

When recorded mail to:

Mountain Oaks Townhouses Homeowners' Association
c/o Sterling Real Estate Management
323 South River Run Road, #1
Flagstaff, Arizona 86001

FIRST AMENDMENT
TO
SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN OAKS SUBDIVISION

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MOUNTAIN OAKS SUBDIVISION (the "First Amendment to Second Amended and Restated Declaration") is adopted as of the date of its recording in the official records of Coconino County, Arizona.

RECITALS:

A. On October 11, 1995, Ponderosa Oaks, L.L.C. (the "Declarant") recorded that certain Declaration of Covenants, Conditions and Restrictions for Mountain Oaks Subdivision as Instrument No. 95-29242, Docket 1811, Page 299, in the official records of Coconino County, Arizona (the "Original Declaration").

B. On February 22, 1996, the Declarant recorded that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Mountain Oaks Subdivision as Instrument No. 96-05803, Docket 1849, Page 845, in the official records of Coconino County, Arizona (the "First Amended and Restated Declaration") which amended and restated the Original Declaration.

C. On August 1, 2014, the Board of Directors of the Mountain Oaks Townhouses Homeowners' Association recorded that certain Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Mountain Oaks Subdivision as Instrument No. 3698226, in the official records of Coconino County, Arizona (the "Second Amended and Restated Declaration") which amended and restated the First Amended and Restated Declaration.

D. The Board of Directors of Mountain Oaks Townhouses Homeowners' Association (the "Association") has determined certain current and/or prior Owners of Lots have made improvements to Common Areas adjacent to their respective Lots with such areas being as described in Exhibit A to this First Amendment to Second Amended and Restated Declaration and wishes to grant easements to the Owners of such Lots and their successors in interest as set forth in and subject to the terms and conditions of this First Amendment to Second Amended and

Restated Declaration. Upon the approval of this First Amendment to Second Amended and Restated Declaration, Exhibit A hereto shall constitute Exhibit C to the Second Amended and Restated Declaration.

E. Pursuant to Section 11.14(A) of Article 11 of the Second Amended and Restated Declaration, amendments to the Second Amended and Restated Declaration require the affirmative written assent or vote (or any combination thereof) of not less than fifty-one percent (51%) of the voting power of the Members.

F. Members who constitute not less than fifty-one percent (51%) of the voting power of the Members have assented to this First Amendment to Second Amended and Restated Declaration as hereinafter set forth.

NOW THEREFORE, the Second Amended and Restated Declaration is hereby amended as follows in accordance with Section 11.14(A) of Article 11 of the Second Amended and Restated Declaration and A.R.S. § 33-1817(A)(1):

1. Section 3.3 of Article 3 is hereby amended to add a new Subsection H which shall provide as follows:

H. Grant to any Owner an easement over a minor portion of the Common Area adjacent to the Owner's Lot, provided that such easements shall not materially interfere with the relative interests of the other Owners in the Common Area.

2. Section 3.7 of Article 3 is hereby amended in its entirety to provide as follows:

3.7 Easements. In addition to the blanket easements granted in Article 8 hereof, the Association is authorized and empowered to grant upon, over, across, through or under Common Area owned or controlled by the Association:

A. such permits, licenses, easements, and rights-of-way for sewer lines, water lines, underground conduits, storm drains, television cable and other similar public or private utility purposes, roadways or other purposes as may be reasonably necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the health, safety, convenience and welfare of the Owners, provided that any damage to a Lot resulting from such grant shall be repaired by the Association at its expense, and

B. such easements as the Board determines appropriate over minor portions of the Common Area located adjacent to an Owner's Lot for Improvements thereto by the Owner. The Owner to which such an easement is granted and each successor Owner of such Owner's Lot shall be liable for all damages and liabilities arising from the Owner's or its successor-in-interest's and their respective family members', guests' and invitees' use of the easement area and the Improvements thereto and shall indemnify and

hold the Association harmless for all such damages and liabilities arising from the Owner's, the Owner's successors-in-interest and their respective family members', guests' and invitees' use of the easement area and the Improvements thereto. Any such easement shall be evidenced by a written easement agreement signed by the Association and the Owner and recorded with in the official records of Coconino County, Arizona. The easement agreement shall include such terms and conditions as determined appropriate by the Board. Each such easement shall run with the land and be binding upon successors-in-interest of the Owner to which the easement is granted. Any Improvements to the easement area shall be made, maintained and replaced by the Owner and at the Owner's or the Owner's successors-in-interest's sole cost. Such Improvements must be approved by the Architectural Committee as set forth in Section 6.7 of Article 6 of this Declaration. Any Owner to which such an easement is granted shall reimburse the Association for the costs of granting and recording the easement, including, without limitation, all attorneys' and surveyors' fees and costs.

C. the easements over the portions of the Common Area as described on Exhibit C to this Declaration including the Improvements as described on Exhibit C located thereon as of the date of the recording of this First Amendment to Second Amended and Restated Declaration. The Association hereby grants to the Owners of the Lots set forth on Exhibit C easements upon, over, across, through or under the respective portions of the Common Area owned or controlled by the Association as described on Exhibit C (each, a "Grandfathered Easement") and approves the Improvements as described on Exhibit C located thereon as of the date of the recording of this First Amendment to Second Amended and Restated Declaration (the "Grandfathered Improvements"). Each Grandfathered Easement shall run with the land and be binding upon successors-in-interest of the Owner to which the Grandfathered Easement is hereby granted. The Owner to which such a Grandfathered Easement is granted and each successor Owner of such Owner's Lot shall be liable for all damages and liabilities arising from the Owner's or its successor-in-interest's and their respective family members', guests' and invitees' or any other person's use of the Grandfathered Easement area and the Approved Improvements thereto and shall indemnify and hold the Association harmless for all such damages and liabilities arising from the Owner's, the Owner's successors-in-interest and their respective family members', guests' and invitees' or any other person's use of the Grandfathered Easement area and the Grandfathered Improvements thereto. Any Grandfathered Improvements to a Grandfathered Easement area shall be made, maintained and replaced by the Owner or by the Owner's successors-in-interest at the Owner's or the Owner's successors-in-interest's sole cost. Any additional Improvements to the Grandfathered Easement area must have the prior written approval of the Architectural Committee as set forth in Section 6.27 of Article 6 of this Declaration.

3. Section 6.27 of Article 6 is hereby amended in its entirety to provide as follows:

6.27 Improvements, Alterations and Architectural Control.

A. Committee Approval. All Real Property within the Project is subject to Architectural Rules and other rules and requirements of the Board. No Improvements may be constructed or installed on any Real Property within the Project and no construction, alterations, repairs, excavations, grading, landscaping or other work which in any way alters the exterior appearance of any Real Property within the Project, Common Area, Dwelling Unit or other Improvements located thereon shall be made or done without the prior written approval of the Architectural Committee. All additions to or changes or alterations in any landscaping, building, Dwelling Unit, fence, wall or other structure or Improvement, including exterior color scheme, shall be subject to the prior written approval of the Architectural Committee. No change or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Committee. Any Improvements to a portion of the Common Area proposed by an Owner to whom the Association has granted an easement over such portion of the Common Area pursuant to Section 3.7(B) of Article 3 of this Declaration or a Grandfathered Easement over a portion of the Common Area pursuant to Section 3.7(C) of Article 3 of this Declaration and any alterations to any Improvements located thereon as of the date of the recording of this First Amendment to Second Amended and Restated Declaration shall require the prior approval of the Architectural Committee in accordance with this Section 6.27(A).

B. Right of Hearing. Should the Architectural Committee reject or disapprove the plans and specifications as submitted for any Improvement, the Owner, within fifteen (15) days from the date of written notice of rejection or disapproval, may request in writing a hearing before the Architectural Committee. The Architectural Committee, upon receipt of such written request, shall fix a date, time and place for a hearing and shall notify the Owner in writing of the date, time and place of the hearing at least seven (7) days prior to the hearing date. The date of the hearing shall be fixed no later than thirty (30) days after receipt of the written request for hearing. At the hearing, the Owner shall be afforded the opportunity to be heard and to present evidence, both oral and documentary, concerning the rejection of the plans and specifications. Upon conclusion of the hearing the Architectural Committee shall then determine, by majority vote, whether its prior decision concerning the plans and specifications shall be affirmed or reversed. Notice in writing of the Architectural Committee's decision shall be mailed to the Owner within seven (7) days from the date of the hearing. The decision of the Architectural Committee shall be final if the Owner fails to exercise the right of appeal in accordance with the procedures set forth in Section 6.27(C) of this Article 6.

C. Right of Appeal. In the event the Owner is dissatisfied with the decision of the Architectural Committee rendered in accordance with Section 6.27(B) of this Article 6, the Owner may appeal the decision to the Board. The right of appeal shall be exercised by the Owner within fifteen (15) days from the date the Architectural Committee mails to the Owner notice of its decision of the Owner's appeal under Section 6.27(B) of this Article 6. The notice of appeal shall be in writing addressed to both the Architectural Committee and the Board. The Board, upon receipt of a notice of appeal, shall fix a date, time and place for the hearing on the appeal and shall notify in writing the Architectural Committee and the Owner of the date, time and place of hearing at least seven (7) days prior to the hearing date. The date of the hearing shall be fixed no later than thirty (30) days after receipt of the notice of appeal. At the hearing on the appeal both the Architectural Committee and the Owner shall be afforded an opportunity to be heard and to present evidence, both oral and documentary, concerning the decision of the Architectural Committee. Following the conclusion of the hearing on appeal the Board shall determine, by majority vote of all Directors, whether the decision of the Architectural Committee shall be affirmed or reversed. Written notice of the Board's decision shall be mailed to the Architectural Committee and the Owner within seven (7) days from the date of the hearing on appeal. The decision of the Board shall be final.

4. Article 8 is hereby amended to add a new section numbered 8.7 and titled "Owners' Rights of Enjoyment" which shall provide as follows:

8.7 Owners' Rights of Enjoyment. Every Owner shall have a nonexclusive right to use and enjoy the Common Areas, subject to this Declaration and to the rights of the Association as provided herein, including without limitation:

A. The right of the Association to limit the number of guests and invitees of Owners and to limit the use of the Common Areas by Persons who are not Owners, including but not limited to Occupants, guests, invitees and family members of an Owner;

B. The right of the Association to establish reasonable rules and regulations pertaining to or restricting the use of the Common Areas by Owners or other Persons and to charge reasonable fees for the use thereof (other than for the right of an Owner and such Owner's family, tenants and guests to use any roadways for ingress or egress to the Owner's Lot);

C. The right of the Association to borrow money for the purpose of improving, replacing and/or restoring the Common Areas as permitted in this Declaration;

D. The right of the Association to suspend the right of an Owner to use the Common Areas as provided herein (other than the right of an Owner and such Owner's family, tenants and guests to use any roadways for ingress or egress to the Owner's Lot); and

E. The right of the Association to dedicate, convey or transfer any portion of the Common Areas; provided, however, that, subject to the following sentence, no such dedication, conveyance or transfer shall be effective unless approved by at least two-thirds (2/3) of the votes in the Association. Notwithstanding the prior sentence of this Section 8.7(E), the Association may without such Owner-approval vote grant (i) easements over minor portions of the Common Areas to Owners to be used by such Owners to make Improvements to such portions of the Common Areas adjacent to their Lots in accordance with Section 3.7(B) of Article 3 of this Declaration and (ii) the Grandfathered Easements over minor portions of the Common Areas to Owners in accordance with Section 3.7(C) of Article 3 of this Declaration.

5. Subsection F of Section 9.1 of Article 9 is hereby amended in its entirety to provide as follows:

F. Notwithstanding the foregoing provisions of this Section 9.1, the Association shall not be responsible for the maintenance, repair and replacement of the any Improvements to the Common Area that have been made by an Owner whether or not such Improvements have been made with the approval of the Architecture Committee and whether or not such Improvements are located on an easement granted by the Board pursuant to Section 3.7(B) of Article 3 of this Declaration or pursuant to Section 3.7(C) of Article 3 of this Declaration.

6. Subsection B of Section 9.2 of Article 9 is hereby amended in its entirety to provide as follows:

B. paint exterior building surfaces, patio walls, privacy walls and deck and porch railings.

7. Subsection B of Section 9.3 of Article 9 is hereby amended in its entirety to provide as follows:

B. Notwithstanding anything to the contrary set forth in this Declaration, each Owner shall be responsible for the maintenance of any portions of the Common Area as to which the Association has granted the Owner or the Owner's predecessor-in-interest an easement pursuant to Section 3.7(B) of Article 3 of this Declaration or a Grandfathered Easement pursuant to Section 3.7(C) of Article 3 of this Declaration, and for the maintenance repair and replacement of any Improvements to such portions of the Common Area made by such Owner or by such Owner's predecessor-in-interest. Each Owner shall also be responsible for the maintenance repair and replacement of any Improvements to the Common Area made by such Owner or by such Owner's predecessor-in-interest to any portion of the Common Area as to which no such easement has been granted by the Association.

8. Section 9.2 of Article 9 is hereby amended to add a new subsection lettered D which shall provide as follows:

D. maintain, repair and replace any fence installed by the Declarant or by the Association on or near to the boundary line between an Owner's Lot and any property located outside of the Property which is adjacent to the Owner's Lot.

9. Section 9.4 of Article 9 is hereby amended in its entirety to provide as follows:

9.4 Damage or Destruction by Owners. No Owner shall in any way (a) alter, damage or destroy any Common Area except for any such portion thereof as to which the Association has granted the Owner or the Owner's predecessor-in-interest an easement pursuant to Section 3.7(B) of Article 3 of this Declaration or a Grandfathered Easement pursuant to Section 3.7(C) of Article 3 of this Declaration and then only as approved by the Association as set forth in this Declaration, (b) damage or destroy any portion of the Lot or the Improvements thereon to be maintained by the Association pursuant to Section 9.2 of this Declaration or (c) interfere with the activities of the Association in connection therewith. Any expenses incurred by the Association by reason of any such act of an Owner shall be paid by said Owner to the Association upon its demand to the extent that the Owner is liable therefor under Arizona law, and such amounts shall be a lien on any Lot(s) owned by such Owner, and the Association may enforce collection of any such amounts in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

10. Section 9.6 of Article 9 is hereby amended in its entirety to provide as follows:

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

11. The first paragraph of Subsection A of Section 10.1 of Article 10 is hereby amended in its entirety to provide as follows:

A. Property insurance on the Common Area and the Dwelling Units issued under a standard form blanket "All Risk of Direct Physical Loss Form" (including improvements and betterments to the Dwelling Units but specifically excluding from such coverage all furniture, furnishings and other personal property of each Owner located within the Owner's Dwelling Unit) in an amount equal to the maximum insurable replacement value of

the Common Area and the Dwelling Units as determined by the Board of Directors; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property insurance policy. Restoration of the foregoing will be replacement according to the original plans and specifications subject to any changes thereto required by the building codes applicable to such restoration on the date of such restoration.

12. The second paragraph of Subsection A of Section 10.1 of Article 10 is hereby amended in its entirety to provide as follows:

Each Owner shall be responsible for the payment of any and all deductible amounts under the Association's blanket property insurance policy provided by the Association pursuant to this Section 10.1(A) in regard to losses to the Owner's Dwelling Unit and Lot and to any portion of the Common Area the Owner is obligated to maintain pursuant to this Declaration. It is the responsibility of each Dwelling Unit Owner to review such Owner's individual insurance to augment the coverage provided by the Association. Each Owner acknowledges that the Owner is responsible for the repair of all damage to such Owner's Dwelling Unit and Lot and to any portion of the Common Area the Owner is obligated to maintain pursuant to this Declaration which is not covered by the Association's blanket property insurance policy or by the Owner's insurance policy. The obligation of the Association to obtain the blanket property insurance policy pursuant to this Section 10.1(A) does not alter or amend in any way the respective maintenance, repair and maintenance obligations of the Association and the Owners set forth in this Declaration.

13. Section 10.4 of Article 10 is hereby amended in its entirety to provide as follows:

10.4 Insurance Obtained by Owners. Each Owner shall be responsible for obtaining property insurance for his own benefit and at his own expense covering his Lot, Dwelling Unit and to any portion of the Common Area the Owner is obligated to maintain pursuant to this Declaration and all Improvements and personal property located therein and thereon not covered by the blanket property insurance policy maintained by the Association pursuant to Section 10.1(A) hereof. Each Owner shall also be responsible for obtaining at his expense personal liability coverage for death, bodily injury or property damage arising out of the use, ownership or maintenance of his Lot and Dwelling Unit and of any portion of the Common Area the Owner is obligated to maintain pursuant to this Declaration (including, without, limitation the indemnification obligations of the Owner pursuant to Section 3.7(B) of Article 3 of this Declaration and pursuant to Section 3.7(C) of Article 3 of this Declaration) and such other insurance as the Owner shall determine from time to time to be appropriate to protect the Dwelling Unit, the Lot, and to any portion of the Common Area the Owner is obligated to maintain pursuant

to this Declaration.

14. Subsection D of Section 10.6 of Article 10 is hereby amended in its entirety to provide as follows:

D. Subject to the obligation of the Owner of the Dwelling Unit to pay any and all deductible amounts under the Association's blanket policy of insurance in regard to losses to the Owner's Dwelling Unit and Lot and to any portion of the Common Area the Owner is obligated to maintain pursuant to this Declaration, if the proceeds of the blanket insurance policy are not sufficient to defray the costs of such reconstruction and repair by the Association under Subsections (B) and (C) of this Section 10.6, special assessments in sufficient amounts to provide funds to pay the costs not covered by the blanket insurance policy may be made against the Owners of the reconstructed or damaged Dwelling Units in proportion to the cost of repairing the damage suffered by each Dwelling Unit, which cost shall be determined by the Board.

15. Subsection E of Section 10.6 of Article 10 is hereby amended in its entirety to provide as follows:

E. If the loss or damage is to those parts of a Dwelling Unit or Lot the Owner is responsible to maintain, repair and replace or to and to any portion of the Common Area the Owner is obligated to maintain pursuant to this Declaration, then the Owner shall repair, replace and reconstruct such parts of the Dwelling Unit and Lot or Common Area; provided however, to the extent any insurance proceeds collected by the Association under the Association's blanket policy of insurance are attributable to such portions of the Dwelling Unit or Lot or such portion of the Common Area, the portion of the proceeds attributable to such parts of the Dwelling Unit or Lot or such portion of the Common Area shall be paid to the Unit Owner to be used for repairs, replacement and reconstruction of such parts of the Dwelling Unit and Lot or such portion of the Common Area. If the proceeds of insurance paid by the Association to the Owner are not sufficient to defray the costs of such repair and reconstruction by the Owner, the Owner shall be responsible for the payment of any such repair and reconstruction costs not covered by the insurance proceeds.

16. Except as specifically modified by this First Amendment to Second Amended and Restated Declaration, the Second Amended and Restated Declaration shall remain in full force and effect in accordance with its terms. In the event of any conflict or inconsistency between the terms of this First Amendment to Second Amended and Restated Declaration and the Second Amended and Restated Declaration, the terms of this First Amendment to Second Amended and Restated Declaration shall control. Unless otherwise defined herein, each capitalized term used in this First Amendment to Second Amended and Restated Declaration shall have the meaning given to such term in the Second Amended and Restated Declaration.

17. Each Owner approving the First Amendment to Second Amended and Restated Declaration is conclusively presumed to have the authority to consent to and approve the same, and no contrary provision in any mortgage, deed of trust or contract between the Owner and a third party will affect the validity of such consent to and approval of this First Amendment to Second Amended and Restated Declaration.

EXHIBIT A
TO
FIRST AMENDMENT

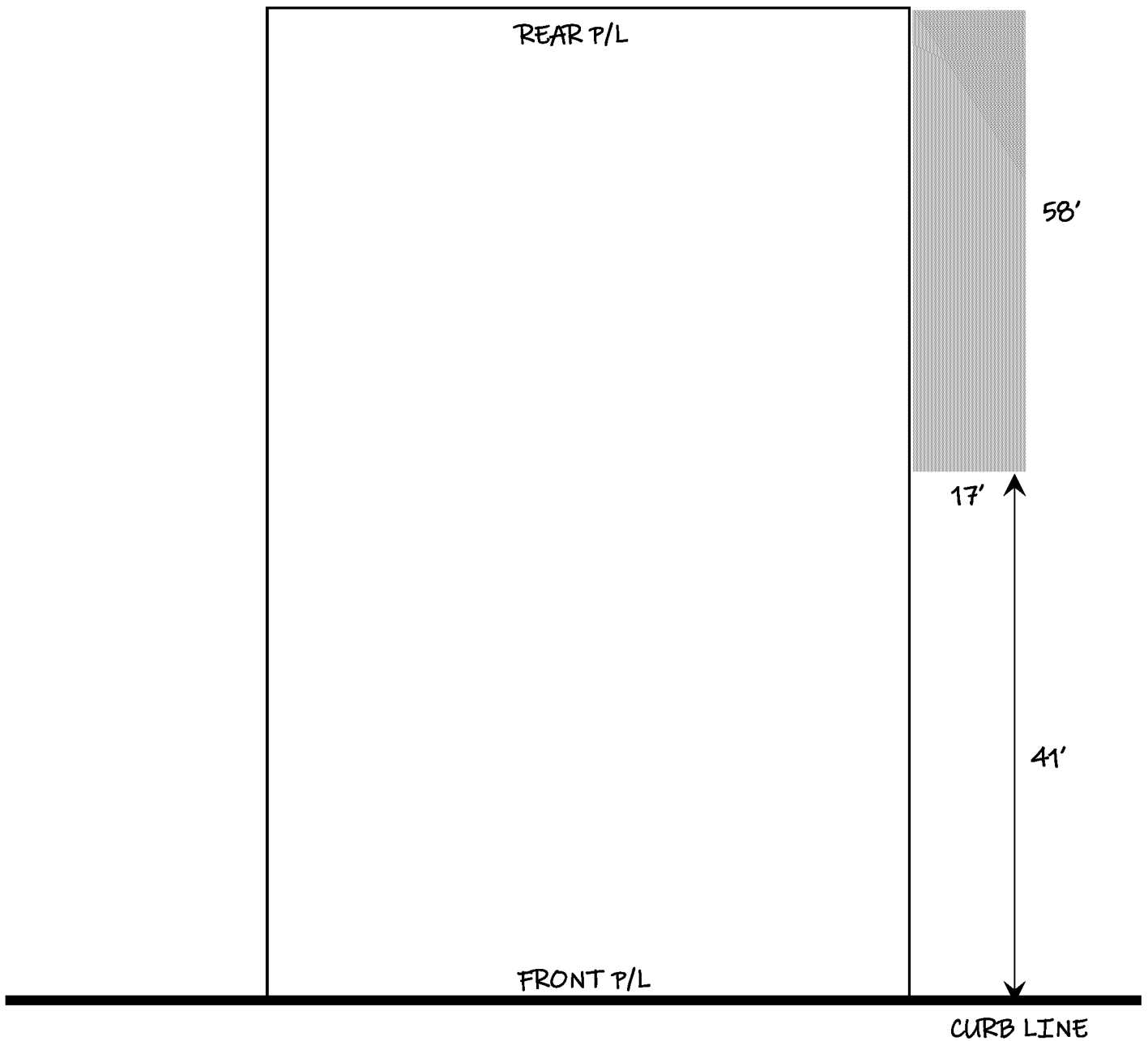
EXHIBIT C TO
SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN OAKS SUBDIVISION



SEE ATTACHED

Lot 4

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 4 (assumed to the point of the intersection of the eastern boundary of Lot 4 with the inside of the curb of Mountain Oaks Drive), then running northerly along the eastern boundary of Lot 4 a distance of forty-one feet to the point of beginning (the "Point of Beginning"), then running a distance of seventeen feet along a line running east and perpendicular to the eastern boundary of Lot 4, then running a distance of fifty-eight feet along a line running north and parallel with the eastern boundary of Lot 4, and then running west to the northeast corner of Lot 4, then running southerly along the eastern boundary of Lot 4 to the Point of Beginning.

Grandfathered Improvement(s): Air conditioning unit and walkway



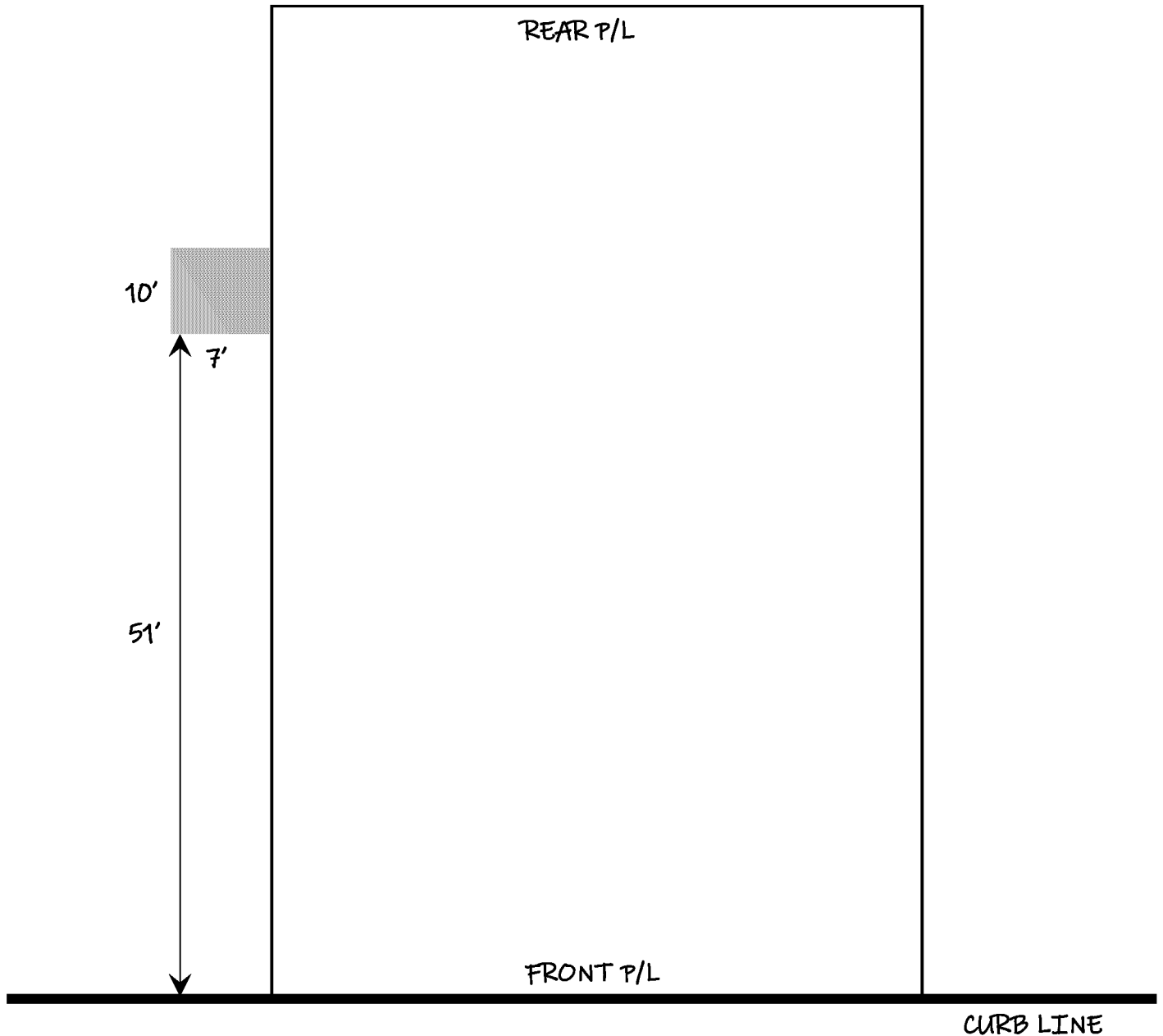
-  AREA OF EASEMENT
-  PROPERTY LINE "P/L"



DRAWING NOT TO SCALE
 In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 5

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 5 (assumed to be the point of the intersection of the northwestern boundary of Lot 5 with the inside of the curb of Mountain Oaks Drive), then running northeasterly along the northwestern boundary of Lot 5 a distance of fifty-one feet to the point of beginning (the "Point of Beginning"), then running along the northwestern boundary of Lot 5 a distance of ten feet, then running a distance of seven feet northwest along a line perpendicular to the northwestern boundary of Lot 5, then running southwest a distance of ten feet along a line running and parallel with the northwestern boundary of Lot 5, and then running along a line southeast to the Point of Beginning.

Grandfathered Improvement(s): Air conditioning unit and shrubs



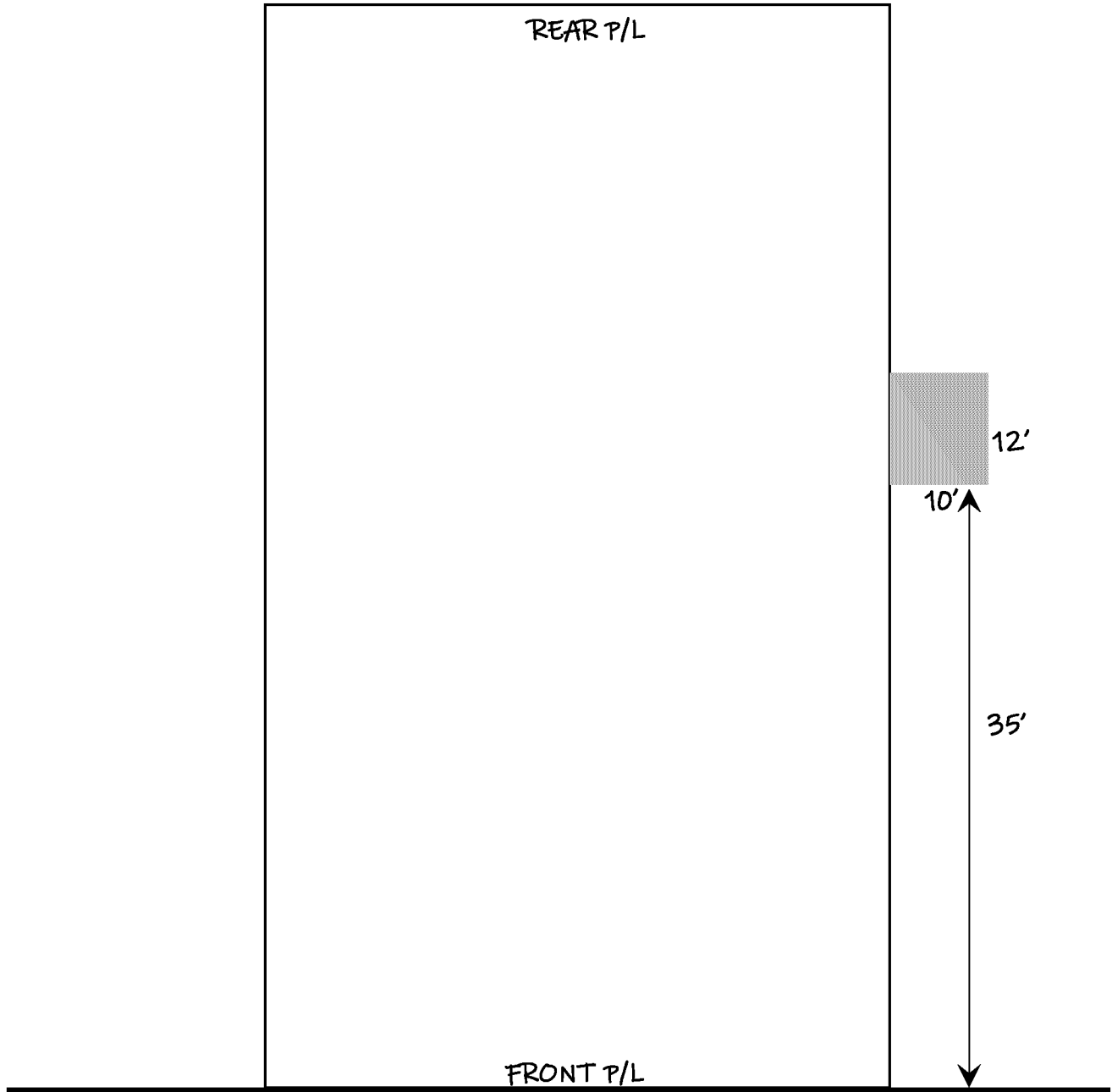
-  AREA OF EASEMENT
-  PROPERTY LINE "P/L"

DRAWING NOT TO SCALE
 In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 12

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 12 (assumed to the point of the intersection of the southeastern boundary of Lot 12 with the inside of the curb of Mountain Oaks Drive) then running northeasterly along the southeastern boundary of Lot 12 a distance of thirty-five feet to the point of beginning (the "Point of Beginning"), then running a distance of twelve feet northeasterly along the southeastern boundary of Lot 12, then running a distance of ten feet along a line running southeasterly and perpendicular to the southeastern boundary of Lot 12, then running a distance of twelve feet along a line running southwesterly and parallel with the southeastern boundary of Lot 12, and then running northwesterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Steppingstones



AREA OF EASEMENT



PROPERTY LINE "P/L"

CURB LINE

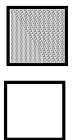
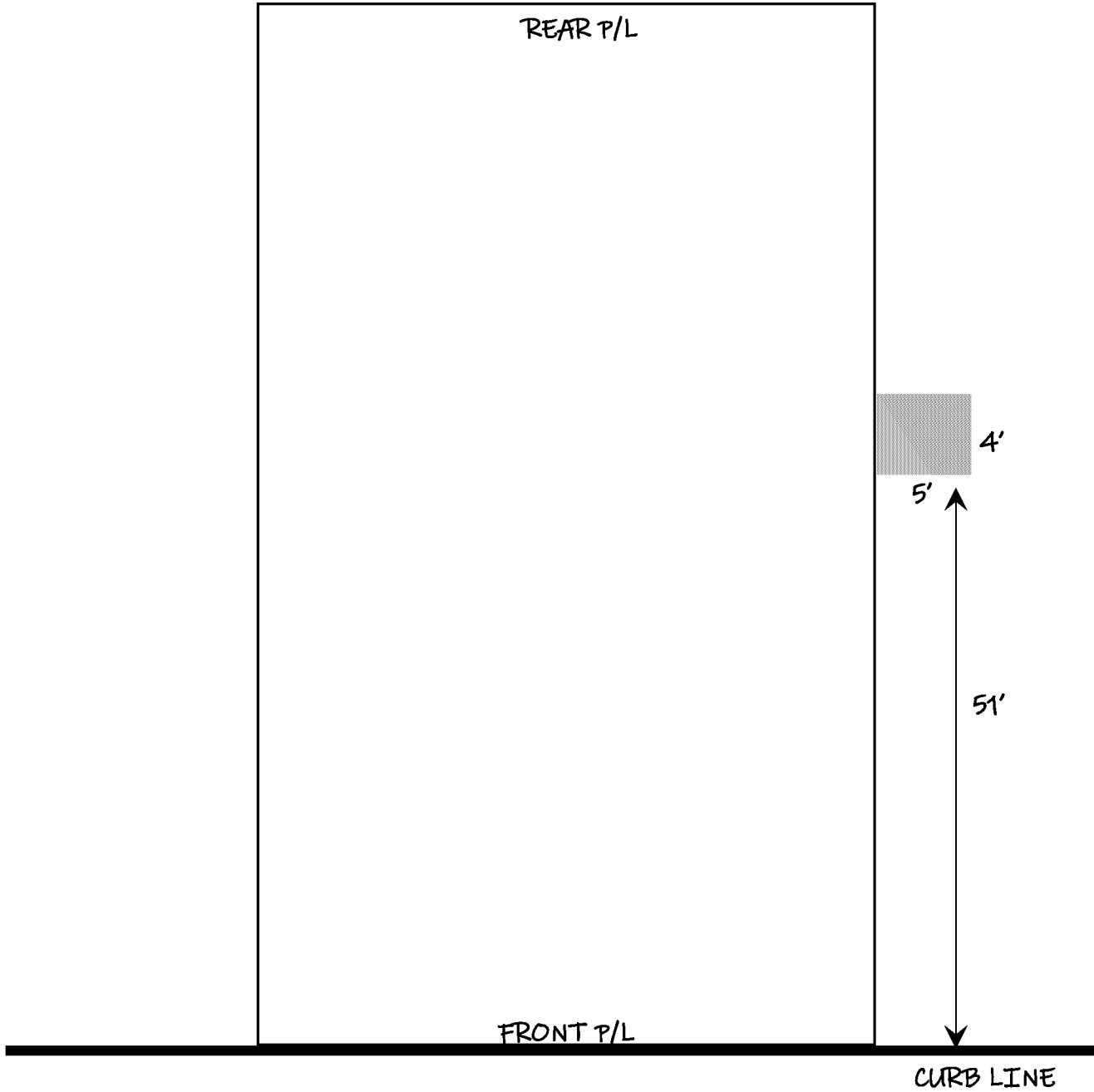
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 18

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 18 (assumed to the point of the intersection of the northwestern boundary of Lot 18 with the inside of the curb of Mountain Oaks Drive) then running southwesterly along the northwestern boundary of Lot 18 a distance of fifty-one feet to the point of beginning (the "Point of Beginning"), then running a distance of four feet southwesterly along the northwestern boundary of Lot 18, then running a distance of five feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 18, then running a distance of four feet along a line running northeasterly and parallel with the northwestern boundary of Lot 18, and then running southeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Air conditioning unit



AREA OF EASEMENT
PROPERTY LINE "P/L"

DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 20

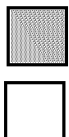
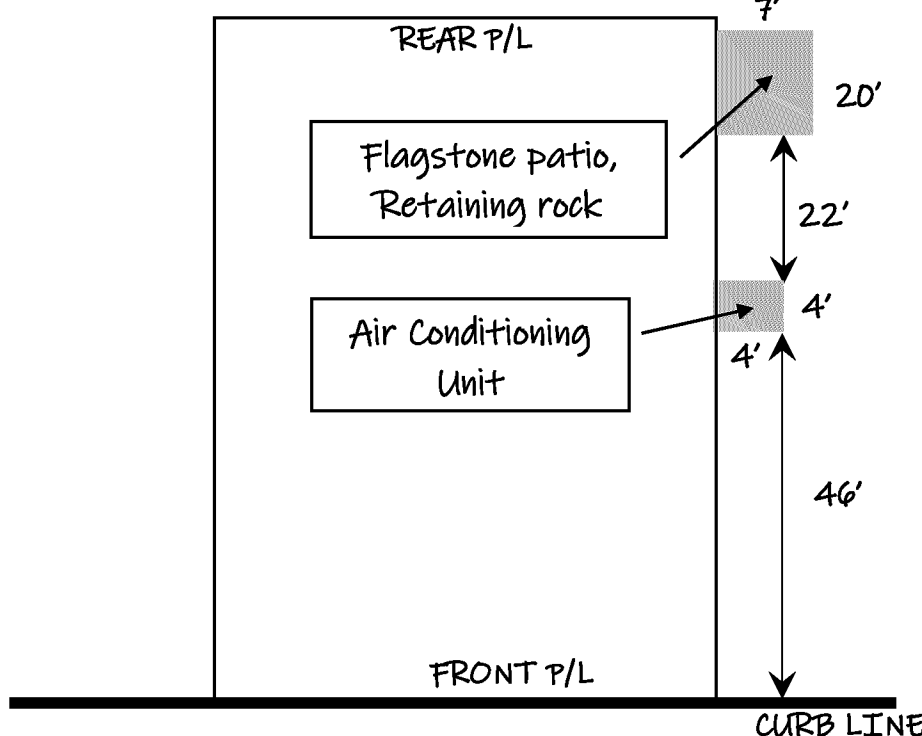
Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 20 (assumed to the point of the intersection of the northwestern boundary of Lot 20 with the inside of the curb of Mountain Oaks Drive) then running southwesterly along the northwestern boundary of Lot 20 a distance of forty-six feet to the point of beginning (the "Point of Beginning"), then running a distance of four feet southwesterly along the northwestern boundary of Lot 20, then running a distance of four feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 20, then running a distance of four feet along a line running northeasterly and parallel with the northwestern boundary of Lot 20, and then running southeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Air conditioning unit

AND

That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 20 (assumed to the point of the intersection of the northwestern boundary of Lot 20 with the inside of the curb of Mountain Oaks Drive) then running southwesterly along the northwestern boundary of Lot 20 a distance of seventy-two feet to the point of beginning (the "Point of Beginning"), then running southwesterly to the southwest corner of Lot 20 then running a distance of seven feet along a line running northwest and perpendicular to the northwestern boundary of Lot 20, then running a distance of twenty feet along a line running northeasterly and parallel with the northwestern boundary of Lot 20, and then running southeasterly along the northwestern boundary of Lot 20 to the Point of Beginning.

Grandfathered Improvement(s): Flagstone patio and retaining rock



AREA OF EASEMENT

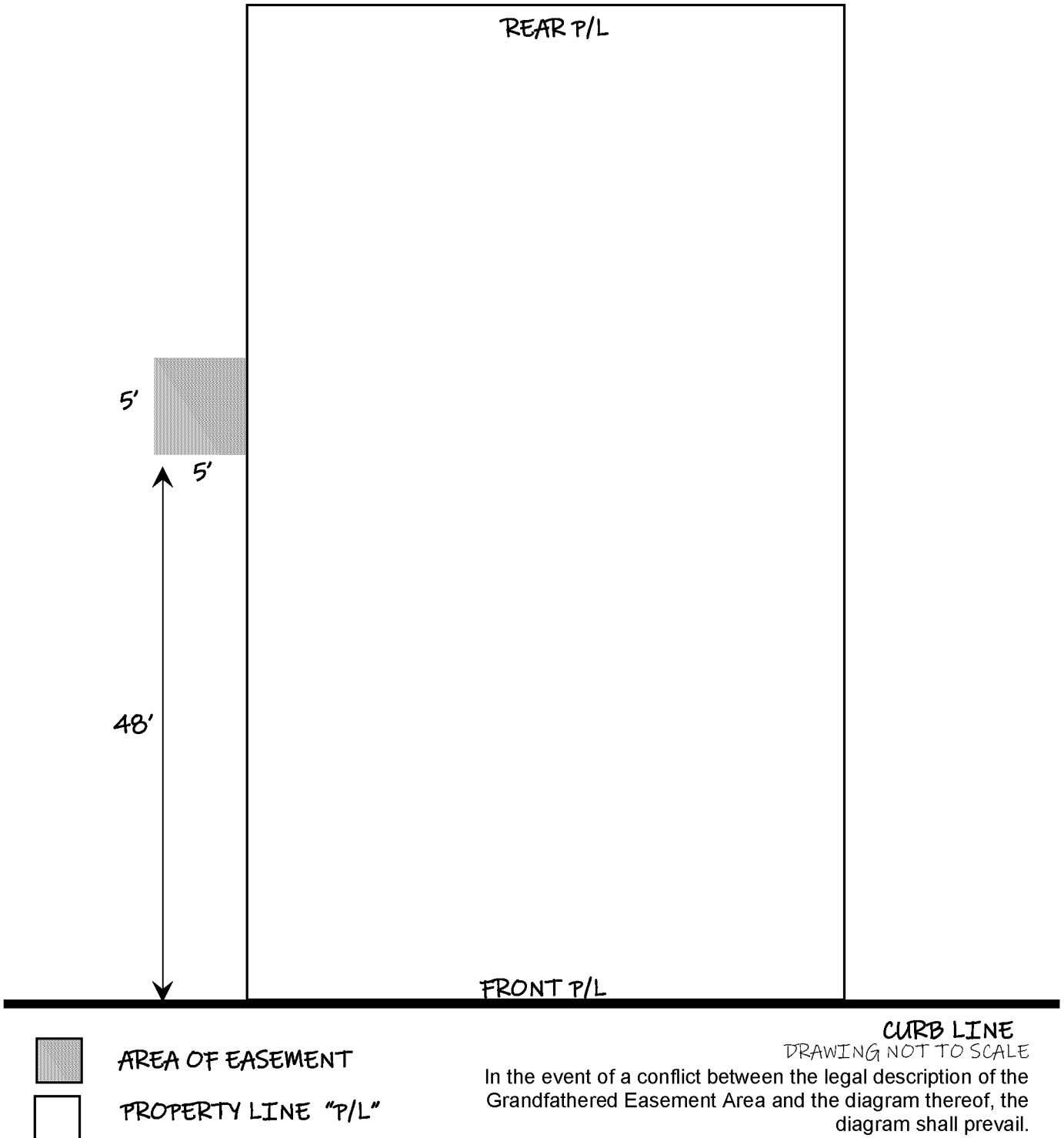
PROPERTY LINE "P/L"

DRAWING NOT TO SCALE
 In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 21

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northeastern corner of Lot 21 (assumed to the point of the intersection of the southeastern boundary of Lot 21 with the inside of the curb of Mountain Oaks Drive), then running southwesterly along the southeastern boundary of Lot 21 a distance of forty-eight feet to the point of beginning (the "Point of Beginning"), then running along the southeastern boundary of Lot 21 a distance of five feet, then running a distance of five feet southeasterly along a line perpendicular to the southeastern boundary of Lot 21, then running a distance of five feet along a line running northeasterly and parallel with the southeastern boundary of Lot 21, and then running along a line northwest to the Point of Beginning.

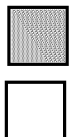
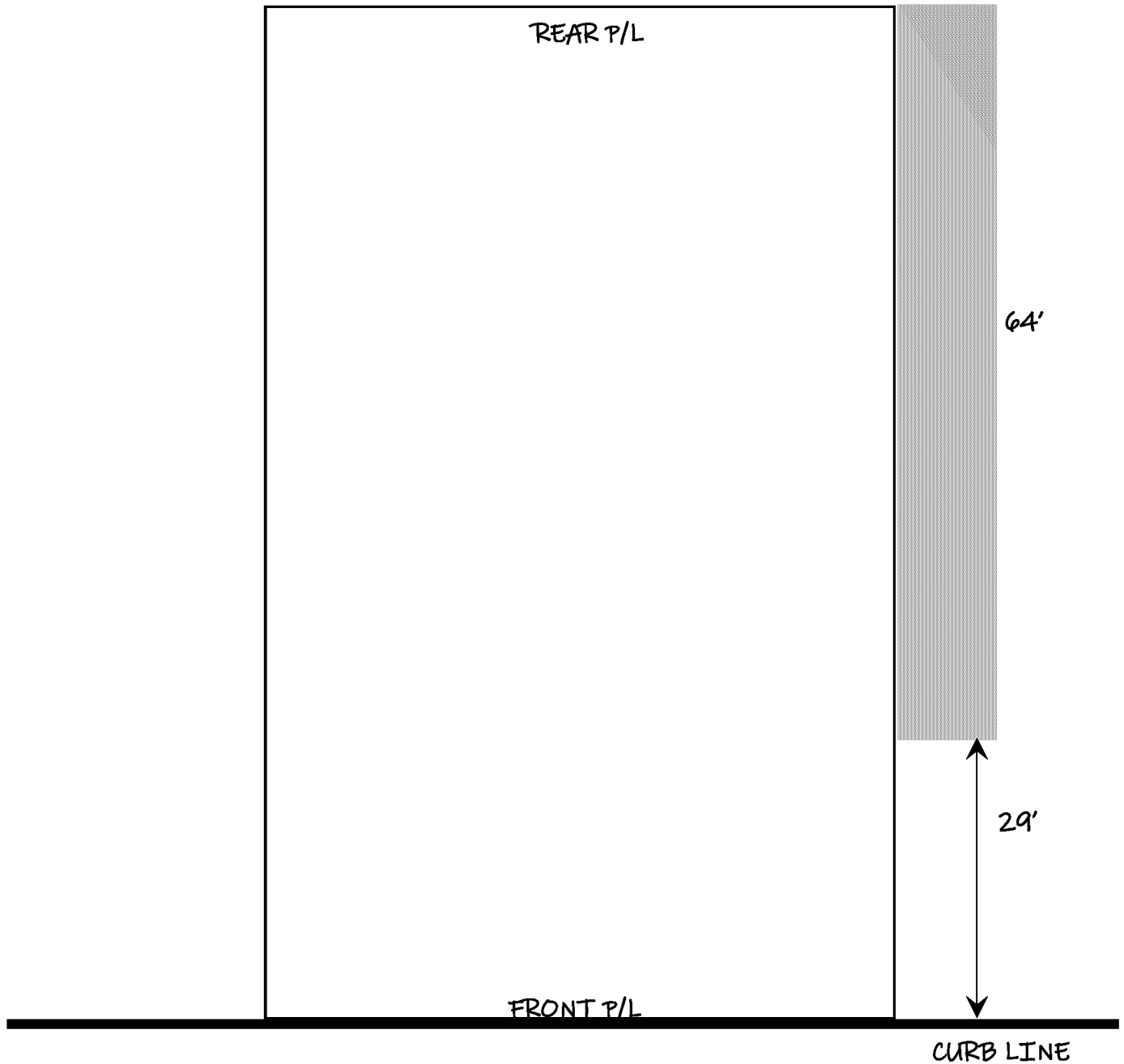
Grandfathered Improvement(s): Air conditioning unit



Lot 22

That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 22 (assumed to the point of the intersection of the northwestern boundary of Lot 20 with the inside of the curb of Mountain Oaks Drive) then running southwesterly along the northwestern boundary of Lot 22 a distance of twenty-nine feet to the point of beginning (the "Point of Beginning"), then running a distance of sixty-four feet southwesterly along the northwestern boundary of Lot 22, then running a distance of eight feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 22, then running a distance of sixty-four feet along a line running northeasterly and parallel with the northwestern boundary of Lot 22, and then running southeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Air conditioning unit, flagstone walkway, retaining wall 8'



AREA OF EASEMENT

PROPERTY LINE "P/L"

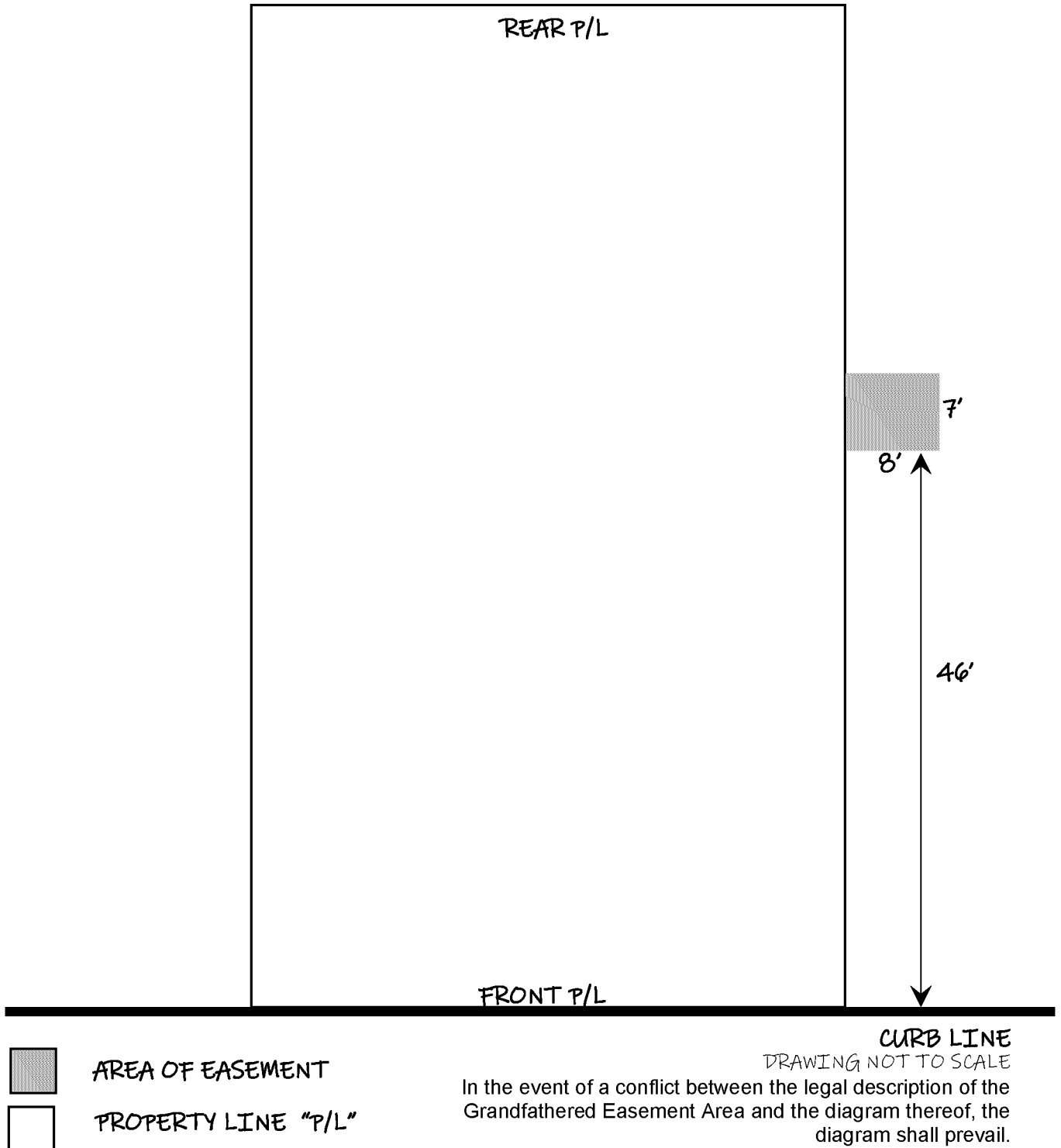
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 24

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 24 (assumed to the point of the intersection of the northwestern boundary of Lot 24 with the inside of the curb of Mountain Oaks Drive) then running southwesterly along the northwestern boundary of Lot 24 a distance of forty-six feet to the point of beginning (the "Point of Beginning"), then running a distance of seven feet southwesterly along the northwestern boundary of Lot 24, then running a distance of eight feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 24, then running a distance of seven feet along a line running northeasterly and parallel with the northwestern boundary of Lot 24, and then running southeasterly along a line to the Point of Beginning.

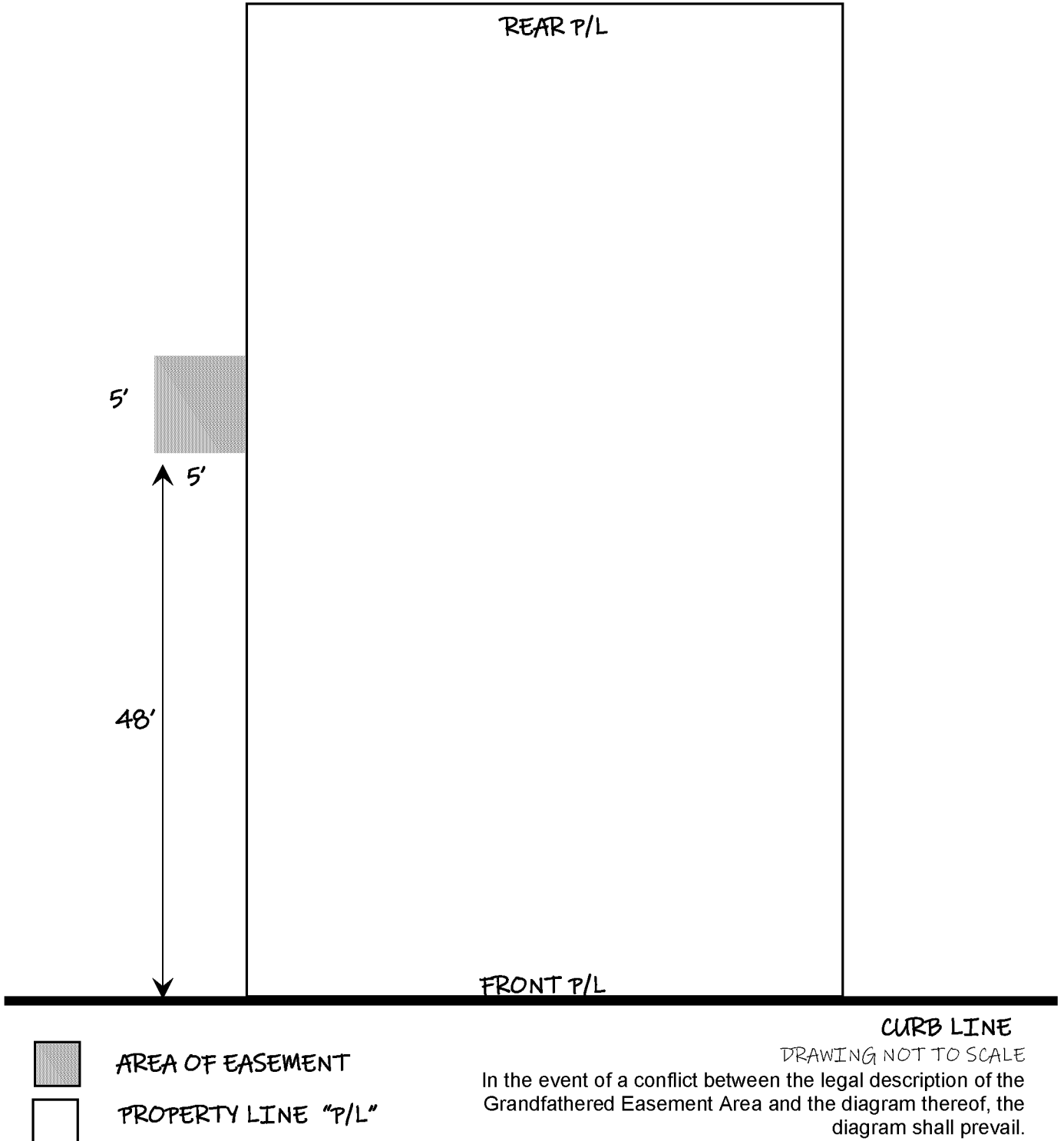
Grandfathered Improvement(s): Air conditioning unit



Lot 25

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northeastern corner of Lot 25 (assumed to the point of the intersection of the eastern boundary of Lot 25 with the inside of the curb of Mountain Oaks Drive), then running southerly along the eastern boundary of Lot 25 a distance of forty-eight feet to the point of beginning (the "Point of Beginning"), then running southerly along the eastern boundary of Lot 25 a distance of five feet, then running a distance of five feet easterly along a line perpendicular to the eastern boundary of Lot 25, then running a distance of five feet along a line running north and parallel with the eastern boundary of Lot 25, and then running along a line west to the Point of Beginning.

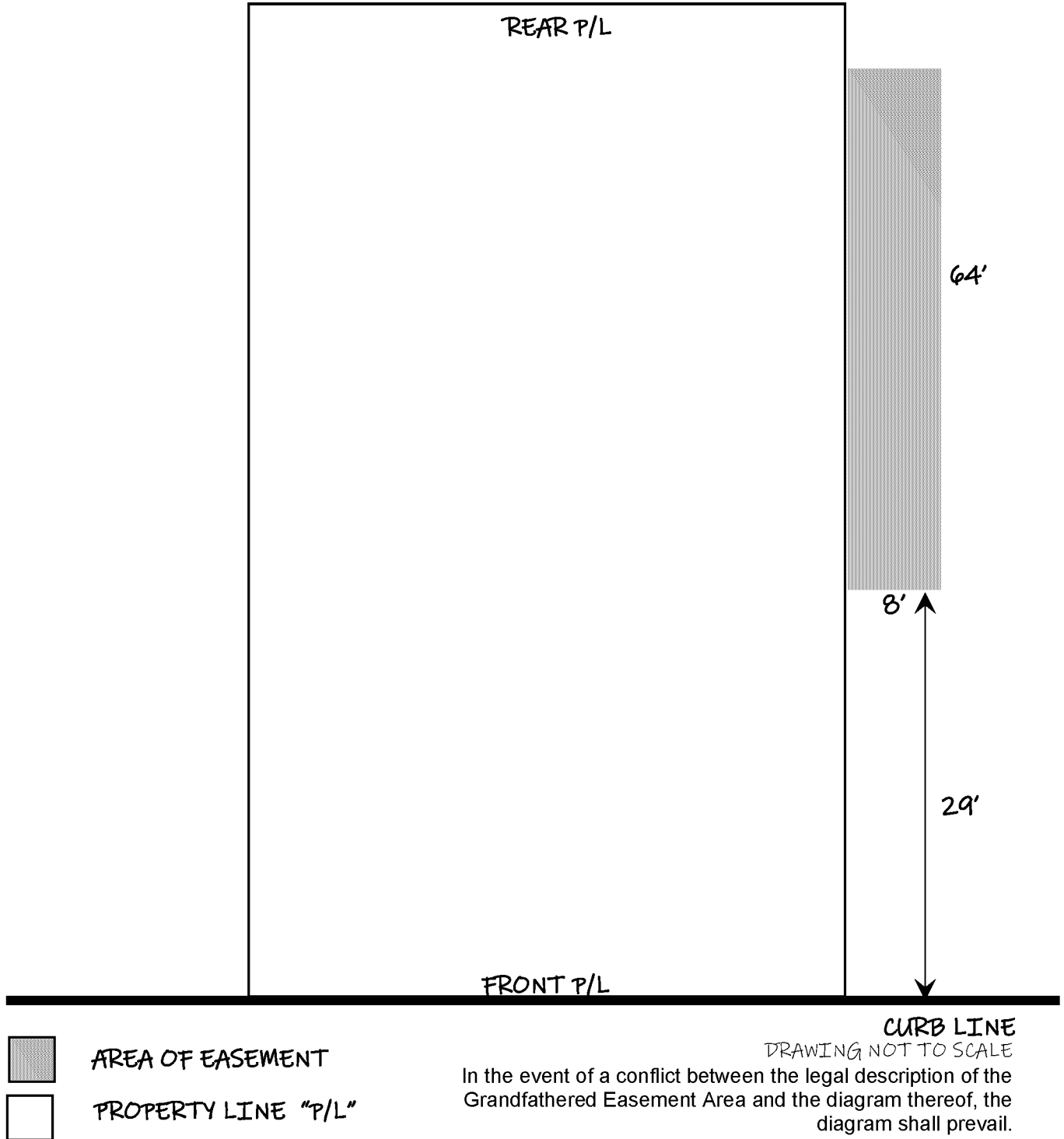
Grandfathered Improvement(s): Air conditioning unit



Lot 26

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 26 (assumed to be the point of the intersection of the western boundary of Lot 26 with the inside of the curb of Mountain Oaks Drive) then running southerly along the western boundary of Lot 26 a distance of twenty-nine feet to the point of beginning (the "Point of Beginning"), then running a distance of sixty-four feet southerly along the western boundary of Lot 26, then running a distance of eight feet along a line running westerly and perpendicular to the western boundary of Lot 26, then running a distance of sixty-four feet along a line running northerly and parallel with the western boundary of Lot 26, and then running easterly along a line to the Point of Beginning.

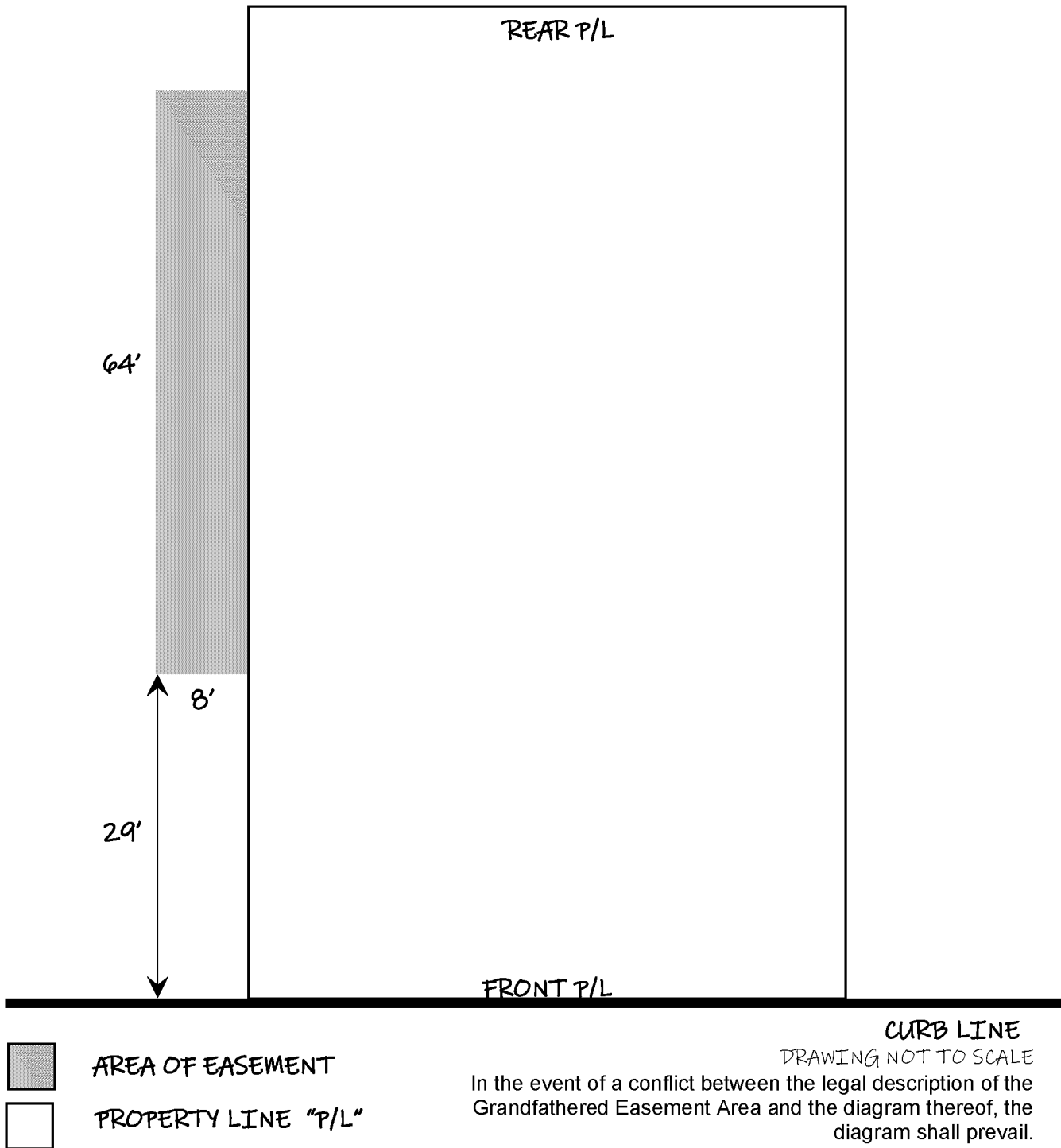
Grandfathered Improvement(s): Air conditioning unit



Lot 27

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northeastern corner of Lot 27 (assumed to the point of the intersection of the eastern boundary of Lot 27 with the inside of the curb of Mountain Oaks Drive), then running southerly along the eastern boundary of Lot 27 a distance of twenty-nine feet to the point of beginning (the "Point of Beginning"), then running southerly along the eastern boundary of Lot 27 a distance of sixty-four feet, then running a distance of eight feet easterly along a line perpendicular to the eastern boundary of Lot 27, then running a distance of sixty-four feet along a line running north and parallel with the eastern boundary of Lot 27, and then running along a line west to the Point of Beginning.

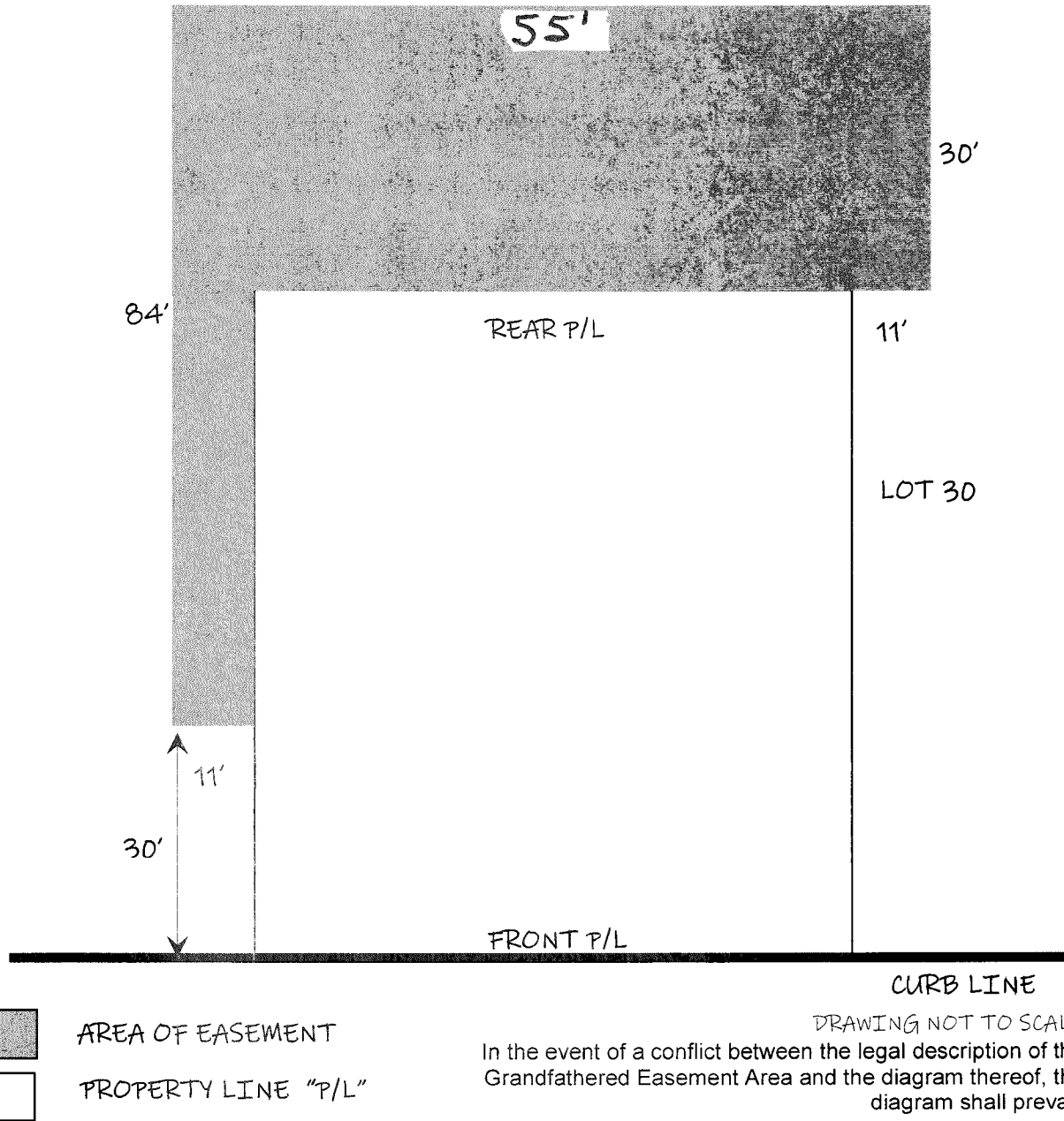
Grandfathered Improvement(s): Flagstone walkway, air conditioning unit and steps



Lot 29

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 29 (assumed to the point of the intersection of the western boundary of Lot 29 with the inside of the curb of Settler's Run Road), then running northerly along the western boundary of Lot 29 a distance of thirty feet to the point of beginning (the "Point of Beginning"), then continuing northerly along the western boundary of Lot 29 approximately fifty-eight feet to the northwest corner of Lot 29, then running easterly along the northern boundary of Lot 29 approximately thirty-six feet to the northeast corner of Lot 29, then continuing easterly a distance of eleven feet along a line extending the northern boundary of Lot 29, then running a distance of thirty feet northerly along a line perpendicular to the northern boundary of Lot 29, then running a distance of fifty-five feet along a line running westerly and parallel with the northern boundary of Lot 29, then running a distance of eighty-four feet along a line running southerly and parallel with the western boundary of Lot 29 and then running easterly along a line to the Point of Beginning.

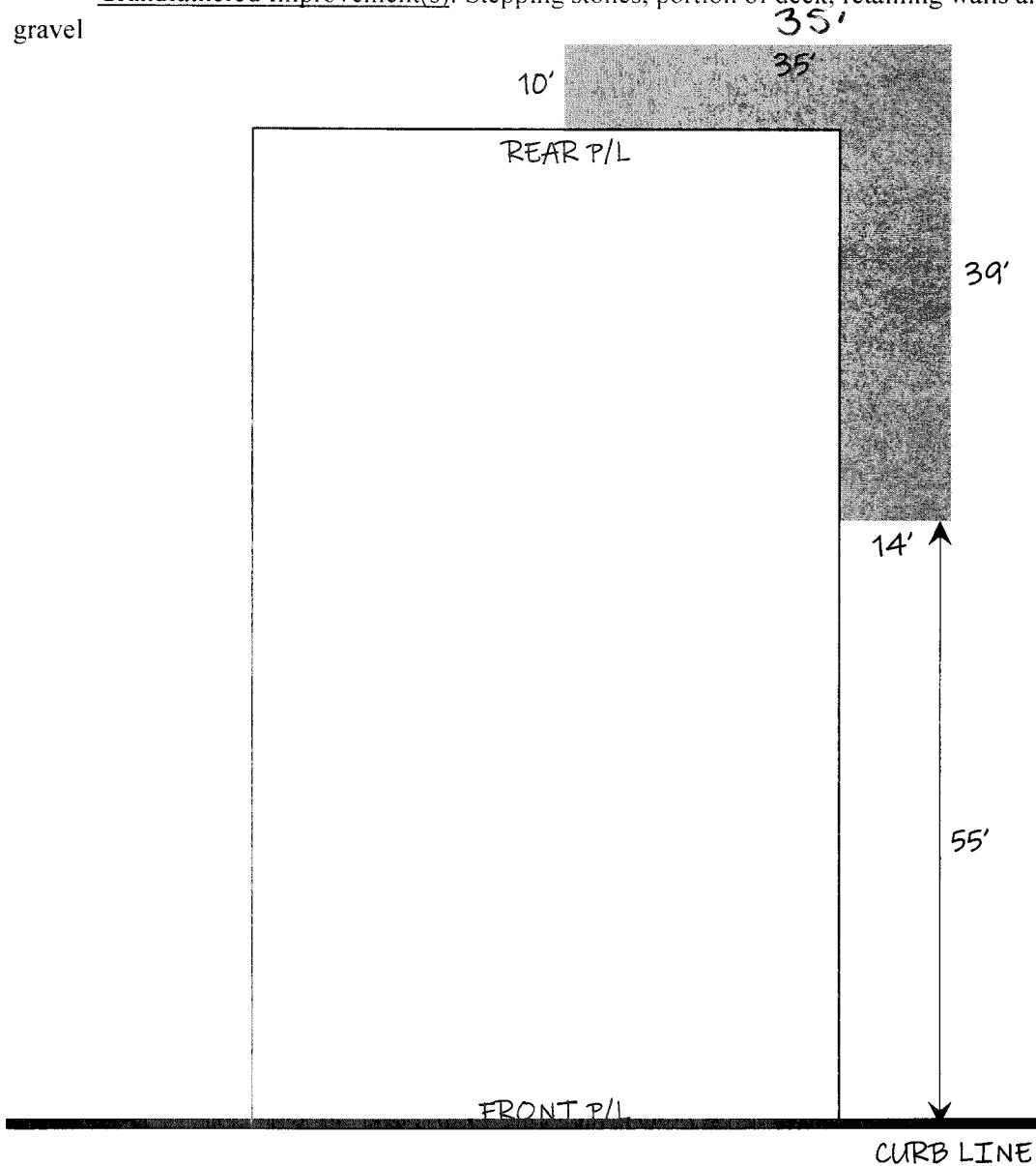
Grandfathered Improvement(s): Stepping stones, patio, gravel and retaining walls



Lot 30

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 30 (assumed to be the point of the intersection of the eastern boundary of Lot 30 with the inside of the curb of Settler's Run Road), then running northerly along the eastern boundary of Lot 30 a distance of fifty-five feet to the point of beginning (the "Point of Beginning"), then running northerly along the eastern boundary line of Lot 30 a distance of approximately twenty-nine feet to the northeast corner of Lot 30, then running westerly along the northern boundary of Lot 30 a distance of twenty-one feet, then running a distance of ten feet along a line running northerly and perpendicular to the northern boundary of Lot 30, then running a distance of thirty-five feet along a line running easterly and parallel with the northern boundary of Lot 30, then running a distance of thirty-nine feet along a line running southerly and parallel with the eastern boundary of Lot 30, then running westerly to the Point of Beginning.

Grandfathered Improvement(s): Stepping stones, portion of deck, retaining walls and gravel



AREA OF EASEMENT

PROPERTY LINE "P/L"

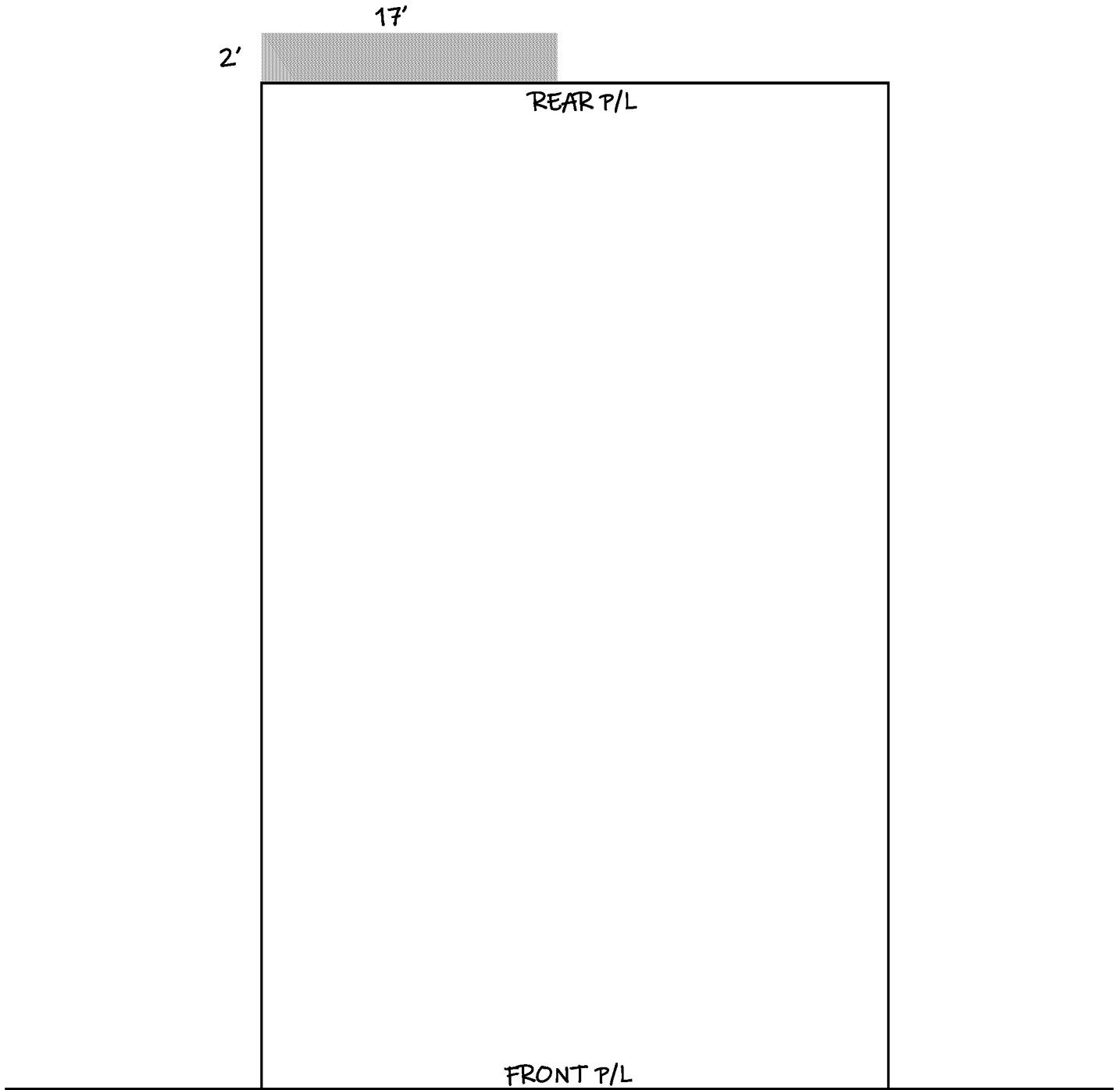
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 31

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 31 (the "Point of Beginning"), then running easterly along the northern boundary of Lot 31 a distance of seventeen feet, then running a distance of two feet along a line running northerly and perpendicular to the northeastern boundary of Lot 31, then running a distance of seventeen feet along a line running westerly and parallel with the northern boundary of Lot 31 and then running southerly along a line to the Point of Beginning.

Grandfathered Improvement(s): Deck extension



AREA OF EASEMENT



PROPERTY LINE "P/L"

CURB LINE

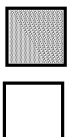
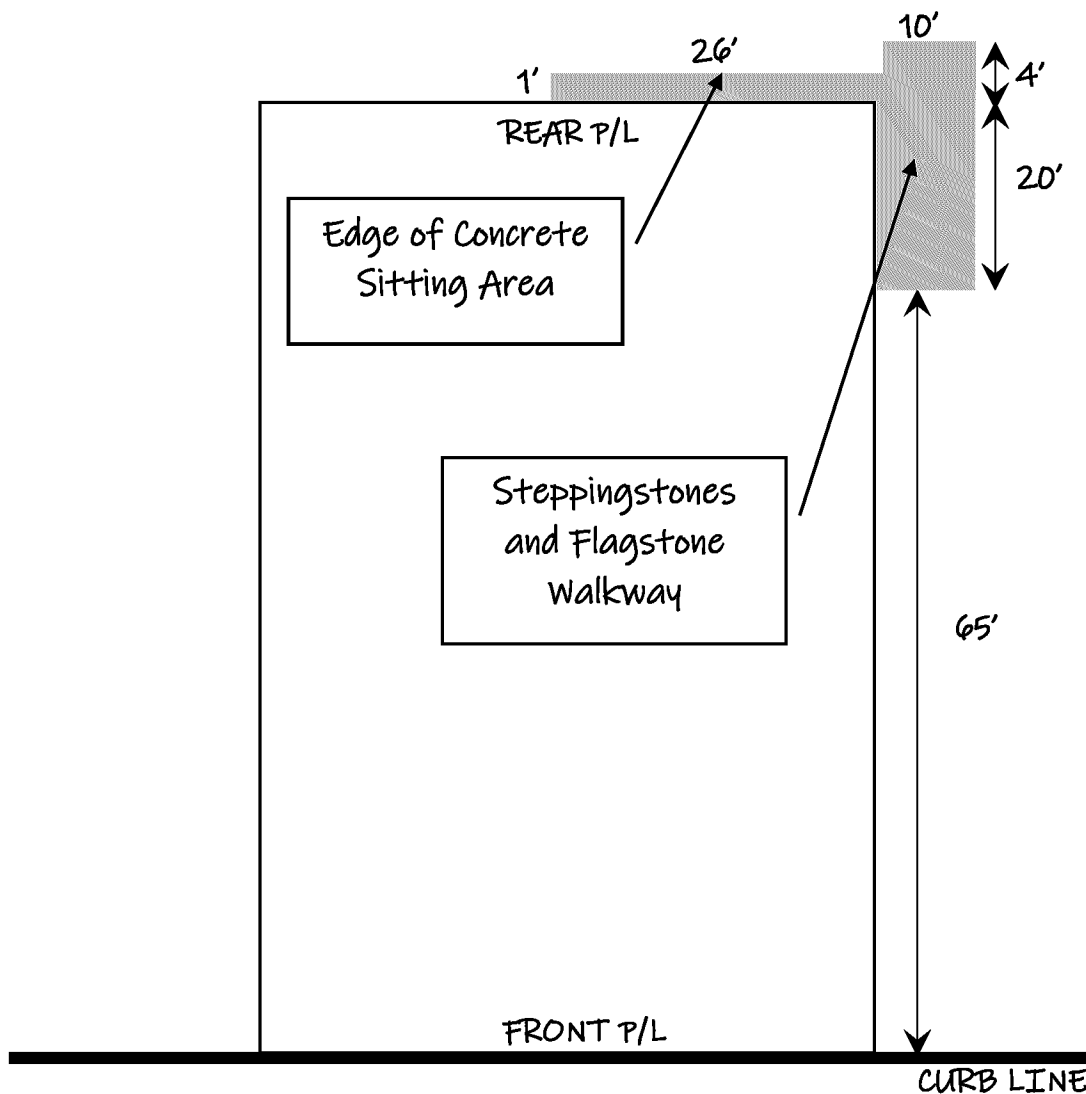
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 32

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 32 (assumed to the point of the intersection of the eastern boundary of Lot 32 with the inside of the curb of Settler’s Run Road), then running northerly along the eastern boundary of Lot 32 a distance of sixty-five feet to the point of beginning (the “Point of Beginning”), then running a distance of ten feet along a line running easterly and perpendicular to the eastern boundary of Lot 32, then running a distance of twenty-four feet along a line running northerly and parallel with the eastern boundary of Lot 32, then running a distance of ten feet along a line running westerly and parallel with the northern boundary of Lot 32, then running southerly a distance of four feet along a line perpendicular to the northern boundary of Lot 32, then running a distance of twenty-six feet along a line running westerly and parallel with the northern boundary of Lot 32, then running southerly to the northern boundary of Lot 32 along a line perpendicular to the northern boundary of Lot 32, then running easterly approximately twenty-six feet along the northern boundary of Lot 32 to the northeastern corner of Lot 32, and then running southerly along the eastern boundary of Lot 32 to the Point of Beginning.

Grandfathered Improvement(s): Stepping stones, flagstone walkway and concrete sitting area



AREA OF EASEMENT
PROPERTY LINE "P/L"

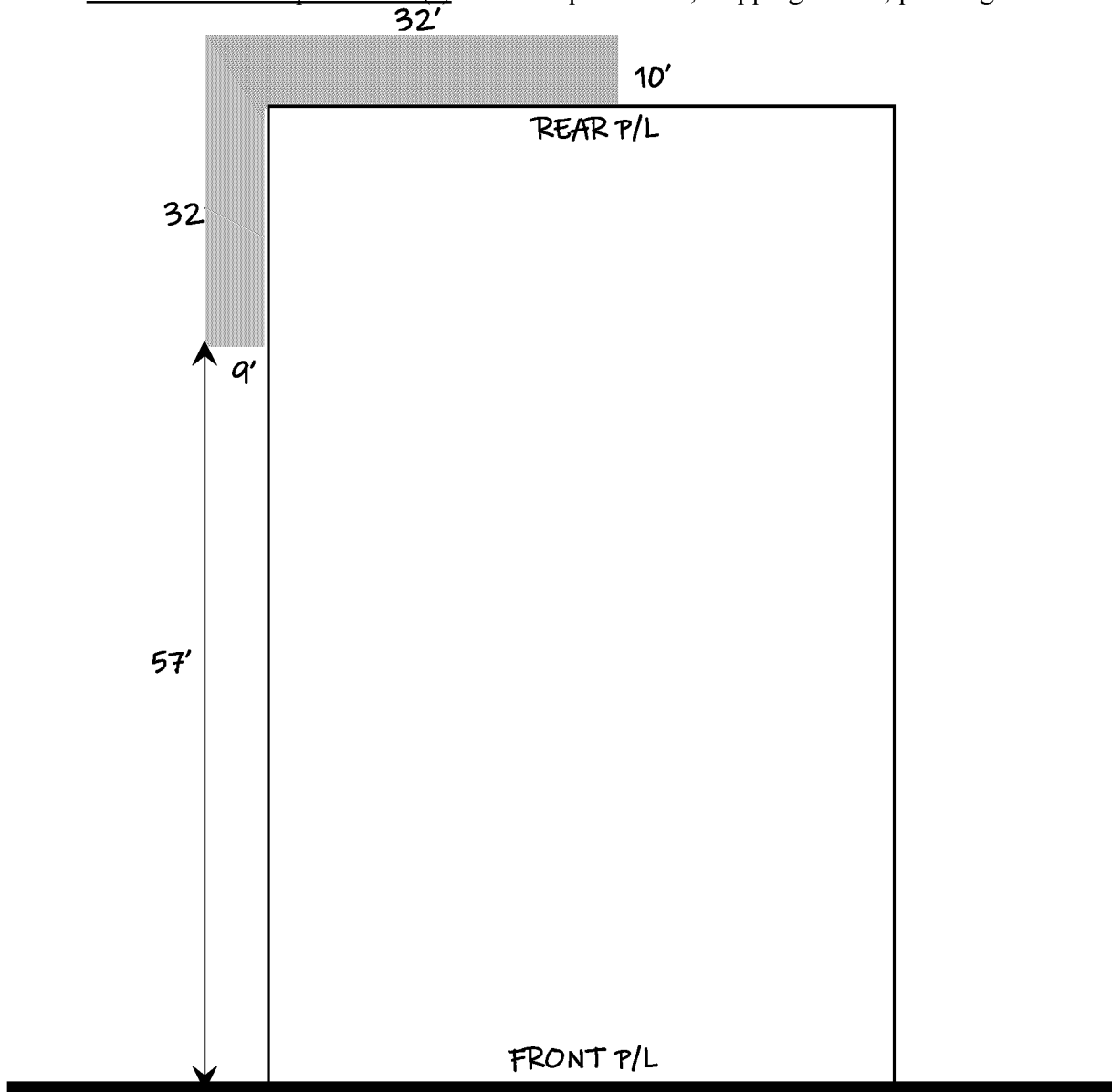
DRAWING NOT TO SCALE



In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 33

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 33 (assumed to the point of the intersection of the western boundary of Lot 33 with the inside of the curb of Settler’s Run Road), then running northeasterly along the northwestern boundary of Lot 33 a distance of fifty-seven feet to the point of beginning (the “Point of Beginning”), then continuing northeasterly approximately twenty-two feet along the northwestern boundary of Lot 33 to the northwest corner of Lot 33, then running southeasterly along the northeastern boundary of Lot 33 a distance of twenty-three feet, then running a distance of ten feet northeasterly along a line perpendicular to the northeastern boundary of Lot 33, then running a distance of thirty-two feet along a line running northwesterly and parallel with the northeastern boundary of Lot 33, then running a distance of thirty-two feet along a line running southwesterly and parallel with the northwestern boundary of Lot 33 and then running southeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Deck steps and rail, stepping stones, planting bed



-  AREA OF EASEMENT
-  PROPERTY LINE "P/L"

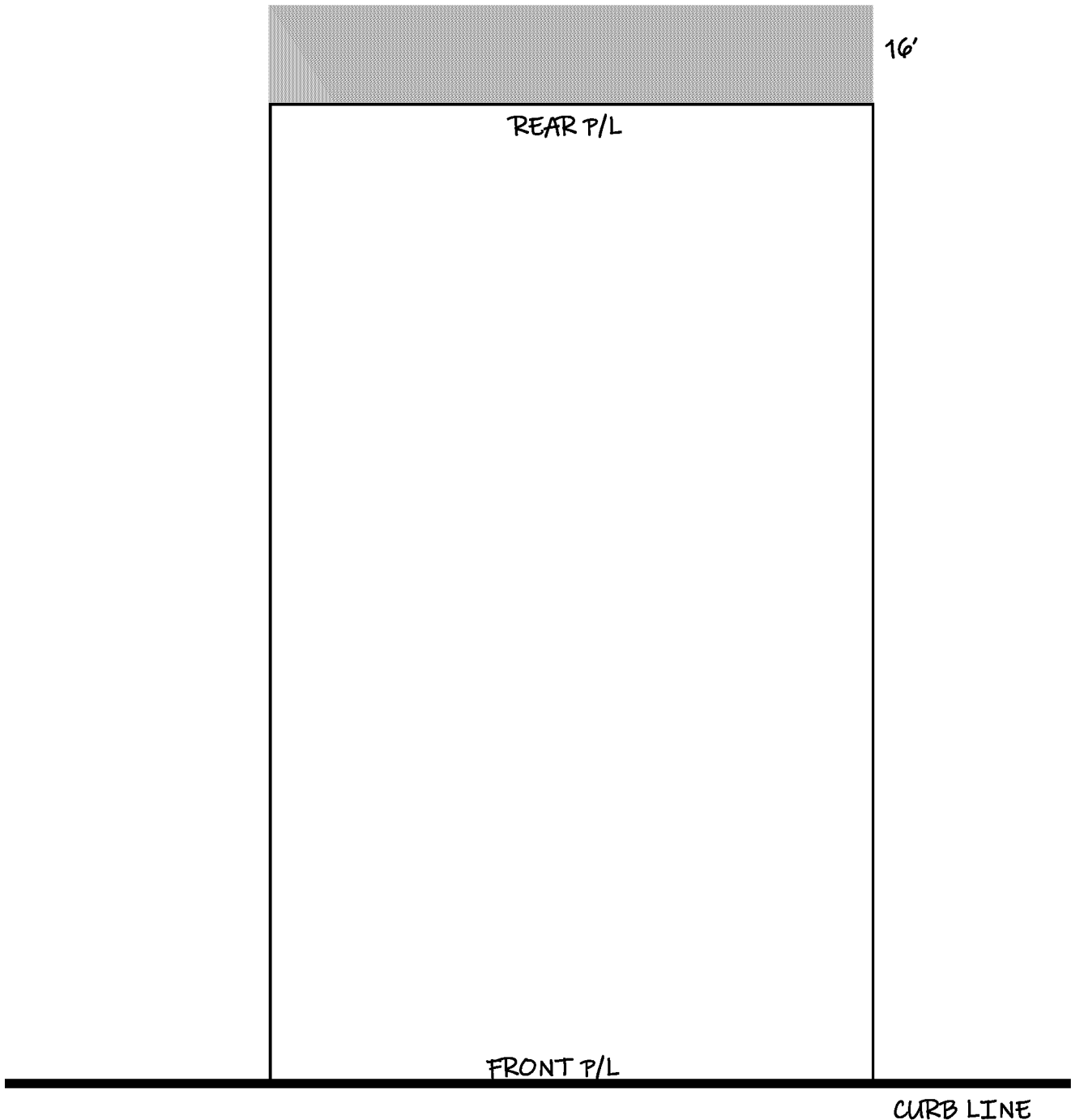
CURB LINE
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 34

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 34 (the "Point of Beginning"), then running southeasterly approximately thirty-six feet along the northeastern boundary of Lot 34 to the northeastern corner of Lot 34, then running a distance of sixteen feet along a line running northeasterly and perpendicular to the northeastern boundary of Lot 34 as an extension of the eastern boundary of Lot 34, then running a distance of thirty-six feet along a line running northwesterly and parallel with the northeastern boundary of Lot 34 and then running southwestery along a line to the Point of Beginning.

Grandfathered Improvement(s): Paver patio, steps and retaining walls



AREA OF EASEMENT



PROPERTY LINE "P/L"

CURB LINE

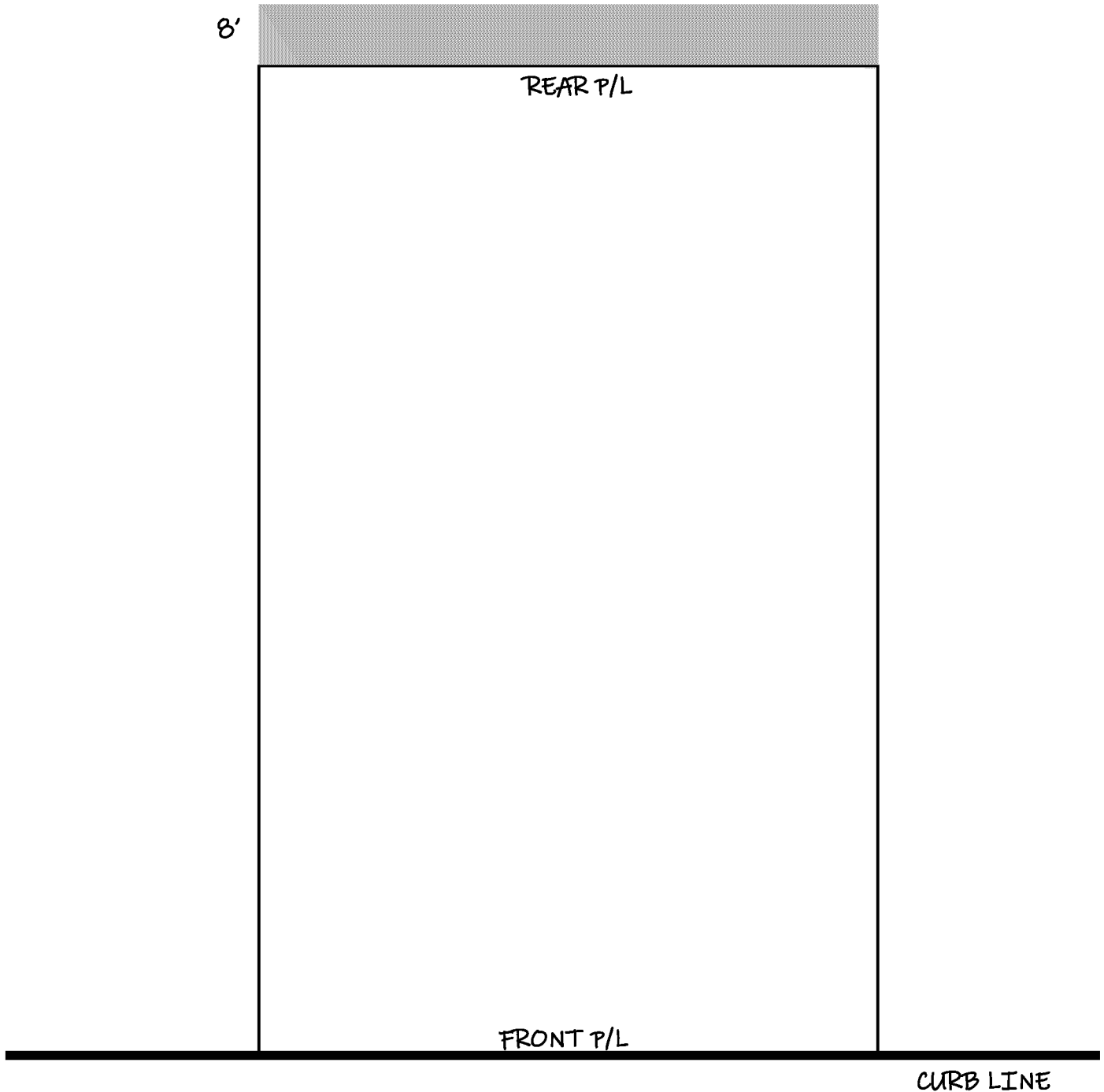
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 35

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 35 (the "Point of Beginning"), then running approximately thirty-six feet southeasterly along the northeastern boundary of Lot 35 to the northeastern corner of Lot 35, then running a distance of eight feet along a line running northeasterly and perpendicular to the northeastern boundary of Lot 35, then running a distance of thirty-six feet along a line running northwesterly and parallel with the northeastern boundary of Lot 35 and then running southwesterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Steps, walkway and retaining wall



AREA OF EASEMENT



PROPERTY LINE "P/L"

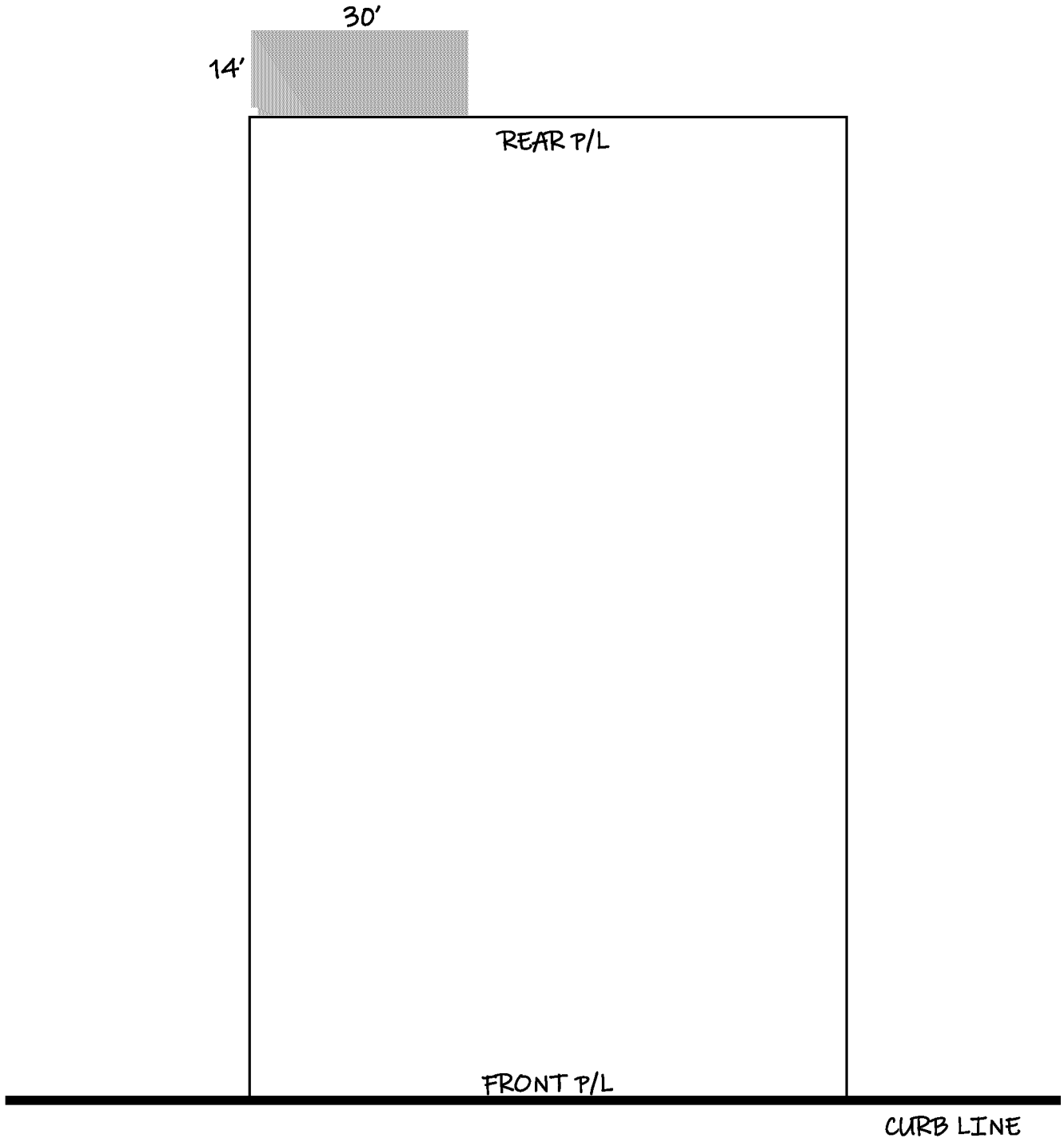
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 39

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 39 (the "Point of Beginning"), then running a distance of thirty feet easterly along the northern boundary of Lot 39, then running a distance of fourteen feet along a line running northerly and perpendicular to the northern boundary of Lot 39, then running a distance of thirty feet along a line running westerly and parallel with the northern boundary of Lot 39 and then running southerly along a line to the Point of Beginning.

Grandfathered Improvement(s): Patio sitting area



AREA OF EASEMENT



PROPERTY LINE "P/L"

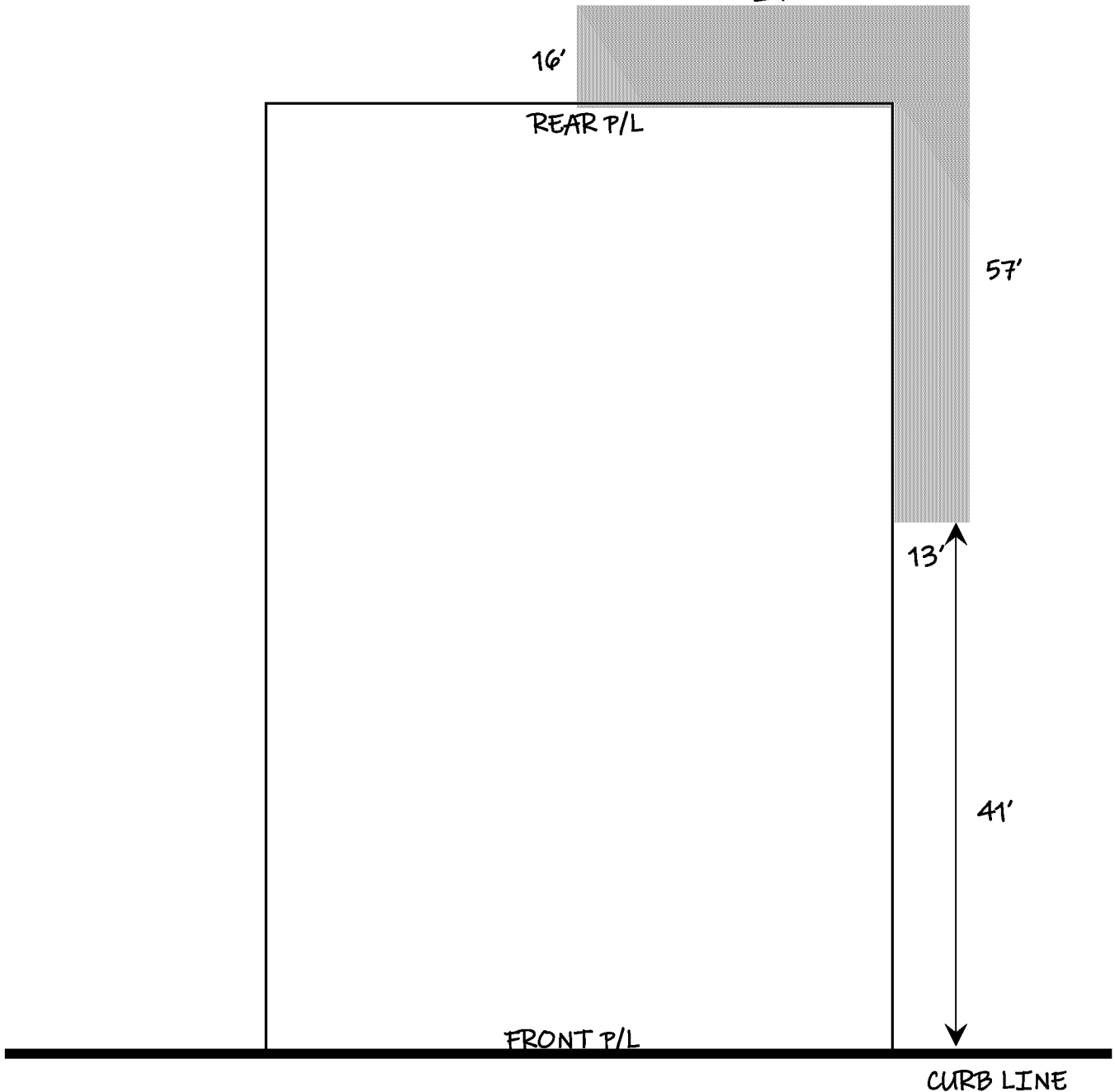
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 40

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northeast corner of Lot 40 (the "Point of Beginning"), then running southerly a distance of forty-one feet along the eastern boundary of Lot 40, then running a distance of thirteen feet along a line running easterly and perpendicular to the eastern boundary of Lot 40, then running a distance of fifty-seven feet along a line running northerly and parallel with the eastern boundary of Lot 40, then running a distance of twenty-four feet along a line running westerly and parallel with the northern boundary of Lot 40, then running southerly along a line perpendicular to the northern boundary of Lot 40, and then running easterly along the northern boundary of Lot 40 to the Point of Beginning.

Grandfathered Improvement(s): Air conditioning unit, flagstone patio, planting area



AREA OF EASEMENT



PROPERTY LINE "P/L"

DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 42

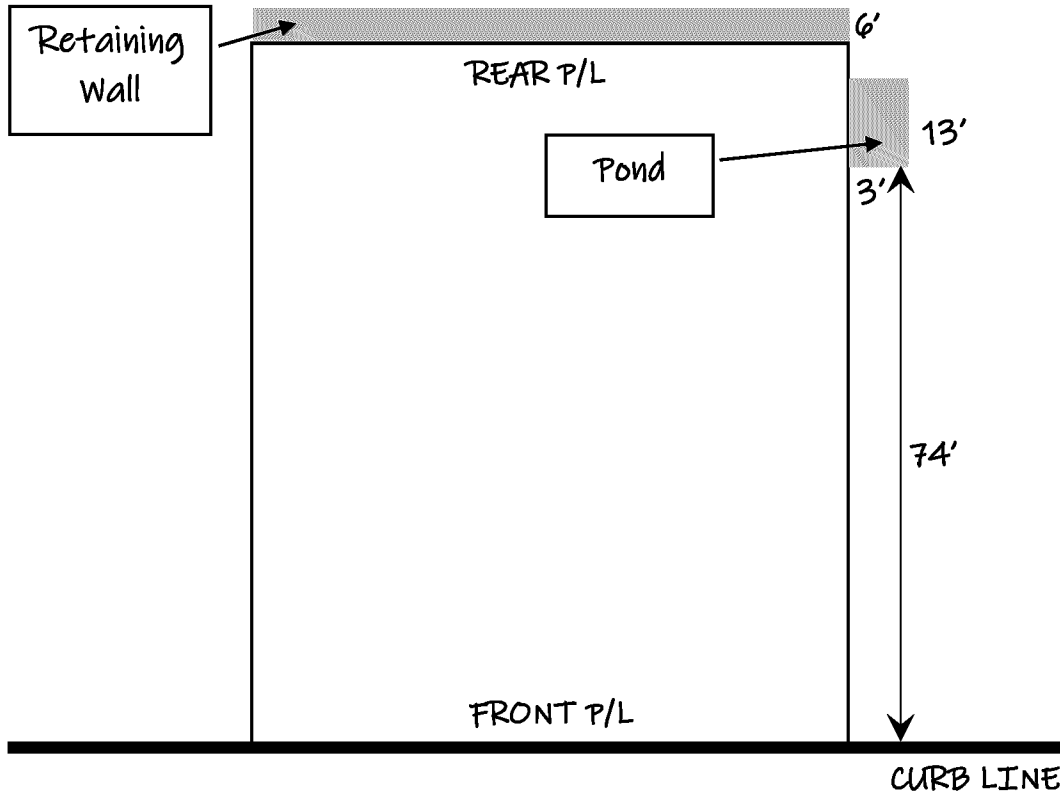
Grandfathered Easement Areas: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 42 (the "Point of Beginning"), then running southeasterly approximately thirty-six feet along the southwestern boundary of Lot 42 to the southeast corner of Lot 42, then running a distance of six feet along a line running southwesterly and perpendicular to the southwestern boundary of Lot 42, then running a distance of thirty-six feet along a line running northwesterly and parallel with the southwestern boundary of Lot 42 and then running northeasterly along a line to the Point of Beginning.



Grandfathered Improvement(s): Retaining wall

AND

That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 42 (assumed to the point of the intersection of the northwestern boundary of Lot 42 with the inside of the curb of Mountain Oaks Drive), then running southwesterly along the northwestern boundary of Lot 42 a distance of seventy-four feet to the point of beginning (the "Point of Beginning"), then running a distance of thirteen feet southwesterly along the northwestern boundary of Lot 42, then running a distance of three feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 42, then running a distance of thirteen feet along a line running northeasterly and parallel with the northwestern boundary of Lot 42, and then running southeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Pond



-  AREA OF EASEMENT
-  PROPERTY LINE "P/L"

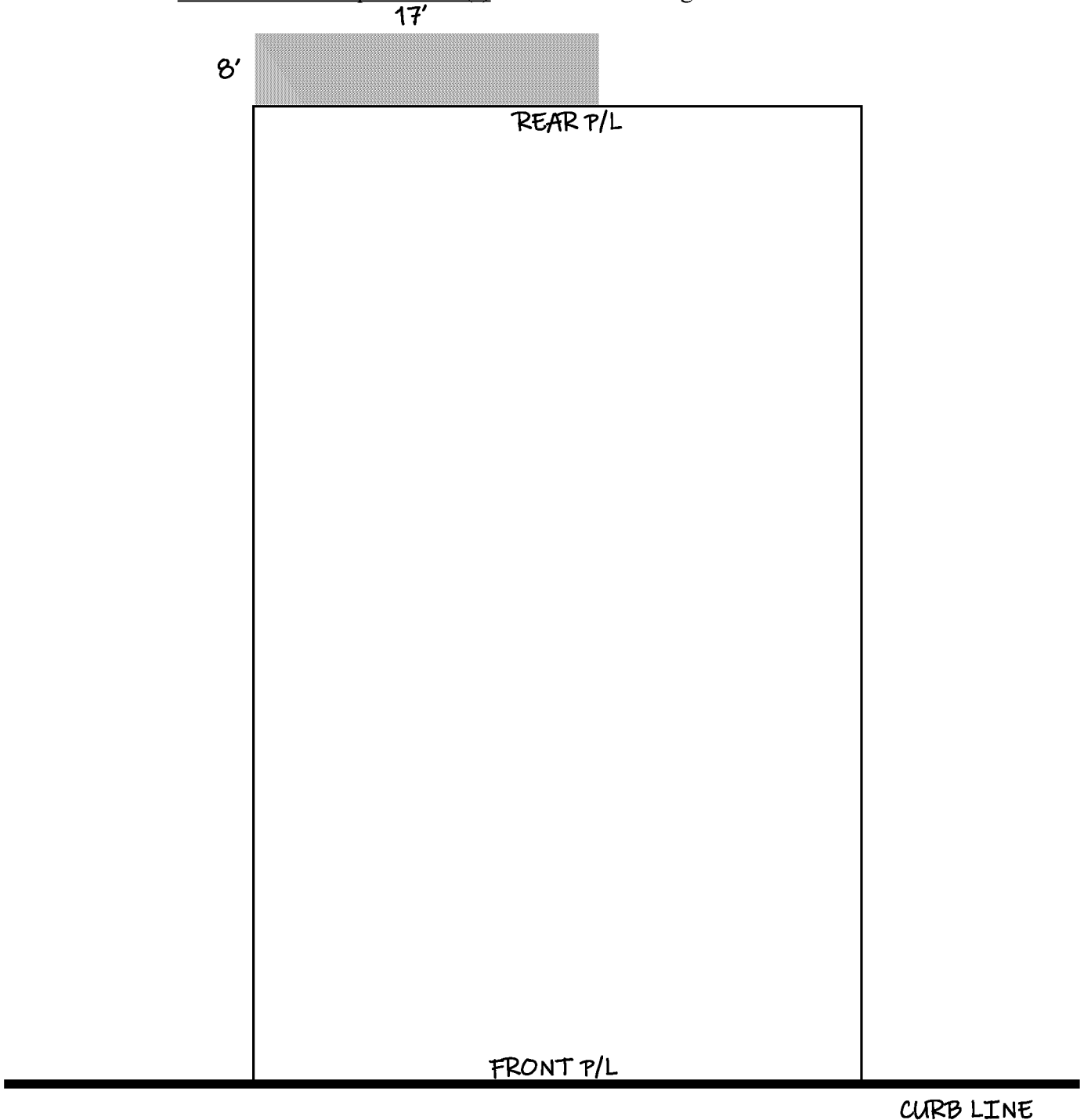
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 43

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 43 (the "Point of Beginning"), then running a distance of seventeen feet northwesterly along the southwestern boundary of Lot 43, then running a distance of eight feet along a line running southwesterly and perpendicular to the southwestern boundary of Lot 43, then running a distance of seventeen feet along a line running southeasterly and parallel with the southwestern boundary of Lot 43 and then running northeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Patio and retaining wall



AREA OF EASEMENT



PROPERTY LINE "P/L"

CURB LINE

DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 44

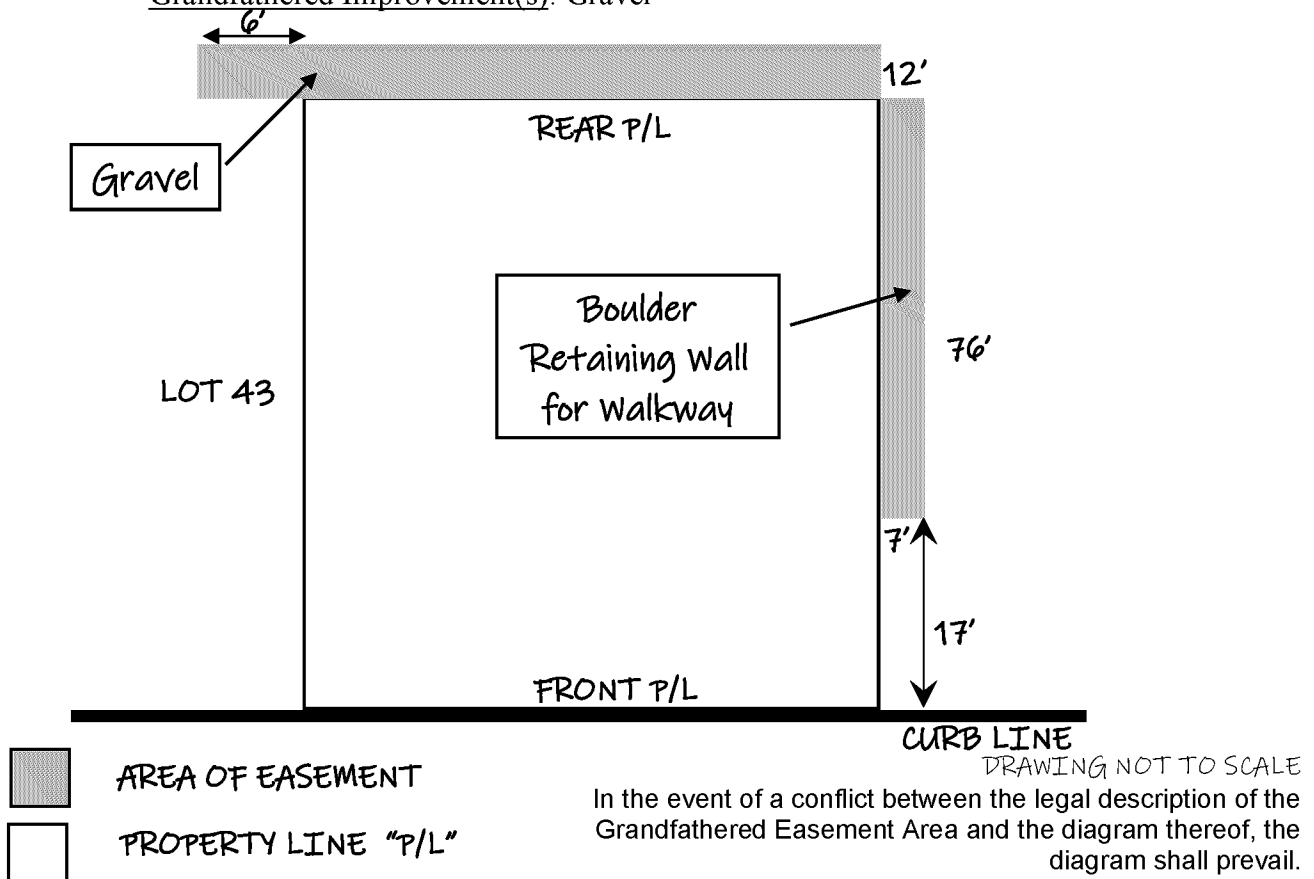
Grandfathered Easement Areas: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 44 (assumed to the point of the intersection of the northwestern boundary of Lot 44 with the inside of the curb of Mountain Oaks Drive), then running southwesterly a distance of seventeen feet along the northwestern boundary of Lot 44 to the point of beginning (the "Point of Beginning"), then running southwesterly along the northwestern boundary of Lot 44 to the southwest corner of Lot 44, then running a distance of seven feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 44, then running a distance of seventy-six feet along a line running northeasterly and parallel with the northwestern boundary of Lot 44 and then running southeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Boulder retaining wall for walkway and gravel

AND

That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 44 (the "Point of Beginning"), then running southeasterly along the southwestern boundary of Lot 44 a distance of approximately thirty-six feet to the southeast corner of Lot 44, then continuing southeasterly a distance of six feet on a line extending the southwestern boundary of Lot 44, then running a distance of twelve feet along a line running southwesterly and perpendicular to the southwestern boundary of Lot 44, then running a distance of forty-two feet along a line running northwesterly and parallel with the southwestern boundary of Lot 44, and then running northeasterly along a line to the Point of Beginning.

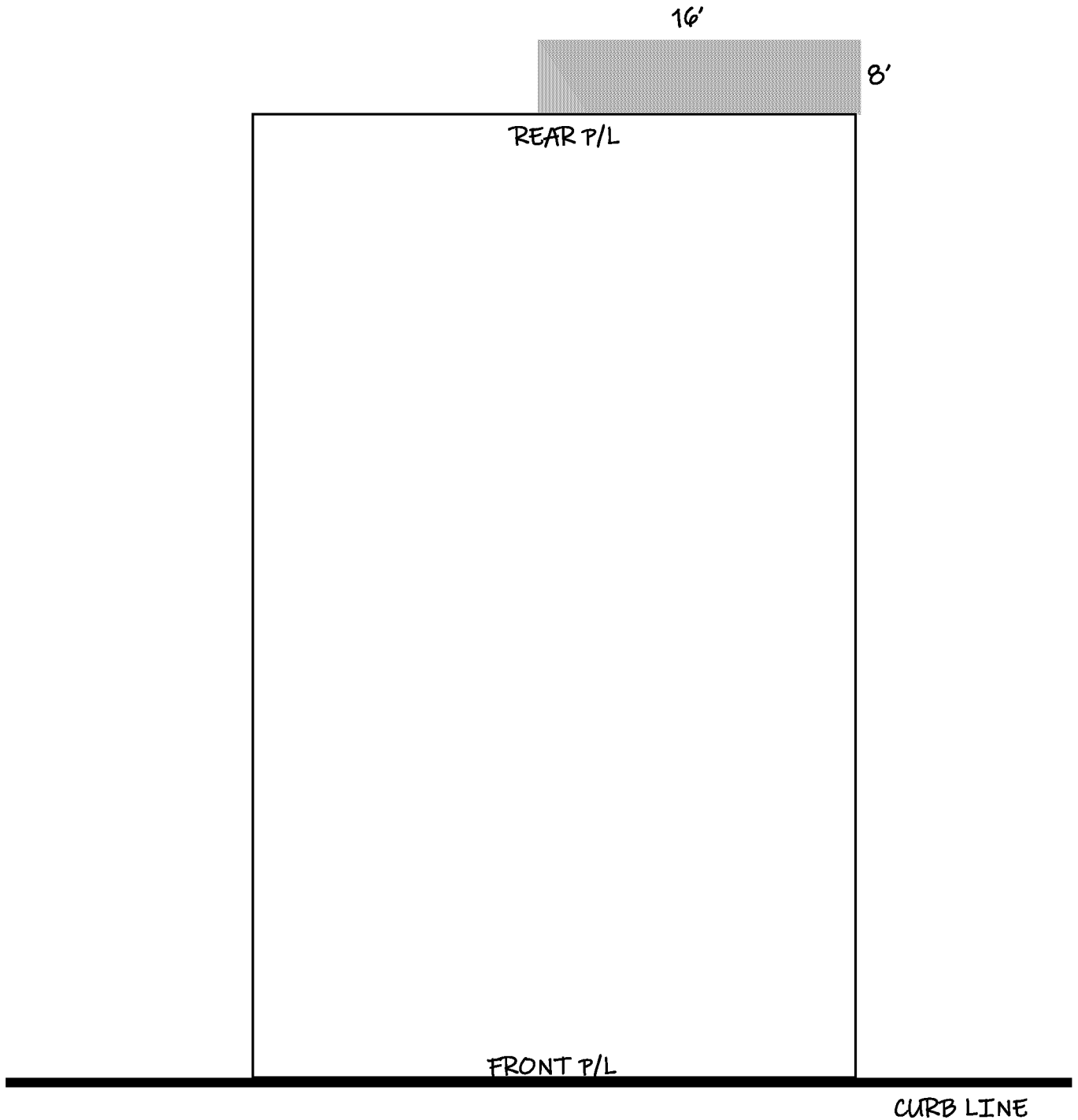
Grandfathered Improvement(s): Gravel



Lot 45

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 45 (the "Point of Beginning"), then running a distance of sixteen feet southeasterly along the southwestern boundary of Lot 45, then running a distance of eight feet along a line running southwesterly and perpendicular to the southwestern boundary of Lot 45, then running a distance of sixteen feet along a line running northwesterly and parallel with the southwestern boundary of Lot 45 and then running northeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Flagstone patio



AREA OF EASEMENT



PROPERTY LINE "P/L"

CURB LINE

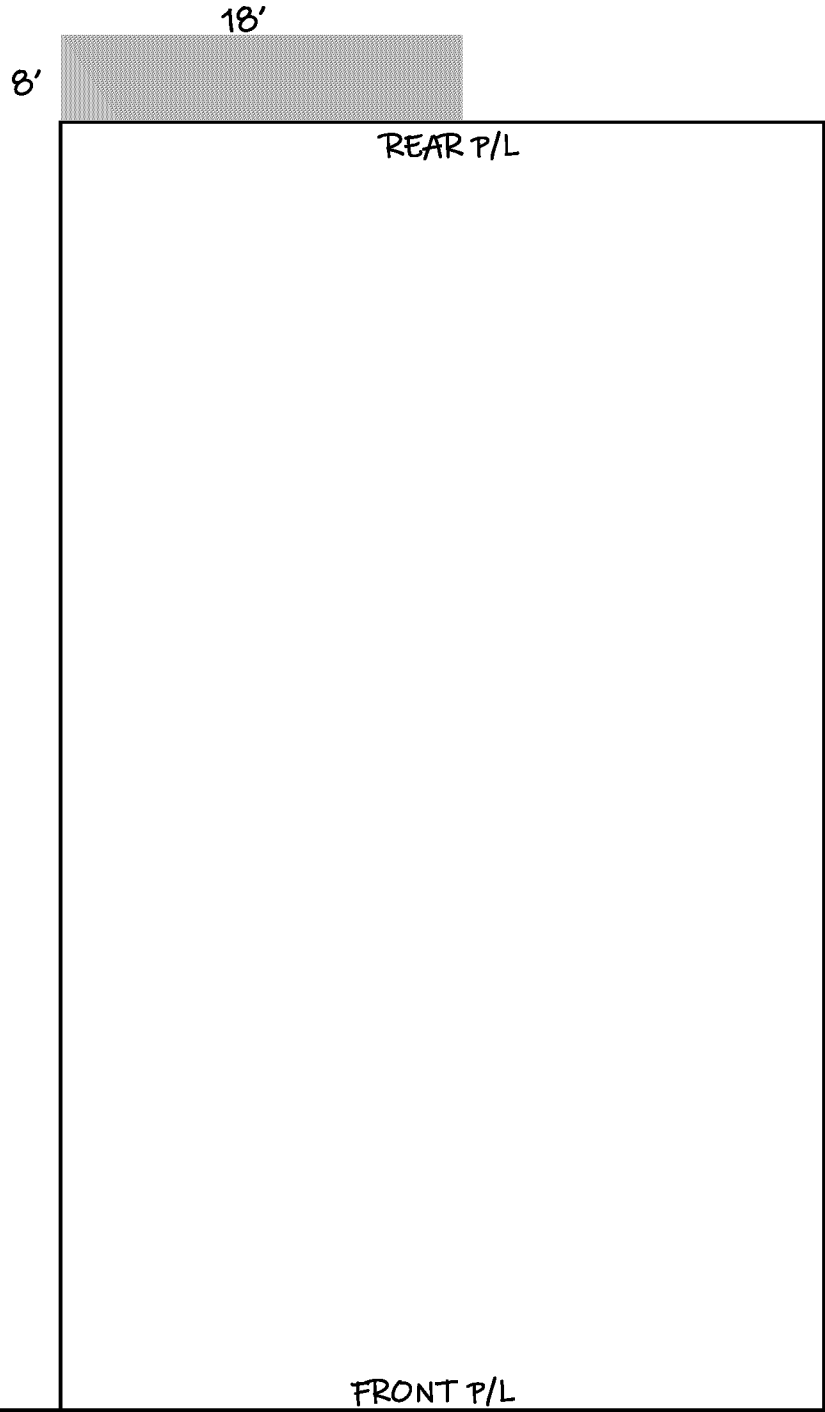
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 46

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 46 (the "Point of Beginning"), then running a distance of eighteen feet northwesterly along the southwestern boundary of Lot 46, then running a distance of eight feet along a line running southwesterly and perpendicular to the southwestern boundary of Lot 46, then running a distance of eighteen feet along a line running southeasterly and parallel with the southwestern boundary of Lot 46 and then running northeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Flagstone patio



AREA OF EASEMENT



PROPERTY LINE "P/L"

CURB LINE

DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 48

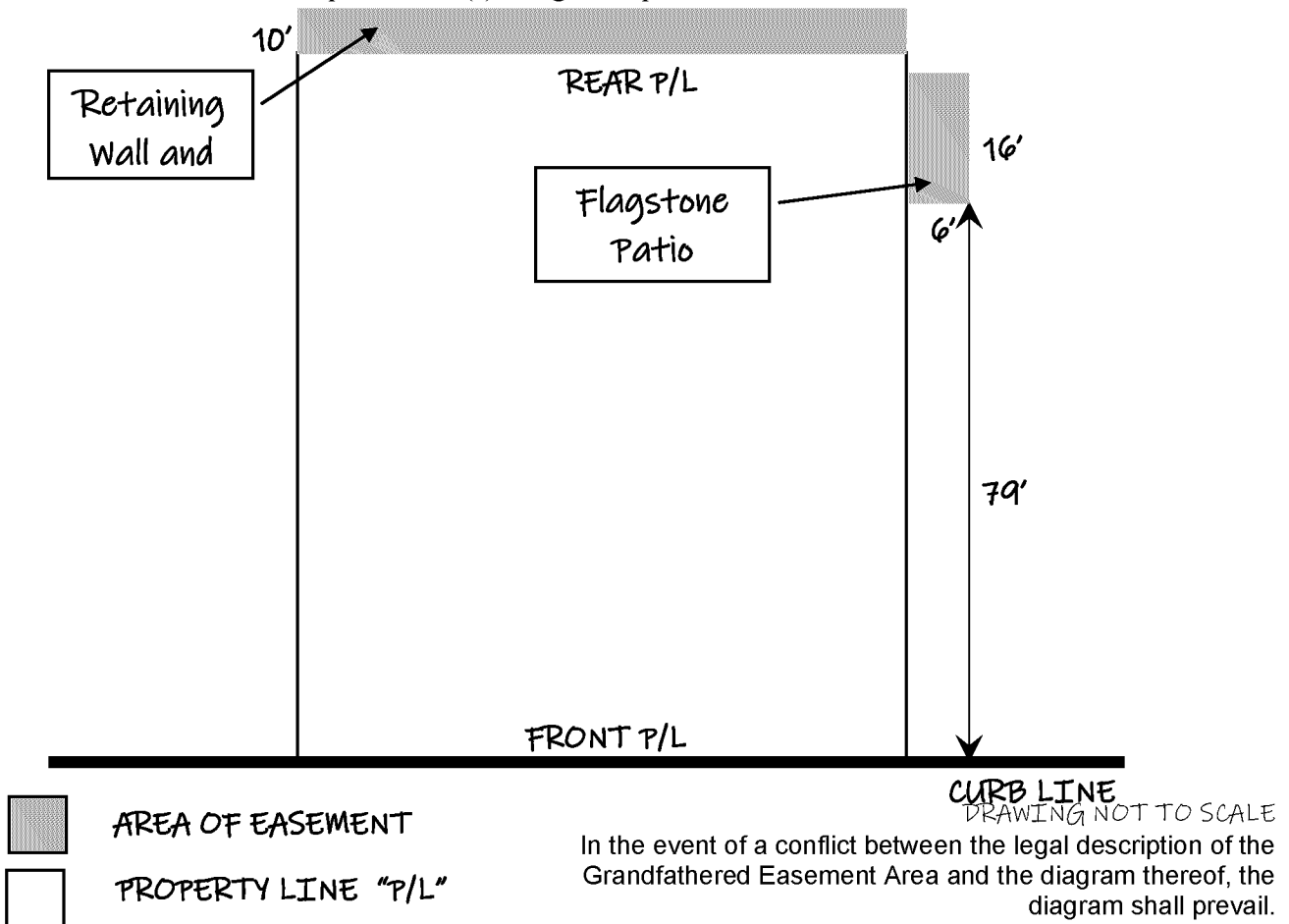
Grandfathered Easement Areas: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 48 (the "Point of Beginning"), then running southeasterly along the southwestern boundary of Lot 48 approximately thirty-six feet to the southeast corner of Lot 48, then running a distance of ten feet along a line running southwesterly and perpendicular to the southwestern boundary of Lot 48, then running a distance of thirty-six feet along a line running northwesterly and parallel with the southwestern boundary of Lot 48 and then running northeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Retaining wall and pond

AND

That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 48 (assumed to the point of the intersection of the northwestern boundary of Lot 48 with the inside of the curb of Mountain Oaks Drive), then running a distance of seventy-nine feet southwesterly along the northwestern boundary of Lot 48 to the point of beginning (the "Point of Beginning"), then running southwesterly along the northwestern boundary of Lot 48 a distance of sixteen feet, then running a distance of six feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 48, then running a distance of sixteen feet along a line running northeasterly and parallel with the northwestern boundary of Lot 48, and then running southeasterly along a line to the Point of Beginning.

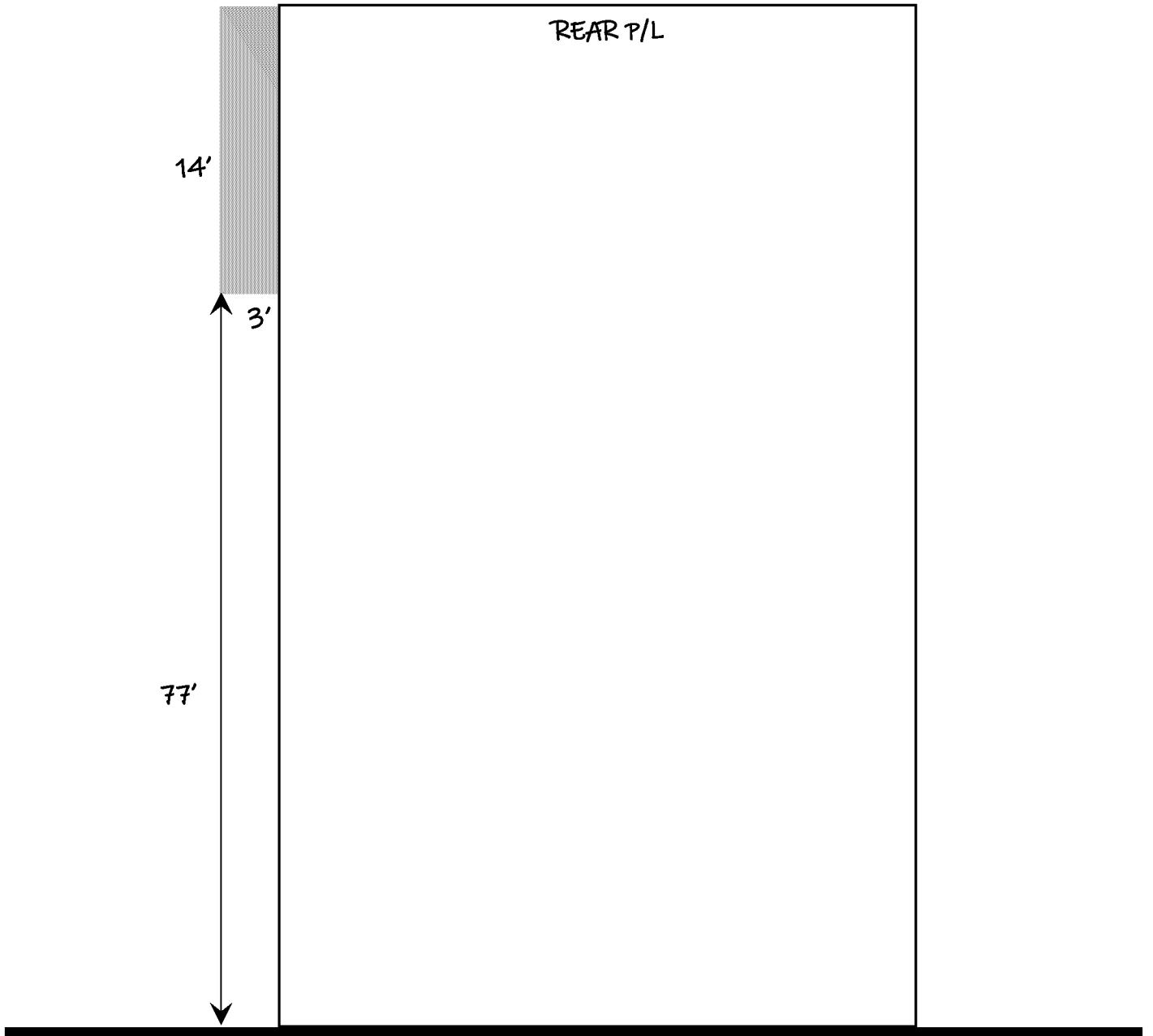
Grandfathered Improvement(s): Flagstone patio





Lot 49

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the northwest corner of Lot 49 (assumed to the point of the intersection of the northwestern boundary of Lot 49 with the inside of the curb of Mountain Oaks Drive), then running a distance of seventy-seven feet northeasterly along the northwestern boundary of Lot 49 to the point of beginning (the "Point of Beginning"), then running northeasterly along the northwestern boundary of Lot 49 a distance of approximately fourteen feet to the northwest corner of Lot 49, then running a distance of three feet along a line running northwesterly and perpendicular to the northwestern boundary of Lot 49, then running a distance of fourteen feet along a line running southwesterly and parallel with the northwestern boundary of Lot 49, and then running southeasterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Stepping stones walkway



-  AREA OF EASEMENT
-  PROPERTY LINE "P/L"

CURB LINE

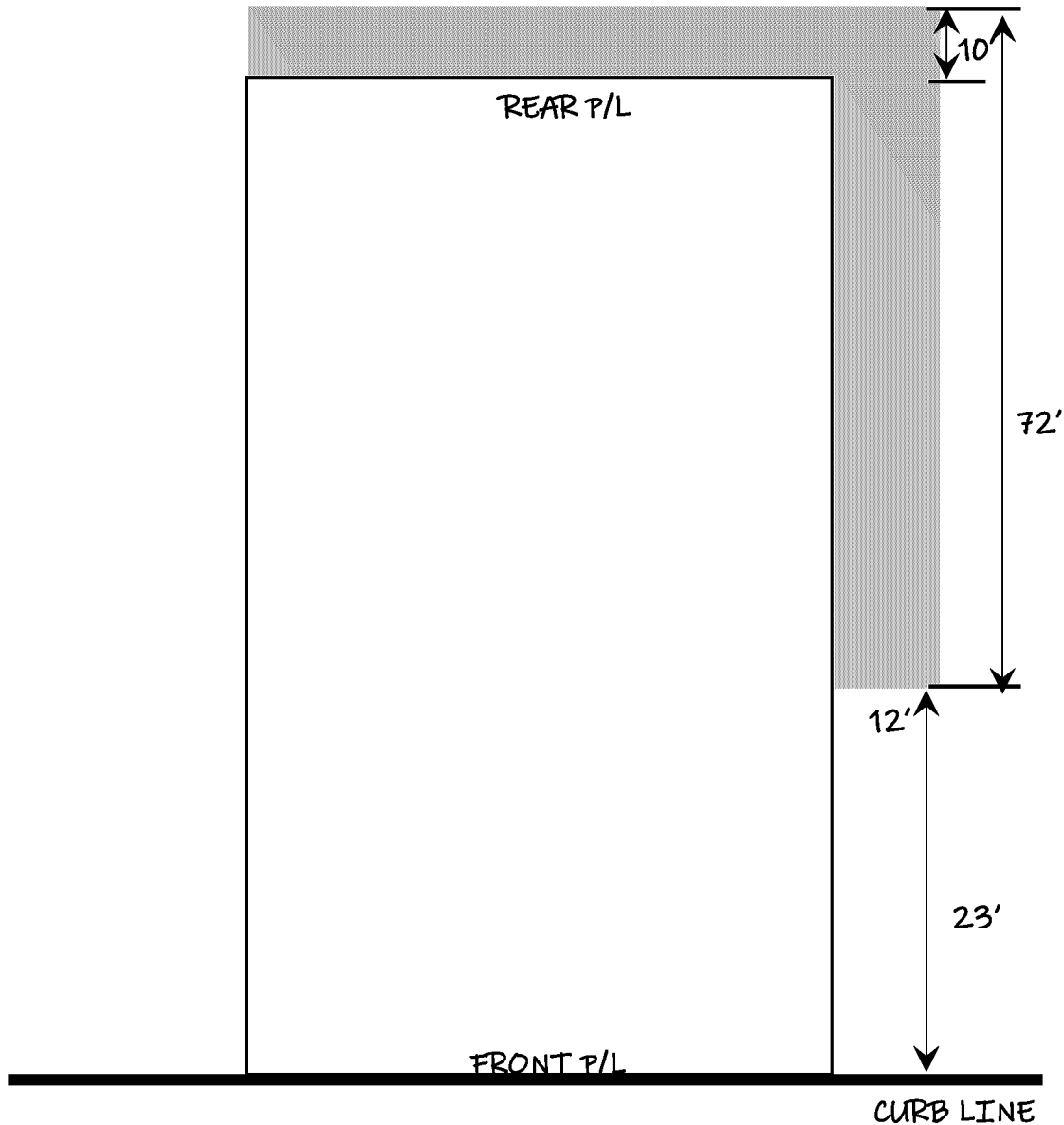
DRAWING NOT TO SCALE



In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 58

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 58 (assumed to the point of the intersection of the southeastern boundary of Lot 58 with the inside of the curb of Mountain Oaks Drive), then running a distance of twenty-three feet northeasterly along the southeastern boundary of Lot 58 to the point of beginning (the "Point of Beginning"), then running northeasterly a distance of approximately sixty-two feet along the southeastern boundary of Lot 58 to the northeast corner of Lot 58, then running northwesterly along the northeastern boundary of Lot 58 approximately thirty-six feet to the northwest corner of Lot 58, then running a distance of ten feet northeasterly and perpendicular to the northeastern boundary of Lot 58, then running a distance of forty-eight feet along a line running southeasterly and parallel with the northeastern boundary of Lot 58, then running a distance of seventy-two feet along a line running southwesterly and parallel with the southeastern boundary of Lot 58 and then running northwesterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Flagstone and hardscape and landscaping



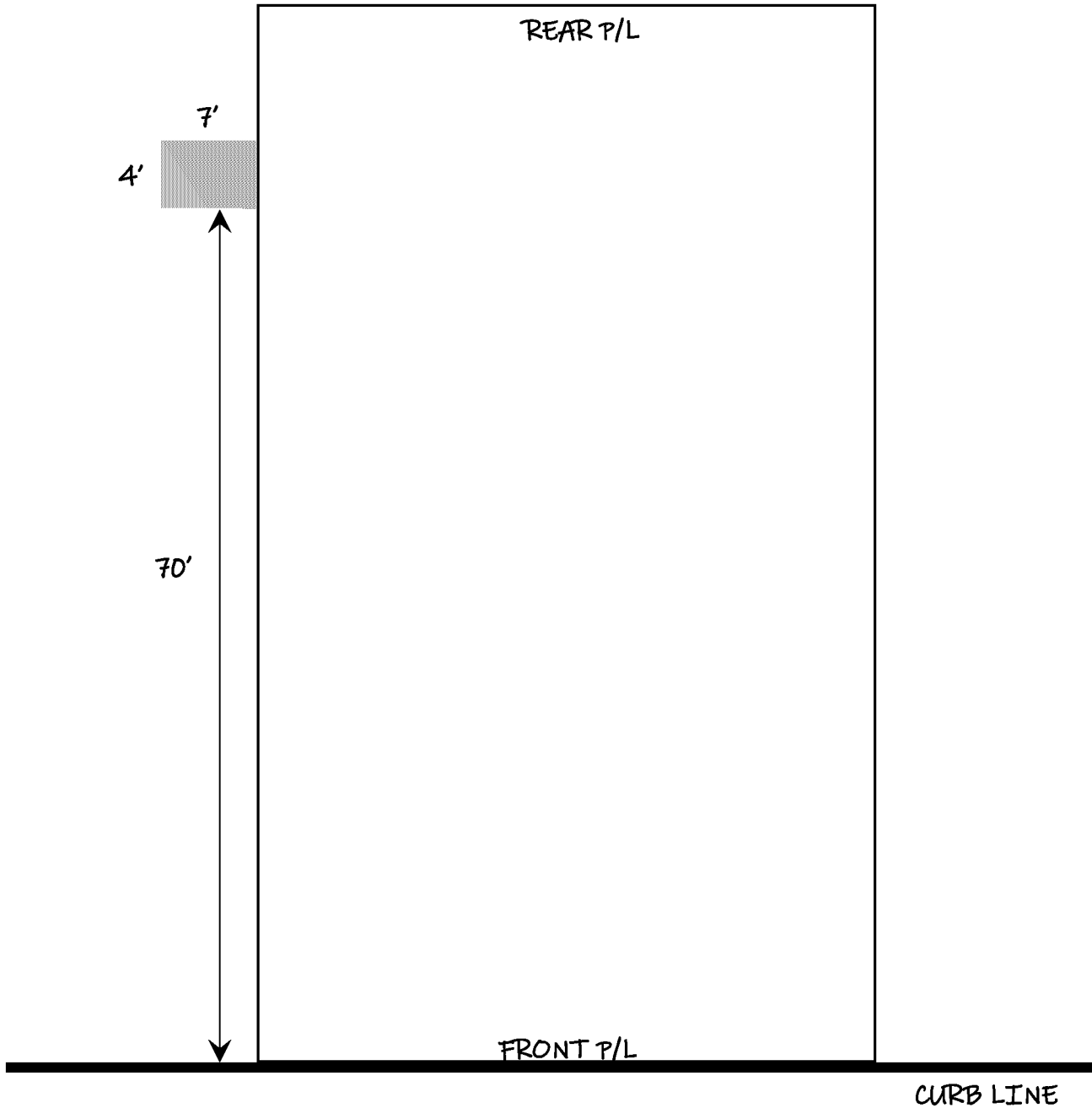
-  AREA OF EASEMENT
-  PROPERTY LINE "P/L"

DRAWING NOT TO SCALE
 In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 59

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 59 (assumed to the point of the intersection of the northwestern boundary of Lot 59 with the inside of the curb of Mountain Oaks Drive), then running northeasterly along the northwestern boundary of Lot 59 a distance of seventy feet to the point of beginning (the "Point of Beginning"), then running along the northwestern boundary of Lot 59 a distance of four feet, then running a distance of seven feet northwest along a line perpendicular to the northwestern boundary of Lot 59, then running a distance of four feet along a line running southwest and parallel with the northwestern boundary of Lot 59, and then running along a line southeast to the Point of Beginning.

Grandfathered Improvement(s): Steppingstones



AREA OF EASEMENT



PROPERTY LINE "P/L"

CURB LINE

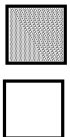
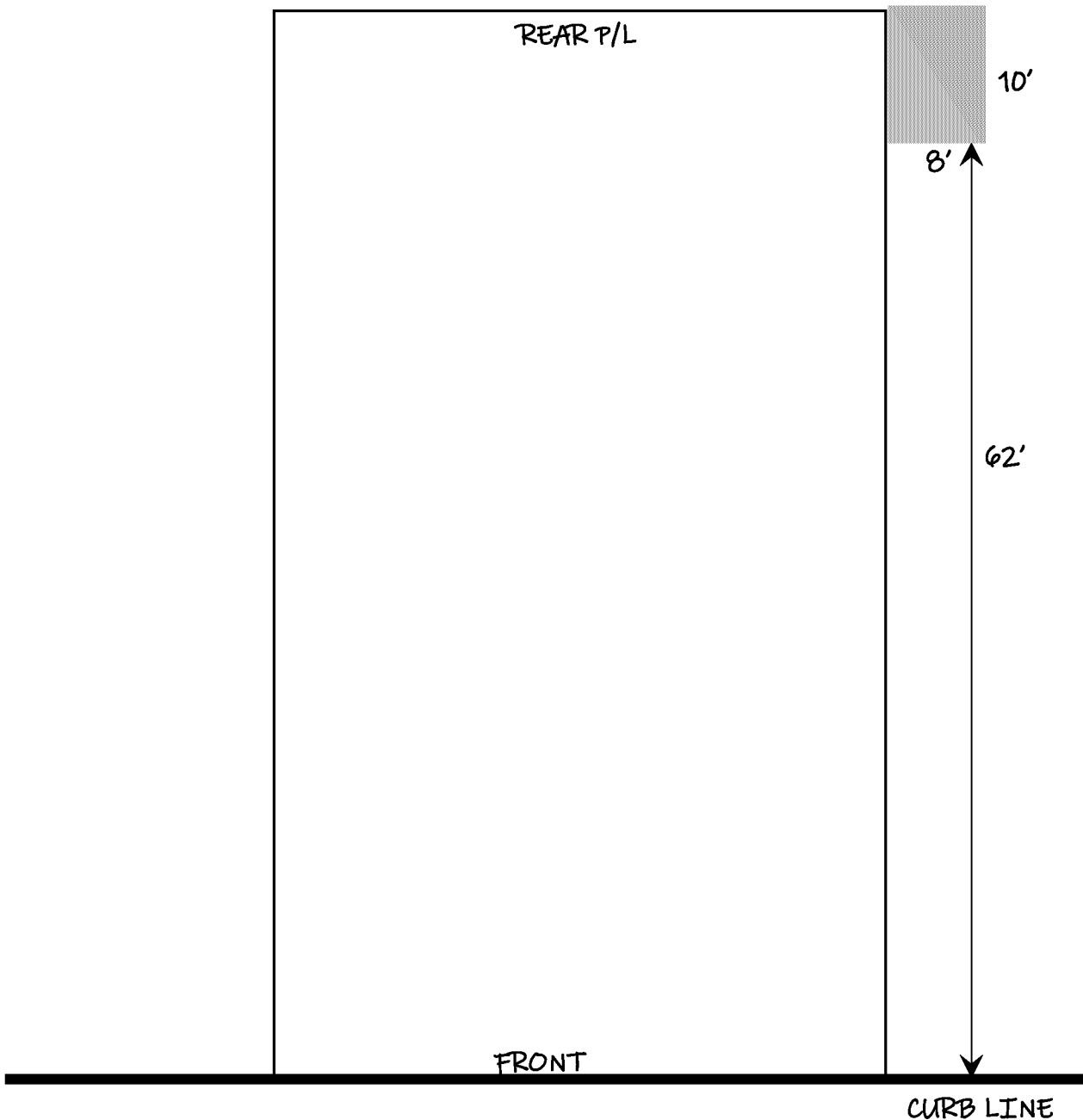
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 60

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 60 (assumed to the point of the intersection of the southeastern boundary of Lot 60 with the inside of the curb of Mountain Oaks Drive), then running northeasterly along the southeastern boundary of Lot 60 a distance of sixty-two feet to the point of beginning (the "Point of Beginning"), then running a distance of approximately ten feet northeasterly along the southeastern boundary of Lot 60 to the northeast corner of Lot 60, then running a distance of eight feet along a line running southeast and perpendicular to the southeastern boundary of Lot 60, then running a distance of ten feet along a line running southwesterly and parallel with the southeastern boundary of Lot 60, and then running northwesterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Stone patio



AREA OF EASEMENT

PROPERTY LINE "P/L"

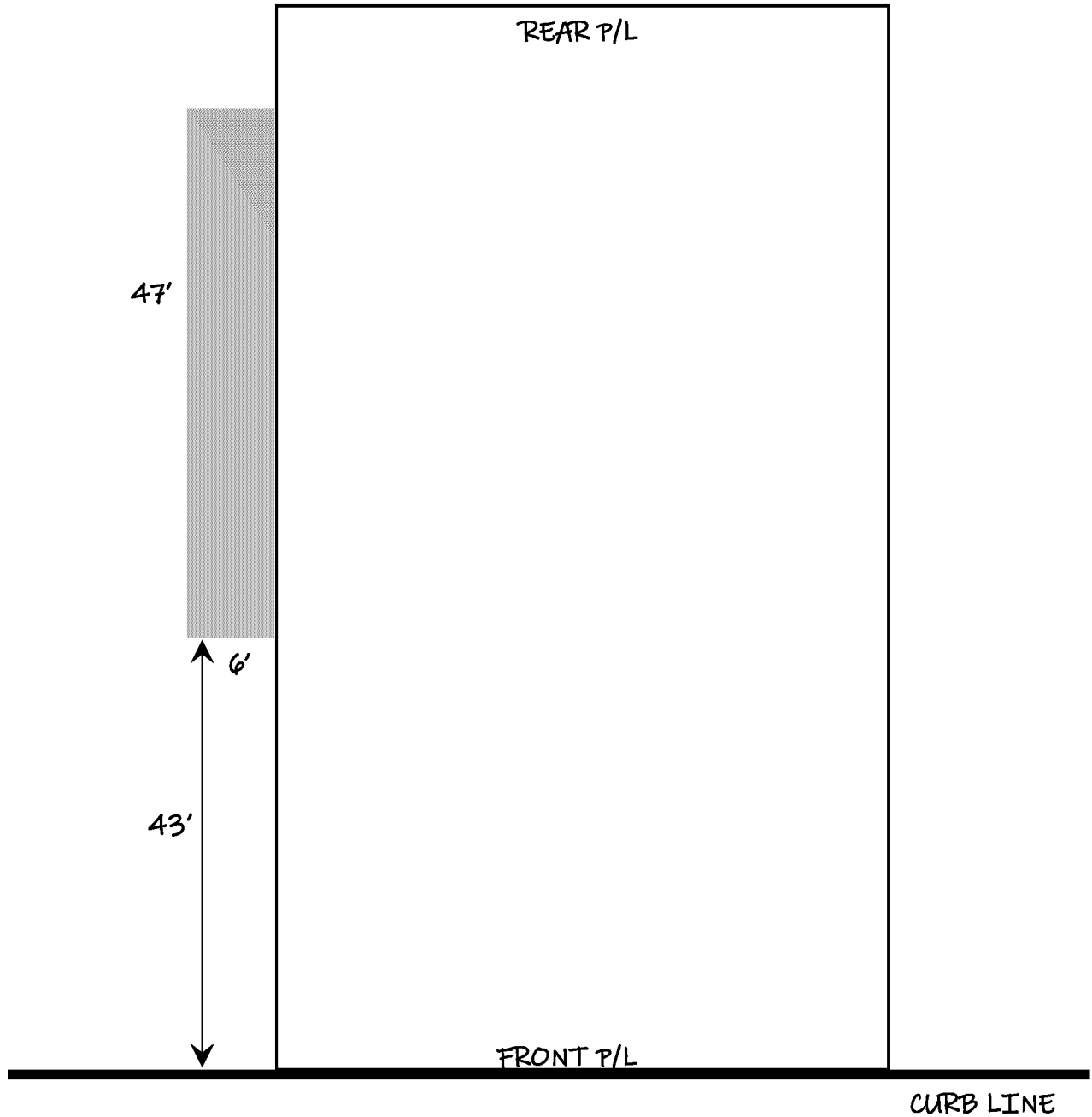
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

Lot 67

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southwest corner of Lot 67 (assumed to the point of the intersection of the northwestern boundary of Lot 67 with the inside of the curb of Mountain Oaks Drive), then running northeasterly along the northwestern boundary of Lot 67 a distance of forty-three feet to the point of beginning (the "Point of Beginning"), then running along the northwestern boundary of Lot 67 a distance of forty-seven feet, then running a distance of six feet northwesterly along a line perpendicular to the northwestern boundary of Lot 67, then running a distance of forty-seven feet along a line running southwesterly and parallel with the northwestern boundary of Lot 67, and then running along a line southeasterly to the Point of Beginning.

Grandfathered Improvement(s): Flagstone walkway, privacy wall and railing



AREA OF EASEMENT



PROPERTY LINE "P/L"

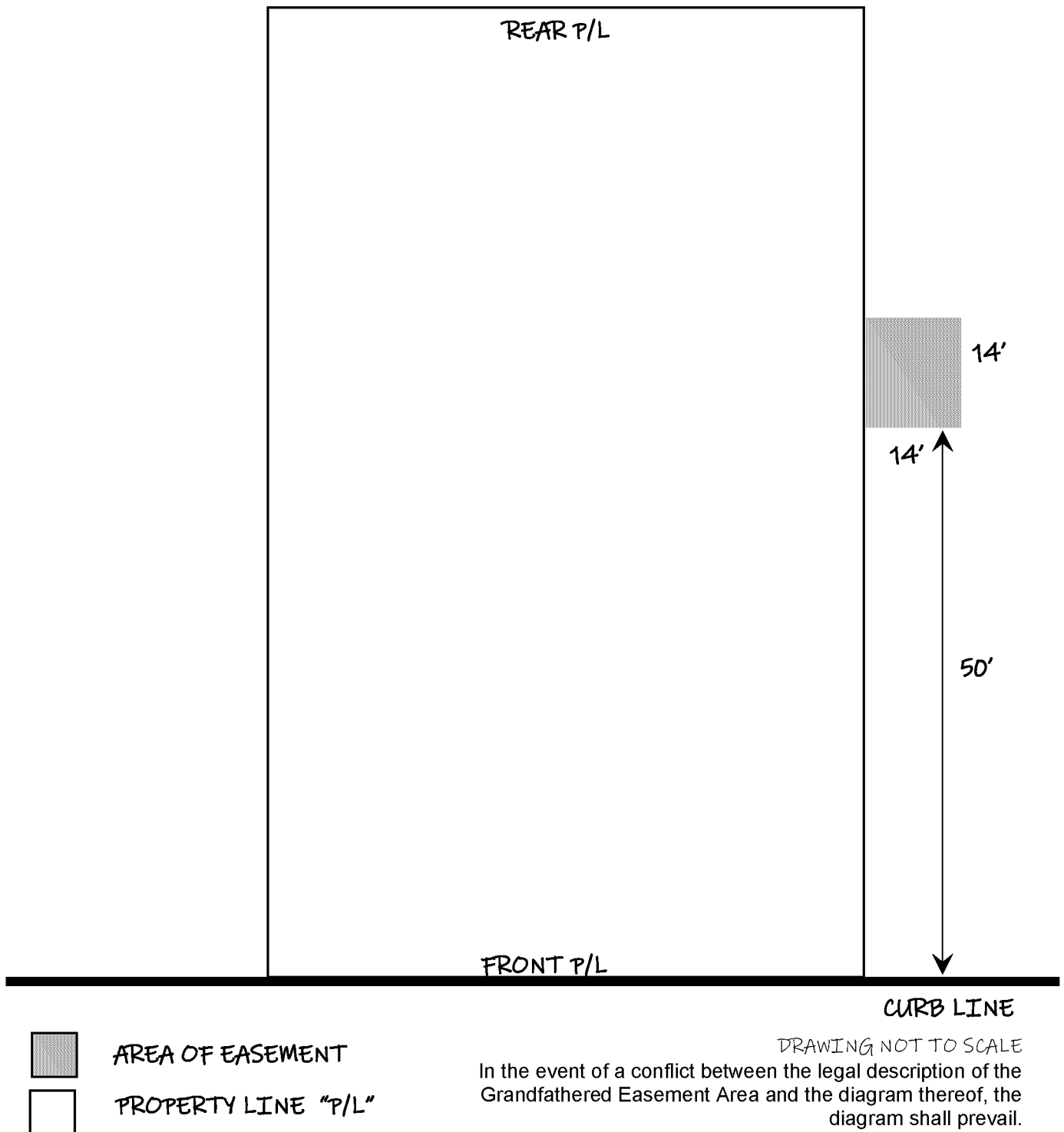
DRAWING NOT TO SCALE

In the event of a conflict between the legal description of the Grandfathered Easement Area and the diagram thereof, the diagram shall prevail.

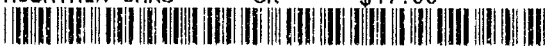
Lot 70

Grandfathered Easement Area: That portion of the Common Area enclosed within the following described boundaries: Beginning at the southeast corner of Lot 70 (assumed to the point of the intersection of the southeastern boundary of Lot 70 with the inside of the curb of Settler’s Run Road), then running northeasterly along the southeastern boundary of Lot 70 a distance of fifty feet to the point of beginning (the “Point of Beginning”), then running a distance of fourteen feet northeasterly along the southeastern boundary of Lot 70, then running a distance of fourteen feet along a line running southeasterly and perpendicular to the southeastern boundary of Lot 70, then running a distance of fourteen feet along a line running southwesterly and parallel with the southeastern boundary of Lot 70, and then running northwesterly along a line to the Point of Beginning.

Grandfathered Improvement(s): Air conditioning unit and shrubs patio



SEP 05 2014

Official Records of Coconino County 3698226
Patty Hansen - Recorder 08/01/2014 03:08 PM Pgs: 42
MOUNTAIN OAKS SR \$47.00


Recorded at the request of:
James D. Atkinson

When recorded mail to:
James D. Atkinson
Carpenter Hazlewood Delgado & Bolen, P.L.C.
1550 Plaza West Drive
Prescott, AZ 86303

SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN OAKS SUBDIVISION

THIS SECOND AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR MOUNTAIN OAKS SUBDIVISION (the "Second Amended and Restated Declaration") is adopted as of the date of its recording in the official records of Coconino County, Arizona.

RECITALS:

A. WHEREAS, on October 11, 1995, Ponderosa Oaks, L.L.C. (the "Declarant") recorded that certain Declaration of Covenants, Conditions and Restrictions for Mountain Oaks Subdivision as Instrument No. 95-29242, Docket 1811, Page 299, in the official records of Coconino County, Arizona (the "Original Declaration").

B. WHEREAS, on February 22, 1996, the Declarant recorded that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for Mountain Oaks Subdivision as Instrument No. 96-05803, Docket 1849, Page 845, in the official records of Coconino County, Arizona (the "First Amended and Restated Declaration") which amended and restated the Original Declaration.

C. WHEREAS, pursuant to Section 11.15(A) of the First Amended and Restated Declaration, amendments to the First Amended and Restated Declaration require the affirmative written assent or vote of not less than fifty-one percent (51%) of the voting power of the Members.

D. WHEREAS, by executing this Second Amended and Restated Declaration, the undersigned Members who constitute more than fifty-one percent (51%) of the voting power of the Members intend to amend and restate the First Amended and Restated Declaration as hereinafter set forth.

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

SECOND AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
MOUNTAIN OAKS SUBDIVISION

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GENERAL

The Real Property shall hereafter be held, transferred, sold, conveyed, leased, occupied and used subject to the covenants, conditions, restrictions, liens, assessments, easements, privileges and rights hereinafter set forth, all of which shall run with the land and be binding upon the Real Property and all parties having or acquiring any right, title or interest in or to the Real Property, or any part thereof, and shall inure to the benefit of each Owner thereof, the Association and each Member of the Association.

ARTICLE 1

DEFINITIONS

Unless the context clearly requires otherwise, the following terms used in this Declaration are defined as follows. Defined terms should appear throughout this Declaration with the initial letter of such term capitalized.

1.1 "Architectural Committee" means the Architectural Committee or Committees established by the Board pursuant to Article 7 of this Declaration.

1.2 "Architectural Rules" means the rules, guidelines, standards and procedures adopted by the Architectural Committee (which may be amended from time to time) governing architectural control of the Project.

1.3 "Articles" means the Articles of Incorporation of the Association, which have been, or will be, filed in the Office of the Corporation Commission of the State of Arizona, as such Articles may be amended from time to time, or of any successor thereto.

1.4 "Assessments" means the charges levied and assessed pursuant to Article 5 of this Declaration.

1.5 "Association" means the Mountain Oaks Townhouses Homeowners' Association, an Arizona nonprofit corporation, its successors and assigns.

1.6 "Association Rules" means the rules and regulations which may be adopted by the Association pursuant to Section 3.4 of this Declaration, as such rules may be amended from time to time.

1.7 "Board" means the Board of Directors of the Association.

1.8 "Bylaws" means the Bylaws of the Association (or of any successor thereto) adopted in accordance with the Articles, as such Bylaws may be amended from time to time.

1.9 "City" means the City of Flagstaff, Arizona.

1.10 "Common Area" means all real property, and the Improvements thereon, owned by the Association, within easements granted to the Association, or leased from time to time by the Association, for the common use and enjoyment of the Members, including, without limitation, Tract A on the Plat which is identified as a "Private Drive" and Tract B on the Plat which is identified as "Open Space". Declarant has conveyed the Common Area described on Exhibit B to the Association free of all liens and encumbrances except current real property taxes (which taxes shall be prorated as of the date of

conveyance), title exceptions of record, and the instrument which conveys the Common Area to the Association.

1.11 "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves deemed appropriate by the Board.

1.12 "Declarant" means Ponderosa Oaks, L.L.C., an Arizona limited liability company.

1.13 "Declaration" means this Declaration of Covenants, Conditions and Restrictions, as it from time to time may be amended.

1.14 "Default Rate of Interest" means eighteen percent (18%) per annum.

1.15 "Dwelling Unit" means any building or portion of a building situated upon a Lot designed and intended for use and occupancy as a residence by a Single Family.

1.16 "Improvement(s)" means each and every physical improvement of any kind whatsoever to any portion of the Real Property, including, but not limited to, any excavation, grading, fill work, building, Dwelling Unit, walkway, driveway, road, parking area, wall, fence, swimming pool, utility installation, drainage facility, stairway, patio, courtyard, pole, sign, or any trees, grass, plants, shrubs or other landscaping and any and all components of any of the foregoing (including, but not limited to, exterior paint, texture, color and finish scheme) and any and all modifications, alterations of, or additions to, any of the foregoing.

1.17 "Lot" means a portion of the Project intended for independent ownership and use and designated as a "Lot" on the Plat and any Improvements thereon.

1.18 "Member" means every Person who qualifies for membership in the Association pursuant to Article 4 of this Declaration.

1.19 "Mortgage" means any duly recorded mortgage or deed of trust encumbering a Lot. A First Mortgage shall refer to a Mortgage which has priority over any other Mortgage encumbering a specific Lot.

1.20 "Mortgagee" means the mortgagee or beneficiary under any Mortgage. A First Mortgagee shall mean the holder of a Mortgage that has priority over any other Mortgage encumbering a Lot.

1.21 "Owner" means one or more Persons who are alone or collectively the record owner of fee simple title to a Lot or the vendee under an installment land sales contract, but excluding those having any such interest merely as security for the performance of an obligation. The Owner of the fee title and not the lessee of such Lot shall be deemed the Owner regardless of the term of the lease.

1.22 "Party Wall" means each wall which is located along the boundary line between two (2) adjoining Dwelling Units and/or two (2) adjoining Lots.

1.23 "Person" means an individual, corporation, partnership, trustee or other entity capable of holding title to real property, and their respective heirs, successors and assigns.

1.24 "Plat" means the Final Plat of Mountain Oaks Subdivision, as recorded in the Official Records of Coconino County, Arizona, on October 11, 1995, at Case 6, Map 48, 48A and 48B, and the Final Plat for the Replatting of Mountain Oaks, Lots 17 through 28, as recorded in the Official Records of

Coconino County, Arizona, on April 8, 1998, at Case 7, Map 64, in each case as thereafter amended or supplemented.

1.25 "Project" means the Real Property.

1.26 "Purchaser" means any Person who by means of a voluntary transfer becomes the Owner of a Lot.

1.27 "Real Property" or "Property" means all the real property located in Coconino County, Arizona, which is described on Exhibit A attached hereto, together with all Improvements located thereon or to be located thereon and all easements, rights and appurtenances belonging thereto.

1.28 "Residence" means any subdivided Lot shown on the Plat, together with the residential Dwelling Unit, garage, patio and other Improvements thereon and all rights and easements appurtenant thereto granted pursuant to this Declaration and to the deed of conveyance.

1.29 "Single Family" means a group of one or more persons each related to the other by blood, marriage or legal adoption, or a group of not more than three persons not all so related, together with their domestic servants, who maintain a common household.

1.30 "Visible From Neighboring Property" means, with respect to any given object, that such object is or would be visible to a person six feet tall, standing on any part of such neighboring property (which may include a Lot or any portion of the Common Area) at an elevation no greater than the elevation of the base of the object being viewed.

ARTICLE 2

DESCRIPTION OF PROPERTY SUBJECT TO DECLARATION

2.1 Description of Project. The Project shall be composed of the Real Property described in Exhibit A attached hereto, together with all Improvements located thereon or to be located thereon and all easements, rights and appurtenances belonging thereto.

2.2 Name of Project. The Project shall be referred to as Mountain Oaks Subdivision.

ARTICLE 3

THE ASSOCIATION

3.1 General Duties and Powers. In addition to the duties and powers provided by law and enumerated in its Articles and Bylaws, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall have the specific duties and powers specified in this Part.

3.2 General Duties of the Association. The Association, through its Board, shall have the duty and obligation to:

A. Maintain and otherwise manage the following:

(i) the Common Area and all Improvements thereon in which the Association holds an interest, subject to terms of any instrument transferring such interest to the Association;

(ii) all personal property in which the Association holds an interest, subject to the terms of any instrument transferring such interest to the Association; and

(iii) all property, real or personal, which the Association is obligated to repair or maintain pursuant to this Declaration or hereafter agrees to repair or maintain.

B. Pay all real and personal property taxes and other charges assessed to or payable by the Association.

C. Obtain for the benefit of the Common Area, snow removal, sewer, electric and other services.

D. Establish an Architectural Committee to govern issues set forth in this Declaration as being within the purview of the Architectural Committee as well as other issues the Board deems suitable for the Architectural Committee.

E. Perform the maintenance obligations, obtain and maintain in force and effect the policies of insurance and perform such other obligations of the Association as set forth in this Declaration.

3.3 General Powers of the Association. The Association, through its Board, shall have the power but not the obligation to:

A. Enforce the provisions of this Declaration, the Articles, Bylaws, Association Rules and Architectural Rules by appropriate means and carry out the obligations of the Association hereunder.

B. Employ a manager or other persons and contract with independent contractors or managing agents who have professional experience in the management of residential developments similar to the Project, to perform all or any part of the duties and responsibilities of the Association.

C. Acquire interests in real or personal property for offices or other facilities that may be necessary or convenient for the management of the Project, the administration of the affairs of the Association or for the benefit of the Members.

D. Borrow money as may be needed in connection with the discharge by the Association of its powers and duties.

E. Provide maintenance of other items to the extent determined desirable by the Board.

F. Negotiate and enter into contracts with mortgage insurers and guarantors as may be necessary or desirable to facilitate the availability of loans secured by Mortgages within the Project.

G. Perform such other duties and functions as are necessary or customary in the management of the Association and the Common Areas.

3.4 Association Rules. The Board shall be empowered to adopt, amend, or repeal such rules and regulations as it deems reasonable and appropriate (the "Association Rules"), binding upon all Persons subject to this Declaration and governing the use and/or occupancy of the Common Area or any other part of the Project. The Association Rules may include the establishment of a system of fines and penalties enforceable as Special Assessments. The Association Rules shall govern such matters in furtherance of the purposes of the Association, including, without limitation, the Common Area, provided, however, that the Association Rules may not discriminate among Owners except as expressly provided or permitted herein, and shall not be inconsistent with this Declaration, the Articles or Bylaws. The Association Rules shall have the same force and effect as if they were set forth in and were part of this Declaration and shall be binding on the Owners and all other Persons having any interest in, or making any use of, the Real Property, whether or not actually received thereby. The Association Rules, as adopted, amended or repealed, shall be available to each Owner upon request. In the event of any conflict between any provision of the Association Rules and any provisions of this Declaration or the Articles or Bylaws, the provisions of this Declaration, the Articles or Bylaws shall prevail.

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

3.6 Non-Liability of Officials. To the fullest extent permitted by law, neither the Board, or any other committees of the Association nor any member thereof, or any directors or officers of the Association, shall be liable to any Owner, tenant, the Association or any other person for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, inaction, omission, error, negligence or the like made in good faith and which the Board, or such committees or persons reasonably believed to be within the scope of their respective duties.

3.7 Easements. In addition to the blanket easements granted in Article 8 hereof, the Association is authorized and empowered to grant upon, over, across, through or under Common Area owned or controlled by the Association such permits, licenses, easements, and rights-of-way for sewer lines, water lines, underground conduits, storm drains, television cable and other similar public or private utility purposes, roadways or other purposes as may be reasonably necessary and appropriate for the orderly maintenance, preservation and enjoyment of the Common Area or for the preservation of the health, safety, convenience and welfare of the Owners, provided that any damage to a Lot resulting from such grant shall be repaired by the Association at its expense.

3.8 Accounting. The Association, at all times, shall keep, or cause to be kept, true and correct records of account in accordance with generally accepted accounting principles, and, subject to applicable statutes, shall have available for the inspection of all Owners at reasonable times during regular business

hours. Such books which shall specify in reasonable detail all expenses incurred and funds accumulated from assessments or otherwise.

3.9 Records. Subject to applicable statutes, the Association shall, upon reasonable written requests and during reasonable business hours, make available for inspection by each Owner the books, records and financial statements of the Association together with current copies, as amended from time to time, of this Declaration and the Articles, Bylaws and Association Rules.

3.10 Delegation of Powers. The Association shall have the right, according to law, to delegate to committees, officers, employees, professional management companies or agents any of its duties and powers under this Declaration, the Articles, Bylaws and Association Rules; provided, however, no such delegation to a professional management company or otherwise shall relieve the Association of its obligation to perform any such delegated duty.

ARTICLE 4

MEMBERSHIP IN THE ASSOCIATION

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

4.2 Transfer. The membership held by any Owner shall not be transferred, pledged or alienated in any way, except upon transfer or conveyance of ownership of a Lot. The Association shall have the right to record the transfer upon the books of the Association without any further action or consent by the transferring Owner. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. Any transfer or conveyance of ownership of a Lot shall operate to transfer the membership appurtenant to the Lot to the new Owner thereof.

4.3 Voting Rights. An Owner's right to vote shall vest immediately upon taking title to such Owner's Lot. All voting rights shall be subject to the restrictions and limitations provided herein and in the Articles, Bylaws and Association Rules.

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

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

4.6 Suspension of Voting Rights. In the event any Owner is in arrears in the payment of any Assessments or other amounts due under any of the provisions of this Declaration, the Articles, Bylaws, Association Rules or Architectural Rules for a period of fifteen (15) days, said Owner's right to vote as a Member of the Association shall be suspended and shall remain suspended until all payments, including accrued interest and attorneys' fees, are brought current. In the event any Owner is in default of any non-monetary obligation of this Declaration, the Articles, Bylaws, Association Rules or Architectural Rules, and remains in default for more than fifteen (15) days after notice from the Association to cure same, said Member's right to vote shall be suspended until said default is cured.

ARTICLE 5

COVENANT FOR ASSESSMENT

5.1 Creation of the Lien and Personal Obligation. Each Owner of any Lot by acceptance of a deed or other conveyance by which such Owner becomes the Owner of a Lot, whether or not it shall be so expressed in any such deed or other conveyance, is deemed to covenant and agree to pay to the Association Annual Assessments and Special Assessments, such Assessments and/or other fees to be fixed, established and collected from time to time as provided in this Declaration. Such Assessments and/or other fees, together with interest thereon, late charges, attorneys' fees, court costs, and other costs of collection thereof, shall be a continuing lien upon the Lot against which each such Assessment is made and shall also be the personal obligation of the Owner of such Lot at the time when such Assessment and/or other fees become due. The personal obligation for delinquent Assessments shall not pass to the successors in title of the Owner unless expressly assumed by them.

5.2 Purpose of Assessment. The Assessments levied by the Association shall be used exclusively for (a) the operation and management of the Association, (b) the enforcement of the Architectural Rules and related guidelines, and to otherwise enforce the terms, covenants and conditions set forth in this Declaration, the Articles, the Bylaws or Association Rules, (c) payment of Common Expenses in connection with the upkeep, maintenance and improvement of the Common Area and such portion of the Lots and such Improvements located thereon as the Association is obligated to maintain under the provisions of the Declaration, and/or (d) promotion of the recreation, health, safety and welfare of the Owners and residents of Lots within the Real Property.

5.3 Annual Assessments.

A. In order to provide for the operation and management of the Association and to provide funds for the Association to pay all Common Expenses and to perform its duties and obligations under this Declaration, the Board, for each fiscal year of the Association, shall assess against each Lot an Annual Assessment.

B. The Annual Assessment, together with any Supplemental Assessment, levied during any fiscal year shall not exceed the maximum Annual Assessment for such fiscal year which shall be determined as follows:

(i) Until June 1 of 2014, the maximum Annual Assessment for each Lot shall be \$1,650.00.

(ii) Starting June 1, 2014, the Board may, without a vote of the membership of the Association, increase the maximum Annual Assessment during each fiscal year of the Association by the greater of (i) an amount proportional to the amount of increase during the prior fiscal year in the Consumer Price Index for All Urban Consumers, U.S. City Average (1982 - 84 = 100), published by the United States Department of Labor, Bureau of Labor Statistics, or in the event said index ceases to be published, by any successor index recommended as a substitute therefore by the United States government, or if none, the most reasonably comparable index available as determined by the Board, or (ii) five percent (5%). The Board may fix the Annual Assessment at any amount not in excess of the maximum Annual Assessment.

(iii) Starting June 1, 2014, the maximum Annual Assessment may be increased by an amount greater than the maximum increase allowed pursuant to subsection 5.3.B.(ii) above only with the approval of Members representing at least two-third (2/3) of the votes entitled to be cast by Members who are voting in person or by absentee ballot at a meeting duly called for such purpose.

5.4 Supplemental Assessments. In the event the Board shall determine that its funds budgeted or available in any fiscal year are or will become inadequate to meet all expenses of the Association, for any reason, including, without limitation, nonpayment of Assessments by the Members, it shall determine the approximate amount of such inadequacies for such fiscal year and prepare a supplemental budget and, subject to the limitations set forth in subsection 5.3.B, may levy a Supplemental Assessment against each Lot in such amount as the Board deems necessary in order to obtain the amount of such inadequacies. Notice of any such Supplemental Assessment shall be given to each Owner. The Supplemental Assessment shall be paid on such dates and in such installments as may be determined by the Board.

5.5 Special Assessments.

A. In addition to the Annual Assessment and Supplemental Assessment, the Association may levy a Special Assessment for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital Improvement of the Common Area, including fixtures and personal property related thereto, the operation and management of the Association, the enforcement of the Architectural Rules and related guidelines and to otherwise enforce the terms, covenants and conditions set forth in this Declaration, the Articles, the Bylaws or Association Rules, and/or for any other lawful Association purpose, provided that, unless otherwise provided herein, any such Special Assessments shall have the assent of Members having at least two-thirds (2/3) of the votes entitled to be cast by Members who are voting in person or by absentee ballot at a meeting duly called for such purpose. A Special Assessment shall be paid on such dates and in such installments as may be determined by the Board.

B. A Special Assessment may also be a charge against a particular Owner and his Lot directly attributable to the Owner, to reimburse the Association for costs incurred in bringing the Owner and/or his Lot into compliance with the provisions of this

Declaration, the Articles, Bylaws, Association Rules and/or Architectural Rules, or any other charge designated as a Special Assessment in this Declaration, the Articles, Bylaws, Association Rules and/or Architectural Rules, together with attorneys' fees and other charges payable by such Owner, pursuant to the provisions of the Declaration, plus interest thereon as provided for in this Declaration.

5.6 Notice and Quorum for Any Action of Assessment. Written notice of any meeting called for the purpose of taking any action authorized under Sections 5.3, 5.4 or 5.5(A) shall be sent to all Members not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence of Members in person or by absentee ballots entitled to cast sixty percent (60%) of all the votes of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the quorum required at the first meeting (e.g., or thirty percent (30%) of all the votes of Members). No such subsequent meeting shall be held more than fifty (50) days following the preceding meeting.

5.7 Uniform Rate of Assessment. Annual, Supplemental Assessments and Special Assessments levied pursuant to Section 5.5.A must be fixed as a uniform rate for all Lots.

5.8 Date of Commencement of Assessments; Due Dates. The Annual Assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of such Lot by the Declarant to a Purchaser. The Board may require that the Annual Assessment be paid in full at the beginning of the fiscal year of the Association or at such other time as shall be designated by the Board, or the Board may require that the Annual, Supplemental or Special Assessments be paid in installments. The Board shall fix the amount of the Annual Assessment against each Lot at least thirty (30) days in advance of the fiscal year, and the Annual Assessment for the current fiscal year shall remain in effect until the thirtieth (30th) day after the Board fixes the Annual Assessment for the next fiscal year. Written notice of the Annual Assessment shall be sent to every Owner subject thereto prior to the commencement of the fiscal year; provided, however, that failure to give such notice shall not affect the validity or enforceability of the Assessment as fixed by the Board. Unless otherwise specified by the Board, Special and Supplemental Assessment shall be due thirty (30) days after they are levied by the Association and notice of the Assessment is sent to each Owner, provided, however, that failure to give such notice shall not affect the validity or enforceability of the Assessment as fixed by the Board.

5.9 Effect of Nonpayment of Assessments. Any Assessment, or any installment of any Assessment, not paid within thirty (30) days after the Assessment, or the installment of the Assessment, first became due shall be deemed delinquent and shall bear interest from the due date at the Default Rate of Interest. Each Owner shall also pay a late charge as established by the Board for each delinquent Assessment or installment of an Assessment. The Association shall have a lien on each Lot for: (i) all Assessments levied against the Lot; (ii) all interest, late charges and lien fees charged against the Lot or payable by the Owner of the Lot; (iii) all attorneys' fees, court costs, title report fees, costs and fees charged by any attorney or collection agency, to the Association and any other fees and costs incurred by the Association in collecting or attempting to collect Assessments or other amounts due to the Association by the Owner of the Lot; and (iv) any other amounts payable to the Association by the Owner of the Lot. The recording of this Declaration constitutes record notice and perfecting of the Assessment lien of the Association. The Association may, at its option, record a Notice of Claim of Lien which shall set forth (a) the name of the delinquent Owner as shown on the records of the Association, (b) the legal description, street address and number of the Lot against which the claim of lien is made, (c) the amount claimed as of the date of the recording of the notice, including interest, collection costs, late charges, lien recording fees and attorneys' fees, and (d) the name and address of the Association. The Association's lien priority shall relate back to the date of recordation of this Declaration and shall have priority over all liens or claims

created subsequent thereto, except for tax liens for real property taxes on the Lot, assessments on the Lot in favor of any municipal or other governmental body and the liens which are specifically described in Section 5.10 of this Declaration.

Before recording a Notice of Claim of Lien against any Lot, the Association shall present to the defaulting Owner a written demand for payment. Said demand shall state the date and amount of the delinquency. Each default shall constitute a separate basis for a demand or claim of lien, but any number of defaults may be included within a single demand or claim of lien. If such delinquency is not paid within ten (10) days after delivery of such demand, the Association may proceed with recording a Notice of Claim of Lien against the Lot of the defaulting Owner. The Board may assess a lien fee in such amount as may be set by the Board against the Owner of any Lot against which the Association records a Notice of Claim of Lien. The Association shall not be obligated to release any lien recorded pursuant to this Section until all delinquent Assessments, interest, lien fees, late charges, attorneys' fees and all other amounts payable to the Association by the Owner of the Lot against which the Notice of Claim of Lien was recorded have been paid in full whether or not all of such amounts are set forth in the Notice of Claim of Lien.

The Association shall have the right, at its option, to enforce collection of any delinquent Assessments together with interest, late charges, attorneys' fees and any other sums due to the Association in any manner allowed by law or in equity including, but not limited to, (a) bringing an action at law against the Owner personally obligated to pay the delinquent Assessments (such action may be brought without waiving any lien securing any such delinquent Assessments) and/or (b) bringing an action to foreclose its lien against the Lot in the manner provided by law for the foreclosure of a realty mortgage or trust deed. The Association shall have the power to bid at any foreclosure sale and to purchase, acquire, hold, lease, mortgage and convey any and all Lots purchased at such sale.

5.10 Subordination of the Lien to Mortgages. The lien of the Association provided for in this Declaration shall be subordinate to the lien of any First Mortgage. Sale or transfer of any Lot shall not affect the Assessment lien. However, the sale or transfer of any Lot pursuant to judicial or nonjudicial foreclosure of a First Mortgage or any proceeding in lieu thereof, shall extinguish the lien of such Assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot or the new Owner thereof from liability for any Assessments thereafter becoming due or from the lien thereof.

5.11 Exemption of Owner. No Owner of a Lot may exempt himself from liability for Assessments levied against his Lot or for other amounts which he may owe to the Association under this Declaration, the Articles, Bylaws or Association Rules by waiver or by the transfer or abandonment of his Lot.

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

5.13 Unallocated Tax Assessments. In the event that any taxes are assessed against the personal property of the Association, said taxes shall be included in the Assessments made under the provisions of this Article, and, if necessary, a Supplemental or Special Assessment may be levied against the Lots in an amount equal to said taxes, to be paid in two (2) installments, each of which shall be due thirty (30) days prior to the due date of each installment of taxes.

5.14 Maintenance of Reserve Fund. Out of the Annual Assessments, the Association may establish and maintain a reserve fund for the maintenance, repair and replacement of Improvements to the Common Area and such Improvements on the Lots as the Association is obligated to maintain under the provisions of this Declaration, the operation and management of the Association, and the enforcement of the Architectural Rules and related guidelines in this Declaration, the Articles, the Bylaws or Association Rules.

5.15 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.

ARTICLE 6

USE RESTRICTIONS

6.1 Scope. Except as otherwise specified, the provisions of this Article shall apply to all of the Project.

6.2 Residential Use. All Lots shall be used, improved and devoted exclusively to residential use. Each Dwelling Unit constructed on the Real Property may be occupied only by a Single Family.

6.3 No Commercial Use. No part of a Lot shall be used or caused to be used or allowed or authorized in any way, directly or indirectly, for any business, commercial, manufacturing, mercantile, storing, vending, or any nonresidential purpose except that an Owner or other resident of a Dwelling Unit may conduct a business activity within a Dwelling Unit so long as: (i) the existence or operation of the business activity is not apparent or detectible by sight, sound or smell from outside the Dwelling Unit; (ii) the business activity conforms to all applicable zoning ordinances or requirements for the Project; (iii) the business activity does not involve persons coming onto the Lot or the door-to-door solicitation of Owners or other residents in the Project; and (iv) the business activity is consistent with the residential character of the Project and does not constitute a nuisance or a hazardous or offensive use or threaten security or safety of other Owners or residents in the Project, as may be determined from time to time in the sole discretion of the Board. Nothing herein shall be deemed to prevent the leasing of a Dwelling Unit to a Single Family from time to time by the Owner thereof, subject to all of the provisions of this Declaration, the Articles, Bylaws, Association Rules and Architectural Rules. Any Owner who leases his Residence shall promptly notify the Association and shall advise the Association of the term of the lease, the name of each tenant and such other information as required by the Association Rules.

6.4 New and Permanent. All Dwelling Units and other structures on the Property shall be of new and permanent construction, and no structure shall be moved from any location on or off the Property onto any portion of the Property.

6.5 Air Conditioners. No air conditioning units, heating units, compressors, evaporative coolers, or similar equipment shall be constructed or installed on the roof of any Dwelling Unit in the Project.

6.6 Solar Panels. Solar energy devices may be installed subject to reasonable rules adopted and amended by the Association from time to time which do not (i) prevent the installation of the device,

(ii) impair the functioning of the device, (iii) impair the use of the device or (iv) adversely affect the cost of the installation or use of the device. The approval by the Architectural Committee of the solar energy device and the installation thereof must be obtained prior to the commencement of the installation of any such device. Any damage to the roof and/or the exterior of the Dwelling Unit resulting from the installation of the device and any damages caused to the interior of the Dwelling Unit resulting from such installation shall be the sole responsibility of the Owner installing the device and his successors-in-interest. Any Owner that installs a solar energy device on the roof or exterior of their Dwelling Unit and his successors-in-interest shall be responsible (i) for the maintenance of the device, (ii) for any additional maintenance costs incurred by the Association due to the installation thereof, including, without limitation, the additional costs associated with the Association's performance of its maintenance obligations under Section 9.2 of this Declaration, and (iii) upon written notice from the Association, for removing and reinstalling the device as required to allow the Association to perform its maintenance obligations.. Subject to applicable statutes, the Association may refuse to approve the proposed installation of solar energy devices and/or installation methods that are not in compliance with the Architectural Rules and may require the removal of solar energy devices that were installed without such approval or are not in compliance with the Architectural Rules.

6.7 Planting and Landscaping. No planting or landscaping shall be done in the front yard of any Lot without the prior written approval of the Architectural Committee.

6.8 Walls or Fences. Except for Party Walls which divide the Dwelling Units as discussed in Section 9.7, no walls, fences or hedges of any kind shall be permitted on, or around the boundary of, any Lot, or between any Lots in the Project without the prior written consent of the Architectural Committee.

6.9 Outside Speakers and Amplifiers. No radio, stereo or other broadcast units of any kind and no amplifiers or loudspeakers of any kind shall be placed, allowed or maintained outside, or be directed to the outside of any Dwelling Unit.

6.10 Lights. No spotlights, flood lights or other high intensity lighting shall be placed or utilized upon any Lot which in any manner will allow light to be directed or reflected on any other Lot except as may be expressly permitted by the Association Rules or the Architectural Rules.

6.11 Antennae. Antennas one meter or less in diameter or diagonal measurement which are designed for over-the-air reception of signals from direct broadcast satellites ("DBS"), multi-channel multi-point distribution (wireless cable) providers ("MMDS") or television broadcast stations ("TVBS"), together with their associated hardware and mast, if applicable (an "Antenna System") and which are placed, installed or kept on a lot must comply with the following restrictions, unless the particular restriction would impair the user's ability to receive signals from a provider of DBS, MMDS or TVBS (a "Provider"): (1) An Antenna System must be placed on a lot in such a manner as not to be visible from any other lot, the Association common area or any street; (2) If an Antenna System cannot be placed on a lot in such a manner as not to be visible from any other lot, the Association common area or any street without impairing the user's ability to receive signals from a Provider, an Antenna System must be screened by landscaping or some other means so that it is not visible from any other lot, the Association common area or any street, unless screening would impair the user's ability to receive signals from a Provider, in which case an Antenna System must be screened by landscaping or some other means to reduce to the greatest extent possible its visibility from other lots, the Association common area or any street without impairing the user's ability to receive signals from a Provider; (3) If no other location is available without impairing the user's ability to receive signals from a Provider and an Antenna System must be mounted on a residence or other structure and is visible from any other lot, the Association common area or any street, the Antenna System must be painted a color that will blend into the background against which the Antenna System is mounted; (4) Antenna Systems designed to receive

video program services from MMDS or TVBS which require masts to receive an acceptable signal must be mounted on masts which do not exceed twelve feet (12') in height above the roofline, provided that no mast shall be higher than the height necessary to establish a line of sight contact with the transmitter. A restriction contained in this rule shall be deemed to impair a user's ability to receive a signal from a Provider if compliance with the rule would unreasonably delay or prevent installation, maintenance or use of an Antenna System, unreasonably increase the cost of the installation, maintenance or use of an Antenna System or preclude reception of an acceptable quality signal. No dish which exceeds one meter in diameter or diagonal measurement, or any television or radio antenna or any mast which exceeds twelve feet (12') in height above the roofline may be placed, installed constructed or kept on any Lot without the prior written approval of the Architectural Committee. Any damage to the roof and/or the exterior of the Dwelling Unit resulting from the installation of an antenna and any damages caused to the interior of the Dwelling Unit resulting from such installation shall be the sole responsibility of the Owner of the Dwelling Unit and his successors-in-interest. Any Owner that installs an antenna on the roof or exterior of their Dwelling Unit and his successors-in-interest shall be responsible (i) for the maintenance of the antenna, (ii) for any additional maintenance costs incurred by the Association due to the installation thereof, including, without limitation, the additional costs associated with the Association's performance of its maintenance obligations under Section 9.2 of this Declaration and (iii) upon written notice from the Association, for removing and reinstalling the antenna as required to allow the Association to perform its maintenance obligations.

6.12 Utility Service. Except as approved in writing by the Architectural Committee, no lines, wires, or other devices for the communication or transmission of electronic current or power, including telephone, television, and radio signals, shall be erected, placed or maintained anywhere in or upon the Lot unless the same shall be contained in conduits or cables installed and maintained underground or concealed in, under or on buildings or other structures approved by the Architectural Committee. No provision hereof shall be deemed to forbid the erection of temporary power or telephone structures incident to the construction of Dwelling Units or other structures approved by the Architectural Committee.

6.13 Out Buildings and Temporary Structures. No out building or structure of a temporary character, trailer, basement of an incomplete building or Dwelling Unit, tent, shack, dog kennel, dog house, detached garage or other out-building shall hereafter be constructed, placed or kept on a Lot.

6.14 Drainage. No Owner shall erect, construct, maintain, permit or allow any fence or other Improvement or other obstruction (a) which would interrupt the normal drainage of the land or (b) within any area designated on the Plat (or other building document) as a "Drainage Easement".

6.15 Machinery and Equipment. No machinery or equipment of any kind shall be placed, operated or maintained upon or adjacent to any Lot or other Real Property except such machinery or equipment as is usual and customary in connection with the use, maintenance or construction of a Dwelling Unit, appurtenant structures, or other Improvements and except which the Association may require for the operation and maintenance of the Common Areas and the Real Property.

6.16 Signs. No emblem, poster, advertisement, logo, sign or billboard of any kind, including, but not limited to, "For Sale" or "For Rent" signs, shall be displayed on any Lot without the prior written approval of the Architectural Committee; except for the following signs: (i) one "for sale" sign and one "for lease" sign may be posted on the Lot, which conforms with industry standards: not to exceed 18" x 24" plus a "rider" not to exceed 6" x 24". All "for sale" signs and "for lease" signs must be commercially produced; (ii) temporary open house signs may be displayed on a Lot as permitted by A.R.S. §33-1808, as amended, and by any successor statute thereto, provided, however, open houses shall not be held before 8:00 a.m. or after 6:00 p.m.; (iii) any signs as may be required by legal proceedings; (iv) such signs as are

approved by the Architectural Committee; and (v) political signs maybe displayed on a Lot subject to the following: Political signs may be displayed not more than seventy-one (71) days prior to any election. Political signs must be removed within three (3) days after an election day. The total political sign area cannot exceed the maximum size limit established from time to time by applicable City ordinances. All political signs must be commercially produced. No signs may be displayed on the Common Area.;

6.17 Clothes Drying Area. No portion of any Lot shall be used as a drying or hanging area for laundry of any kind.

6.18 Window Covers. 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 Unit or other structure. Exterior awnings, canopies, shutters and similar items may not be installed without prior written approval of the Architectural Committee.

6.19 Vehicles. Except with the prior approval of the Architectural Committee, no mobile home, motor home, trailer, truck with a capacity of 3/4 tons or more, camper, boat or other type of recreational vehicle shall be kept, placed, parked, maintained, constructed, reconstructed or repaired within the Project. The provisions of this Section shall not apply to emergency vehicle repairs, periodic social gatherings, the loading or unloading of household articles, or temporary construction shelters or facilities maintained during, and used exclusively in connection with, the construction of any Improvement approved by the Architectural Committee. The Board may adopt rules for the regulation of the admission and parking of vehicles within the Project including the assessment of charges to Owners who violate or whose invitees violate such rules. Any charges so assessed shall be Special Assessments against Owners committing such violations. The Association may remove, or cause to be removed, any unauthorized vehicle at the expense of the owner thereof in any manner consistent with law.

6.20 Animals. No animals, including horses or other domestic farm animals, fowl, or poisonous reptiles of any kind, may be kept, bred or maintained within the Project, except a reasonable number of generally recognized household pets and in accordance with the Association Rules. No animals shall be kept, bred or raised within the Project for commercial purposes. In no event shall any domestic pet be allowed to run freely outside its Owner's Lot without a leash, or so as to create a nuisance. No animals shall be allowed to make an unreasonable amount of noise, or to become a nuisance. No structure for the care, housing or confinement of any animal shall be maintained so as to be Visible from Neighboring Property. Upon the written request of any Owner, the Board shall determine whether, for the purposes of this Part, a particular animal is a generally recognized house or yard pet or a nuisance, or whether the number of animals exceeds the maximum number permitted. Any decision rendered by the Board shall be enforceable in the same manner as other restrictions contained in this Declaration.

6.21 Garbage, Trash, Debris and Hazardous Materials. No rubbish, hazardous materials, or debris of any kind shall be placed, stored, or permitted to accumulate upon or adjacent to any Lot or other portion of the Project and no odors shall be permitted to arise therefrom, so as to render any such Lot or any portion of the Project unsanitary, unsightly, offensive or detrimental to any other Lot or other portion of the Project or to its occupants. No garbage or trash shall be placed or kept on any Lot or other portion of the Project except in covered containers of a type, size and style which are approved by the Architectural 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. The Board shall have the right, in its sole discretion, to require all Owners to place their garbage or trash containers at a specific location for collection or to require all Owners to subscribe to a trash collection service. All rubbish, trash and garbage shall be removed from the Lots or other portion of the Project and shall not be allowed to accumulate thereon. No

incinerators shall be kept or maintained on any Lot or other portion of the Project. No garbage or trash containers shall be kept or placed on any grass or other landscaped area within the Project.

6.22 Fires. Other than barbecues in properly constructed barbecue pits or grills, and fire pits in compliance with the Association Rules and the Architectural Rules, or as otherwise expressly permitted in such rules, no open fire shall be permitted on a Lot or other portion of the Project nor shall any other similar activity or condition be permitted.

6.23 Diseases and Insects. No Owner shall permit anything or condition to exist upon any property which shall induce, breed or harbor infectious plant diseases or noxious insects.

6.24 Mining. No portion of the Project shall be used in any manner to explore for or remove any water, oil or other hydrocarbons or minerals of any kind or earth substance of any kind.

6.25 Encroachments. No tree, shrub, or planting of any kind on any Lot or other part of the Property 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 twelve (12) feet, without the prior approval of the Architectural Committee.

6.26 Slopes and Trees. No tree may be removed at any time from the Property without approval of the Architectural Committee and the City. Removal of any such tree could result in civil and criminal penalties by the City. As indicated on the Plat, the Association has an obligation to preserve the trees and slopes of portions of Tract B, and the Owners of Lots 31, 32, 53 and 54 also have obligations to preserve the existing trees and slopes on said Lots.

6.27 Improvements, Alterations and Architectural Control. All Real Property within the Project is subject to Architectural Rules and other rules and requirements of the Board. No Improvements may be constructed or installed on any Real Property within the Project and no construction, alterations, repairs, excavations, grading, landscaping or other work which in any way alters the exterior appearance of any Real Property within the Project, the Dwelling Unit or other Improvements located thereon from its state existing on the date such property was first conveyed in fee by Declarant to an Owner shall be made or done without the prior written approval of the Architectural Committee. All additions to or changes or alterations in any landscaping, building, Dwelling Unit, fence, wall or other structure or Improvement, including exterior color scheme, shall be subject to the prior written approval of the Architectural Committee. No change or deviations in or from such plans and specifications once approved shall be made without the prior written approval of the Architectural Committee. All decisions of the Architectural Committee shall be final and no Owner or other Person shall have recourse (other than by any appeal procedure of the Architectural Committee) against the Architectural Committee or members thereof for its refusal to approve any such plans and specifications or plot plans.

6.28 Nuisances. No Owner shall permit or suffer anything to be done or kept about or within his Lot or on or about the Project, which may cause the insurance to be canceled or the premiums of such insurance to be increased for any Lot or other portion of the Project, or which may obstruct or interfere with the rights of other Owners, or annoy them by reasonable noises or otherwise, nor will he commit or permit any nuisance or commit or suffer any illegal act to be committed therein. Each Owner shall comply with the Association Rules and the requirements of all health authorities and other governmental, authorities having jurisdiction over the Project. The Board in its sole discretion shall have the right to determine the existence of any such nuisance.

6.29 Clean, Neat and Safe Condition. Without limiting any other provision in this Section, each Owner shall maintain and keep his Lot and Dwelling Unit at all times in a neat, clean, 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. Each Owner shall prevent the buildup of ice or ice dams on the roof of his Dwelling Unit and shall be responsible for ice and snow removal on all driveways and walkways on his Lot.

6.30 Variances. The Board may, at its sole option and in extenuating circumstances, grant variances from restrictions set forth in this Article 6 of this Declaration if the Board determines, in its sole discretion:

A. That either (i) enforcement of a particular restriction would create a substantial hardship or burden on an Owner or occupant, or (ii) a change of circumstances since the recordation of this Declaration has rendered such restriction obsolete; and

B. That the activity permitted under the variance will not have any substantial adverse effect on the Owners and occupants and is consistent with the high quality of life intended for residents of the Project.

6.31 Further Subdivisions: Timeshares. No Lot shall be further subdivided or separated into smaller lots by any Owner, and no portion less than all of any Lot shall be conveyed or transferred by an Owner without the prior written approval of the Board. Neither the ownership nor occupancy of any Lot shall be in timeshares. No Owner shall transfer, sell, assign or convey any timeshare in his Lot and any such transaction shall be void. Timeshare as used in this Section shall mean the right to occupy a Dwelling Unit or any one of several Dwelling Units during five (5) or more separated time periods of less than thirty (30) days per period over a period of at least five (5) years, including renewable options, whether or not coupled with an estate or interest in Real Property or a specified portion of a Dwelling Unit.

6.32 Enforcement. The Association or its authorized agents may, upon reasonable written notice, enter any Lot in which a violation of these restrictions exists and may correct such violation at the expense of the Owner of such Lot. Such expenses, and such fines as may be imposed pursuant to this Declaration, the Bylaws or Association Rules, shall be a Special Assessment secured by a lien upon such Lot enforceable in accordance with the provisions of Article 5 hereof. All remedies available at law or equity shall be available in the event of any breach of any provision of this Article by any Owner, tenant or other person.

6.33 Modification. The Board may modify or waive the foregoing restrictions contained in this Article 6 or otherwise restrict and regulate the use and occupancy of the Project, the Lots and the Dwelling Units by reasonable rules and regulations of general application adopted by the Board from time to time which shall be incorporated into the Association Rules.

ARTICLE 7

ARCHITECTURAL COMMITTEE

7.1 Establishment. The Architectural Committee shall consist of a minimum of three (3) members. The members shall be appointed and removed by the Board. The members of the Architectural Committee need not be architects, Owners or occupants, and do not need to possess any special qualifications. Architectural Committee members shall serve for a term of one (1) year and may be reappointed or re-elected; provided that such members may be removed by the Board at any time during their term of office, with or without cause. Upon removal of a member of the Architectural Committee,

the Board shall appoint a replacement member of the Architectural Committee as soon as possible, such that Architectural Committee consists of the minimum number of members designated in this Section 7. I.

7.2 Meetings. The Architectural Committee shall hold meetings as are reasonably required to address the needs of the Owners. A quorum for such meetings shall consist of a majority of the members of the Architectural Committee, and the affirmative vote of a majority of the members present at any meeting at which a quorum is present shall be necessary for any decision of the Architectural Committee. The Architectural Committee shall keep and maintain a record of all actions taken at its meetings.

7.3 Architectural Rules and Committee Procedures. The Architectural Committee may promulgate written Architectural Rules to be followed by Owners in preparing and submitting plans and specifications and which will be used by the Architectural Committee in reviewing plans and specifications for proposed Improvements or modifications of Improvements, in rendering its decisions and otherwise performing its functions under this Declaration. The decision of the Architectural Committee shall be final on all matters submitted to it pursuant to this Declaration. The Architectural Rules shall not be inconsistent with the terms of this Declaration and if there are any inconsistencies, the provisions of this Declaration shall control.

7.4 Fee. The Architectural Committee may establish reasonable processing fees to defray its costs in considering and requests for approvals submitted to it. The appropriate fee shall be paid by the Owner at the time the request for approval is submitted.

7.5 Compensation Delegations. Unless authorized by the Board, the members of the Architectural Committee shall not receive any compensation for services rendered. All members shall be entitled to reimbursement for reasonable expenses incurred by them in connection with the performance of any Architectural Committee function or duty. Professional consultants retained by the Architectural Committee shall be paid such compensation as the Architectural Committee determines and the costs thereof shall be assessed to the Owner submitting the related application. The Architectural Committee may delegate its plan, review responsibilities, except final plan approval, to one or more of its members or to architectural consultants which it retains.

7.6 Non-Liability. None of the Association, the Board members, any member of the Architectural Committee, or any agent, employee or other party providing architectural consulting services to the Architectural Committee shall be liable in damages to anyone submitting plans to it for approval or to any Owner or other person by reasons of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve any plans submitted to the Architectural Committee, and each Owner or other person submitting plans agrees, by submission of such plans and specifications, that he will not bring any action or suit against the Association, the Board members, or the members of the Architectural Committee, or their agents or employees, or parties providing architectural consulting services to the Architectural Committee, to recover damages arising out of or in connection their duties hereunder. Approval by the Architectural Committee shall not be deemed to be a representation or warranty that the Owner's plans and specifications (design, construction or otherwise) are free from hazards, such as flooding, natural disaster or adverse soil conditions or complies with applicable governmental ordinances or regulations, including, but not limited to, rezoning ordinances and local buildings codes. It shall be the sole responsibility of the Owner, or other person submitting plans to the Architectural Committee or performing any construction, to comply with all such ordinances, regulations and codes. Each Owner understands that due to the location and conditions of the Owner's Lot there may be certain inherent risks including, but not limited to, those related to flooding, soil conditions or natural disaster and agrees for himself, his family, guests and invitees (the "Releasing Parties") to release the Association, the Board members and the members of the Architectural Committee and their respective agents, employees and parties providing architectural consulting services to the Architectural

Committee from any and all liability arising from any damage or injury to the person or property of the Releasing Parties arising out of or in connection with such hazards.

ARTICLE 8

EASEMENTS

8.1 Utility Easement. There is hereby created a blanket easement upon, across, over and under the building set back areas and such other portions of the Lots and Common Area which will not have a materially adverse effect on the ability to construct Improvements on any Lot for ingress, egress, installation, replacing, repairing and maintaining all utilities, including but not limited to, water, sewers, natural gas, telephones, electricity and a cable television system. By virtue of this easement, it shall be expressly permissible for the providing utility to erect and maintain any necessary facilities and equipment on the Lots and Common Area. This easement shall in no way affect any other recorded easements on the Lots and Common Area.

8.2 Easement for Encroachments. Each Lot and the Common Area shall be subject to an easement for encroachments created by construction, settling, overhangs, and discrepancies between the Plat and construction, as originally designed or as constructed by Declarant or its agents or contractors. A valid easement for said encroachments and for the maintenance of same, so long as it stands, shall and does exist. In the event a building containing an encroachment is partially or totally destroyed, and then rebuilt, the Owners agree that minor encroachments of parts of the adjacent Dwelling Unit or other building due to construction shall be permitted and that a valid easement for said encroachments and maintenance thereof shall exist. Notwithstanding any provisions in this Section to the contrary, any encroachment permitted by this Section shall not exceed one (1) foot.

8.3 Easement for Encroachments into Minimum Setback Areas. Each Lot, and the minimum required setbacks as shown on the Plat shall be subject to an easement for encroachments created by awnings, canopies, decks, and open porches and balconies not to exceed five (5) feet into front, rear and exterior side yards, and not to exceed two (2) feet into interior side yards; bay windows, open eaves, cornices and windowsills not to exceed two (2) feet., Driveways and their curbs, and walls, may be constructed in minimum setback areas, provided that their installation does not violate any other provisions of this Declaration or applicable law.

8.4 Easements for Ingress and Egress. Easements for ingress and egress are hereby reserved to the Owners, and their families, guests, tenants, and invitees for pedestrian traffic over, through and across sidewalks, paths, walks, streets and lanes as the same from time to time may exist upon the Common Area; and for vehicular traffic over, through and across such portions of the Common Area as from time to time may be paved and intended for such purposes; and for such other purposes reasonably necessary to the use and enjoyment of Lots.

8.5 Association's Right of Entry. During reasonable hours, the Association, any member of the Board or any authorized representative of them, shall have the right to enter upon and inspect any land surrounding any structure on the Real Property, excluding the interior of any Dwelling Unit located thereon, for the purpose of making inspections to determine whether the provisions of this Declaration, the Association Rules and the Architectural Rules are being complied with by each Owner.

8.6 Association's Easement for Performing Maintenance Responsibilities. The Association shall have an easement upon, across, over and under the Common Area and the Lots for the purpose of repairing, maintaining and replacing the Common Area and any other areas which the Association is obligated to maintain pursuant to this Declaration. Each Owner agrees to allow the Association the use of

any exterior water spigot or exterior electrical outlet as required by the Association to maintain the Common Area and the area of that Lot which the Association is obligated to maintain pursuant to this Declaration, with a reasonable charge for such use.

ARTICLE 9

MAINTENANCE

9.1 Maintenance of Common Area by Association. The Association shall be responsible for the maintenance, repair and replacement of the Common Area and shall, without any approval by the Owners and as and when determined appropriate by the Board, do the following:

- A. Reconstruct, repair, replace or refinish any Improvement or portion thereof upon any such area (to the extent that such work is not done by a government entity, if any, responsible for the maintenance and upkeep of such area);
- B. Construct, reconstruct, repair, replace or refinish any portion of the Common Area used as a road, street, walk, driveway or parking area;
- C. Trim, remove and/or replace trees or other vegetation located in any part of the Common Area, and plant trees, shrubs and ground cover in any part of the Common Area;
- D. Place and maintain upon any such Common Area such signs as the Board may deem appropriate for the proper identification, use and regulation thereof; and
- E. Do all such other and further acts which the Board deems necessary to preserve and protect the Common Area and the beauty thereof, in accordance with the general purpose specified in this Declaration.
- F. Notwithstanding the foregoing provisions of this Section 9.1, the Association shall not be responsible for the maintenance, repair and replacement of the any Improvements to the Common Area that have been made by an Owner whether or not such Improvements have been made with the approval of the Architecture Committee.

The Board shall be the sole judge as to the appropriate maintenance of the Common Area.

9.2 Maintenance of the Lots and Dwelling Units by Association. The Association shall be responsible for the maintenance, repair and replacement of only the following portions of the Lots and the Dwelling Units and shall, without any approval by the Owners and as when determined appropriate by the Board, do the following:

- A. subject to the following proviso, reconstruct, repair, replace or refinish the exterior portions of all Dwelling Units, including repair and replacement of exterior building surfaces and roofs (down to and including the roof sheeting boards);provided that notwithstanding the foregoing, the Association shall not reconstruct, repair, replace or refinish party walls, patios, patio walls, privacy walls, porches, porch railings, deck railings, deck surfaces and substructures, railings, driveways, glass surfaces, skylights, window screens, stained doors, garage doors, and any fixtures or additions made by an individual Owner. As used herein, the term "patio wall" shall mean any wall or railing

totally or partially surrounding any portion of a Lot which wall or railing does not constitute an integral portion of three structural exterior walls of the Dwelling Unit; and

B. paint exterior building surfaces, patio walls, party walls, privacy walls, porches and deck and porch railings.

C. maintain the landscaping and irrigation systems in the front yards of Lots (which shall consist of the area from the curb of the street adjacent to the Dwelling Unit to the wall of the Dwelling Unit facing such street); provided that the Owner of the Lot and the Association shall each pay one-half (1/2) of the cost of replacing all dead shrubs, trees and plantings removed from the front yard of their Lot by the Association.

The Board shall be the sole judge as to the appropriate maintenance of such portions of the Lots and Dwelling Units.

9.3 Maintenance of Lots and Common Area by Owners.

A. Except with respect to those portions of the Lots and the Improvements thereon which the Association is explicitly required to maintain pursuant to Section 9.2 of this Declaration, each Owner of a Lot shall be solely responsible for the maintenance, repair and replacement of all portions of his Lot and the Improvements thereon. The Owner of each Lot shall at all times perform his obligations under this Section so that the land and Improvements comprising his Lot shall be in good condition and repair. Such obligations of Owner shall include, without limitation, keeping all shrubs, trees, grass, plantings and landscaping of every kind properly cultivated and free of trash, weeds and other unsightly material on the Lot other than the portions thereof to be maintained by the Association pursuant to Section 9.2 of this Declaration.

B. Each Owner shall be responsible for the maintenance, repair and replacement of the any Improvements to the Common Area made by such Owner or by such Owner's predecessor-in-interest. Upon the written request of the Association, the Owner shall remove any Improvements to the Common Area made by such Owner or by such Owner's predecessor-in-interest without the prior written approval of the Architecture Committee.

C. No maintenance, repair or replacement by an Owner of his Lot or of the Common Area or of the exterior of the Dwelling Unit or of other Improvements located on his Lot or on the Common Area pursuant to this Section 9.3 shall be made or done without the prior written approval of the Architectural Committee.

9.4 Damage or Destruction by Owners. No Owner shall in any way (a) alter, damage or destroy any Common Area, (b) damage or destroy any portion of the Lot or the Improvements thereon to be maintained by the Association pursuant to Section 9.2 of this Declaration or (c) interfere with the activities of the Association in connection therewith. Any expenses incurred by the Association by reason of any such act of an Owner shall be paid by said Owner to the Association upon its demand to the extent that the Owner is liable therefor under Arizona law, and such amounts shall be a lien on any Lot(s) owned by such Owner, and the Association may enforce collection of any such amounts in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

9.5 Nonperformance by Owners. If any Owner fails to maintain any portion of the Lot and Improvements located thereon or the Common Area which he is obligated to maintain under the provisions of this Declaration, the Articles, Bylaws, Association Rules or Architectural Rules, then the Association shall have the right, but not the obligation, to enter upon such Owner's Lot or upon the Common Area to perform the maintenance and repairs not performed by the Owner, and the cost of any such work performed by or at the request of the Association shall be paid for by such Owner upon demand from the Association, and such amounts shall be a lien upon the Owner's Lot, and the Association may enforce collection of such amounts in the same manner and to the same extent as provided in Article 5 of this Declaration for the collection and enforcement of Assessments. In particular, and without limitation, in the event the Owners of two (2) adjoining Lots fail to reconstruct, repair, replace and/or refinish that portion of any Party Wall running from the rear of two (2) adjoining Dwelling Units along the boundary line between the two (2) Lots on which such Dwelling Units are located to the rear boundary lines of such Lots (each, a "Back Yard Party Wall") within sixty (60) days after notice from the Association that such maintenance is required, the Association shall have the right, but not the obligation, to enter upon such Owners' adjoining Lots to perform such reconstruction, repair, replacement and/or refinishing not performed by the Owners of the adjoining Lots, and the cost of any such work performed by the Association shall be assessed against the Owners of the adjoining Lots in accordance with the allocation provisions set forth in Section 9.8, and such amounts shall be a lien on the adjoining Lots owned by such Owners, which the Association may collect and enforce in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

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

9.7 Payment of Utility Charges. Each Lot shall be separately metered for water, sewer, cable television, telephone, gas, and electrical service, and all charges for such service to the Lot shall be the sole obligation and responsibility of the Owner of each Lot.

9.8 Party Walls. The rights and duties of Owners with respect to Party Walls shall be governed by the following provisions:

A. Each wall which is located along the boundary line between two (2) adjoining Dwelling Units and/or two (2) adjoining Lots shall constitute a "Party Wall", and to the extent not inconsistent with this Declaration, the general rules of law regarding party walls shall be applied;

B. The cost of reasonable repair and maintenance of a Party Wall shall be shared by the Owners of the adjoining Lots on which such Party Wall is located in proportion to the use thereof, without prejudice, subject however, to the right of any Owner to require a larger contribution from the Owner of the adjoining Lot under any rule of law regarding liability for negligent or willful acts or omissions;

C. In the event any Party Wall is damaged or destroyed by some cause other than the act of one of the Owners of the adjoining Lots, his agents, tenants, licensees, guests or family (including ordinary wear and tear and deterioration from lapse of time) then, in such event, both such Owners shall proceed forthwith to rebuild or repair the same to as

good condition as formerly at their joint and equal expense subject to the approval of the Architecture Committee;

D. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owners and their successors in title;

E. In addition to meeting the other requirements of this Declaration and of any other building code or similar regulations or ordinances, any Owner proposing to modify, make additions to, or rebuild a Party Wall shall first obtain the written consent of the Owner of the adjoining Lot and the Architecture Committee;

F. In the event of a dispute between Owners of adjoining Lots with respect to the repair or the rebuilding of a Party Wall or with respect to sharing of the cost thereof, then, upon written request of both of such Owners addressed to the Board, the matter shall be submitted for arbitration by the Board under such rules as may from time to time be adopted by the Board. The decision of the Board shall be final and conclusive;

G. The provisions of this Section shall be binding upon the heirs and assigns of any Owners, but no Person shall be liable for any act or omission respecting the Party Wall except such as took place while he was an Owner;

H. In the event any Party Wall encroaches upon a Lot or the Common Area, a valid easement for such encroachment of, and for the maintenance of, the Party Wall shall and does exist in favor of the Owners of the Lots which share such Party Wall;

I. Notwithstanding the foregoing subsections A through H of this Section 9.8, the Association shall reconstruct, repair, replace and refinish that portion of each Party Wall running from the front of two (2) adjoining Dwelling Units along the boundary line between the two (2) Lots on which such Dwelling Units are located to the right-of-way of the street located in front of such Dwelling Units (each, a "Front Yard Party Wall"); provided that all of the costs incurred by the Association in performing such reconstruction, repair, replacement and refinishing (other than the cost of painting the Front Yard Party Wall) shall be assessed against the Owners of such adjoining Lots in accordance with the allocation provisions set forth in this Section 9.8, and such amounts shall be a lien on the Lots owned by the Owners of such adjoining Lots, which the Association may collect and enforce in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

9.9 Maintenance of Private Drive. Should the Association fail to provide for adequate snow removal, maintenance or other matters with respect to Mountain Oaks Drive, which is designated as Tract A on the Plat, and the City determines that a hazard to the residents of the area exists because of such failures, then the City may notify the Association that it is required to remedy the problem. If the Association fails to remedy the hazard, then the City may take such steps as necessary and assess the Owners for the costs incurred in accordance with the number of Lots in the Project. If the hazard is of such a nature so as to create an immediate danger to the safety of the residents, then the City may take the necessary measures to remedy the danger, without notice, and assess the Owners as provided above. If the Owners fail to pay the City's assessment, then the City shall have the right to enforce such payment in the same manner as a property tax lien.

9.10 Easement over Tract A. The employees of the City and public utility companies are hereby granted an easement to travel on Mountain Oaks Drive, designated as Tract A on the Plat, for the purpose of trash removal, snow removal, inspections, utility maintenance, meter reading and other legitimate functions. Any authorized emergency personnel or peace officer may use such street in response to purported need.

ARTICLE 10

INSURANCE

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

A. Property insurance on the Common Area and the Dwelling Units issued under a standard form blanket "All Risk of Direct Physical Loss Form" (but specifically excluding from such coverage all personal property of each Owner located within the Owner's Dwelling Unit) in an amount equal to the maximum insurable replacement value of the Common Area and the Dwelling Units as determined by the Board of Directors; provided, however, that the total amount of insurance after application of any deductibles shall not be less than one hundred percent (100%) of the current replacement cost of the insured property, exclusive of land, excavations, foundations and other items normally excluded from a property insurance policy. Restoration of the foregoing will be replacement according to the original plans and specifications subject to any changes thereto required by the building codes applicable to such restoration on the date of such restoration.

Each Owner shall be responsible for the payment of any and all deductible amounts under the Association's blanket property insurance policy provided by the Association pursuant to this Section 10.1.A in regard to losses to the Owner's Dwelling Unit and Lot. It is the responsibility of each Dwelling Unit Owner to review such Owner's individual insurance to augment the coverage provided by the Association. Each Owner acknowledges that the Owner is responsible for the repair of all damage to such Owner's Dwelling Unit and Lot which is not covered by the Association's blanket property insurance policy or by the Owner's insurance policy. The obligation of the Association to obtain the blanket property insurance policy pursuant to this Section 10.1.A does not alter or amend in any way the respective maintenance, repair and maintenance obligations of the Association and the Owners set forth in this Declaration.

The Association shall have the right, but not the obligation, to allocate the cost of the blanket property insurance policy to be provided by the Association pursuant to this Section 10.1.A among the Members separate from and, in addition to, the Assessments payable by the Members pursuant to this Declaration. Such allocation among the Members may be based upon the respective square footage of each of the Dwelling Units or on such other basis as determined by the Board in its reasonable discretion. As to any fiscal year that the Association makes an allocation of such cost, the Members shall pay their share of such cost at such time or times as determined by the Association. Each Member's payment obligation for their share of such cost shall give rise to a lien against such Owner's Lot, and the Association may enforce collection of any such amounts in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

- B. Comprehensive general liability insurance, including medical payments insurance, in an amount determined by the Board, but not less than \$1,000,000.00. Such insurance shall cover all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Area, and shall also include hired automobile and non-owned automobile coverage with cost liability endorsements to cover liabilities of the Owners as a group to an Owner, and provide coverage for any legal liability that results from lawsuits related to employment contracts in which the Association is a party.
- C. Workers' Compensation insurance to the extent necessary to meet the requirements of the laws of Arizona;
- D. Directors and officers liability insurance in an amount to be determined by the Board; and
- E. Such other insurance as the Board shall determine from time to time to be appropriate to protect the Association or the Owners.
- F. The insurance policies purchased by the Association shall, to the extent reasonably available, contain the following provisions:
- (i) That there shall be no subrogation with respect to the Association, its agents, servants, and employees, with respect to Owners and members of their households;
 - (ii) No act or omission by any Owner, unless acting within the scope of his authority on behalf of the Association, will void the policy or be a condition to recovery on the policy;
 - (iii) That the coverage afforded by such policy shall not be brought into contribution or proration with any insurance which may be purchased by Owners or their Mortgagees or beneficiaries under deeds of trust;
 - (iv) A "severability of interest" endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent acts of the Association or other Owners;
 - (v) The Association shall be named as the Insured;
 - (vi) For policies of hazard insurance, a standard mortgagee clause providing that the insurance carrier shall notify the first mortgagee named in the policy at least ten (10) days in advance of the effective date of any substantial modification, reduction or cancellation of the policy.
- G. An insurer that has issued an insurance policy under this Section 10.1 shall issue certificates or a memorandum of insurance to the Association and, upon request, to any Owner, Mortgagee or beneficiary under a deed of trust. Any insurance obtained pursuant to this Section may not be cancelled until thirty (30) days after notice of the proposed cancellation has been mailed to the Association, each Owner and each mortgagee or beneficiary under deed of trust to whom certificates of insurance have been issued.

10.2 Fidelity Bonds. The Association shall maintain blanket fidelity bonds or employee dishonesty coverage for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of, or administered by, the Association, whether or not they receive compensation for their services. The Association shall require any management agent that handles funds for the Association to maintain its own fidelity bonds. The total amount of fidelity bond coverage shall be based upon the best business judgment of the Board. Fidelity bonds obtained by the Association must also meet the following requirements: (i) The fidelity bonds shall name the Association as an obligee; (ii) The bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions; and (iii) The bonds shall provide that they may not be cancelled or substantially modified (including cancellation from non-payment of premium) without at least ten (10) days prior written notice to the Association and each first Mortgagee.

10.3 Payment of Premiums. The premiums for any insurance obtained by the Association pursuant to this Article shall be included in the budget of the Association and shall be paid by the Association. The amount of any increase in any annual or other insurance premium caused by the use, misuse, occupancy, abandonment or poor maintenance of a Lot, its improvements or appurtenances, by an Owner shall be assessed against that particular Owner, and shall give rise to a lien against such Owner's Lot, which lien may be enforced in the same manner as provided in Article 5 of this Declaration for the collection and enforcement of Assessments.

10.4 Insurance Obtained by Owners. Each Owner shall be responsible for obtaining property insurance for his own benefit and at his own expense covering his Lot, Dwelling Unit and all improvements and personal property located therein and thereon not covered by the blanket property insurance policy maintained by the Association pursuant to Section 10.1.A hereof. Each Owner shall also be responsible for obtaining at his expense personal liability coverage for death, bodily injury or property damage arising out of the use, ownership or maintenance of his Lot and Dwelling Unit and such other insurance as the Owner shall determine from time to time to be appropriate to protect the Dwelling Unit, the Lot and/or the Owner.

10.5 Payment of Insurance Proceeds. With respect to any loss to the Common Area, the Dwelling Units, the Lots or any other property covered by the blanket property insurance policy obtained by the Association in accordance with Section 10.1.A, the insurance proceeds shall be payable to the Association and not to any Mortgagee or beneficiary under a deed of trust. Subject to the provisions of Section 10.6.B hereof, the proceeds shall be disbursed for the repair or restoration of the damaged property.

10.6 Repair and Replacement of Damaged or Destroyed Property.

A. Immediately after the damage or destruction by fire or other casualty to all or any part of the property covered by insurance written in the name of the Association, the Board, or its duly authorized agent, shall proceed with the filing an adjustment of all claims arising under such insurance and obtain estimates of the cost of repair or reconstruction of the damaged or destroyed property. "Repair" or "reconstruction", as used in this section, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty subject to any changes thereto required by the building codes applicable to such restoration on the date of such repair or restoration.

B. Any portion of the Common Area damaged or destroyed shall be repaired or

replaced promptly by the Association unless (a) repair or restoration would be illegal under any state or local health or safety statute or ordinance, or (b) Owners owning at least eighty percent (80%) of the Lots vote not to rebuild. If the entire Common Area is not repaired or replaced, insurance proceeds attributable to the damaged Common Area shall be used to restore the damaged area to a condition which is not in violation of any state or local health or safety statute or ordinance, and the remainder of the proceeds shall be distributed to the Owners on the basis of an equal share for each Lot.

C. If the loss or damage is to those parts of a Dwelling Unit or Lot the Association is responsible to maintain, repair and replace, then the Association shall repair, replace and reconstruct such parts of the Dwelling Unit and Lot. To the extent any insurance proceeds collected by the Association under the Association's blanket property insurance policy are attributable to such portions of the Dwelling Unit or Lot, the portion of the proceeds attributable to such parts of the Dwelling Unit or Lot shall be used for repairs, replacement and reconstruction of such parts of the Dwelling Unit and Lot.

D. Subject to the obligation of the Owner of the Dwelling Unit to pay any and all deductible amounts under the Association's blanket policy of insurance in regard to losses to the Owner's Dwelling Unit and Lot, if the proceeds of the blanket insurance policy are not sufficient to defray the costs of such reconstruction and repair by the Association under Subsections (B) and (C) of this Section 10.6, special assessments in sufficient amounts to provide funds to pay the costs not covered by the blanket insurance policy may be made against the Owners of the reconstructed or damaged Dwelling Units in proportion to the cost of repairing the damage suffered by each Dwelling Unit, which cost shall be determined by the Board .

E. If the loss or damage is to those parts of a Dwelling Unit or Lot the Owner is responsible to maintain, repair and replace, then the Owner shall repair, replace and reconstruct such parts of the Dwelling Unit and Lot; provided however, to the extent any insurance proceeds collected by the Association under the Association's blanket policy of insurance are attributable to such portions of the Dwelling Unit or Lot, the portion of the proceeds attributable to such parts of the Dwelling Unit or Lot shall be paid to the Unit Owner to be used for repairs, replacement and reconstruction of such parts of the Dwelling Unit and Lot. If the proceeds of insurance paid by the Association to the Owner are not sufficient to defray the costs of such repair and reconstruction by the Owner, the Owner shall be responsible for the payment of any such repair and reconstruction costs not covered by the insurance proceeds.

10.7 Manner of Disbursement. The proceeds from assessments and insurance shall be disbursed in the following manner.

A. That portion of the insurance proceeds attributable to damage, the reconstruction and repair of which is the responsibility of the Owner, shall be paid by the Board to the Owner, who shall use such proceeds for reconstruction and repair of such damage. The duty of the Board shall be to receive such proceeds as are paid and to hold them in trust for the benefit of the Owners of damaged Dwelling Units in proportion to the cost of repairing the damage suffered by each Dwelling Unit, which cost shall be determined by the Board. The Board may from time to time adopt and amend reasonable rules and regulations as to the manner in which such payments will be made to Owners and the conditions upon such payments.

B. The portion of insurance proceeds attributable to damage, the reconstruction and

repair of which is the responsibility of the Association, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Board.

10.8 Annual Insurance Review. The Board shall annually determine whether the amounts and types of insurance it has obtained provide adequate coverage for the Common Area and the Dwelling Units in light of increased construction costs, inflation, practice in Coconino County, Arizona, or any other factor which tends to indicate that either additional insurance policies or increased coverage under existing policies are necessary or desirable to protect the interests of the Owners and of the Association. If the Board determines that increased coverage of additional insurance is appropriate, it shall obtain the same.

ARTICLE 11

GENERAL PROVISIONS

11.1 Enforcement. The Association or any Owner, shall have the right to enforce, by proceedings at law or in equity, all restrictions, conditions, covenants and reservations, now or hereafter imposed by the provisions of this Declaration or any amendment thereto, including the right to prevent the violation of any such restrictions, conditions, covenants, or reservations and the right to recover the damages or other dues for such violation. The Association or any Owner shall also have the right to enforce, by proceedings at law or in equity, the provisions of the Articles or Bylaws and any amendments thereto. With respect to Assessment liens or any other liens or charges and Association Rules, the Association shall have the exclusive right to enforcement thereof.

11.2 No Waiver. Failure by the Association, the Declarant, or by any Member, to enforce any covenant, condition, or restriction herein contained, or in the Articles, Bylaws, or Association Rules in any certain instance or on any particular occasion shall not be deemed a waiver of such right on any such future breach of the same or any other covenant, condition or restriction.

11.3 Cumulative Remedies. All rights, options and remedies of the Association or the Owners under this Declaration are cumulative, and no one of them shall be exclusive of any other, and the Association, or the Owners shall have the right to pursue any one or all of such rights, options and remedies or any other remedy or relief which may be provided by law, whether or not stated in this Declaration.

11.4 Severability. Invalidity of any one or a portion of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

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

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

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

11.8 Attorneys' Fees. In the event the Association employs an attorney to enforce any lien granted to it under the terms of this Declaration or to collect any Assessments or other amounts due from an Owner or to enforce compliance with or recover damages for any violation or noncompliance with this Declaration, the Articles, Bylaws, and/or Association Rules, the prevailing party in any such action shall be entitled to recover from the other party its reasonable attorneys' fees incurred in any such action.

11.9 Binding Effect. By acceptance of a deed or by acquiring any ownership interest in any of the Real Property subject to this Declaration, each Person, for himself or itself, his heirs, personal representatives, successors, transferee and assigns, binds himself, his heirs, personal representatives, successors, transferee and assigns, to all of the provisions, restrictions, covenants, conditions, rules and regulations now or hereafter imposed by this Declaration and any amendments thereof. In addition, each such Person by so doing thereby acknowledges that this Declaration sets forth a general scheme for the improvement and development of the Project and hereby evidences his interest that all the restrictions, conditions, covenants, rules and regulations contained in this Declaration shall run with the land and be binding on all subsequent and future Owners, grantees, Purchasers, assignees, lessees and transferees thereof. Furthermore, each such Person fully understands and acknowledges that this Declaration shall be mutually beneficial, prohibitive and enforceable by the various subsequent and future Owners. The Owners, their successors, assigns and grantees, covenant and agree that the interest of each Owner by virtue of his purchase of a Lot within the Project and the other rights created by this Declaration shall not be separated or separately conveyed, and each shall be deemed to be conveyed or encumbered with its respective Lot even though the description in the instrument of conveyance or encumbrance may refer only to the Lot.

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

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

B. Notice to the Association shall be deemed to have been properly delivered when delivered personally or placed in the first class United States mail, postage prepaid, addressed as follows:

MOUNTAIN OAKS TOWNHOUSES HOMEOWNERS'
ASSOCIATION
323 South River Run, Suite 1
Flagstaff, Arizona 86001

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

11.11 Leases. Any agreement for the leasing or rental of a Dwelling Unit (hereafter in this Section referred to as a "Lease") shall provide that the terms of such Lease shall be subject in all respects to the provisions of this Declaration, the Articles, the Bylaws, the Association Rules, the Architectural Rules and applicable agreements between the Association and any state, local municipal or federal agency. Said Lease shall further provide that any failure by the tenant thereunder to comply with the terms of the foregoing documents shall be a default under the Lease. All Leases shall be in writing. Any Owner who shall lease or rent his Dwelling Unit shall be responsible for assuring compliance by such Owner's tenant with this Declaration, the Articles, the Bylaws, and the Association Rules and the Architectural Rules, and shall be jointly and severally responsible for any violation thereof by his tenant. No Dwelling Unit shall be leased for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days, or any rental whatsoever, if the occupants of the Dwelling Unit are provided customary hotel services such as room service for food and beverage, maid service, furnishing laundry and linen and bellboy service. No Dwelling Unit shall be leased or rented to more than a Single Family at any time nor may any tenant sublease any or all of the Dwelling Unit.

11.12 Nonliability of Officials. To the fullest extent permitted by law, none of the Board, any committees of the Association or any member of such Board or committee shall be liable to any Member or the Association for any damage, loss or prejudice suffered or claimed on account of any decision, approval or disapproval of plans or specifications (whether or not defective), course of action, act, omission, error, negligence or the like made in good faith within which such Board, committees or persons reasonably believed to be the scope of their duties.

11.13 Term. The covenants and restrictions of this Declaration shall run with and bind the Project for a term of twenty (20) years from the date this Declaration is recorded. Thereafter they shall be automatically extended for successive periods of ten (10) years each, unless there is an affirmative vote to terminate this Declaration by the then Members entitled to cast at least seventy-five percent (75%) of the total voting power of the Members at a meeting held for such purpose within six (6) months prior to the expiration of the initial effective period hereof or any ten (10) year extension.

11.14 Amendments. Subject to the other provisions of this Declaration, this Declaration may be amended as follows:

A. Amendments or modifications to this Declaration shall require the affirmative written assent or vote (or any combination thereof) of not less than fifty-one percent (51%) of the voting power of the Members;

B. An amendment or modification to this Declaration shall be executed by the President and Secretary of the Association who shall certify that the amendment or modification has been approved as herein above provided and shall be effective when recorded in the official records of Coconino County, Arizona.

11.15 Termination. The provisions of this Declaration may be terminated only with the approval of the City and the Owners of seventy-five percent (75%) or more of the Lots. Any such termination of this Declaration shall be executed by the President and Secretary of the Association and recorded in the official records of Coconino County, Arizona. No such termination of these provisions shall be a bar for any subsequent commitment of the Project to certain covenants, conditions and restriction acceptable to the then Owners.

11.16 Gender. The singular, wherever used in this Declaration shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions of this

Declaration apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

11.17 Section Headings. The marginal or topical headings of the Sections contained in this Declaration are for convenience only and do not define, limit or construe the contents of the Articles or Sections of this Declaration.

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

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

EXHIBIT A

Legal Description of the Real Property

Lots 1 through 70, inclusive, and Tract A and Tract B, MOUNTAIN OAKS SUBDIVISION, according to the Final Plat Mountain Oaks recorded in Case 6, Maps 48, 48A and 48B, and the Final Plat for the Replatting of Mountain Oaks, Lots 17 through 28 recorded in Case 7, Map 64, in the Official Records of Coconino County, Arizona.

EXHIBIT B

Legal Description of the Common Area

Tract A and Tract B, Mountain Oaks Subdivision, according to the plat recorded in Case 6, Maps 48, 48A and 48B, in the Official Records of Coconino County, Arizona.

INDIVIDUAL OWNER(S) SIGNATURE PAGE

IN WITNESS WHEREOF, the undersigned Owner(s) have set their hands to this Second Amended and Restated Declaration to indicate their written approval of the amendment and restatement the First Amended and Restated Declaration as hereinabove set forth. Each Owner approving this Second Amended and Restated Declaration is conclusively presumed to have the authority to consent, and no contrary provision in any mortgage, deed of trust or contract between the Owner and a third party will affect the validity of such approval of this Second Amended and Restated Declaration.

LOT DESCRIPTION:

Lot Number: _____ or property address:

Flagstaff, AZ 86004

RECORD OWNER(S):

Owner's Signature

Owner's Name: _____

Owner's Signature

Owner's Name: _____

IMPORTANT NOTE: Please understand that all owners of your Lot must sign this signature page if you wish to approve the Second Amended and Restated Declaration. Thus, for example, if both spouses own the Lot, both spouses must sign this signature page.

ENTITY OWNER SIGNATURE PAGE

IN WITNESS WHEREOF, the undersigned Owner has set its hands to this Second Amended and Restated Declaration to indicate its written approval of the amendment and restatement the First Amended and Restated Declaration as hereinabove set forth. Each Owner approving this Second Amended and Restated Declaration is conclusively presumed to have the authority to consent, and no contrary provision in any mortgage, deed of trust or contract between the Owner and a third party will affect the validity of such approval of this Second Amended and Restated Declaration.

LOT DESCRIPTION:

Lot Number: _____ or property address:

Flagstaff, AZ 86004

RECORD OWNER(S):

Entity Name: _____

By: _____

Name: _____

Its: _____

By: _____

Name: _____

Its: _____

IMPORTANT NOTE: If your Lot is owned by a trust, partnership, corporation or other entity, the trustee, partner, officer or other official, as the case may be, of such owner must sign this signature page. Please be sure to indicate the name of the entity and the capacity in which you are signing on behalf of such entity, e.g. XYZ Trust, by Jane Doe, Its Trustee.

JUL 28 2014

CERTIFICATION

The undersigned execute this Certification of Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Mountain Oaks Subdivision for the purpose of certifying that Members entitled to cast at least fifty-one percent (51%) of the voting power of the Members approved the amendments set forth in this Second Amended and Restated Declaration.

Mountain Oaks Townhouses Homeowners' Association,
an Arizona nonprofit corporation

By: Leo J. Dembinski
Name: LEO J. DEMBINSKI
Its: President
Dated: 7/26, 2014

By: _____
Name: _____
Its: Secretary
Dated: _____, 2014

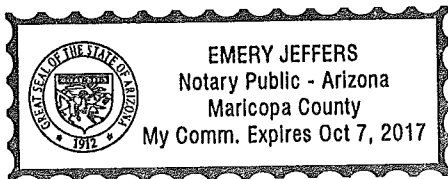
STATE OF ARIZONA)
) ss:
COUNTY OF Maricopa)

The foregoing instrument was acknowledged before me this 26th day of July 2014 by Leo Dembinski, the President of Mountain Oaks Townhouses Homeowners' Association, an Arizona nonprofit corporation, and _____, the Secretary of Mountain Oaks Townhouses Homeowners' Association, the persons to me known as the persons described in and who executed the foregoing instrument and acknowledged before me that they executed the same on behalf of said company.

Witness my hand and official seal

Emery Jeffers
NOTARY PUBLIC

My Commission will expire Oct 7, 2017



CERTIFICATION

The undersigned execute this Certification of Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Mountain Oaks Subdivision for the purpose of certifying that Members entitled to cast at least fifty-one percent (51%) of the voting power of the Members approved the amendments set forth in this Second Amended and Restated Declaration.

Mountain Oaks Townhouses Homeowners' Association,
an Arizona nonprofit corporation

By: _____

Name: _____

Its: President

Dated: _____, 2014

[Handwritten signature]

By: _____

Name: James Mathewson

Its: Secretary

Dated: 7-30-2014, 2014

STATE OF ARIZONA)

) ss:

COUNTY OF COCONINO)

The foregoing instrument was acknowledged before me this 30th day of July 2014 by _____, the President of Mountain Oaks Townhouses Homeowners' Association, an Arizona nonprofit corporation, and James Mathewson, the Secretary of Mountain Oaks Townhouses Homeowners' Association, the persons to me known as the persons described in and who executed the foregoing instrument and acknowledged before me that they executed the same on behalf of said company.

Witness my hand and official seal

[Handwritten signature]

NOTARY PUBLIC

My Commission will expire 7/7, 2016

