and prevails in such action, the Owner or Owners against

whom the action is brought shall pay all attorneys' fee and costs incurred in connection with such action. Notwithstanding the foregoing, an individual Owner shall have no right to enforce the collection of any assessment levied against any other Owner under Article 5 above or to enforce any Assessment Liens or any other liens, fines or charges.

8.2 Severability. Invalidation of any one of these covenants by judgment or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

8.3 No Waiver or Abandonment. Failure by the Association or by any Owner to enforce any covenant, condition, or restriction herein contained, or the Articles, the Bylaws or the Association Rules in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition or restriction. The foregoing shall apply regardless of whether any Person affected hereby (or having the right to enforce these restrictions) and knowledge of the breach or violation.

8.4 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.

8.5 Captions and Titles. All captions, titles or headings of the parts and sections in this Declaration are for the purpose of reference and convenience only and are not to be deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

8.6 Cumulative Remedies. All rights, options and remedies of the Association, the Owners or the mortgagees under this Declaration are cumulative, and not one of them shall be exclusive of any other, and the Association, the Owners and the mortgagees shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

8.7 Violations and Nuisance. Every act or omission whereby any provision of the 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.

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

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

8.10 Attorneys' Fees. In the event the Association employs an attorney to enforce any lien granted to it under the terms of this Declaration or to collect any Assessments or other amounts

due from an Owner or to enforce compliance with or recover damages for any violation or noncompliance with this Declaration, the Articles, the Bylaws, and/or the Association Rules, the prevailing party in any such action shall be entitled to recover from the other party its reasonable attorneys' fees incurred in any such action.

8.11 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. In addition, each such Person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Property and hereby evidences his 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 various subsequent and future owners. The Owners, their successors, assigns and grantees, covenant and agree that the interest of each Owner by virtue of his purchase of a Lot within the Property (specifically, fee ownership of the Lot 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 Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

8.12 Notices. Any notice to be given under the provisions of this Declaration shall be in writing and may be delivered as follows:

(a) Notice to an Owner shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, to the most recent address furnished by such Owner in writing to the Association for the purpose of giving notice, or if no such address shall have been furnished, then to the street address of such Owner's residence. In the case of co-Owners, any such notice may be delivered or sent to any one of the co-Owners on behalf of all co-Owners and shall be deemed delivered to all such co-Owners.

(b) Notice to the Association shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, addressed to the address on file with the Arizona Corporation Commission as the record office of the Association.

(c) Any of the above notices so deposited in the mail shall be deemed delivered seventy-two (72) hours after such deposit.

8.13 Term. The covenants and restrictions of this Declaration shall run with and bind the Property for a term of thirty (30) years from the date the Original Declaration was recorded. Thereafter, they shall be automatically extended for successive periods of ten (10) years each. This Declaration may be terminated at any time by the written approval or the affirmative vote of

Owners representing not less than ninety percent (90%) of the Lots. Any termination of this Declaration shall be evidenced by a Declaration of Termination signed by the President or Vice-President of the Association and recorded with the County Recorder of Coconino County, Arizona.

8.14 Amendments. Subject to the other provisions of this Declaration, this Declaration may be amended by the affirmative written consent or vote, or any combination thereof, of the Owners of not less than two-thirds (2/3) of the Lots. 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 or modification has been approved as hereinabove provided, and when recorded in the official records of Coconino County Arizona.

8.15 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.

8.16 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.

8.17 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
TO
AMENDED AND RESTATED DECLARATION
OF
COVENANTS, CONDITIONS and RESTRICTIONS
FOR
AMBERWOOD AND AMBERWOOD UNIT 2

Lots 1 through 76, inclusive, and Tract F of Amberwood Unit 1, according to the Plat of Amberwood Unit 1 recorded in Case 5 of Maps, Page 90 of the Official Records of the County Recorder of Coconino County, Arizona, and

Lots 77 through 178, inclusive, and Tracts B through E, inclusive, of Amberwood Unit 2, according to the Amberwood Unit 2 Final Plat recorded in Case 6 of Maps, Pages 27, 27A and 27B of the Official Records of the County Recorder of Coconino County, Arizona.

