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When recorded, return to:

Havasu Heights, LLC
2036 McCulloch Boulevard N
Lake Havasu City, Arizona 86403
Attn: Dustin Runyon


FEE# 2026034509

OFFICIAL RECORDS
OF MOHAVE COUNTY
LYDIA HENRY,
COUNTY RECORDER



06/29/2026 04:22 PM Fee: \$30.00

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

**FOR
DL RANCH**

LAKE HAVASU CITY, ARIZONA

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR DL RANCH

LAKE HAVASU CITY, ARIZONA

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR DL RANCH ("**Declaration**") is made and entered into on the date set forth at the end hereof by Havasu Heights, LLC, an Arizona limited liability company ("**APX Declarant**").

INTRODUCTION

A. Declarant is the owner of certain real property situated in Mohave County, Arizona, with Phase 1 of the property legally described on Exhibit A attached hereto and incorporated herein by this reference (the "**Property**"), which is to be commonly known as "DL Ranch."

B. Declarant desires to reserve to the Declarant the right to expand the real property subject to this Declaration by annexing and subjecting to this Declaration all or any part of the Annexable Property.

C. Declarant hereby declares that the Community and all portions thereof shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to this Declaration, and including the limitations, easements, covenants, conditions and restrictions set forth in this Declaration, all of which are and shall be interpreted to be for the purpose of enhancing and protecting the value and attractiveness of the Community and all portions thereof. This Declaration creates equitable servitudes, and all of the limitations, covenants, conditions and restrictions set forth herein shall constitute covenants which shall run with the land and shall be binding upon Declarant, its successors and assigns and all parties having or acquiring any right, title or interest in or to all or any portion of the Community.

ARTICLE 1 DEFINITIONS

"**Affiliate**" of a Person shall mean a Person that controls, is controlled by, or is under common control with such other Person. With respect to Declarant, the term Affiliate shall also include any land trust of which Declarant is a beneficiary, and any beneficiary of Declarant.

"**Annexable Property**" shall mean any real property shown on the Plat or which is adjacent to or within the vicinity of the Property, which is owned or controlled by Declarant, or which may be owned or controlled by Declarant (including, without limitation, by means of an option to purchase), and not yet annexed or made a portion of the Property or which Declarant has made a decision to annex with the written consent of the owner thereof, and which may be used by Declarant for sale and/or lease thereof.

"**Annexable Property Plat**" shall mean the subdivision plat or plats of the Annexable Property hereafter approved by the applicable governing authority and Declarant (in its sole and absolute discretion) and Recorded, as the same may be amended from time to time.

"**A.R.S.**" shall mean the Arizona Revised Statutes, as the same may be amended, modified, or repealed from time to time.

"**Annexation and Supplemental Declaration**" shall mean a declaration executed by Declarant and declaring that any portion of the Annexable Property is made subject to this Declaration and annexed under the purview hereof and made a portion of the Property.

"**Architectural Review Committee**" shall mean the Architectural Review Committee for the Community established pursuant to Article 7 of this Declaration.

"**Articles**" shall mean the articles of incorporation of the Association filed with the Arizona Corporation Commission, as the same may be amended or supplemented from time to time.

"**Assessment**" shall mean the Annual, Member, Special, and/or Specific Assessments levied and assessed against each Lot or Parcel and which is to be paid by each Lot Owner as determined by the Association and as provided herein. "**Annual Assessments**", "**Member Assessments**", "**Special Assessments**", "**Specific Assessments**" and "**Assessment Lien**" are defined in Section 4.1.

"**Association**" shall mean DL Ranch Homeowners Association, an Arizona nonprofit corporation. The Association shall be established by the Articles and governed by its Bylaws.

"**Association Rules and Regulations**" shall mean the restrictions, limitations, rules and regulations adopted, amended, or repealed by the Association pursuant to Section 3.7 of this Declaration, as the same may be amended from time to time.

"**Board**" or "**Board of Directors**" shall mean the governing body of the Association.

"**Bylaws**": shall mean the bylaws adopted by the Association, as amended from time to time.

"**City**" shall mean Lake Havasu City, Arizona.

"**Cluster Residential Uses**" shall mean a use consisting of Lots with Dwellings intended for single-family occupancy and may include those types of residential housing arrangements known as townhouses, clustered housing, zero-lot line housing and similar arrangements, together with related areas intended for the use and enjoyment of the Owners and residents of the Lots in the cluster development.

"**Common Area**" shall mean, collectively, those portions of the Property designated on the Original Plat to be owned by the Association, and those portions of the Property and/or the Annexable Property, if any, designated as Common Area by Declarant in its sole discretion, in a Recorded instrument (including, without limitation, an Annexation and Supplemental Declaration), from time to time hereafter, and any other tracts designated by Declarant in writing as Common Area pursuant to this Declaration, and including all Improvements and facilities thereon and all rights, easements and appurtenances relating thereto, that the Association at any time owns in fee or in which the Association has a leasehold interest for as long as the Association is the owner of the fee or leasehold interest, except that Common Area shall not include: (i) any Lot that the Association may acquire through foreclosure or the Assessment Lien or any deed in lieu of foreclosure and (ii) any Sub-Association Common Area. Title to the Common Area shall be conveyed to the Association by Declarant, free and clear of all monetary liens, but subject to all easements of record affecting the Common Area. Every Owner shall have a right and easement of ingress

and egress and enjoyment in, over and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot or Parcel subject to the right of the Association to suspend Common Area use rights as provided in the Bylaws and the right of the Association to grant easements over Common Area to any public agency, authority or utility company as provided in the Articles. Any Owner may delegate, in accordance with the Community Documents, his right of enjoyment to the Common Area and facilities thereon to members of his family, tenants and contract purchasers who reside on his Lot.

"Community" shall mean the Property, together with all Improvements located thereon.

"Community Documents" shall mean and include this Declaration, as it may be amended from time to time, the exhibits, if any, attached hereto, the Plat, the Articles and Bylaws, and any Annexation and Supplemental Declaration (as it applies to the portion of the Property referenced therein), Association Rules and Regulations, Design Guidelines and Construction Guidelines adopted from time to time by the Association as provided herein or in the Bylaws.

"Construction Guidelines" shall mean the guidelines, restrictions, limitations, rules and regulations adopted by the Architectural Review Committee for purposes of development, construction and/or alteration upon a Lot or Parcel pursuant to Article 7 of this Declaration, if any.

"County" shall mean Mohave County, Arizona.

"Declarant" shall mean, individually and collectively, as the context requires, the above recited APX Declarant (including any Affiliate of any such APX Declarant) and/or any Person or Persons to whom all or a portion of the rights reserved to a Declarant under this Declaration are assigned pursuant to a written, Recorded document expressly assigning such rights pursuant to the terms and conditions of Section 8.4.

"Design Guidelines" shall mean the design guidelines, restrictions, limitations, rules and regulations adopted, amended, or repealed by the Architectural Review Committee pursuant to Section 7.1 of this Declaration, if any.

"Developer" shall mean a Person (a) who is engaged in residential or commercial real estate development and/or lease (subject to use restrictions contained in an Annexation and Supplemental Declaration and in Article 5 hereof), (b) who purchases a Parcel from Declarant for the purpose of constructing Improvements thereon for sale or lease, and (c) who has been designated by Declarant as a Developer pursuant to a Recorded instrument.

"Dwelling" shall mean any building or portion of a building situated on a Lot and designated for independent ownership and intended for residential use.

"Exterior Alteration" shall mean any construction, installation, addition, alteration, repair, change, change of color, change of landscaping, removal, demolition or other work that alters the exterior appearance of a Lot or the Improvements located thereon.

"First Mortgage" shall mean any mortgage (which includes a Recorded deed of trust and a Recorded contract of sale as well as a Recorded mortgage) which is a first-priority lien on any Lot.

"First Mortgagee" shall mean the holder of a First Mortgage.

"Improvement" shall mean any building, Dwelling, fence, wall or other structure or appurtenance; or any solar collectors or equipment, antennas (including TV antennas), satellite dishes, above-ground or underground TV, cell phone or communications apparatuses, broadcasting or receiving towers or equipment; or any swimming pool, tennis court, sport court, road, driveway or parking area; or any trees, plants, shrubs, grass, other landscaping, grading, earthwork, and drainage improvements of every type and kind, located upon or within the Property, from time to time.

"Improvement District" shall mean the DL Ranch Domestic Water Improvement District.

"Land Use Classification" shall mean the classification to be established by the Declarant pursuant to Section 5.1 hereof, which designates the type of Improvements which may be constructed on a Lot or Parcel and the purposes for which such Improvements and surrounding land may be utilized.

"Lease Restriction Period" shall mean the period of time commencing upon the recordation of this Declaration until the expiration of the date that is twenty-four (24) months thereafter.

"Lot" shall mean a parcel of land within the Community, whether improved or unimproved, intended for independent ownership and designated as a "lot" on the Plat, together with any Improvements thereon.

"Lot Improvements" shall have the meaning set forth in Section 5.23.

"Member" shall mean those Persons entitled to Membership in the Association as provided herein.

"Membership" shall mean the rights and duties of Members with respect to the Association.

"Original Plat" shall mean that certain Plat of DL Ranch Subdivision recorded on June 24, 2026 as Instrument No. 2026-033584, in the Office of the Recorder of Mohave County, Arizona, as the same may be amended from time to time.

"Owner" shall mean the Record holder of fee title to a Lot or Parcel (including, without limitation, any Developer) or, in the case of a Recorded "contract" (as that term is defined in A.R.S. § 33-741(2)), the holder, of Record, of the purchaser's or vendee's interest under said contract, but excluding others who hold such title merely as security. If fee simple title to a Lot or Parcel is vested in a revocable trust pursuant to A.R.S. § 14-10101 *et. seq.* for purposes of this Declaration, legal title shall be deemed to be held by the trustor and in the case of a deed placing ownership of the Lot or Parcel in an irrevocable trust pursuant to A.R.S. § 14-10101 *et. seq.*, the Owner shall be deemed to be the trustee. An Owner shall include any person who holds Record title to a Lot or Parcel in joint ownership or as an undivided fee interest.

"Parcel" shall mean an area of real property within the Property or the Annexable Property which (i) is not included within the boundaries of any Recorded plat which establishes one or more Lots; (ii) is subject to an Annexation and Supplemental Declaration; and (iii) is not owned in fee by the Association or which the association has a leasehold interest, for as long as the Association is the owner of such fee or leasehold interest.

"Party Walls" shall have the meaning set forth in Section 6.4A.

"Period of Declarant Control" shall mean the period commencing upon the Recordation of this Declaration in the Official Records of Mohave County, and ending on the earlier of: (a) in accordance with A.R.S. § 33-1820, the date when all Lots and Parcels owned by Declarant except for one (1) Lot have been conveyed, so that Declarant no longer owns any Lot or Parcels in the Community other than one (1) Lot; or (b) the date specified in a written notice from Declarant to the Association that the Period of Declarant Control will terminate on such date.

"Person" shall mean a natural person, corporation, limited liability company, business trust, estate trust, living trust, partnership, association, joint venture, government, governmental subdivision or agency or other legal or commercial entity.

"Plat" shall mean, collectively, the Original Plat and any Annexable Property Plat after an Annexation and Supplemental Declaration has been duly Recorded for the Annexable Property referenced in such Annexable Property Plat.

"Record", "Recordation", or "Recorded" shall mean to record or to be recorded, as the context may require, in the Official Records of the Mohave County, Arizona Recorder.

"Single-Family Build-for-Rent Use" shall mean a use whereby a Developer or other Owner develops and/or owns any Lot with free-standing Dwellings constructed thereon and leases such Lots or Dwellings for residential purposes, which shall be expressly prohibited herein, except as provided herein.

"Single-Family Residential Use" shall mean a use whereby each Lot is developed with a free-standing Dwelling and sold to one (1) retail home purchaser and shall expressly exclude Single-Family Build-for-Rent Use.

"Sub-Association" shall mean an owners association created within the Community other than the Association and subject to this Declaration. Each Owner who is a member of a Sub-Association shall also hold membership in the Association.

"Sub-Association Common Area" any tract or portion of Annexable Property designated as common area on an Annexable Property Plat and that Declarant has not designated as Common Area, in Declarant's sole discretion, in a Recorded instrument (including, without limitation, an Annexation and Supplemental Declaration). Title to the Sub-Association Common Area shall be conveyed to the Sub-Association by the Developer creating such Sub-Association, free and clear of all monetary liens, but subject to all easements of record affecting the Sub-Association Common Area.

"Tenant" shall mean a third-party lessee, sublessee, tenant or subtenant under a lease, oral or written, of any Lot as permitted under this Declaration or in an applicable Annexation and Supplemental Declaration. As used herein "a third-party" is a Person who is not an Owner.

"Visible from Neighboring Property" shall mean with respect to an object upon or within a Lot, that such object is or would be visible to a person six (6) feet tall, standing on any part of the Community outside such Lot at an elevation no higher than the ground level where the object is located.

ARTICLE 2
ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS OF THE ASSOCIATION; SUB-ASSOCIATIONS

2.1 Formation of the Association. The Association shall be a nonprofit Arizona corporation. The Association shall have all common law and statutory powers conferred upon nonprofit corporations under Arizona law and all powers necessary or desirable to perform the Association's duties and obligations and to exercise the rights and powers of the Association set forth in the Community Documents. The Association shall not be dissolved unless another entity has agreed to assume the obligations of the Association under this Declaration with respect to the operation and maintenance of the Common Area.

2.2 Board of Directors. The affairs of the Association shall be managed by a Board of Directors appointed and elected in accordance with this Declaration, the Articles, and the Bylaws, and such officers as the Board may elect or appoint in accordance with the Articles and Bylaws. The initial directors and officers of the Association shall be designated in the Articles, and such persons shall serve until their death, resignation or removal from office. Until Declarant has conveyed all Lots to Owners other than Declarant, Declarant shall have the right to appoint and remove all Directors, and thereafter Directors shall be elected by the Members in accordance with the Bylaws.

2.3 General Duties of the Association. The Association shall manage the Common Area in accordance with this Declaration and the Articles and Bylaws. The Owners covenant and agree that the administration of the Community shall be in accordance with the provisions of the Community Documents, subject to the standards set forth in all applicable laws, regulations and ordinances of any governmental or quasi-governmental body or agency having jurisdiction over the Community. In addition to the duties and powers enumerated in the Bylaws and the Articles, and without limiting the generality thereof, the Association shall have the duties and powers as set forth in Article 3 below and elsewhere in this Declaration.

2.4 Membership. The Members of the Association shall be the Owners. Automatically, upon becoming an Owner, each Owner shall become a Member of the Association and shall remain a Member thereof until such time as its ownership of such Lot or Parcel ceases for any reason, at which time its Membership in the Association automatically shall cease. Tenants shall not have any voting or Membership rights in the Association by virtue of their occupancy of any Lot or Dwelling thereon.

2.5 Transfer of Membership. Membership in the Association shall not be transferred, pledged or alienated in any way, except upon the transfer of ownership of the Lot or Parcel to which it is appurtenant, and then automatically to the new Owner as provided in Section 2.4. Any attempt to make a prohibited transfer is void. Upon the transfer of an ownership interest in a Lot or Parcel, the Association shall record the transfer upon its books, causing an automatic transfer of Membership as provided in Section 2.4.

2.6 Membership Classes. The Association shall have two (2) classes of voting Membership established according to the following provisions:

A. Class A Membership shall be held by each Owner of a Lot other than Declarant (while two (2) classes of Membership exist), and each Class A Member shall be entitled to one (1) vote for each Lot owned. If a Lot is owned by more than one (1) Person, each such Person shall be a Member

of the Association, but there shall be no more than one (1) vote for each Lot.

B. Class B Membership shall be held by Declarant (including any successor or co-Declarant as provided in Section 8.4 below) which shall be entitled to One Thousand, One Hundred (1,100) votes per Lot so long as Declarant owns at least two (2) Lots; however, Class B Membership automatically shall convert to Class A Membership and shall forever cease upon the termination of the Period of Declarant Control. In the event Declarant elects to partially assign or convey its Declarant rights reserved hereunder as provided more fully in Section 8.4, the voting rights of all Lots owned by Declarant and the assignee as co-Declarant, and/or their successors and assigns, shall be added together solely for purposes of determining the conversion of Class B Membership to Class A Membership. The Class B Memberships shall automatically cease and be converted to Class A Memberships thirty (30) days following the date upon which Declarant no longer owns at least two (2) Lots. Notwithstanding the foregoing, Declarant and any co-Declarant may voluntarily convey their respective Class B Membership to Class A Membership with the prior consent of the other Declarant(s) at any time by giving written notice to the Association.

2.7 Association Voting Requirements. Following the expiration of the Period of Declarant Control, any action by the Association which, pursuant to an express requirement of the Community Documents or applicable law, must have the approval of the Association Membership before being undertaken and shall require: (i) the vote of sixty-seven (67%) of the voting power of Members present and voting (including absentee ballots) at a duly called and held vote by mail for that vote or meeting of the Membership or sixty-seven (67%) of the voting power of Members voting through a duly called and held vote by mail (or by email, provided that the Association has been provided with an email address for that vote); or (ii) the written assent of sixty-seven (67%) of the voting power of the entire Membership unless, in either case, another percentage is specifically prescribed by a provision within this Declaration, the Bylaws or the Articles. Unless the Community Documents specifically require otherwise, when directors are to be elected or any other matter is submitted to a vote of the members, such vote may be conducted by mail (or by email, provided that the Association has been provided with an email address for that vote) as provided in the Bylaws or as determined by the Board.

2.8 Vesting of Voting Rights. Voting rights attributable to all Lots owned by Declarant shall vest immediately by virtue of Declarant's ownership thereof. Except for Declarant, no Owner of any Lot shall have any voting rights attributable to that Lot until an Assessment has been levied against that Lot and Owner by the Association pursuant to Article 4 below.

2.9 Meetings of the Association. Regular and special meetings of Members of the Association shall be held in accordance with the Bylaws and with the frequency, at the time and place as set forth in the Bylaws.

2.10 Sub-Associations. In the event any Sub-Association is to be formed by Declarant or a Developer of a Parcel, the covenants, conditions and restrictions, the articles of incorporation and bylaws, or other governing documents for such Sub-Association (collectively, the "**Sub-Association Community Documents**") shall not be effective unless (i) the contents thereof have been approved by the Declarant and (ii) Declarant has provided its written approval of the applicable Annexable Property Plat for the real property included within the Sub-Association. Further, the Sub-Association Community Documents shall specify that such Sub-Association and the rights of its members are subject and subordinate to this Declaration and the Community Documents (including, without limitation, the Articles and Bylaws of the

Association). Any and all Sub-Associations shall be bound by this Declaration. The members of any Sub-Association shall be those Owners who own a Lot located within such Sub-Association. Following the expiration of the Period of Declarant Control, all approval obligations of Declarant relating to the Sub-Association Community Documents under this Section 2.10 shall be automatically assigned to and vested in the Association.

2.11 Residential Subdivisions. With respect to residential subdivisions containing Lots (as such Lots may be contained in either the Property, the Annexable Property, or both), or a commercial subdivision (if any) that would affect the Lots or rights in connection therewith, Declarant expressly reserves the right (but not obligation) to require the establishment, in accordance with the applicable terms of this Declaration (including, without limitation, Section 2.10 hereof), of a Sub-Association for one or more of such subdivisions. Declarant further reserves the right to require, through the terms of a Recorded instrument, that the votes of all Membership held by Owners of Lots within any such residential subdivision be cast only by the Sub-Association designated in the applicable Recorded instrument as entitled to cast the votes of the Members. In such event, the Sub-Association's board of directors shall cast such votes in accordance with the Recorded instrument and the Sub-Association's articles of incorporation and bylaws.

ARTICLE 3

DUTIES AND POWERS OF THE ASSOCIATION

3.1 Maintenance. The Association shall maintain, paint, repair, replace, restore, operate and keep in good condition all of the (i) Common Area and all facilities, improvements, furnishings, equipment and landscaping thereon (including, without limitation, retention basins and drywells included in the Common Area) and (ii) those applicable rights-of-way and all facilities, improvements and landscaping thereon, which are located within and adjacent to the Community and which the County requires the Association to maintain pursuant to the terms of the Original Plat or another document, but only until such time that the County has accepted responsibility for the maintenance, repair and replacement of such areas. Notwithstanding the foregoing, responsibility for the maintenance, repair, and replacement of water-related infrastructure, including water meters, mains, valves, appurtenances, and any related utility equipment located within or serving the Community, shall be the responsibility of the DL Ranch Domestic Water Improvement District ("**Improvement District**"), unless otherwise provided in a separate agreement. The Association shall remain responsible for surface-level and aesthetic improvements surrounding such infrastructure, including landscaping, hardscape, signage, and roadways, unless expressly assumed by the Improvement District. The responsibility of the Association for maintenance and repair shall not extend to repairs or replacements arising out of or caused by the willful or negligent act or neglect of an Owner or the Owner's Tenants, any resident of the Owner's Lot, or their respective guests or other invitees. The repair or replacement of any portion of the Common Area or any Lot resulting from such excluded items shall be the responsibility of each Owner. At its option, the Association may exercise its rights under Section 3.9 and assess the responsible Owner for all costs as a Specific Assessment and/or the Association shall be entitled to commence an action at law or in equity to enforce this responsibility and duty and/or recover damages for the breach thereof.

3.2 Insurance.

A. Common Area Property Insurance. The Association shall obtain and continue in

effect property insurance on the insurable improvements within the Common Area. The policy is to be issued on a "Special Form" policy or its equivalent in an amount determined by the Board of Directors; provided, however, that the total amount of insurance shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land and other items normally excluded from a hazard and multi-peril property insurance policy. The policy may provide for a reasonable deductible, which shall be the responsibility of the Association.

B. Public Liability Insurance. The Association shall obtain and continue in effect comprehensive public liability insurance insuring the Association, the Declarant, the agents and employees of each and the Owners against any liability incident to the ownership or use of the Common Area, including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners, other insureds or the Association. Such insurance shall be in amounts deemed appropriate by the Board but in no event shall the limits of liability for such coverage be less than \$1,000,000 for each occurrence and \$2,000,000 general aggregate, each reasonably rounded by the Board to the nearest commonly available increment of such insurance reasonably available with respect to bodily injury and property damage. The policy shall provide for no more than \$5,000 in self-insured retention of the Association. In the event insurance proceeds are inadequate therefor, then the Association may levy a Special Assessment on Owners therefor as provided in Article 4. The Association's use of funds from its general account or levy of a Special Assessment shall not constitute a waiver of the Association's or any Owner's right to institute any legal proceeding or suit against the person or persons responsible, purposely or negligently, for the damage.

C. Directors' and Officers' Liability Insurance. The Association shall obtain and continue in effect directors' and officers' liability insurance covering all the past, present and future directors and officers of the Association, and covering the Association's obligation to indemnify the directors and officers in the Bylaws, in such limits as the Board of Directors may determine from time to time. The directors' and officers' policy shall have a limit of no less than \$1,000,000.00 per claim and \$2,000,000.00 aggregate per year, reasonably rounded by the Board to the nearest commonly available increment of such insurance reasonably available. Policies shall be written on a claims-made basis.

D. Fidelity Bonds. The Association shall obtain and continue in effect (and/or cause a professional manager employed by the Association to obtain and continually maintain) bonds covering all persons or entities which handle funds of the Association, including without limitation, any such professional manager employed by the Association and any of such professional manager's employees, in amounts not less than the maximum funds that will at any time be in the possession of the Association or any professional manager employed by the Association but in no event less than the total of Assessments for a four (4) month period on all Lots and all reserve funds maintained by the Association. With the exception of a fidelity bond obtained by a professional manager covering such professional manager's employees, all fidelity bonds shall name the Association as an obligee. In addition, all such bonds shall provide that the same shall not be terminated, cancelled or substantially modified without at least thirty (30) days' prior written notice to the Association and a replacement bond shall be obtained during that thirty (30) day period.

E. Other Insurance. The Association shall also obtain and continue in effect any insurance which may be required by law, including, without limitation, workmen's compensation insurance in at least the minimum amount required by applicable law. The Association shall have the

power and authority to obtain and maintain other and additional insurance coverage as determined by the Board.

F. Insurance Requirements. The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions: (a) that there shall be no subrogation with respect to the Association, its agents, servants, and employees, or with respect to Owners, Tenants and residents and other members of their household; (b) no act or omission by any Owner will void the policy or be a condition to recovery on the policy; (c) 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; (d) 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; and (e) a statement of the name of the insured as the Association. All policies shall be in form and amount as determined by the Board but, in any event, shall always satisfy Federal Housing Administration, Department of Veterans Affairs, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or other agency requirements in effect from time to time if any such agency holds, insures or guarantees any First Mortgage and the Association has notice thereof.

G. Declarant and Association Not Responsible for Adequacy of Insurance. Notwithstanding the obligation of the Association to obtain insurance coverage as stated in this Declaration, neither the Declarant nor the Association, or their respective members, managers, officers, directors, employees and agents, shall be liable to any Owner or any other Person if any risks or hazards are not covered by the insurance to be maintained by the Association or if the amount of the insurance is not adequate, and it shall be the responsibility of each Owner to ascertain the coverage and protection afforded by the Association's insurance and to procure and pay for any additional insurance coverage and protection that the Owner may desire.

H. Certificates of Insurance. An insurer that has issued an insurance policy under this Article shall issue a certificate or a memorandum of insurance to the Association and, upon request to any Owner or Mortgagee. Any insurance obtained pursuant to this Article may not be canceled, not renewed or substantially modified until fifteen (15) days after notice of the proposed action has been mailed to the Association and to each Owner and Mortgagee to whom certificates of insurance have been issued.

I. Repair and Replacement of Damage or Destroyed Property. Any Common Area Improvements damaged or destroyed shall be repaired or replaced promptly by the Association unless: (i) repair or replacement would be illegal under any state or local health or safety statute or ordinance; or (ii) Owners owning at least eighty percent (80%) of the Lots vote not to rebuild or restore them. The cost of repair or replacement in excess of insurance proceeds or condemnation awards and reserves shall be paid by the Association and, as provided above, the Association may specially assess the Owners therefor. Any excess or remaining insurance or condemnation proceeds which are not needed to restore the Common Area as provided above shall be added to the Association's reserves.

3.3 Enforcement, Remedies, Fines and Penalties and Suspension of Rights. The Association shall enforce the provisions of this Declaration and the other Community Documents by appropriate means, including without limitation the expenditure of funds of the Association, the employment of legal counsel and the commencement of legal actions.

The Association may adopt a schedule of reasonable monetary fines and penalties for violation by Owners (and others for whom Owners are responsible as provided herein) of the provisions of the

Community Documents. At any time, and from time to time, after adopting such a schedule, the Association may amend, supplement, cancel, or replace any such schedule. The amount of the fine or penalty for each violation shall be established by the Board in accordance with a published schedule.

In addition to any other rights or remedies which the Association may have under this Declaration or at law or in equity as a result of the violation of this Declaration or the Community Documents, if an Owner or the Owner's Tenants, any resident of the Owner's Lot, or their respective guests or other invitees thereof, is (are) in breach of the Community Documents, subject to applicable law, the Board may levy reasonable fines or penalties against such Person(s) and the Owner and/or may suspend Common Area use rights of such Person(s) and/or the Association voting rights of the Owner until the default is fully cured, or a lesser period as determined by the Board, in accordance with Section 3.4. The Association shall have the additional rights and remedies set forth in Section 8.1, and in Article 4 with respect to delinquent Assessments.

3.4 Notice of Violation, Appeal and Payment of Fines and Penalties.

(a) The Board, or any Person designated by the Board, may serve a "**Notice of Violation**" against an Owner or Tenant for a violation of any provision of the Community Documents by the Owner or Tenant, or others for whom they are responsible under Section 3.3. A Notice of Violation shall contain: (i) a description of the violation and the provision(s) of the Community Documents which was (were) violated; (ii) the time and place at which the violation was observed and the first and last name of the Person who observed the violation; (iii) the amount of the fine or penalty to be paid by the Owner or Tenant for such violation, if any, and/or the period for suspension of voting rights and/or Common Area use rights; (iv) the name of the Person issuing the Notice of Violation; and (v) a statement advising the Owner or Tenant of the Owner's or Tenant's right to appear before the Board on the date, time and place specified for a hearing at which the Owner or Tenant can offer any defenses or mitigating circumstances.

(b) A Notice of Violation shall be deemed to have been served if delivered personally to the Owner or Tenant named in the Notice of Violation or sent to the Owner or Tenant by registered or certified United States mail, return receipt requested, postage prepaid, or via email. A Notice of Violation served by United States mail shall be deemed to have been received by the Owner or Tenant to whom the Notice of Violation was addressed on the earlier of the date the Notice of Violation is actually received or three (3) days after the Notice of Violation is deposited in the United States mail. A Notice of Violation given to the Owner by mail shall be addressed to the Owner at the address of the Owner as shown on the records of the Association. A Notice of Violation given to the Tenant by mail shall be addressed to the Dwelling occupied by the Tenant. If a Lot is owned by more than one Person, a Notice of Violation to one of the joint Owners shall constitute notice to all of the joint Owners. In accordance with A.R.S. § 33-1807(L), any Notice of Violation concerning nonpayment of Assessments must also be sent via certified United States mail, return receipt requested, postage prepaid.

(c) The Owner or Tenant shall pay the fine set forth in the Notice of Violation to the Association within ten (10) business days after the Notice of Violation is served on the Owner or Tenant or, if the Owner or Tenant appears at the hearing specified in the Notice of Violation, within ten (10) days after a hearing before the Board in which the Board upholds the fine.

(d) Any fines or penalty levied pursuant hereto shall be handled as a Specific

Assessment pursuant to this Section.

(e) The foregoing procedure is subject to any statutory requirements, hearing processes or appeal processes, if any exist from time to time.

(t) The Association does not have to comply with this section in connection with nonpayment of Assessments, collection thereof or use of remedies therefore under Article 4.

3.5 Easements. Subject to Declarant written consent during the Period of Declarant Control, the Association may grant and reserve easements where necessary for utilities and sewer facilities over the Common Area and Sub-Association Common Area to serve the Common Area, Lots or Parcels.

3.6 Management and Other Contracts. The Association shall have the authority to employ a manager or other Persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, subject to the Bylaws and restrictions imposed by any governmental or quasi-governmental body or agency having jurisdiction over the Community. Any agreement for professional management of the Community or any agreement providing for services by Declarant shall provide for termination by either party without cause or payment of a termination fee upon ninety (90) days' or less written notice or for cause upon thirty (30) days' or less written notice and without payment of a termination fee. Such agreement shall further provide for a reasonable contract term of from one (1) to three (3) years and be renewable only by consent of the Association and the other party.

In addition to the foregoing provisions regarding Association management contracts and contracts with Declarant, Declarant shall not, and shall not have the authority or power to, bind the Association prior to termination of Class B Membership, either directly or indirectly, to contracts or leases unless the Association is provided with a right of termination of any such contract or lease, without cause, which is exercisable without penalty or the payment of a termination fee at any time after the first Board of Directors elected after Class B Membership expires takes office upon not more than ninety (90) days' notice. The foregoing shall not apply to or limit the Declarant's right to enter into (or the terms of) contracts or leases with providers of cable TV, satellite or other communications or utilities services for the benefit of the Community provided that such entities are not affiliates of the Declarant.

3.7 Association Rules and Regulations. By vote of the Board (which vote shall occur in accordance with the Bylaws), the Association may, from time to time, adopt reasonable Association Rules and Regulations not inconsistent with this Declaration, the Articles or the Bylaws relating to the use of the Common Area and all facilities thereon and the conduct of the Owners and the Owners' Tenants, all residents of the Lots, and their respective guests and other invitees with respect to the Community and other Owners. The Association Rules and Regulations shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the use of the Common Area; provided, however, that the Association Rules and Regulations may not discriminate among Owners except as expressly provided or permitted herein, and shall not be inconsistent with this Declaration, the Articles or Bylaws. The Board shall adopt the Association Rules and Regulations at a duly called meeting of the Board following Recordation of this Declaration, and thereafter, the Association Rules and Regulations, as adopted and as may be amended, shall be incorporated herein by this reference as though set forth herein.

A copy of the Association Rules and Regulations 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 and Regulations shall be available to each Owner. Upon completion of the notice requirements, said Association Rules and Regulations 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 having any interest in, or making any use of, the Community, whether or not actually received thereby. The Association Rules and Regulations, as adopted, amended or repealed, shall be available at the principal office of the Association for each Owner to review upon request, and copies will be provided upon payment of the reasonable copying charge therefor established by the Association. In the event of any conflict between any provision of the Association Rules and Regulations and any provisions of this Declaration or the Articles or Bylaws the provisions of the Association Rules and Regulations shall be deemed to be superseded by the provisions of this Declaration, the Articles or Bylaws to the extent of any such conflict.

3.8 Association's Entry Right in Emergency. The Association or any Person authorized by the Association may enter any Lot or Parcel in the event of any emergency involving illness or potential danger to life or property. Such entry shall be made with as little inconvenience to the Owners as practicable, and the Association shall repair any damage caused thereby, except to the extent covered by insurance carried by the Owner.

3.9 Improper Maintenance of any Lots of Parcels; Other Breaches. In the event any portion of any Lot or Parcel is so maintained as to present a public or private nuisance, or as to substantially detract from the appearance or quality of the surrounding Lots, Parcels or other areas of the Community which are substantially affected thereby or related thereto, or in the event any portion of a Lot or Parcel is being used in a manner which violates this Declaration, or in the event the Owner of any Lot or Parcel is failing to perform any of its obligations under the Community Documents (including, without limitation, under Section 3.1 above), the Board may make a finding to such effect, specifying the particular condition or conditions which exist, and pursuant thereto give notice thereof to the offending Owner that unless corrective action is taken within the specified time period, the Board may cause such action to be taken at said Owner's cost. If at the expiration of the specified period of time the requisite corrective action has not been taken, the Board shall be authorized and empowered to cause such action to be taken and the cost thereof shall be added to and become a part of the Assessment to which the offending Owner and the Owner's Lot or Parcel is subject as a Specific Assessment.

3.10 Entry Gates; Mailboxes. The Association shall charge an Owner, as a Specific Assessment, for the cost to replace or repair any equipment provided to the Owner or the Owner's Tenant, or any of their respective family members, to obtain access through any electronic gate in the Community or to use any mailbox located in the Common Area.

ARTICLE 4 ASSESSMENTS

4.1 Assessment Obligations. Each Owner of any Lot or Parcel, by acceptance of a deed or Recorded contract of sale or beneficial interest in a subdivision trust therefor, whether or not it shall be so expressed in such document is deemed to covenant and agree to pay to the Association: (a) regular "**Annual Assessments**" for the Association's costs to operate and maintain the Common Area in accordance with this Declaration; (b) "**Member Assessments**" for any fees, charges, late charges, and

other monetary penalties or interest that are not included in the Annual Assessments or Special Assessments, but which are due and payable by a Member hereunder (including any applicable Specific Assessments); (c) "**Special Assessments**" for capital improvements and unexpected expenses relating to the Common Area or the Community; and (d) other charges made or levied by the Association against the Lot or Parcel and the Owner thereof including, without limitation, the charges described in Section 4.7, interest, late charges, collection costs, costs and reasonable attorneys' fees incurred by the Association in enforcing compliance with this Declaration or any other Community Documents (whether or not a lawsuit or other legal action is instituted or commenced) (collectively, the "**Specific Assessments**"). Such Assessments shall be established and collected as provided herein and in the Bylaws. Declarant expressly reserves the right, but not the obligation, to require that a Sub-Association be assessed for all Assessments attributable to Members whose Lots are located within the Sub-Association. Any part of any Assessment not paid within fifteen (15) days after the due date therefor as established in this Article 4 shall bear interest at a rate determined by the Board not exceeding twelve percent (12%) per annum from the due date until paid and shall be subject to a late charge of the greater of \$15.00 or ten percent (10%) of the unpaid Assessment or such greater amount specified in an Association Rule and as is permitted by applicable law. The Annual, Member, Special, and Specific Assessments made against a Lot or Parcel and the Owner thereof pursuant to this Declaration or the Bylaws shall be a charge and a continuing lien upon the Lot or Parcel (hereinafter "**Assessment Lien**"), subject to any applicable statutory limitations or exclusions (including, without limitation, under A.R.S. § 33-1807 with respect to enforceability of remedies in connection with any Member Assessments). Each such Assessment shall also be the personal obligation of the person who was the Owner of such Lot or Parcel at the time the Assessment fell due as provided in this Article 4 or elsewhere in this Declaration, but thus personal liability shall not pass to successor Owners unless specifically assumed by them. The Assessment Lien on each Lot or Parcel shall be prior and superior to all other liens (including, without limitation, the assessment of any Sub-Association) except: (a) all taxes, bonds, assessments and other levies which, by law, would be superior thereto; and (b) the lien or charge of any First Mortgage on that Lot or Parcel. No Owner of a Lot or Parcel may exempt himself from liability for Assessments by waiver of the use or enjoyment of any of the Common Area or by the abandonment of his Lot or Parcel. Notwithstanding the foregoing or anything in this Agreement to the contrary: (i) the foregoing Assessments shall not apply to Annexable Property unless and until same is annexed; (ii) the Association shall not file any Assessment Lien in connection with Member Assessments until a court of competent jurisdiction enters into final judgment ordering the filing of such anticipated Assessment Lien; and (iii) the Association may not foreclose on a Lot based on any filed Assessment Lien (A) in connection with Annual Assessments or Specific Assessments unless and until the applicable Member required to pay such Annual or Specific Assessments fails to pay the applicable outstanding undisputed amount for at least one (1) year following the date when the applicable Member receives from the Association the Notice of Violation, or if the amount in controversy relating to such Annual or Specific Assessments is an amount equal to or in excess of \$1,200; or (B) filed in connection with nonpayment of Member Assessments, subject to A.R.S. § 33-1807.

4.2 Purpose of Assessments; Budgets. The Assessments by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the Community, for the improvement and maintenance of the Common Area as provided herein and for the common good of the Community and to enable the Association to discharge and perform its responsibilities.

A. At least sixty (60) days (or soon thereafter as feasible) before the beginning of the first full fiscal year of the Association after the first Lot is conveyed to an Owner and each fiscal year thereafter, the Board of Directors shall adopt a budget for the Association containing an estimate of the

total amount of funds which the Board of Directors believes will be required during the ensuing fiscal year to pay all Association expenses including, but not limited to: (i) the amount required to pay the cost of maintenance, management, operation, repair and replacement of the Common Area; (ii) the cost of wages, materials, insurance premiums, services, supplies and other expenses required for the administration, operation, maintenance and repair of the Community; (iii) the amount required to render to the Owners all services required to be rendered by the Association under the Community Documents; and (iv) such amounts as are necessary to provide general operating reserves and reserves for contingencies and replacements.

B. Within thirty (30) days after the adoption of a budget, the Board of Directors shall make available to each Owner a summary of the budget and a statement of the amount of the Annual Assessment assessed against the Owner's Lot or Parcel in accordance with Section 4.3 and Section 4.6 of this Declaration. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of an Owner's obligation to pay his allocable share of the Annual Assessments as provided in Sections 4.3 and Section 4.6 of this Declaration and each Owner shall continue to pay the Annual Assessment against his Lot or Parcel as established for the previous fiscal year until notice of the Annual Assessment for the new fiscal year has been established by the Board of Directors.

C. The Board of Directors is expressly authorized to adopt and amend budgets for the Association, and no ratification of any budget by the Owners shall be required.

The Board, with the assistance of its independent property manager and such other qualified independent consultants or similar persons as the Board deems appropriate, shall make and annually update Association cash flow projections covering a reasonable period of years from the date of the projection or update. Cash flow projections shall take into consideration cash on hand in the Association's reserves, reasonably anticipated contributions pursuant to Section 4.9 of this Declaration, expected contributions to the reserves from each fiscal year's budget, and any other reasonably anticipated sources of funds for the reserves (including, without limitation, reasonably anticipated proceeds of insurance on capital assets).

Based on such reserve studies and cash flow projections, the Board shall determine and include in each budget a reserve amount as part of the Annual Assessments.

4.3 Annual Assessments. Subject to Section 4.19, the Board shall annually determine and fix the amount of the Annual (calendar year) Assessment against each Lot or Parcel, excluding those owned by Declarant while there is a Class B Membership. The Annual Assessment shall be prorated based on the number of months remaining before December 31 of such year as well as any partial months remaining.

4.4 Special Assessments. In addition to the Annual Assessments authorized above, the Board may levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of: (i) any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area or other Improvements the Association is responsible for maintaining (including fixtures and personal property related thereto); (ii) any unanticipated or underestimated expense normally covered by a regular Assessment; and (iii) where necessary, for taxes assessed against the Common Area, provided however, that in all events, no such Special Assessment shall be made without the affirmative vote of Declarant

(while Class B Membership exists) and of two-thirds (2/3) of the voting power of Class A Members voting in person or by absentee ballot or by proxy (if permitted by applicable law) at a meeting duly called for this purpose. Written notice of any meeting called for the purpose of adopting a Special Assessment shall be sent to all Owners not less than thirty (30) days and not more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members in person or by absentee ballot or by proxy (if permitted by applicable law) entitled to cast sixty percent (60%) of all of the votes of the Membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. While Class B Membership exists, the quorum requirements described above shall apply to both classes and a quorum shall not exist for a meeting unless a quorum of each class is present.

4.5 Allocation of Assessments. The Owners of each Lot or Parcel shall bear an equal share of all Annual Assessments and Special Assessments except as otherwise specified in Section 4.3 above or elsewhere in this Declaration.

4.6 Commencement of Assessments. The Annual Assessments provided for herein shall commence as to each Lot or Parcel in the Community on the first day of the month following the close of escrow of the sale of the first Lot in the Community by Declarant or a co-Declarant to another Person, except as provided in Section 4.3 (the "**Assessment Commencement Date**"). Due dates of Assessments shall be established by the Board and notice shall be given to each Owner at least thirty (30) days prior to any due date; provided, however that Owners shall continue to pay Annual Assessments at the last established rate under Section 4.2(B) until the Board gives notification of any change in accordance with this Section 4.6. At the option of the Board, all Annual Assessments shall be payable in twelve (12) equal monthly installments or four (4) equal quarterly installments and if Annual Assessments are to be due on a monthly basis, no notice of such Annual Assessments shall be required other than an annual notice setting forth the amount of the monthly Assessment and the day of each month on which each Annual Assessment is due. The Board shall have the right to adopt rules and regulations setting forth procedures for the purpose of making Assessments and for the billing and collection of the Assessments, provided that the procedures are not inconsistent with the provisions of this Declaration. The Association shall be under no duty to refund any payments received by it even though the ownership of a Lot or Parcel changes during an Assessment period. Nevertheless, successor Owners of Lots shall be given credit for prepayments, on a prorated basis, made by prior Owners.

4.7 Specific Assessments. Specific Assessments shall be levied by the Board against Lots or Parcels with respect to which particular costs have been incurred by the Association (the "**Specific Expenses**"). In the event the Association undertakes to provide work, materials or services on or about a Lot or Parcel which are necessary to cure or remedy a breach or violation of the Community Documents that the Owner has refused to cure or remedy, including the failure to keep a Lot or Parcel clean and free of excessive weed growth and keeping the Improvements thereon in good repair, such Owner by refusing to undertake or complete the required cure or remedy shall be deemed to have agreed in writing that all of the costs and expenses incurred in connection therewith shall be Specific Assessments. A Specific Assessment may also be levied by the Board in its sole discretion against those Lots or Parcels benefiting from an Association expense where such expense benefits fewer than all of the Owners. Further, Specific Assessments shall include charges levied against a Lot or Parcel under Sections 3.9 and 3.10 of this Declaration.

4.8 No Offsets. All Assessments shall be payable in the amount specified by the Assessment and no offsets against such amount shall be permitted for any reason including, without limitation, a claim that the Association is not properly exercising its duties of maintenance of all or any portion of the Common Area or that the Association is not enforcing the Community Documents.

4.9 Working Capital Fund Contribution; Reserve Contribution. Except as provided below, upon the closing of any sale or other transfer or conveyance of a Lot, the purchaser shall pay to the Association an amount set by the Declarant or the Board, as applicable, for use as a working capital fund contribution to meet unforeseen expenditures, to purchase any additional equipment or services by or for the Association, or to pay Association expenses such as insurance as they come due in the ordinary course in the event there are insufficient funds in the Association's accounts (including reserve accounts) at the time of the due date to pay such expenses. The working capital fund contributions may be used for such purposes during the Period of Declarant Control and during the period when Section 4.19(B) is in effect. The Board may, from time to time, increase or decrease the amount of the working capital fund contribution set forth in this paragraph and, during the Period of Declarant Control, must obtain the consent of the Declarant.

Except as provided below, and in addition to all other amounts required herein, upon the closing of any sale or other transfer or conveyance of a Lot, the purchaser shall pay to the Association an amount set by the Declarant or the Board, as applicable, as a contribution to the reserve funds of the Association established under Section 4.2 above. The reserve fund contributions under this section may be used for the purposes of such reserves during the Period of Declarant Control. The Board may, from time to time, increase or decrease the amount of the reserve fund contribution set forth in this paragraph and, during the Period of Declarant Control, must obtain the consent of the Declarant.

Amounts paid to the Association pursuant to this Section 4.9 shall be nonrefundable, shall not be considered as an advance payment of any Assessments levied by the Association pursuant to this Declaration, and are in addition to any other fees payable pursuant to the Community Documents and any other fees payable at the closing of any sale or other transfer of conveyance of the Lot.

No contribution or levy under this section shall be payable with respect to: (a) the transfer or conveyance of a Lot by devise or intestate succession; (b) a transfer or conveyance of a Lot to a family trust, family limited partnership or other Person for bona fide estate planning purposes; (c) a transfer or conveyance of a Lot to a corporation, partnership or other entity in which the grantor owns a majority interest unless the Board determines, in its sole discretion, that a material purpose of the transfer or conveyance was to avoid payment of the contribution required under this section in which event a contribution under this section shall be payable with respect to such transfer or conveyance; (d) the conveyance of a Lot by a trustee's deed following a trustee's sale under a deed of trust; or (e) a conveyance of a Lot as a result of the foreclosure of a realty mortgage or the forfeiture or foreclosure of a purchaser's interest under a Recorded contract for the conveyance of real property subject to A.R.S. § 33-741, et seq.

4.10 Loans by Declarant. In the event the funds available to the Association, including Annual Assessments, Special Assessments, Specific Assessments and working capital fund contributions under Section 4.9, are insufficient to pay the Association's cash expenses and other cash requirements, Declarant may (but shall have no obligation to), in its sole discretion, make loans to the Association to be

repaid pursuant to promissory notes executed by the Association. Outstanding loan amounts shall bear interest at the rate announced by a financial institution having offices located in Arizona selected by Declarant as its "prime rate" plus two percent (2%).

4.11 Purposes for which Association's Funds may be Used. The Association shall apply all funds and property collected and received by it (including the Assessments, fees, loan proceeds, surplus funds and all funds and property received by it from any other source) for the common good and benefit of the Community and the Owners by devoting said funds and property, among other things, to the acquisition, construction, alteration, maintenance, provision and operation, by any manner or method whatsoever, of any and all land, properties, improvements, facilities, services, projects, programs, studies and systems, within or without the Community, which may be necessary, desirable or beneficial to the general common interests of the Community and the Owners. The following are some, but not all, of the areas in which the Association may seek to aid, promote and provide for such common benefit: social interaction among Members and residents, maintenance of landscaping on Common Area and drainage areas within the Community, recreation, insurance, communications, education, transportation, health, utilities, public services, safety, indemnification of officers and directors of the Association and any other purposes permitted by applicable statutes or the Community Documents.

4.12 Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

4.13 Effect of Transfer of Lot or Parcel by Sale or Foreclosure. The sale or transfer of any Lot or Parcel shall not affect the Assessment Lien or liability of the former Owner for Assessments due and payable except as provided below. No sale or transfer of a Lot or Parcel shall relieve the new Owner from liability for any Assessments thereafter becoming due or release his Lot or Parcel from the Lien therefor.

If the First Mortgagee or another Person obtains title to a Lot or Parcel as a result of the foreclosure, trustee's sale or deed in lieu thereof of any First Mortgage, such First Mortgagee or other Person shall not be liable for the Assessments chargeable to such Lot or Parcel which became due prior to the acquisition of title to such Lot or Parcel by the First Mortgagee or other Person, and the Assessment Lien therefor shall be extinguished. Such unpaid Assessments shall be deemed to be common expenses collectible from the Owners of all of the Lots or Parcels through Annual Assessments or Special Assessments (including the Owner of the foreclosed Lot or Parcel), subject to the continuing liability of the transferring or foreclosed Owner.

In a voluntary conveyance of a Lot or Parcel, the grantee of the same shall not be personally liable for Assessments due to the Association in connection with that Lot or Parcel which accrued prior to the conveyance unless liability therefor is specifically assumed by the grantee, but the Lot or Parcel shall remain encumbered by the Assessment Lien therefor.

Any grantee, mortgagee or other lienholder shall be entitled to a statement from the Association setting forth the amount of the unpaid Assessments due the Association for a reasonable preparation

charge under Section 4.18. The grantee or other Person entitled to receive the statement shall not be liable for, nor shall the Lot conveyed be subject to, a Lien for any unpaid Assessments in excess of the amount set forth in the statement, provided however, the grantee shall be liable for any such Assessment becoming due after the date of any such statement.

4.14 Remedies for Nonpayment. When any Assessment due from an Owner to the Association on behalf of any Lot or Parcel is not paid within thirty (30) days after the due date, the Assessment Lien therefor may be enforced by foreclosure of the Lien and/or sale of the Lot or Parcel by the Association, its attorney or other Person authorized by this Declaration or by law to make the sale, subject to any restrictions imposed by applicable statutes from time to time. The Assessment Lien may be foreclosed and the Lot or Parcel sold in the same manner as a realty mortgage and property mortgaged thereunder, or the Lien may be enforced or foreclosed in any other manner permitted by law for the enforcement or foreclosure of liens against real property or the sale of property subject to such a lien. Any such enforcement, foreclosure or sale action may be taken without regard to the value of such Lot or Parcel, the solvency of the Owner thereof or the relative size of the Owner's default.

Upon the sale of a Lot or Parcel pursuant to this section, the purchaser thereof shall be entitled to a deed to the Lot or Parcel and to immediate possession thereof, and said purchaser may apply to a court of competent jurisdiction for a writ of restitution or other relief for the purpose of acquiring such possession, subject to applicable laws. The proceeds of any such sale shall be applied as provided by applicable law but, in the absence of any such law, shall be applied first to discharge costs thereof, including but not limited to court costs, other litigation costs, costs and attorneys' fees incurred by the Association, all other expenses of the proceedings, interest, late charges, unpaid Assessments due to the Association, and the balance thereof shall be paid to the Owner. It shall be a condition of any such sale, and any judgments or orders shall so provide, that the purchaser shall take the interest in the Lot or Parcel sold subject to this Declaration. The Association, acting on behalf of the Owners, shall have the power to bid for the Lot or Parcel at any sale and to acquire and hold, lease, mortgage or convey the same.

In the event the Owner against whom the original Assessment was made is the purchaser or redemptioner, the Assessment Lien securing that portion of the Assessment remaining unpaid following the sale shall continue in effect and said Lien may be enforced by the Association or by the Board for the Association as provided herein. Further, notwithstanding any foreclosure of the Assessment Lien or sale of the Lot or Parcel, any Assessments due after application of any sale proceeds as provided above shall continue to exist as personal obligations of the defaulting Owner of the Lot or Parcel to the Association, and the Board may use reasonable efforts to collect the same from said Owner even after he is no longer a Member of the Association.

4.15 Suspension of Rights. In addition to all other remedies provided for in this Declaration or at law or in equity, the Board may temporarily suspend the Association voting rights and/or the right to use the Common Area of an Owner who is in default in the payment of any Assessment or any other amount due to the Association, as provided in the Bylaws, with such suspension to end upon the Owner's full cure of the default.

4.16 Other Remedies. The rights, remedies and powers created and described in Sections 4.14 and 4.15 and elsewhere in the Community Documents are cumulative and may be used or employed by the Association in any order or combination. Without limiting the foregoing sentence, suit to recover a money judgment for unpaid Assessments, to obtain specific performance of obligations imposed

hereunder or to obtain injunctive relief may be maintained without foreclosing, waiving, or satisfying the Assessment Liens created for Assessments due hereunder.

4.17 Unallocated Taxes/Payment by First Mortgagees. In the event that any taxes are assessed against the Common Area or the personal property of the Association, rather than against the Lots or Parcels, said taxes shall be included in the Annual Assessments made under the provisions of this Article, and, if necessary, a Special Assessment may be levied equally against all of the Lots or Parcels in an amount equal to said taxes, as provided in Section 4.4. First Mortgagees may pay taxes or other charges that are in default and that may or have become charges against the Common Area and shall be entitled to immediate reimbursement therefor from the Association.

4.18 Transfer, Refinance and Status Fees. Each Owner of a Lot (except Declarant and the initial Developer of such Lot) shall pay to the Association immediately upon becoming the Owner of the Lot a transfer fee in such amount as is established from time to time by the Board, subject to applicable law. This fee will apply to all resales, except, as determined by the Board, a reduced fee may be payable with respect to: (a) the transfer or conveyance of a Lot by devise or intestate succession; (b) a transfer or conveyance of a Lot to a family trust, family limited partnership or other Person for bona fide estate planning purposes; (c) a transfer or conveyance of a Lot to a corporation, partnership or other entity in which the grantor owns a majority interest unless the Board determines, in its sole discretion, that a material purpose of the transfer or conveyance was to avoid payment of the contribution required under this section in which event a contribution under this section shall be payable with respect to such transfer or conveyance; (d) the conveyance of a Lot by a trustee's deed following a trustee's sale under a deed of trust; or (e) a conveyance of a Lot as a result of the foreclosure of a realty mortgage or the forfeiture or foreclosure of a purchaser's interest under a Recorded contract for the conveyance of real property subject to A.R.S. § 33-741, et seq. Any Owner of a Lot who sells or refinances his Lot and requires a status statement from the Association in connection therewith shall pay to the Association a fee in such amount as is established from time to time by the Board, subject to applicable law. The Association shall comply with all requirements for materials to be provided under A.R.S. § 33-1806, and may provide such materials even if not legally required to do so. The Owner will pay a reasonable fee therefor which complies with applicable law. Fees charged pursuant hereto shall be secured by the Assessment Lien established pursuant to this Article, subject to applicable law. The amounts collected under this section may be used for any purpose determined by the Board.

4.19 Reduced Assessments; Deficiencies. Notwithstanding anything to the contrary set forth herein:

A. Prior to the Assessment Commencement Date, each Developer and the Declarant, as applicable (collectively, for purposes of this sub-Section (B), each a "**Regular Deficiency Payor**"), shall pay to the Association such funds as may be necessary to pay all Association expense shortfalls as they become due ("**Regular Deficiency Payments**"). From and after the Assessment Commencement Date, each Regular Deficiency Payor paying reduced assessments pursuant to Section 4.3 above shall pay such Regular Deficiency Payments as may be necessary, when added to the Annual Assessments, to pay all Association expenses as they become due. From and after the Assessment Commencement Date, in no event shall any Regular Deficiency Payor be obligated to contribute funds to the Association in excess of the amount of Assessments that would have been payable by such Regular Deficiency Payor if the Lots owned by such Regular Deficiency Payor had been assessed as assessable Lots owned by an Owner other than such Regular Deficiency Payor. Any Regular Deficiency Payments shall be allocated among the

Regular Deficiency Payors, respectively, on the basis of the respective number of Lots owned by each of them as of the date that the Board determines payment is necessary under this Section. Payments under this Section shall be made by each Regular Deficiency Payor, as applicable, on such basis as the Board may determine from time to time, but in no event more often than monthly or less often than annually. Any estimated payment by any Regular Deficiency Payor in excess of such Regular Deficiency Payor's actual obligation for Regular Deficiency Payments shall, at Declarant's option, be credited toward payment of such Regular Deficiency Payor's next due Regular Deficiency Payment or refunded to the applicable Regular Deficiency Payor.

B. Prior to the first Assessment Period, each Developer and the Declarant, as applicable (collectively, for purposes of this sub-Section (C), each a "**Specific Property Deficiency Payor**") shall pay to the Association such funds as may be necessary to pay all Specific Expense shortfalls as they become due ("**Specific Property Deficiency Payments**"). (The "**Regular Deficiency Payments**" and "**Specific Property Deficiency Payments**" are collectively referred to herein as the "**Deficiency Payments**"). From and after the first Assessment Period, each Specific Property Deficiency Payor paying reduced assessments pursuant to Section 4.19(A) above, shall pay such Specific Property Deficiency Payments as may be necessary, when added to the income from the Specific Assessments, to pay all Specific Expenses as they become due. From and after the Assessment Commencement Date, in no event shall any Specific Property Deficiency Payor be obligated to make Specific Property Deficiency Payments (when added to Specific Assessments paid pursuant to Section 4.19(A) above) in excess of the amount of Specific Assessments that would have been payable by such Specific Property Deficiency Payor if the Lots owned by the Specific Property Deficiency Payor within the Specific Assessment area had been assessed as assessable Lots owned by an Owner other than the Specific Property Deficiency Payor. Any Specific Property Deficiency Payments shall be allocated among each Specific Property Deficiency Payor on the basis of the respective number of Lots owned by each of them within the applicable Specific Assessment area as of the date that the Board determines payment is necessary under this Section. Payments under this Section shall be made by each Specific Property Deficiency Payor on such basis as the Board may determine from time to time, but in no event more often than monthly or less often than annually. Any estimated payment by any Specific Property Deficiency Payor in excess of such Specific Property Deficiency Payor's actual obligation for Specific Property Deficiency Payments shall be credited toward payment of such Specific Property Deficiency Payor's next due Specific Property Deficiency Payment or refunded to the applicable Specific Property Deficiency Payor. Amounts paid directly by Declarant to the Association's creditors, or assets purchased by Declarant for the Association, or amounts paid for services rendered by Declarant for the benefit of the Association that otherwise would have been an expense of the Association, shall apply against the obligations of such Declarant to pay all or a portion of such Deficiency Payments.

C. Notwithstanding anything to the contrary stated herein, until Class B Membership is terminated pursuant to Section 2.6(A) above, Declarant (or any co-Declarant under Section 8.4) shall not be obligated to pay Assessments for Lots owned by Declarant pursuant to Article 4, but while there is Class B Membership, Declarant shall pay Deficiency Payments, as set forth in this Section 4.19 to the Association, but not exceeding (on an annual basis) the amount Declarant would have been required to pay in Annual Assessments but for this sentence; provided, however, Declarant may, in its sole and absolute discretion, choose to pay Assessments in lieu of Deficiency Payments prior to expiration of the Class B Membership. Declarant shall pay Assessments in the same manner and at the same per Lot amount as other Owners under this Declaration after the expiration of the Class B Membership. In the event of any conflict in this Section 4.19(C) and any other paragraph of this Declaration, this Section

4.19(C) shall control. If a Lot ceases to be owned by the Declarant and therefore becomes subject to Assessment during any Assessment period, the Assessment shall be prorated on the basis of the number of days in the Assessment period that the Lot is not owned by the Declarant.

ARTICLE 5 USE RESTRICTIONS

5.1 Land Use Classifications. As portions of the Community are readied for development, the Land Use Classifications, restrictions, easements, rights-of-way, and other matters, including new and different uses and restrictions therefore and including any number of subclassifications thereof for any special uses shall be fixed by Declarant in the Annexation and Supplemental Declaration for the applicable Lots or Parcel which shall be recorded for that portion of the Community. Any such Annexation and Supplemental Declaration shall be construed as a supplement to this Declaration and fully a part hereof for all purposes to the same extent as if all of the provisions thereof were set forth in this Declaration. Lots or Parcels, respectively, may only be used for the specific Land Use Classification(s) expressly permitted in the applicable Annexation and Supplemental Declaration. All other Land Use Classifications or uses are prohibited. The Land Use Classifications for Lots and Parcels established by an Annexation and Supplemental Declaration shall not be changed except by an amendment of the Annexation and Supplemental Declaration approved by Declarant in its sole discretion. Contemplated Land Use Classifications include, but are not limited to, the following Land Use Classifications:

- (a) Single-Family Residential Use (subject to the express prohibition against Single-Family Build-for-Rent Use except as set forth in Section 5.2 or elsewhere herein);
- (b) Single-Family Build-for-Rent Use (subject to the terms and conditions as may be contained in an applicable Annexation and Supplemental Declaration);
- (c) Association use, which may include Common Areas; and
- (d) Cluster Residential Uses.

Unless otherwise specifically provided in this Declaration, the definitions and characteristics of such Land Use Classifications, and specific permitted and prohibited uses in such classifications, shall be determined in the applicable Annexation and Supplemental Declaration. If an Annexation and Supplemental Declaration is not Recorded for a portion of the Community, then the default Land Use Classification for such portion shall be Single-Family Residential Use until such time as an Annexation and Supplemental Declaration is Recorded against such portion of the Community.

5.2 Use of Lots as a Residential Subdivision; Leases; No Partition.

(a) Residential Subdivision; Prohibition Against Single-Family Build-for-Rent Use. All Lots within the Community shall be known and described as residential Lots and shall be occupied and used for Single-Family Residential Use only. Unless permitted under an applicable Annexation and Supplemental Declaration (as approved by Declarant in accordance with this Declaration), in no event shall any portion of the Property be used for Single-Family Build-for-Rent Use, business and/or trade uses (including sales to institutional investors, in connection with bulk-ownership and/or sales of any Lots, or similar transactions), and other non-residential (except for Community business or other uses as permitted hereunder or determined by the Association), and further subject to other restrictions as provided in Section 5.5 and elsewhere herein. Guest houses and other accessory buildings (including but not limited to

cabanas, ramadas and garages) are permitted subject to the Design Guidelines and the approval of the Architectural Review Committee under Article 7.

(b) Leases. In no event shall any portion of the Real Property be leased, let, licensed, or marketed as such (including, without limitation, in connection with any third-party homestay broker company) during the Lease Restriction Period. Upon expiration of the Lease Restriction Period, leasing shall be permitted, subject to the terms and conditions contained in this paragraph, except as may be set forth in an applicable Annexation and Supplemental Declaration. No lease by any Owner shall be for a period of less than six (6) consecutive months. Additionally, no lease shall be for less than the entirety of the Lot and the entirety of the Dwelling constructed thereon, including any separate constructed guest house, accessory building or other structure or improvement thereon, but this sentence will not restrict the ability of an Owner or other occupant to employ bona fide live-in domestic help. Subject to the foregoing restrictions, the Owners shall have the absolute right to lease their respective Lots (subject to the restrictions set forth in Section 5.2(a) above), provided that the lease is in writing and is specifically made subject to the covenants, conditions, restrictions, limitations, and uses contained in this Declaration, any applicable Annexation and Supplemental Declaration, the Bylaws, and any reasonable Rules and Regulations adopted by the Association. Prior to the commencement of the term of any lease of an Owner's Lot, and without any request from the Association, such Owner shall deliver to the Association all information that the Association is permitted to request under A.R.S. § 33-1806.01 (or any successor statute). Each Owner is fully responsible for the conduct and actions of the Owner's Tenants, any resident of the Owner's Lot, or their respective guests or other invitees. Any lease entered into between an Owner and a Tenant shall require compliance by the Tenant with all of the provisions contained in this Declaration, Bylaws and any reasonable Rules and Regulations adopted by the Association, which provisions shall be for the express benefit of the Association and each Owner. Should a Tenant fail to so abide, the Association shall have the right, except as prohibited by Arizona law, to cause the Owner to declare a default under the lease and to take appropriate action, including eviction of the Tenant. Notwithstanding anything in this Declaration to the contrary, the provisions of Section 5.2(a) and this Section 5.2(b) may not be amended, in whole or in part, or modified in any way, without the written approval of Declarant, provided Declarant owns at least one (1) Lot, and, if Declarant does not own at least one (1) Lot, one hundred percent (100%) of the Owners. In the event of any conflict between this paragraph and an applicable Annexation and Supplemental Declaration, the Annexation and Supplemental Declaration shall control. The Owner of any Dwelling that is leased shall pay to the Association, prior to the effective date of the lease, a rental registration fee equal to the amount set by the Declarant or the Board, as applicable.

(c) No Partition, Condominium or Timeshare. No Owner shall bring any action for or cause partition of any Lot it being agreed that this restriction is necessary in order to preserve the rights of the Owners. Judicial partition by sale of a single Lot owned by two or more persons or entities and the division of the sale proceeds is not prohibited (but partition of title to a single Lot is prohibited). Notwithstanding the foregoing, a vacant Lot may be split between the Owners of the Lots adjacent to such Lot so that each portion of such Lot would be held in common ownership with another Lot adjacent to that portion, subject to any further requirements or restrictions imposed by the County. No condominium use shall be created or permitted within the Community without Declarant's prior written consent set forth in the applicable Annexation and Supplemental Declaration.

No Lot shall be subjected to or included in any timeshare plan, however named, described or denominated. For purposes of this provision, a "timeshare plan" is any arrangement, plan or similar

device, whether by membership agreement, sale, lease, deed, license or right-to-use agreement or by any other means, in which a purchaser receives ownership rights in or the right to use accommodations for a period of time less than a full year during any given year (even if reservations are required and not guaranteed available). "Timeshare plan" includes fractional ownership programs, vacation clubs, private residence clubs and similar offerings, but does not include bona fide leases or rentals of the Lot in accordance with the terms of this Declaration and applicable laws.

5.3 Nature of Improvements. No Improvements shall be moved from other locations onto any Lot or Parcel, and all Improvements erected on a Lot or Parcel shall be of new construction. No Improvements of a temporary character and no trailer, shack, garage, barn or other out-building shall be used on any Lot or Parcel at any time as a residence, either temporarily or permanently. No unsightly Improvements, object or nuisance shall be erected, placed or permitted on any Lot or Parcel.

5.4 Animals. No livestock, poultry or other animals shall be raised, bred or kept on any Lot or Parcel except that customary household pets such as dogs, cats and household birds may be kept but only such number and types shall be allowed which will not create a nuisance or disturb the health, safety, welfare or quiet enjoyment of other Owners. All animals shall be kept under reasonable control at all times and in accordance with applicable laws and any Association Rules and Regulations, and shall be restrained by fence or leash from roaming in or through the Common Area or other Owners' Lots or Parcels. All animal wastes must be promptly disposed of in accordance with applicable County regulations, and must be immediately removed by the animal's owner from Common Area or any other Owner's Lot or Parcel. Upon the written request of any Owner, the Board shall conclusively determine, in its sole and absolute discretion, whether a particular animal constitutes a customary household pet or is a nuisance (because of noise or otherwise), or whether the number and/or type of animals maintained on any portion of the Community is reasonable, and may require the immediate permanent removal of any animal which it determines is violating these provisions. Any decision rendered by the Board shall be final. Owners shall be liable for any and all damage to property and injury to persons and other animals caused by their animals and the animals of their tenants and other occupants.

5.5 Signs; Restrictions on Commercial Uses. No signs of whatever nature shall be erected, placed, maintained or allowed on the Community (except "For Sale" signs and as otherwise required by applicable law, or as otherwise approved by the Association or the Declarant, including as may be set forth in an applicable Annexation and Supplemental Declaration). The Association may restrict political signs in accordance with applicable law. For avoidance of doubt, and without limitation, the Association or the Declarant may approve, in their discretion, temporary promotional and advertising signs and flags, and other advertising, marketing, identification and directional signs and flags.

No institution or other place for the care or treatment of the sick or disabled, physically or mentally (except as provided by the Arizona Developmental Disabilities Act of 1978 § 36-581 et seq. or other applicable federal or state law) shall be placed or permitted to remain on any of the Lots or Parcels.

Further, no trade or business of any kind may be conducted in or from any Lot or Parcel except that an Owner may conduct a business activity within a Dwelling located on a Lot so long as the existence or operation of the business activity: (a) is not apparent or detectable by sight, sound, or smell from the exterior of the single-family house; (b) conforms to all zoning requirements for the Community; (c) does not increase the liability or casualty insurance obligation or premium of the Association; and (d) is lawful and consistent with the residential character of the Community and does not constitute a nuisance or a

hazardous or offensive use including, without limitation, excessive or unusual traffic or parking of vehicles in the vicinity of any Lot or Parcel or the Common Area as may be determined in the sole discretion of the Board. The terms "business" and "trade," as used in the previous sentence, shall be construed to have their ordinary and generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis which involves providing 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: (x) such activity is engaged in full or part-time; (y) such activity is intended to or does generate a profit; or (z) a license is required therefor. Notwithstanding any provision to the contrary contained in this Article 5, the leasing of a Dwelling by Declarant is expressly permitted and does not constitute a business or trade use.

Notwithstanding any provision contained herein to the contrary, it shall be expressly permissible for Declarant to move, locate and maintain, during the period of construction of Dwellings and the sale or lease of Lots and Dwellings, on such portions of the Community owned by Declarant as Declarant may from time to time select or upon the Common Areas, such facilities as in the sole discretion of Declarant shall be reasonably required, convenient or incidental to the construction of Dwellings and/or the sale or leasing activities of Declarant, including but not limited to business offices, storage areas, trailers, temporary buildings, construction yards, construction materials and equipment of every kind, signs, models, and sales and leasing offices. Without limitation upon the foregoing, Declarant and any Developer owning five (5) or more Lots within the Property shall be permitted to use one (1) or more Lots for business office use, management office use, display and marketing of model units, sales or leasing office use and other related purposes related to operations of such Person but only to the extent such uses or purposes are related to the marketing, sale or leasing of Lots located within the Property.

5.6 Use of Garages; Vehicles. Declarant may use a garage area in a model home or models for a sales and/or construction office. Owners shall keep their garages neat, clean and free from clutter, debris or unsightly objects and shall at all times keep garage doors closed except as reasonably necessary for ingress and egress. In no event shall any Owner, residence, invitee, or occupant utilize the street for parking vehicles of any kind, except as otherwise set forth in this Declaration or approved by the Association. An Owner may use its garage for any lawful purpose; provided that such use of the garage does not create any private or public nuisance, including, without limitation, any audible nuisance. Any vehicles that are not parked in a garage or are otherwise Visible from Neighboring Property must be maintained in good working order, legally conforming, and free from materially unsightly blemishes. No vehicle may be parked or kept on any landscaped portion of a Lot.

5.7 Solar Collectors; Antennas; Satellite Dishes. Solar collectors and related equipment may be installed on roofs of houses or located elsewhere on the Lots not Visible from Neighboring Property with the prior written approval from the Architectural Review Committee pursuant to Article 7 prior to installing the same, subject to applicable laws and legal requirements (including without limitation under A.R.S. § 33-1816). The Association, through the Architectural Review Committee, may from time to time adopt reasonable rules or guidelines concerning the types of solar collectors and related equipment which may be installed in the Community and acceptable means of installation therefor, subject to applicable laws and legal requirements.

No antenna may be installed on any roof or exceed eight (8) feet in height, and the installation of any antenna shall be subject to Architectural Review Committee approval, which may include screening requirements so that no antenna is Visible from Neighboring Property. One (1) satellite dish, no larger

than one (1) meter across, for the reception of television signals is permitted on each individual Lot if the same is not Visible from Neighboring Property, or if partially visible, if the plans for the same are reviewed in advance by the Architectural Review Committee and such proposed installation is determined to be predominantly unobtrusive by the Architectural Review Committee. The Architectural Review Committee shall have the right to require the installation of landscaping or other screening around the satellite dish. The policies, guidelines and regulations adopted by the Architectural Review Committee related to satellite dishes shall fully comply with regulations of the Federal Communications Commission and all other applicable laws and legal requirements. All antennas and satellite dishes shall be as small as practically possible consistent with the intended use.

No security or surveillance cameras or equipment may be installed which provides views, or takes pictures or other images, or receives sounds of or from any other Lot or Dwelling without Architectural Review Committee approval and subject to such requirements as the Architectural Review Committee may impose to protect the privacy of others.

5.8 Storage Sheds; Swings; Slides; Basketball Hoops; Sport Courts; Recreational and Other Equipment and Toys. Attached storage sheds, recreational, maintenance and other equipment, or toys are permitted on any Lot only if the height of such object is less than the height of the fence on or adjoining said Lot and provided such object is not Visible from Neighboring Property, unless approved by the Architectural Review Committee. No permanent playground equipment (including swing sets), basketball goal, pole, or backboard shall be constructed, installed or maintained on any Lot which would be Visible From Neighboring Property without the prior written approval of the Architectural Review Committee.

All rear yard swings, portable playground equipment, jungle gyms and slides (including those used in connection with a swimming pool) and portable rear yard basketball backboards and poles shall be at least seven (7) feet from all fences located on or near perimeter Lot lines, subject to any further requirements or restrictions of the County. The foregoing items shall also be subject to the prior approval of the Architectural Review Committee. Basketball hoops and backboards must not be house-mounted.

All portable basketball backboards, hoops and stands; other recreational equipment; barbecues; tools; maintenance and other equipment; bicycles and skateboards; and all other items of personal property, when not in actual use, shall be fully removed from the front yard and driveway areas of the Lot and, if placed in a side yard or the rear yard of the Lot, shall not be Visible from Neighboring Property.

All fireplaces, fire pits or similar items, and all fountains or other water features that would be Visible from Neighboring Property shall be in accordance with the Design Guidelines and shall require prior approval of the Architectural Review Committee under Article 7.

Sport courts are permitted if designed in accordance with the Design Guidelines and if approval is granted by the Architectural Review Committee. Lighting of sport courts is permitted subject to the prior approval of the Architectural Review Committee under Article 7.

5.9 Screening Materials. All screening areas, whether fences, hedges or walls, shall be maintained and replaced from time to time on the Lots by the Owners thereof in accordance with the original construction of the Improvements by the Declarant or a Developer, or as approved by the Architectural Review Committee pursuant to Article 7.

5.10 Lot Maintenance Requirement; Nuisances; Storage Areas. Each Owner shall maintain, repair, replace, restore and reconstruct such Owner's respective Lot and the Improvements constructed thereon (including the Dwelling and all landscaping, including any artificial turf) so as to keep the same in a good, neat and safe order, condition and repair, in full compliance with all applicable laws and legal requirements and in full compliance with this Declaration and the original plans therefor prepared by Declarant and/or approved by the Architectural Review Committee under Article 7 below. Without limiting the generality of the foregoing, the Owner shall keep the roof, exterior walls, doors and windows and other Improvements Visible from Neighboring Property in good condition by promptly replacing broken roof tiles or windows, periodically repairing stucco cracks and painting, and similar matters. All grass, hedges, shrubs, vines and plants of any type on a Lot shall be irrigated, mowed, trimmed and cut at regular intervals so as to be maintained in a neat and attractive manner. Trees, shrubs, vines, plants and grass which die shall be promptly removed and replaced with living foliage of like kind, unless different foliage is approved in writing by the Architectural Review Committee. All artificial turf shall be maintained in a good condition, and shall be repaired and/or replaced when necessary to maintain it in a good and realistic natural grass appearance. In the event a Dwelling is totally or substantially destroyed, the Dwelling need not be rebuilt but the Owner shall, within three (3) months, remove all destroyed or damaged Improvements and restore the Lot to its condition prior to construction of the Dwelling as approved by the Architectural Review Committee.

No unsightly objects or nuisance shall be erected, placed or permitted on any Lot or Parcel, nor shall any use, activity or thing be permitted which may endanger the health or unreasonably disturb the Owner or occupant of any Lot or Parcel. No noxious, illegal or offensive activities shall be conducted on any Lot or Parcel. Each Lot or Parcel shall be maintained free of rubbish, trash, garbage or other unsightly items and the same shall be promptly removed from each Lot or Parcel and not allowed to accumulate thereon. Garbage cans, clotheslines, woodpiles and areas for the storage of equipment and unsightly items shall be kept screened by adequate fencing or other aesthetically pleasing materials acceptable to the Architectural Review Committee so as to not be Visible from Neighboring Property. Garbage cans may be in view only on collection days and thereafter they must be promptly stored out of sight as provided in Section 5.16.

5.11 Vehicles. No semi-truck, any truck or other vehicle having a load capacity more than one (1) ton commercial vehicles or "**Recreational Vehicles**" (including, without limitation, campers, motor homes, boats, trailers of any kind, mobile homes, or similar type vehicles) shall be parked in front of a Lot or Parcel, in a front driveway, or on the streets within the Community or otherwise on a Lot or Parcel where it can be seen from any street, except for temporary parking only, not exceeding twenty-four (24) consecutive hours during each three (3) month period. Commercial vehicles shall not include (i) sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Architectural Review Committee, or (ii) those public service and public safety emergency vehicles that cannot be prohibited from parking on a street or driveway by applicable law.

No vehicles (including commercial vehicles and Recreational Vehicles) or other mechanical equipment may be dismantled or repaired (except for ordinary maintenance and repair of such vehicles and equipment inside an enclosed garage, and emergency repairs elsewhere for a time period not exceeding seventy-two (72) hours) or allowed to park or accumulate on any Lot or Parcel, or in front of any Lot or Parcel or on any roadway, or ever parked or used on any Common Area or Sub-Association

Common Area for a time period not exceeding seventy-two (72) hours, except as required by the Association for it to perform its duties hereunder. No vehicle which is abandoned or inoperative, or not currently licensed for street use, shall be stored or kept on any Lot or Parcel or in front of a Lot or Parcel on any roadway, in such manner as to be Visible from Neighboring Property, or on any Common Area or Sub-Association Common Area.

5.12 Lights and Street Lights. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot or Parcel or any Improvement, except as may be permitted in accordance with the County's ordinance and is subject to the Architectural Review Committee's prior written approval in accordance with Article 7. Exterior low voltages landscape lighting is encouraged, but as with any such Improvement, prior written approval for exterior lighting must be secured from the Architectural Review Committee.

5.13 Outside Speakers and Amplifiers. No radio, stereo, television or other speakers or amplifiers shall be installed or operated on any Lot or Parcel or anywhere in the Community so as to be audible from other Lots or Parcels, the Common Area, or the Sub-Association Common Area.

5.14 Window Cover Materials. Within ninety (90) days of the initial conveyance of a Lot with a Dwelling constructed thereon to a retail home purchaser, the Owner of the Lot shall install permanent window coverings on all street facing windows. Interior curtains, drapes, shutters or blinds may be installed as window covers. No aluminum foil, reflective material, newspaper or other materials not customarily made for use as window covers may be installed or placed upon the inside or outside of any Dwelling or other Improvement. Exterior awnings, canopies, shutters and similar items may not be installed without prior written approval of the Architectural Review Committee as to color, style, design and materials.

5.15 Nuisances. No rubbish, debris or hazardous materials of any kind shall be placed or permitted to accumulate upon or adjacent to any Lot, Parcel or other property, and no odors or loud noises shall be permitted to arise or emit therefrom, so as to render any such Property or any portion thereof, or any activity thereon, unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to the occupants of such other property. No other nuisance shall be permitted to exist on any Lot, Parcel, or other property so as to be offensive or detrimental to any other property in the vicinity thereof or to its occupants. The Board shall have sole discretion to determine whether a nuisance exists.

5.16 Garbage and Trash. No garbage or trash shall be placed or kept on any Lot or Parcel, except in covered (except during construction) containers of a type, size and style which are approved by the Architectural Review Committee. In no event shall such containers be maintained so as to be Visible from Neighboring Property, except to make the same available for collection and then only for the time reasonably necessary to effect such collection and except during construction. All rubbish, trash and garbage shall be removed from the Lots, Parcels, Common Area, and Sub-Association Common Area and shall not be allowed to accumulate thereon. No incinerators shall be kept or maintained on any Lot or Parcel and no garbage, trash or other waste materials shall be burned on any Lot or Parcel. No garbage or trash containers shall be kept or placed on any grass or other landscaped area. During construction on a Lot or Parcel, the Owner of such Lot or Parcel shall provide an enclosed rubbish container for the Lot or Parcel approved by the Architectural Review Committee and shall keep its Lot or Parcel clean of construction trash at all times. In addition, each Owner shall during such construction be responsible to immediately clean up any trash, rubbish, debris, mud and dirt brought or tracked onto the Community in

connection with such construction.

5.17 Disease and Insects. No Person shall permit any thing or condition to exist upon any property within the Community which shall induce, breed or harbor infectious plant diseases or noxious insects.

5.18 Barbecue Pits and Grills, Fire Pits and Outside Fireplaces. Other than barbecue pits or grills, fire pits and outside fireplaces constructed, installed and operated in compliance with the Association Rules and Regulations, Construction Guidelines, Design Guidelines, and applicable law, no open fire shall be permitted on the Community, nor shall any other similar activity or condition be permitted.

5.19 Safe Condition. Without limiting any other provision in this Article, each Owner shall maintain and keep his Lot or Parcel at all times in a safe, sound and sanitary condition and repair and shall correct any condition or refrain from any activity which might interfere with the reasonable enjoyment by other Owners of their respective Lots or Parcels, the Common Area, or the Sub-Association Common Area.

5.20 Encroachments. No tree, shrub or planting of any kind on any Lot or Parcel shall be allowed to overhang or otherwise to encroach upon any sidewalk, street, pedestrian way or other area from ground level to a height of eight (8) feet, without the prior written approval of the Architectural Review Committee.

5.21 Model Homes. The provisions of this Declaration which may prohibit nonresidential use of Lots and which regulate parking of vehicles shall not prohibit the construction and maintenance of model homes by Declarant or a Developer engaged in the construction or marketing of Dwellings within the Community or parking incidental to the visiting of such model homes, so long as the construction, operation and maintenance of such model homes otherwise comply with all of the provision of this Declaration. Any Dwellings constructed as model home shall cease to be used as model homes at any time when the Owner (excepting Declarant or a Developer) thereof is not actively engaged in the construction and sale or leasing of Dwellings within the Community. Except for Declarant or a Developer, who shall be expressly permitted to use Dwellings constructed within the Community as model homes for the sale of homes located outside of the Community, no Dwelling owned by any other Owner shall be used as a model home for the sale or lease of homes located outside of the Community.

5.22 Drilling and Mining. No oil drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted upon or in any Lot or Parcel, nor shall oil or water wells, tanks, tunnels, mineral extractions, or shafts be permitted upon or in any Lot or Parcel. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot or Parcel.

5.23 Landscaping; Lot Improvements; Weed Control; Landscaping if Dwelling is Removed. The landscaping for the front portion of each Lot shall be completed prior to the County's issuance of a Certificate of Occupancy for a Dwelling constructed on such Lot. Subject to the variance provisions of Section 7.3 below, if the landscaping for the rear or side portions of a Lot are not installed and substantially completed when an Owner acquires its Lot, then the landscaping for the rear and side portions of the Lot must be installed and substantially completed in an attractive manner by the Owner

within twelve (12) months from the Owner's acquisition of the Lot. All such landscaping shall be installed based upon landscape plans therefor approved in advance by the Architectural Review Committee pursuant to Article 7 below. The landscape plans submitted to the Architectural Review Committee must include any proposed changes in grade to be accomplished as part of the landscaping development.

All landscaping, at all times, must be maintained by each Owner in a neat and attractive manner and any alterations or modifications made to the original landscaping of a Lot as originally installed shall be approved in advance by the Architectural Review Committee. Further, each Owner must maintain, repair and restore any and all grades, slopes, retaining walls and drainage structures (collectively "**Lot Improvements**") as installed by Declarant or a Developer on the Owner's Lot or which has been approved by the Architectural Review Committee.

In the event a Dwelling is totally or substantially destroyed, and the Dwelling is not promptly rebuilt, the Owner shall, within three (3) months, remove all destroyed or damaged Improvements and landscape the Lot as approved by the Architectural Review Committee. Further, if the Dwelling is torn down or removed and not promptly replaced with a new Dwelling, the Owner will remove all debris and will, within three (3) months, landscape the Lot as approved by the Architectural Review Committee. The Owner will maintain all landscaping on the vacant Lot in accordance with this section.

If any Owner does not: (i) install and complete approved landscaping in the front portion of the Lot prior to issuance of a Certificate of Occupancy for the Dwelling constructed on such Lot as described above, or install and complete approved landscaping in the rear or side portions of the Lot within the twelve (12) month period described above; (ii) maintain his landscaping in a neat and attractive manner as provided above; (iii) maintain all Lot Improvements on the Lot; (iv) keep the Lot free from weeds, including vacant Lots where no Dwelling is then constructed; or (v) comply with the preceding paragraph relating to landscaping of Lots without Dwellings, the Declarant or the Association (by action of the Board) pursuant to Section 3.9, after giving the Owner fifteen (15) days' written notice to cure any such default, shall have the right to cause the necessary landscaping work or Lot Improvement to be done and the Owner in default shall be responsible for the cost thereof: together with interest thereon at the rate of twelve percent (12%) per annum until paid. If the Association does the work, the costs and interest shall be a Specific Assessment. If Declarant does the work, Declarant shall have a lien on the defaulting Owner's Lot for the costs and interest. In addition to the foregoing, any party may utilize remedies available under Section 8.1 for such Owner's default.

5.24 No Warranty of Enforceability; Declarant's Exemption. While Declarant has no reason to believe that any of the restrictive covenants contained in this Article 5 or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any of the restrictive covenants. Any Owner acquiring a Lot or Parcel in the Community in reliance on one or more of such restrictive covenants shall assume all risks of the validity and enforceability thereof and by acquiring the Lot or Parcel agrees to hold Declarant harmless therefrom.

Except as provided in this Section 5.24 and except as otherwise provided by applicable law, Declarant shall be exempt from the effect of the restrictions in this Article 5. Furthermore, except as provided in this Section 5.24, nothing contained in this Declaration shall be construed to prevent or limit the right of Declarant (and its respective agents, employees, contractors and subcontractors) to, in its sole discretion, do any one or more of the following on Lots or Parcels owned by Declarant and on such

portions of the Common Area: (i) construct, install and maintain production homes, model homes (for sales in the Community or for other communities owned by Declarant), sales offices, and parking incidental, thereto, landscaping and signs, in such a manner as Declarant may deem appropriate; (ii) construct, install or maintain any other Improvements necessary or convenient to the development, marketing, sale and/or lease of such Lots or Parcels or Common Area; (iii) conduct any other activity reasonably required and related to the foregoing, including, but not limited to, the storage and staging of construction equipment, trailers and materials; or (iv) the right to allow the gated entrances to remain open during business and construction hours for the period of time necessary to sell all of the Community and construct all of the Improvements within the Community.

5.25 Disclaimer of Representations. Declarant makes no representations or warranties whatsoever that: (i) the Community will be completed in accordance with the plans of the Community as they exist on the day this Declaration is Recorded; (ii) any property subject to this Declaration will be committed to or developed for any use; or (iii) the use of any property subject to this Declaration will not be changed in the future.

ARTICLE 6

WALLS AND EASEMENTS

6.1 Wall Height. All walls, including fences separating front and back yards, shall be at least the minimum required by the County for pool safety, and no more than a maximum of eight (8) feet, and shall be constructed across the rear and sides of each Lot.

6.2 Fences. The fences for any Dwelling shall be of the same architectural style as the Dwelling and shall be approved by the Architectural Review Committee. All perimeter fences, boundary fences, or garden walls shall be constructed within the Lot and shall be of concrete block construction, constructed and painted according to the standard detail provided by Declarant or otherwise as approved by the Architectural Review Committee. Accent stone may be used if approved by the Architectural Review Committee. Gates may be of wood or wrought iron construction but are still subject to the written approval requirements. Accent panels or decorative trim may be used with prior written approval and authorization of the Architectural Review Committee.

6.3 Fence Construction and Repair Requirements. Extra wide gates that are designed to accommodate Recreational Vehicle are allowed but vehicles are subject to the height and other requirements of Section 5.11, and are subject to the prior written approval of the Architectural Review Committee in accordance with Article 7. All fences shall be maintained in good condition and repair, and fences, upon being started, must be completed within a reasonable time not exceeding three (3) months from commencement of construction. If any fence originally installed by an Owner is wholly or partially damaged by any cause, it shall be removed, in its entirety or returned to its original condition within three (3) months from the date of damage. Any fences originally installed by Declarant, or in a location in which a Declarant-installed fence was originally erected, must be promptly restored to their original condition by such Owner, or the Owner(s) of the adjacent Lots if the same is a Party Wall under Section 6.4.

Wherever the words "Party Wall," "fence," and "wall" or similar words appear in this Declaration, they include block walls, wrought iron fences, wood (or partially wood) fences and other

materials used as a fence, fences, wall or walls (except a wall which is part of a house), consistent with the Design Guidelines and Architectural Review Committee approval.

6.4 Party Walls.

A. Walls which may be constructed by Declarant or a Developer upon the common boundary line between Lots or between a Lot and Common Area or between a Lot and Sub-Association Common Area, or near or adjacent to said boundary line because of minor encroachments due to engineering errors (which are hereby accepted by all Owners and the Association in perpetuity) or because existing easements prevent a fence from being located on the boundary line, are "**Party Walls**" and shall be maintained and repaired at the joint cost and expense of the adjoining Lot Owners, or of the adjoining Lot Owner and the Association if the Party Wall divides a Lot and Common Area, or of the adjoining Lot Owner and the Sub-Association if the Party Wall divides a Lot and Sub-Association Common Area. Paint and/or stucco surfaces shall be maintained and repainted as necessary by the party whose property is enclosed by the painted and/or stuccoed surface. Walls constructed upon the rear boundary of any Lot (which do not adjoin any other Lot, Common Area, or Sub-Association Common Area) by the Declarant shall be maintained and repaired at the cost and expense of the Lot Owner on whose Lot (or immediately adjacent to whose Lot) the wall is installed. Such Party Walls and other walls shall not be altered, or changed in design, color, material or construction from the original installation made by the Declarant without the approval of the adjoining Owner(s), if any, and the Architectural Review Committee. In the event any Party Wall is damaged or destroyed by the act or acts of one of the adjoining Owners or an adjoining Owner's Tenants, any resident of the Owner's Lot, or their respective guests or other invitees (or by any employee, agent or contractor of the Association), that Owner shall be responsible for said damage and shall promptly rebuild and repair the Party Wall(s) to its/their prior condition, at his or its sole cost and expense. In all other events when any Party Wall is wholly or partially damaged or in need of maintenance or repair, each of the adjoining Owners (or the adjoining Owner and the Association or Sub-Association, if applicable) shall share equally in the cost of replacing the Party Wall or restoring the same to its original condition. For this purpose, said adjoining Owners (or the adjoining Owner and the Association or Sub-Association, if applicable) shall have an easement as more fully described in Section 6.5(A)(ii). All gates shall be no higher than the adjacent Party Wall or other wall.

B. In the event of a dispute between Owners with respect to the building, repair or rebuilding of a Party Wall, then, upon written request of one of such Owners addressed to the Architectural Review Committee, the matter shall be submitted to the Architectural Review Committee for arbitration under such rules as may from time to time be adopted by the Architectural Review Committee. If no such rules have been adopted, the matter shall be submitted to three (3) arbitrators, one (1) chosen by each of the Owners and the third arbitrator to be chosen within five (5) days by any judge of the Superior Court of Mohave County. A determination of the matter signed by any two (2) of the three (3) arbitrators shall be binding upon the Owners who shall share the cost of arbitration equally. In the event one (1) Owner fails to choose an arbitrator within ten (10) days after personal receipt of a request in writing for arbitration from the other Owner, then said requesting Owner shall have the right and power to choose both arbitrators.

6.5 Easements.

A. General Easements.

(i) Easements for installation and maintenance of utilities and drainage facilities and for other purposes have been or will be created as shown on the Plat, and additional easements may be created by grant or reservation by an Owner for the foregoing purposes. Except as may be installed by Declarant, no Improvements shall be placed or permitted to remain within these easements which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage channels in the easements, if any, or which may obstruct or retard the flow of water through the channels in the drainage easements, if any, or which may otherwise be inconsistent or incompatible with the easement(s). The easement area of each Lot or Parcel and all Improvements located thereon shall be maintained continuously by the Owner of the Lot or Parcel, except for those Improvements for which a public authority or utility company is responsible, and except for any easement area referred to in Section 6.5(A)(iii) below, which will be maintained by the Owner of the Lot or Parcel who has use of the easement. All Owners and the Association shall comply with all easements in favor of the County or utility companies set forth on the Plat or other Recorded documents, and all requirements of the County in connection therewith.

(ii) For the purpose of repairing and maintaining any Party Wall, an easement not to exceed five (5) feet in width is hereby created over the portion of every Lot immediately adjacent to any Party Wall to allow the adjoining Owner access for maintenance purposes as set forth herein and no other purpose.

(iii) In addition to the foregoing, if a Party Wall is not located between Lots, an easement is hereby created for six (6) months after a Dwelling is constructed on any Lot for the purpose of constructing and maintaining said Party Wall. With respect to any Party Wall not located on a dividing line between Lots but located near or adjacent to such dividing line, an Owner of a Lot shall have and is hereby granted a permanent easement over any property immediately adjoining said Owner's Lot up to the middle line of said Party Wall for the use and enjoyment of the same.

(iv) Each Lot or Parcel and Common Area tract within the Community is hereby declared to have an easement over all adjoining Lots or Parcels and the Common Area for the purpose of accommodating any encroachment due to minor engineering errors, errors in either the original construction or reconstruction of the buildings on the Lots or Parcels, or the settlement or shifting of buildings or any other similar cause. There shall be valid easements for the maintenance or said encroachments as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, settlement or shifting, provided however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful misconduct of said Owner or Owners.

B. Declarant Easements.

(i) Declarant shall have the right and an easement to maintain sales and/or management offices, models and advertising on Lots or Parcels owned by Declarant and to maintain sales and/or management offices and advertising signs on the Common Area while the Declarant sells Lots in the Community and throughout the Period of Declarant Control.

(ii) Declarant shall have the right and an easement on and over the Common Area to construct thereon all buildings and improvements consistent with the approved plans therefor and to use the Common Area (until Class B Membership terminates) and any Lots or Parcels owned by Declarant for construction and renovation related purposes, including the storage of tools,

machinery, equipment, building materials, appliances, supplies and fixtures, and the performance of work respecting the Community.

(iii) The Declarant shall have an easement on, over and through the Lots or Parcels (but not through any houses thereon) for any access necessary to complete any renovations, warranty work or modifications to be performed by Declarant.

C. Association Easements. Declarant hereby creates the following easements in favor of the Association and its directors, officers, agents, employees and independent contractors over the Lots or Parcels (but not the houses thereon):

(i) for inspection of the Lots in order to verify the performance of all Owners of all items of maintenance and repair for which they are responsible;

(ii) for inspection, maintenance, repair and replacement of the Common Area accessible from the Lots; and

(iii) for the purpose of enabling the Association, the Board, the Architectural Review Committee or any other committee appointed by the Board, to exercise and discharge their respective rights, powers and duties under the Community Documents. No Owner shall do any act or create any obstruction which would unreasonably interfere with the right or ability of the Association to perform any of its obligations or exercise any of its rights under the powers or easements reserved under this Declaration.

ARTICLE 7

ARCHITECTURAL CONTROL

7.1 Creation of Architectural Review Committee; Design Guidelines and Construction Guidelines. For the purpose of maintaining the architectural and aesthetic integrity and consistency within the Community, protecting the health, safety, and welfare of residents, protecting the natural environment and preventing nuisances detrimental to other properties within the Community, an Architectural Review Committee, consisting of not less than three (3) nor more than seven (7) members, is hereby established, except that the Architectural Review Committee need have only one member while Declarant has the right to appoint the Architectural Review Committee as provided below. During the Period of Declarant Control, Declarant and its successors and assigns to whom rights are specifically assigned in writing under Section 8.4, shall have the sole right to appoint, remove and replace Architectural Review Committee members, who need not be Owners. Declarant may waive its right to appoint some or all Architectural Review Committee members by Recording an instrument giving notice of the same.

After the Period of Declarant Control, a new Architectural Review Committee may be appointed by the Board of the Association. If no such Architectural Review Committee is appointed, then and in such event, the members of the Architectural Review Committee appointed by the Declarant, and/or its successors and assigns, may, but are not obligated to, continue to act until such time as the Board appoints a new Architectural Review Committee. Members of the Architectural Review Committee appointed by the Board shall serve for a period of one (1) year or until their successors are duly appointed, whichever is later or until they are removed by action of the Board. Notwithstanding anything to the contrary contained

in this Declaration, the composition of the Architectural Review Committee shall comply with applicable law, including A.R.S. § 33-1817, as it is in effect from time to time.

A majority of the Architectural Review Committee shall be entitled to take action and make decisions for the Architectural Review Committee.

The Architectural Review Committee may adopt, repeal, and amend Design Guidelines and Construction Guidelines from time to time to guide the design, construction and/or alteration of Improvements and Exterior Alterations. The Architectural Review Committee shall promptly notify all Owners of the adoption or amendment of Design Guidelines and/or Construction Guidelines and provide copies thereof upon request, for which reasonable copying fees may be charged. The Design Guidelines may include, without limitation, provisions regarding: (a) the size of Dwellings; (b) architectural design, with particular regard to the harmony of the design with the surrounding structures and typography; (c) placement of Dwellings and other Improvements; (d) landscaping design, content and conformance with the character of the Community and permitted and prohibited plants; (e) requirements concerning exterior color schemes, exterior finishes and materials; (f) signage; and (g) perimeter and screen wall design and appearance. The Design Guidelines may contain general provisions which are applicable to all of the Community as well as provisions which vary from one portion of the Community to another depending upon the location, unique characteristics and intended use thereof. The Architectural Review Committee, through the Design Guidelines or otherwise, may adopt lists of plants approved for use on Lots and lists of plants prohibited on Lots, and may prospectively revise such lists at any time. Notwithstanding anything to the contrary contained herein, during the Period of Declarant Control, any adoption, amendment or appeal of the Design Guidelines and Construction Guidelines shall require the prior written consent of Declarant. Provided Declarant owns any Lots in the Community following the Period of Declarant Control, any adoption, amendment or appeal of the Design Guidelines and Construction Guidelines shall require unanimous approval of the Board.

The Design Guidelines and Construction Guidelines, if any, are in addition to and not in lieu of the land use and zoning ordinances of the County, provided, however, that if any of the provisions of this Declaration, the Design Guidelines or the Construction Guidelines conflict with any land use or zoning ordinances of the County as applicable to the Community, the more restrictive provisions shall control.

7.2 Review by Architectural Review Committee. No Improvements or Exterior Alterations shall be commenced, erected, made, structurally repaired, replaced or altered (except as set forth below) until the plans and specifications showing the nature, kind, shape, size, height, color, material, floor plan, location and approximate cost of same shall have been submitted to and approved by the Architectural Review Committee. The Architectural Review Committee shall have the right to refuse to approve any Improvement or Exterior Alteration which is not suitable or desirable in their opinion for aesthetic or other reasons, including noncompliance with the Design Guidelines, and they shall have the right to take into consideration: (i) the suitability of the proposed Improvement or Exterior Alteration; (ii) the material (including type and color) of which it is to be built; (iii) the site (including location, topography, finished grade elevation) upon which it is proposed to be erected; (iv) the harmony thereof with the surroundings (including color and quality of materials and workmanship); and (v) the effect of the Improvement or Exterior Alteration as planned on the adjacent or neighboring property (including visibility and view). Any Owner requesting approval of the Architectural Review Committee shall also submit to the Architectural Review Committee any additional information, plans and specifications which the Architectural Review Committee may reasonably request. In the event that the Architectural Review

Committee fails to approve or disapprove an application for approval within sixty (60) days after its receipt of a fully compliant application, together with all supporting information, fees (as provided below), plans and specifications requested by the Architectural Review Committee, the Owner may submit a written Request for Decision to the Architectural Review Committee. Within thirty (30) days after receipt of a Request for Decision, the Architectural Review Committee shall review the application and provide a decision. If no decision is rendered after thirty (30) days, the application is considered approved, provided that the design, location, color, and kind of materials in the Improvement or Exterior Alterations shall be governed by all of the restrictions herein set forth.

With respect to reviewing an Owner's plans and specifications, the Architectural Review Committee shall have the right to employ professional consultants to review submittals for Exterior Alterations or Improvements, to assist it in discharging its duties. In the event the Architectural Review Committee elects to employ such consultant, the Architectural Review Committee shall first give notice to the Owner of the fee required for purposes of hiring any such consultant and the Owner shall promptly pay said consultant's fee to the Architectural Review Committee prior to the Architectural Review Committee being obligated to proceed further with its review of said Owner's submission.

The Architectural Review Committee's or any professional consultant's review and/or approval of Improvement or Exterior Alterations shall not be interpreted or deemed to be an endorsement or verification of the safety, structural integrity or compliance with applicable laws or building ordinances of the Improvement or Exterior Alterations and the Owner and/or its agents shall be solely responsible therefor. Neither the Association, Architectural Review Committee, officers, directors, employees, agents, architects or design professionals shall have any liability whatsoever with respect to any defects or deficiencies associated with any plans submitted for approval. The Association, Board, Architectural Review Committee and its members, and Owners shall have no personal liability for judicial challenges to its decisions and the sole remedy for a successful challenge to a decision of the Architectural Review Committee shall be an order overturning the same without creating a right, claim or remedy for damages.

The approval by the Architectural Review Committee of any Improvement, Exterior Alteration, repair, change or other work pursuant to this section shall not be deemed a waiver of the Architectural Review Committee's right to withhold approval of any Improvement, Exterior Alteration, repair, change or other work subsequently submitted for approval.

The approval required of the Architectural Review Committee pursuant to this section 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. Notwithstanding anything to the contrary contained in this Declaration, the Architectural Review Committee shall comply with A.R.S. § 33-1817, as it is in effect from time to time.

Notwithstanding anything to the contrary contained herein, no approval of the Declarant, Architectural Review Committee, the Board, Association, or any other person shall be required of the Declarant's planned Improvements to a Lot or Parcel or serving a Lot or Parcel including, without limitation, plans or specifications, elevations, Improvements, planned construction of residences or amenities, or any other construction within or serving a Lot or Parcel owned or controlled by Declarant.

7.3 Variances. If any Owner requests any waivers or variance from the restrictions set forth in Article 5 or Article 6 of this Declaration, or from any of the requirements set forth in Article 7, the

Architectural Review Committee shall review the request. If the Architectural Review Committee recommends to approve the request, the recommendation will be: (i) sent to the Board for review; (ii) sent to any affected neighboring property owners; and posted on the Association's website. If no Owner or Board members submits any objection to the Architectural Review Committee within thirty (30) days, the Architectural Review Committee's recommendation shall become final. If an Owner timely objects to the Architectural Review Committee's recommendation, the Board shall make the final decision on whether to approve or disapprove the request.

7.4 Declarant's Exemption; Right to Replat. The restrictions and conditions set forth in this Article 7 shall not be applicable to (i) any original construction whatsoever undertaken by the Declarant, or (ii) Declarant's planned Improvements or Exterior Alteration to a Lot or Parcel or serving a Lot or Parcel including, without limitation, plans or specifications, elevations, Improvements, planned construction of residences or amenities, or any other construction within or serving a Lot or Parcel owned or controlled by Declarant. In addition to the foregoing, Declarant hereby reserves the right, in its sole discretion, and without the consent of the Architectural Review Committee or any other Owner or lienholder (except as provided herein), to amend the Plat with regard to any Lots or Parcels owned by Declarant from time to time. Notwithstanding the foregoing, such replatting shall not affect the boundaries of any other Owner's Lot or Parcel or the Common Area and shall always comply with all zoning and other applicable statutes, rules, ordinances and regulations or any governmental or quasi-governmental agency having jurisdiction over the Community. Subject to satisfaction of the foregoing conditions, any amendment to the Plat prepared and Recorded by Declarant may reconfigure Declarant's Lots or Parcels and/or create additional Lots or Parcels.

7.5 Zoning Compliance. All Improvements, including, without limitation, tennis courts, sport courts and swimming pools, must be constructed on the Lots in compliance with all minimum yard setback requirements established by the applicable County zoning ordinance as it may be amended from time to time.

7.6 Construction Guidelines; Diligent Commencement and Completion of Improvements.

In addition to all other restrictions contained herein, the Board or Architectural Review Committee may adopt such other and further Construction Guidelines as are consistent with this Declaration, which additional Construction Guidelines shall be published and made available to each Owner, and which shall be enforced by the Architectural Review Committee.

All Improvements and Exterior Alterations shall be subject to the following restrictions, in addition to all other requirements:

(a) During construction, all trash and construction debris shall be placed in a container and shall be removed as required, as provided in Section 5.16.

(b) The front street area shall be kept clean and free of debris by the Owner or contractor and all mud or construction debris left upon the street by the contractor, the Owner, or their agents or employees, shall be removed.

Upon receipt of approval from the Architectural Review Committee for any Improvement, Exterior Alteration, repair, change or other work, the Owner who has requested such approval shall proceed to perform, construct or make the Improvement, Exterior Alteration, repair, change or other work approved by the Architectural Review Committee as soon as practical, and the approval shall lapse if

work does not bona fide begin within twelve (12) months. Upon commencement of the work, the Owner shall diligently pursue such work so that it is completed as soon as reasonably practical and within such time as may be prescribed the Architectural Review Committee. If work ceases or substantially ceases for ninety (90) days, and the Board determines that the appearance of the Lot or Parcel and Improvements is having a material and adverse effect on the Community, the Board, at any time thereafter until work bona fide re-starts, may require the Owner to do such work, remove such Improvements, or install such landscaping as the Board determines will reasonably eliminate the adverse effect of the condition of the Lot or Parcel and Improvements. If the Owner does not bona fide commence such work within twenty (20) days after notice by the Board of the required work and thereafter diligently complete it, the Board may take action under Section 3.9.

ARTICLE 8 GENERAL

8.1 Effect of Declaration and Remedies. This Declaration and the limitations, easements, covenants, conditions and restrictions contained herein shall run with the land and shall be binding on all Persons purchasing (or whose title is acquired by foreclosure, deed in lieu thereof, trustee's sale or otherwise) or occupying any Lot or Parcel in the Community after the date on which this Declaration is Recorded. In the event of any violation or attempted violation of these covenants, conditions and restrictions, they may be enforced by an action brought by the Association, the Architectural Review Committee or by the Owner or Owners (not in default) of any Lot, Lots, or Parcel in the Community, at law or in equity, in addition to the Association's remedies in Sections 3.3, 3.4, 3.7, 3.9, 4.14, 4.15 and 4.16. Declarant has no duty to take action to remedy any such default. Remedies shall include but not be limited to damages, injunctive relief and/or any and all other rights or remedies pursuant to law or equity and the prevailing party shall be entitled to collect all costs incurred and reasonable attorneys' fees sustained in commencing and/or defending and maintaining such lawsuit. Any breach of these covenants, conditions and restrictions, or any remedy by reason thereof, shall not defeat nor affect the lien of any mortgage or deed of trust made in good faith and for value upon the Lot or Parcel in question and the breach of any of these covenants, conditions and restrictions may be enjoined, abated or remedied by appropriate proceedings, notwithstanding the lien or existence of any such mortgage or deed of trust.

All instruments of conveyance of any interest in any Lot or Parcel shall contain (and if not, shall be deemed to contain) a reference to this Declaration and shall be subject to this Declaration and the limitations, easements, covenants, conditions and restrictions herein as fully as though the terms and conditions of this Declaration were therein set forth in full; provided, however, that the terms and conditions of this Declaration shall be binding upon all persons affected by its terms, whether express reference is made to this Declaration or not in any instrument of conveyance. No private agreement of any adjoining property owners shall modify or abrogate any of these restrictive covenants, conditions and restrictions.

8.2 Plurals; Gender. Whenever the context so requires, the use of the singular shall include and be construed as including the plural and the masculine shall include the feminine and neuter.

8.3 Severability. Invalidity of any one or more of these covenants, conditions and restrictions or any portion thereof by judgment or court order shall in no way affect the validity of any of the other provisions and the same shall remain in full force and effect.

8.4 Transfer by Declarant. Wherever Declarant is granted certain rights and privileges hereunder, Declarant shall have the right to fully or partially assign and transfer any of such rights and privileges as to the Lots or Parcels which it owns to any other party owning Lots or Parcels as evidenced by a Recorded instrument, which describes in detail the particular Declarant's right or rights being assigned (if less than all such Declarant rights) and said instrument shall state that, in such case, the assignee is a co-Declarant or if Declarant has assigned all its rights in said instrument, it shall state that the assignee is a successor Declarant. If the operation of this Section 8.4 results in there being more than one Declarant at any one time, all such Declarants shall be co-Declarants holding the rights assigned to them by their original assignor. Upon an assignment by Declarant of its rights hereunder, Declarant shall thereafter have no further liability, responsibility or obligations for future acts or responsibilities of the successor or co-Declarant hereunder and the successor or co-Declarant shall be solely responsible therefor (to the extent of the assignment) and all parties shall look to the successor or co-Declarant therefor. At any time, Declarant or a co-Declarant may, by a written, Recorded notice, relinquish all or any portion of its rights hereunder and all parties shall be bound thereby, except that no Declarant or co-Declarant, nor its successors or assigns, may relinquish the rights of any other Declarant terminated thereby. Declarant (or a successor) may collaterally assign all of its rights and privileges to act as Declarant for the Community to a lender as additional security for any loan from the lender encumbering all or substantially all of the Lots or Parcels in the Community owned by such Declarant, with such assignment to become absolute and final in favor of such lender or a purchaser at a foreclosure or trustee's sale upon that party's acquisition of fee title to the encumbered Lots or Parcels, unless such party otherwise specifies in a Recorded instrument.

8.5 Term; Conflicts. This Declaration shall remain and be in full force and effect for an initial term of thirty-five (35) years from the date this Declaration is Recorded. Thereafter, this Declaration shall automatically be deemed to have been renewed for successive terms of ten (10) years, unless revoked by an instrument in writing, executed and acknowledged by the then Owners of not less than seventy-five percent (75%) of the Lots in the Community. If there is any conflict between any of the Community Documents, the provisions of this Declaration shall prevail. Thereafter, priority shall be given to the Community Documents in the following order: the Original Plat, Articles, Bylaws, the applicable Annexable Property Plat, the applicable Annexation and Supplemental Declaration, Association Rules and Regulations, Design Guidelines and Construction Guidelines.

8.6 Amendments. Except as otherwise set forth herein, this Declaration may be amended by an instrument in writing that has been approved by Members holding not less than sixty-seven percent (67%) of the votes of the Association and, during the Period of Declarant Control, with the written consent of Declarant; provided however, that the Declarant, while Class B Membership exists, may amend this Declaration to correct errors or comply with applicable law or the guidelines or regulations of any governmental or quasi-governmental agency insuring, guaranteeing or purchasing loans in the Community, without the consent of or prior notice to any other Owner or lienholder, including First Mortgagees. In addition, the provisions of this Declaration shall not be amended to the detriment of Declarant (which shall include, without limitation, any and all amendments to Section 5.2(b), Article 7, and this Section 8.6) without the prior written consent of Declarant, even if Declarant no longer owns any portion of the Community at the time the amendment is adopted. So long as the Declarant owns any portion of the Community, any amendment to this Declaration must be approved in writing by the Declarant, and Declarant may amend this Declaration for any purpose and without the consent of any other Owner; provided, however, in the event that such amendment materially alters or changes any Owner's right to the use and enjoyment of such Owner's Lot or Parcel or the Common Area as set forth in

this Declaration or adversely affects the title to any Lot or Parcel, such amendment shall be valid only upon the written consent thereto by a majority in number of the Owners affected thereby (such majority shall be determined based on the number of votes of the affected Owners as determined by Section 2.6 hereof). So long as Declarant owns at least sixty-seven percent (67%) of the votes in the Association, any amendment to this Declaration shall be signed by Declarant and shall be Recorded. At any time Declarant does not own at least sixty-seven percent (67%) of the votes in the Association, any amendment approved pursuant to this Section 8.6 shall be signed by the President or Vice President of the Association and shall be Recorded, and any such amendment shall certify that the amendment has been approved as required by this Section. Any amendment made by the Declarant pursuant to this Section 8.6, shall be signed by the Declarant and Recorded. Unless a later effective date is provided for in the amendment, any amendment to this Declaration shall be effective upon the Recording of the amendment. Any challenge to any amendment to this Declaration for the reason that the amendment was not adopted by the required number of Members or was not adopted in accordance with the procedures set forth in this Section 8.6 must be made within one (1) year after the Recording of the amendment.

ARTICLE 9

ADDITIONAL PROVISIONS

9.1 Drainage and Onsite Retention. Certain parcels within the Community will be required to receive rainwater from streets, and rainwater from the Community must drain onto the Common Area. All areas defined as retention basins on the grading plan for the Community approved by the County shall remain at the grades indicated on the approved grading plan on file with the County and nothing will be constructed to hinder the flow of storm water from public streets to these retention basins. The Improvements within such retention areas, including but not limited to landscaping, irrigation systems, storm drains and bleed off, will be maintained by the Association with respect to the Property and any retention area included in the Common Area, and by the applicable Sub-Association with respect to the Annexable Property and retention area included in the Sub-Association Common Area.

The provisions of this section constitute a covenant running with the land of the Community and each Lot or Parcel within the Community, and upon the Recording of this Declaration, shall be binding upon any subsequent Owner or occupant of any part of the Community.

9.2 Declarant's Right to Use Similar Name. The Owners and Association hereby irrevocably consent to the use by any other corporation which may be formed or incorporated by Declarant of a corporate name which is the same or deceptively similar to the name of the Association, provided one or more words are added to the name of such other corporation to make the name of the Association distinguishable from the name of such other corporation. Within five (5) days after being requested to do so by the Declarant, the Association shall sign such letters, documents or other writings as may be required by the Arizona Corporation Commission in order for any other corporation formed or incorporated by the Declarant to use a corporate name which is the same or deceptively similar to the name of the Association.

9.3 Declarant's Right to Record Deed Restrictions. This Declaration expressly permits and Declarant reserves the right to Record in connection with the conveyance of the property to a Developer or retail home purchaser any deed restrictions reasonably necessary to preserve the identity and nature of the Community (including, without limitation, a restriction against institutional investors, Single-Family Build-for-Rent Use, leasing, or as otherwise contemplated herein).

ARTICLE 10

DISPUTE RESOLUTION PROVISIONS - MANDATORY BINDING ARBITRATION

10.1 Dispute Resolution.

A. Consensus for Association Action. Except as provided in this Article 10, the Association may not commence a legal proceeding or an action without the approval or affirmative vote of Owners representing not less than seventy-five percent (75%) of the total authorized votes, which approval must also contain, at a minimum, (i) the approval of an estimated budget for the litigation being approved by the Owners and (ii) the approval of a resolution establishing one or more Special Assessments to fund the litigation being approved by the Owners and such litigation specific Special Assessment shall be the only funds of the Association that may be used by the Association to pay litigation fees and costs, and contingent fee agreements shall not be permitted. A Member holding a proxy (if proxies are then allowed by applicable law, such as A.R.S. § 33-1812, as amended) or otherwise representing Lots owned by Owners other than the voting Member shall not vote in favor of bringing or prosecuting any such proceeding unless authorized to do so by a vote of Owners of seventy-five percent (75%) of the total number of Lots represented by the voting Member. Claims and litigation brought by the Association subject to this Section 10.1(A) must be disclosed by any Owner selling to a prospective purchaser and must be disclosed by the Association if the prospective purchaser requests any information from the Association. This Section 10.1 shall not apply, however, to (i) actions brought by the Association to enforce the Community Documents (including, without limitation, the foreclosure of liens); (ii) the imposition and collection of Assessments; (iii) proceedings involving challenges to ad valorem taxation; (iv) counterclaims brought by the Association in proceedings instituted against it; or (v) any claims, grievances or disputes that do not involve a Bound Party (as defined below in Section 10.1(B)) and where the amount in controversy is equal to or less than \$50,000.00. Except for the various matters that are excluded from the scope of "Claims" in Section 10.1(C) below, in no event shall the cost of any legal proceeding(s) commenced by the Association be funded out of any Assessments other than one or more Special Assessments that are expressly for such legal proceedings, and such legal proceedings shall also not be funded from reserves, loans, or contingent fee agreements.

B. Alternative Method of Resolving Disputes. Declarant, its officers, directors, employees and agents; any Developer and its Affiliates; the Association, its officers, directors, committee members and other Association officials; each Sub-Association, its officers, directors, committee members and other Sub-Association officials; all Owners, residents, and other Persons subject to this Declaration; and any Person not otherwise subject to this Declaration who agrees to submit to this Article 10 after request by a Bound Party (each such entity being referenced to as a "Bound Party") agree to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes related to the Community or this Declaration as more particularly described in Section 10.1(C) (collectively, "Claims") to the procedures set forth in this Article 10.

C. Claims. Unless specifically exempted below, all Claims between any of the Bound Parties relating to the Community regardless of how the same might have arisen or on what it might be based including, but not limited to, Claims: (a) arising out of or relating to the interpretation, application or enforcement of the Community Documents or the rights, obligations and duties of any Bound Party under the Community Documents; (b) relating to the design or construction of

Improvements, whether or not such Improvements are Visible from Neighboring Property; or (c) based upon any statements, representations, promises, warranties, or other communications made by or on behalf of any Bound Party, shall be subject to the provisions of Section 10.1(D) and, if applicable, the dispute resolution provisions of the purchase agreement for the purchase of a Dwelling. To the extent of any conflict between the dispute resolution provisions of this Declaration, and the dispute resolution provisions of a purchase agreement, the dispute resolution provisions of the purchase agreement shall control between the buyer and Declarant (only if such Declarant is a party to the purchase agreement), and the buyer and seller, as to the Lot(s) or other portions of the Community subject to the purchase agreement, but the provisions hereunder shall apply as to the Common Area, actions brought by or on behalf of the Association, and other Claims not covered by the applicable purchase agreement. Notwithstanding the foregoing, in addition to the provisions of Section 10.1(D), Claims involving a Defect or Alleged Defect shall first be subject to the provisions of Section 10.2, prior to the Bound Parties proceeding to negotiations under Section 10.1(D)(ii).

Notwithstanding the above, unless all Parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 10.1(D):

(i) any suit by the Association against any Bound Party to enforce the provisions of Article 4 (Assessments):

(ii) any suit by the Association or Declarant to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary to maintain the status quo and preserve the Association's and/or Declarant's ability to act under the provisions of Article 5 (Use Restrictions) or Article 7 (Architectural Control):

(iii) any suit between or among Owners which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Community Documents:

(iv) any suit in which any indispensable party is not a Bound Party;

(v) any suit as to which any applicable statute of limitations has expired; and

(vi) those matters set forth in the second to last sentence of Section 10.1(A).

D. Mandatory Procedures.

(i) Notice. Any Bound Party having a Claim (for purposes of this Section 10.1(D), "**Claimant**") against any other Bound Party ("**Respondent**") (the Claimant and the Respondent referenced to herein being individually, as a "**Party**," or, collectively, as the "**Parties**") shall notify each Respondent in writing (the "**Notice**"), stating plainly and concisely:

The nature of the Claim, including the persons involved and Respondent's role in the Claim;

The legal basis of the Claim (i.e., the specific authority out of which the Claim arises including, as applicable, proof that the Members have

approved the course of action in accordance with Section 10.1(A) above);

The proposed remedy; and

The fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

To the extent applicable, the Association shall promptly provide to any Bound Party all Association documents reasonably requested by such Bound Party to confirm that seventy-five percent (75%) of the total authorized votes in each class of Membership has approved the commencement of a legal proceeding or an action, including the filing of a Claim.

(ii) Negotiation and Mediation.

The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

If the Parties do not resolve the Claim within thirty (30) days after the later of (1) the date of the Notice and (2) for Claims involving an Alleged Defect, the Cure Period provided in Section 10.2, then the Claimant may submit the Claim to mediation within thirty (30) days thereafter. If Claimant does not submit the Claim to mediation within such thirty (30) day period, or does not appear for the mediation, then the Respondent shall deliver notice to Claimant, in accordance with Section 10.7, stating that Respondent is ready to proceed with mediation of the Claim. If Claimant, within sixty (60) days after the receipt of Respondent's notice, does not submit the Claim to mediation or does not appear for the meditation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

All mediation proceedings conducted pursuant to this Article 10 shall be administered in accordance with the rules of the AAA, applying the AAA rules, procedures, and protocols determined by the mediator to be most applicable to the nature of the Claim, including, where applicable, the AAA's Supplementary Rules for Residential Construction Disputes, the AAA Consumer Due Process Protocol, and Supplemental Procedures for Consumer-Related Disputes.

Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within ninety (90) days after submission of the matter to the mediation, or within such other time as determined by the mediator or agreed to by the Parties, the mediator shall issue a notice of termination of the mediation proceedings ("**Termination of Mediation**"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with this Section 10.1(D) and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Article

10. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying, from all such Parties pro rata) all costs incurred in enforcing such agreement including, without limitation, attorneys' fees and court costs.

(iii) Binding Arbitration. Upon Termination of Mediation, Claimant shall be entitled to initiate final, binding arbitration of the Claim under the auspices of the AAA in accordance with the rules of the AAA, applying the Uncial Document AAA rules, procedures, and protocols determined by the arbitrator to be most applicable to the nature of the Claim, including, where applicable, the AAA's Supplementary Rules for Residential Construction Disputes, the AAA Consumer Due Process Protocol, and Supplemental Procedures for Consumer-Related Disputes or, if such supplementary procedures are not in effect, in accordance with the AAA's Construction Industry Arbitration Rules then in effect; provided, however, that the Federal Arbitration Act (9 U.S.C. Section 1, et seq.) shall apply, as necessary, to supplement the applicable AAA rules. Such Claims shall not be decided by or in a court of law. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. If the claimed amount exceeds \$250,000.00 the dispute shall be heard and determined by three arbitrators. Otherwise, unless mutually agreed to by the parties, there shall be one arbitrator, except as provided otherwise below. Arbitrators shall have at least five (5) years' experience serving as an arbitrator and shall have technical expertise and knowledge in the area(s) of dispute, which may include legal expertise if legal issues are involved. The arbitrator(s) shall not have any relationship to the Parties or interest in the Community.

Consolidation of claims is not permitted except where otherwise required by law. In any case involving multiple parties or consolidated claims, any party may require that a panel of three arbitrators decide the case, including all preliminary and procedural issues. The Party making the request for additional arbitrators agrees to pay the entire cost associated with the additional arbitrators.

If Claimant does not submit the Claim to arbitration within ninety (90) days after receipt of the Termination of Mediation, or does not appear for the arbitration. Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim, provided nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

Except as elsewhere provided herein, each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the non-contesting party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator(s).

The award of the arbitrator(s) shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both parties.

Unless otherwise mutually agreed by the parties to the proceedings, the arbitration proceedings shall be heard in the County.

The award of the arbitrator or its decision is final and may be confirmed, entered and enforced as

a judgment in a county having jurisdiction, subject to appeal only in the event of the arbitrator's manifest disregard of the law, no evidence to support the award, or such other grounds for appeal of arbitration awards that exist by statute, common law or the applicable rules of the administrative agency.

10.2 Right to Cure Alleged Defect. If the Association, the Board or any Owner or other Person (for purposes of this Section 10.2, "**Claimant**") claims, contends, or alleges that a Defect (an "**Alleged Defect**") exists in any Improvements, whether or not such Improvements are Visible from Neighboring Property, within the Community as installed or constructed by or on behalf of a Declarant, including, but not limited to, the Dwelling constructed on the Lots, the Bound Party alleged to be responsible (for purposes of this Section 10.2, the "**Respondent**") shall have the right to inspect, repair, redesign, and/or replace the Alleged Defect as set forth in this Section 10.2.

A. Defect Defined. As used in this Declaration, "**Defect**" shall mean failure to construct or install Improvements, whether or not such Improvements are Visible from Neighboring Property, in accordance with: approved plans and specifications, applicable governmental requirements, contractual obligations, applicable covenants or aesthetic requirements or standards of good practice in the applicable industry; using acceptable materials or procedures; in breach of applicable governmental, legal or contractual obligations; or otherwise contrary to the expectations of the Claimant.

B. Notice of Alleged Defect. As soon as possible after discovery, and in all events within thirty (30) days after discovering any Alleged Defect, a Claimant shall give written notice of the Alleged Defect ("**Notice of Alleged Defect**") to the Respondent(s) believed by the Claimant to be responsible for the Alleged Defect. The Notice of Alleged Defect shall include a reasonably detailed description of the Alleged Defect, which shall include, at a minimum, information constituting "reasonable detail" as described in A.R.S. § 12-1363(Q) the information required by Section 10.1(D)(i), and may contain any additional information the Claimant believes to be necessary to cure the Alleged Defect.

C. Right to Enter, Inspect, Repair and/or Replace. Within ninety (90) days after the receipt of a Notice of Alleged Defect (the "**Cure Period**"), the Respondent shall have the right, upon reasonable notice to the Claimant and during normal business hours, to enter the affected portion of the Community for the purposes of inspecting and/or conducting testing and, if the Respondent(s) so chooses in its sole discretion, repairing and/or replacing the Alleged Defect (or paying the Claimant the reasonable cost of repairing and/or replacing the Alleged Defect) or to otherwise respond to the Claimant in the event that the Respondent(s) determines that no default has occurred and/or no Defect exists. A Claimant shall have no right to bring any action against Respondent(s) until the earlier of: (i) the expiration of the Cure Period (as such Cure Period may be reasonably extended by the Respondent if Respondent is diligently pursuing a cure) or (ii) the Respondent(s)' election to not take any curative action with respect to the Alleged Defect (the "**Termination of the Cure Period**"). Upon the Termination of the Cure Period, the Claimant may elect to proceed to mediation as provided in Section 10.1(D)(ii), and thereafter, the remainder of Section 10.1(D) shall govern the resolution of the dispute between Claimant and Respondent. The Cure Period shall be extended by any period of time that Claimant refuses to allow such Respondent(s) to perform inspections and/or perform tests as provided in this Section 10.2. Any agreement made in writing for repair, replacement or other curative action shall be enforceable against both Parties to the agreement without requiring either party to again go through the notice and other procedures provided for in this Article 10.

D. No Additional Obligations; Irrevocability and Waiver of Right. Nothing in this Section 10.2 shall be construed to impose any obligation on any Person to inspect, test, repair, or replace any item or Alleged Defect for which the Person is not otherwise obligated under applicable law or other binding legal obligation. The right to enter, inspect test repair and/or replace an Alleged Defect shall be irrevocable and may not be waived or otherwise terminated with regard to any Person except by a written document executed by that Person.

10.3 Conflicts. Notwithstanding anything to the contrary in this Declaration, if there is a conflict between the provisions of this Article 10 and any other provision of the Community Documents, this Article 10 shall control.

10.4 Arizona Statute Compliance. In the event a court of competent jurisdiction invalidates all or part of this Article 10 regarding the resolution of Disputes and litigation becomes necessary, Declarant, the Association, the Board, and all Owners shall be bound by the applicable Arizona Construction Defect Statute – currently codified at A.R.S. § 33-2001, et seq., and A.R.S. § 11-1361, et seq. – then in existence.

10.5 Exclusions. Declarant shall not be liable for damages or any Defects caused by:

- A. normal wear and tear;
- B. an Owner's, Member's, Tenant's, resident's or third party's use of the Community and/or Improvements;
- C. alterations by Owners, other than those performed by Declarant; or
- D. reliance by Declarant on engineering or other reports.

10.6 Funds of the Association. Notwithstanding any other provision of this Article 10 (or of any other Article of this Declaration), no funds of the Association shall be used or devoted to proceedings with respect to any Defect unless they are raised specifically for such purposes by a Special Assessment imposed in accordance with the requirements of this Declaration following appropriate notice to the Members of the purposes for which such funds are being collected.

10.7 Notices under Article 10. All notices required pursuant to this Article 10 to be given to a Person that is an entity shall be deemed sufficient if personally delivered, delivered by commercial messenger service, or mailed by registered or certified mail, postage prepaid, return receipt requested to the address of: (i) the Statutory Agent for a Person (if any) and (ii) the "Domestic Address" as set forth in the records of the Arizona Corporation Commission or other jurisdiction of organization. With respect to notice that is required to be sent to a Person which is not an entity, such notice may be sent to the last known address of such Member, Owner, or resident as it appears on the records of the Association as of the date of mailing.

10.8 Scope. Declarant may, at its sole election, include its contractors, sub-contractors and suppliers, as well as any warranty company and insurer as parties in any mediation or arbitration. The waiver or invalidity of any portion of this Article 10 shall not affect the validity or enforceability of the remaining portions of this Article 10. This Article 10 does not limit the rights of Declarant against its contractors, sub-contractors and suppliers whether at contract or at law.

and the Owners thereof subject to this Declaration and the jurisdiction of the Association as of the date of recordation or such later date, if any, as may be set forth in such Annexation and Supplemental Declaration. In addition to the foregoing, and notwithstanding any decision not to annex the Annexable Property or any portion thereof, Declarant may grant easements for ingress, egress, utilities, and other purposes for the benefit of such Annexable Property, all on terms deemed by Declarant to be reasonable, and easements shall be deemed reserved over and across all streets and roads in favor of any land not annexed.

Subject to the terms, conditions, restrictions, and easements set forth in this Declaration, an Annexation and Supplemental Declaration may contain such complementary additions to and modifications of this Declaration as may be necessary to reflect the different character, if any, of the Annexable Property (or the applicable portion or portions thereof). As set forth in Section 5.1 hereof, an Annexation and Supplemental Declaration shall contain (i) the Land Use Classification applicable and binding upon such Annexable Property and (ii) a provision identifying which, if any, portions of the Annexable Property shall be deemed Common Area, as determined by Declarant in its sole discretion. Notwithstanding anything to the contrary set forth herein, an Annexation and Supplemental Declaration shall not be effective unless Declarant provides its written approval of the Annexable Property Plat for the respective Annexable Property.

11.2 De-Annexation of Property. Declarant may, in its sole discretion, at any time and from time to time, de-annex or withdraw from the Property any portion or portions thereof (except as provided herein, subject to the written consent of the Owner of the portion or portions to be de-annexed or withdrawn, if other than Declarant). During the Period of Declarant Control, Declarant shall have the exclusive right to de-annex property from the Property and this Declaration without the consent of any other Owner or Person.

To effect such de-annexation or withdrawal, Declarant shall execute and record a Declaration of De-Annexation setting forth the legal description of the portion or portions of the Property to be de-annexed or withdrawn, and such Declaration shall be executed by the Declarant and the Owner of the land to be withdrawn. The land to be withdrawn may include any portion of the Property, including Lots, Parcels, and Common Area. Recording such Declaration of De-Annexation shall constitute and effectuate the de-annexation and withdrawal of the applicable portion or portions of the Property described therein, and such property and the Owners and Occupants thereof shall no longer be subject to this Declaration or the jurisdiction of the Association. Owners remaining within the Property shall have no right or interest in such de-annexed land, including any de-annexed Common Areas, which shall no longer be subject to any use or other easements provided for herein. Notwithstanding the foregoing, except as otherwise provided in the applicable Declaration of De-Annexation, de-annexation or withdrawal of any portion or portions of the Property will not be effective until the owner of the property to be de-annexed or withdrawn has paid all unpaid Assessments applicable to such property (unless exempt), prorated to the date of de-annexation or withdrawal. Further, Declarant may cause the Association to grant and convey such easements in the Property as may be necessary to benefit such land de-annexed or withdrawn, including easements for ingress, egress, and utilities, all on terms, if any, deemed by them to be proper.

It is specifically understood that this right of de-annexation or withdrawal may be exercised in Declarant's sole and absolute discretion, and that once de-annexed or withdrawn, none of the provisions hereof or easements granted herein shall apply to or encumber the land.

11.3 Protection of Declarant. The provisions of this Article may not be amended without the written approval of Declarant.

11.4 Declarant's Right to Require Sub-Association. Upon annexation pursuant to Section 11.1 hereof, Declarant reserves the right to require the Developer or Owner of such Annexable Property to create a Sub-Association (subject to Section 2.10 hereof and this Declaration) upon recordation of the Annexation and Supplemental Declaration and subject to Declarant's approval of the applicable Annexable Property Plat, to maintain, insure, and assess the members of the Sub-Association for the use of the Sub-Association Common Areas located within such Annexable Property.

ARTICLE 12 IMPROVEMENT DISTRICT PROVISIONS

12.1 Purpose. This Article 12 sets forth the responsibilities of the DL Ranch Domestic Water Improvement District (the "**Improvement District**") and clarifies the obligations of Owners in relation to the water and wastewater infrastructure within the Community.

12.2 Sewer Check-Valves and Pump Systems. Each Owner shall be solely responsible for the maintenance, repair, and replacement of any sewer check-valves, grinder pumps, or other wastewater pumping systems located on their Lot, including any failures or damage resulting from root intrusion, blockages, or mechanical failure. Neither the Association nor the Improvement District shall bear any responsibility for such systems.

12.3 Obstructions Covering Water Meters. If a water meter is obstructed or rendered inaccessible due to any Owner-installed Improvements (including, without limitation, driveways, landscaping, retaining walls, or other structures), the Owner shall, at their sole expense, relocate the obstructing Improvement or the water meter, as necessary, to ensure continued access by the Improvement District.

12.4 Meter Access and Maintenance Rights. Each Lot must maintain unrestricted, exterior access to its water meter at all times. The Improvement District shall have the right to enter the area immediately surrounding the water meter to inspect, read, clean, maintain, or replace the meter, and to take any other necessary actions to ensure continued service. Owners shall not obstruct or interfere with such access.

12.5 Water Mains and Utility Easements. Each Lot shall be subject to a perpetual, non-exclusive utility easement in favor of the Improvement District for the installation, maintenance, repair, and replacement of water mains and related infrastructure. Owners shall not construct or place any structure, vegetation, or Improvement within such easements that impairs or restricts access to the Improvement District's facilities or otherwise compromises the infrastructure.

12.6 Landscaping and Improvements in Utility Easements. No trees, large shrubs, retaining walls, fences, or other permanent or semi-permanent Improvements shall be placed within utility easements or directly above any water mains without the prior written approval of the Improvement District and Architectural Review Committee. The Improvement District may remove any unauthorized Improvements at the Owner's expense if they interfere with access or maintenance of the water system infrastructure.

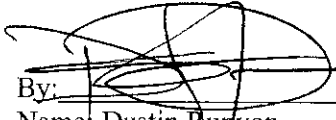
[SIGNATURE ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, Declarant has executed this Declaration of Covenants, Conditions and Restrictions for DL Ranch on the day and year set forth below.

DECLARANT:

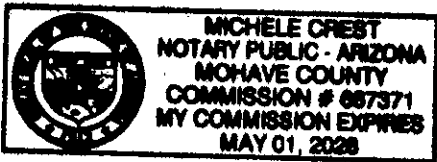
Havasu Heights, LLC

By: APX West Investments, LLC
Member

By: 
Name: Dustin Runyon
Title: Manager
Date: 6/26/26

STATE OF ARIZONA)
) ss.
COUNTY OF MOHAVE)

The foregoing instrument was signed before me on the 26 day of June, 2026, by Dustin Runyon, the Manager of APX West Investments, LLC, which is the Member of Havasu Heights, LLC.





Notary Public

My Commission Expires:

Exhibit A

Legal Description of Phase 1 of the Property

The plat of DL Ranch Subdivision, Tract 3717-A, recorded at Reception No. 2026033584, Records of Mohave County, Arizona